



BERKLEY RENEWABLES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended December 31, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Berkley Renewables Inc. ("**Berkley**" or the "**Company**") is a junior diversified issuer focusing on the development and management of renewable energy projects, based in Vancouver, BC. Additional information relating to the Company, including its audited annual financial statements, is available on the SEDAR website at www.sedar.com. Berkley is a reporting issuer in the provinces of British Columbia, Alberta and Ontario. Berkley's common shares are listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "**BKS**", on the US OTC under the symbol "**BRKDF**" and on the Frankfurt Stock Exchange under the symbol "**W80**" and "**WKN 871666**".

The following Management's Discussion and Analysis ("**MD&A**") is dated May 3, 2018. The audited consolidated financial statements with respect to the year ended December 31, 2017 (the "Reporting Period") as compared to the year ended December 31, 2016 (the "Comparable Prior Period") and this MD&A have been prepared by management and approved by the Company's Audit Committee and Board of Directors. This MD&A should be read in conjunction with the audited condensed consolidated financial statements of the Company and related notes for the Reporting Period. All financial information is expressed in Canadian dollars, unless otherwise stated.

The Company is classified as a "Venture Issuer" for the purposes of National Instrument 51-102. The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") in Canada.

Forward-Looking Information

Certain statements in this MD&A and the documents incorporated by reference contain forward-looking information, which includes forward-looking statements within the meaning of applicable Canadian securities laws. Forward-looking statements are statements which relate to future events or our future performance, including our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", or "potential" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause the Company's or the industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. No assurance can be given that any of the events anticipated by the forward-looking information and statements will occur or, if they do occur, what benefits the Company will obtain from them. This MD&A contains forward-looking information and statements, which may include but are not limited to: statements with respect to the financial and operating performance of the Company; investments objectives and strategies; the business goals and strategies; forecast operating and financial results; planned capital expenditures; potential future market for products; the Company's plans for, and results of, exploration and development activities; the Company's treatment under governmental regulatory and royalty regimes and tax laws; competitive advantages; business prospects and opportunities; costs and timing of developmental new projects; management's assessment of future plans and operations; and requirements for additional capital.

While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect management's current judgment regarding the direction of the business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested in this MD&A. These assumptions, which includes management's current expectations, estimates and assumptions about certain projects and the markets in which the Company operates, the global economic environment, interest rates, the successful and timely implementation of capital projects; the Company's ability to generate sufficient cash flow from operations to meet current and future obligations and other risks and uncertainties described from time to time in the filings made with securities regulatory authorities; the impact of increasing competition; the Company's ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; the ability of the operator of the project in which the Company has interests to operate in a safe, efficient and effective manner; future commodity prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Company operates may prove to be incorrect. A number of risks and uncertainties would cause the Company's actual results to differ materially from those expressed or implied by the forward-looking information and statements, including, but not limited to: the failure of the Company to execute business plans; general economic conditions affecting the Company; risks arising from operations generally; competition; accuracy of cost estimates; fluctuations in commodities prices; fluctuations in product supply and demand; risks associated with technology and its application to the business; changes in the applicable regulatory framework, including changes in regulatory approval process and land-use designations, royalty, tax, environmental, greenhouse gas, carbon and other laws and regulations, or changes to the associated with compliance; the loss of key management employees; the Company's abilities to control operating costs, general administrative and other expenses; other factors beyond the Company's control; insufficient investor interest in the Company's securities which may impact its ability to raise additional financing as required.

These forward-looking statements are based on the estimates and opinions of management at the time they are made. Although management believes that the expectations reflected in these forward-looking statements are reasonable, future results, levels of activity, performance or achievements cannot be guaranteed. Readers of this MD&A are cautioned not to rely on these forward-looking statements. Except as required by applicable securities law, the Company does not intend to update any of the forward-looking statements in this MD&A to conform these statements to actual results.

Overview

Berkley is a publicly-traded, Vancouver-based, diversified company engaged the operations management of clean energy projects, mainly photovoltaic power generation projects located in Ontario, Canada. The Company also has minority royalty interests in natural gas wells in the Province of Alberta, Canada.

The Company operates two divisions:

Solar Management Division ("SM")

Operating under the names Solar Flow-Through 2012-I Management Ltd., Solar Flow-Through 2013-I Management Ltd, Solar Flow-Through 2014-I Management Ltd., Solar Flow-Through 2015-I Management Ltd., Solar Flow-Through 2016-I Management Ltd., Solar Flow-Through 2017-A Management Ltd and Solar Flow-Through 2017-I Management Ltd., the SM division provides consulting services relating to the financing, strategy and operations management to companies in the renewable energy industry, specifically photovoltaic power generation.

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Oil and Gas Division (“OG”)

Operating under the name Berkley Renewables Inc., the OG division is involved in the development and production of oil and natural gas from petroleum and natural gas interests in Alberta, Canada. The Company currently has minority interests in producing wells from which it derives royalty revenue.

Strategy

Berkley’s main focus is the provision of management consulting services in the renewable energy sector. In addition to providing management consulting services for photovoltaic power generation projects, the Company is seeking opportunities to acquire and operate photovoltaic power generation projects within Canada.

Selected Financial Information

	Year-end 12/31/17	Year-end 12/31/16	Year-end 12/31/15
Revenue (excludes net oil and gas revenue)	1,724,766	1,010,662	769,462
Net oil and gas revenue	-	23,382	11,360
Expenses	2,921,847	1,044,065	1,093,263
Net income (loss) per share	(0.06)	0.02	(0.04)
Working capital (deficiency)	(1,216,496)	(368,760)	(554,140)
Petroleum and natural gas interests	-	-	14,152
Long term liabilities	119,129	123,890	151,457
Share Capital			
- Dollar amount	15,364,367	15,364,367	15,364,367
- Number of securities	10,411,451	10,411,451	10,411,451

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Results of Operations for the Three, Six, Nine and Twelve Months Ended December 31, 2017

The Company reports its results in two business segments: oil and gas and solar management. The discussion of segment operating results is set out below

Revenue and Expense Summary

	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	Mar. 31, 2017	Dec. 31 2016	Sept. 30 2016	June 30, 2016	Mar. 31, 2016
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	1,392,895	101,587	109,416	120,868	1,020,212	1,403	2,506	9,923
Operating costs	-	-	-	-	16,097	2,060	2,415	4,024
Revenue after operating costs	1,392,895	101,587	109,416	120,868	1,004,115	657	91	5,899
Depletion and accretion expense	1,209	-	-	-	(1,919)	144	1,415	1,169
General and admin expense (recovery)	2,079,567	293,412	297,694	251,174	341,793	283,095	163,167	230,605
Income (loss) before other items	(686,672)	(191,825)	(188,278)	(130,306)	(664,241)	(283,889)	(222,606)	(225,864)
Other income (expenses) and comprehensive income	(205,637)	(8,027)	23,041	(5,769)	213,563	(15,952)	(52,500)	(57,690)
Total comprehensive income (loss) for the period	(342,264)	(199,852)	(165,237)	(136,075)	779,981	(299,848)	(216,991)	(283,565)

SM Division operations – year ended December 31, 2017

Revenue: The Company recorded revenue from operations management of \$1,724,766 in the year ended December 31, 2017 compared to \$1,010,662 in the year ended December 31, 2016.

General and Administration Expenses: General and administrative (“G&A”) expense was \$1,066,882 in the year ended December 31, 2017 compared to \$817,522 in the year ended December 31, 2016 and consisted mainly of management consulting fees related to legal, accounting project and finance management.

SM Division operations – quarter ended December 31, 2017

Revenue: The Company recorded revenue from operations management of \$1,392,895 in the quarter ended December 31, 2017 compared to \$1,010,662 in the quarter ended December 31, 2016.

General and Administration Expenses: General and administrative (“G&A”) expense was \$324,602 in the quarter ended December 31, 2017 compared to \$330,829 in the three months ended December 31, 2016 and consisted mainly of management consulting fees related to accounting and project and finance management.

OG Division – year ended December 31, 2017

Revenue: Revenue from the sale of oil and natural gas (net of royalties) decreased to \$nil in the year ended December 31, 2017 from \$23,382 in the year ended December 31, 2016. The decrease is due to the sale of the Company’s remaining oil and gas interest in Carbon, Alberta in fiscal 2016, as well as the absence of royalty income in the most currently-ended fiscal year. The Company does not expect to receive revenues from royalty interests in the near term due to weak commodity pricing and continued maintenance expenditures on these interests.

Expenses: Operating costs were \$nil in the year ended December 31, 2017 compared with \$24,064 in 2016.

Net Oil and Gas Income: Net oil and gas income includes a charge for depletion and depreciation expense, a non-cash charge to operations based on an estimate of changes to oil and gas reserves. The Company had a net loss of \$1,209 in the year ended December 31, 2017 compared with net loss of \$1,214 in the year ended December 31, 2016.

General and Administration Expenses: General and administrative (“G&A”) expense was \$221,506 in the year ended December 31, 2017 compared to \$201,138 in the year ended December 31, 2016, an increase of \$249,221. The increase was mainly due to increased expenditures relating to management, consulting and professional fees incurred in this business segment.

OG Division – quarter ended December 31, 2017

Revenue: Revenue from the sale of oil and natural gas (net of royalties) decreased to \$nil in the quarter ended December 31, 2017 from \$9,550 in the three months ended December 31, 2016. The Company does not expect to receive revenues from royalty interests in the near term due to weak commodity pricing and continued maintenance expenditures on these interests.

Expenses: Operating costs were \$nil in the three months ended December 31, 2017 compared with \$16,097 in 2016.

Net Oil and Gas Income: Net oil and gas income includes a charge for depletion and depreciation expense, a non-cash charge to operations based on an estimate of changes to oil and gas reserves. The Company had a net loss of \$1,209 in the quarter ended December 31, 2017 compared with a net loss of \$37,529 in the same quarter 2016.

General and Administration Expenses: General and administrative (“G&A”) expense was \$76,114 in the year ended December 31, 2017 compared to \$61,794 in the year ended December 31, 2016. The increase was mainly due to increased expenditures relating to increased management, consulting and professional fees incurred in this business segment.

Liquidity and Capital Resources

Berkley currently earns revenue from its oil and natural gas interests and operations management consulting from photovoltaic power generation projects. The Company invests its cash and cash equivalents with major Canadian financial institutions with investment grade credit ratings. Berkley has no outstanding bank debt or other interest bearing indebtedness as at December 31, 2017. On December 31, 2017, Berkley had \$569,387 in cash and cash equivalents (December 31, 2016 - \$270,313) and a working capital deficiency of \$1,216,496 (December 31, 2016 – working capital deficiency of \$368,760). These balances will be used to fund future capital expenditures including photovoltaic power projects, office and administrative expenses and working capital requirements.

In order to undertake exploration and development programs, the Company will require further financial resources. Berkley assesses its financing requirements and its ability to access debt or equity markets on an ongoing basis. Given the current conditions of the financial markets, the company will seek to maintain financial flexibility and will monitor and assess its financing requirements as its activities progress. The Company’s ability to access the equity or debt markets in the future may be affected by prolonged market instability. The inability to access the equity or debt markets for sufficient capital, at acceptable terms, and within required timeframes, could have a materially adverse effect on the

Company's financial condition, results of operations and prospects. Further discussion on these risks can be found in the "Risk Factors" section of the MD&A.

Outstanding Share Data

As of the date of this MD&A, Berkley has the following securities outstanding:

- a) 10,411,451 common shares.

Financial Instruments and Business Risks

Fair Values

The Company's financial instruments include cash and cash equivalents, trade and other receivables, due from related parties, investment in RepliCel, accounts payable and accrued liabilities, due to related parties, and notes payable.

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 shares held in RepliCel are recorded based on Level 1 of the fair value hierarchy. The shares held in RepliCel are recorded based on Level 1 of the fair value hierarchy. The warrant component of the units held in RepliCel 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, notes payable 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 of Directors 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, trade and other receivables and due from related parties represents the maximum credit exposure. The Company's trade and other receivables are with related parties, and management considers the risk exposure to be minimal.

The Company would only choose to write-off a receivable balance after all reasonable avenues of collection had been exhausted.

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, due to related parties and notes payable, which have expected maturities of less than one year.

Market risk

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 ("USD") for which the related expenses and accounts payable balances are subject to exchange rate fluctuations. As at December 31, 2017 and 2016, the following items are denominated in USD:

	2017	2016
	CAD\$	CAD\$
Cash and cash equivalents	-	719
Accounts payable and accrued liabilities	8,257	3,192

The Company's foreign exchange sensitivity is in relation to movements of the USD against the Canadian dollar. Based on USD balances as at December 31, 2017 and 2016, a 5% increase/decrease of the USD against the Canadian dollar would not result in a material increase/decrease in profit or loss.

(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 profit or loss.

Significant Estimates and Judgments

The timely preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies, if any, as at the date of the financial statements and the reported amounts of revenues and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future years could require a material change in the financial statements. These assumptions are based on historical experience and other factors that management believes to be reasonable under the circumstances, and are subject to change as new events occur, as more industry experience is acquired, as additional information is obtained and as the Company's operating environment changes.

Information about significant estimates and judgments in accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

Note 5 – fair value of financial instruments

Note 7 – decommissioning liabilities and accretion

Note 12 – provision for income taxes

Note 15 – valuation of trade and other receivables

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Related Party Transactions

The consolidated financial statements include the financial statements of Berkley Renewables Ltd. and the subsidiaries listed below:

Name	Country of Incorporation	% equity interest	
		December 31, 2017	December 31, 2016
Blue Star Global Inc.	US	53%	53%
Solar Flow-Through 2012-I General Partner Ltd.	Canada	95%	95%
Solar Flow-Through 2012-I Management Ltd.	Canada	95%	95%
Solar Flow-Through 2013-I General Partner Ltd.	Canada	95%	95%
Solar Flow-Through 2013-I Management Ltd.	Canada	95%	95%
Solar Flow-Through 2014-I General Partner Ltd.	Canada	95%	95%
Solar Flow-Through 2014-I Management Ltd.	Canada	95%	95%
Solar Flow-Through 2015-I General Partner Ltd.	Canada	95%	95%
Solar Flow-Through 2015-I Management Ltd.	Canada	95%	95%
Solar Flow-Through 2016-I General Partner Ltd.	Canada	95%	95%
Solar Flow-Through 2016-I Management Ltd.	Canada	95%	95%
Solar Flow-Through 2017-A General Partner Ltd.	Canada	83.375%	-
Solar Flow-Through 2017-A Management Ltd.	Canada	83.375%	-
Solar Flow-Through 2017-I General Partner Ltd.	Canada	83.375%	-
Solar Flow-Through 2017-I Management Ltd.	Canada	83.375%	-

Balances and transactions between Berkley and its subsidiaries have been eliminated on consolidation. Details of transactions with parties related by virtue of common management are disclosed below.

Due to related parties:	2017	2016
Directors, management and other	(104,604)	(145,104)
Solar High Yield Projects #1 (2012) Ltd.	(1,544,753)	(1,073,421)
Solar Flow-Through 2013-I Limited Partnership	(84,029)	(83,929)
Solar Flow-Through Project #1 (2013) Ltd.	(86,901)	(84,500)
Solar Flow-Through 2014-I Limited Partnership	(575,111)	(422,329)
Solar Flow-Through (2014) Ltd.	(250,459)	(200,000)
Solar Flow-Through 2015-I Limited Partnership	(560,072)	(123,000)
Solar Flow-Through (2015) Ltd.	(295,840)	(275,500)
Solar Flow-Through 2016-I Limited Partnership	(1,318,572)	(835,000)
Solar Flow-Through (2016) Ltd.	(510,473)	(188,000)
	(5,330,814)	(3,430,783)

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Due from related parties:	2017	2016
Solar Flow-Through 2012-I Limited Partnership	647,498	504,349
Solar High Yield Projects #1 (2012) Ltd.	522,124	524,089
Solar Flow-Through 2013-I Limited Partnership	856,091	795,954
Solar Flow-Through Project #1 (2013) Ltd.	2,169	1,200
Solar Flow-Through 2014-I Limited Partnership	953,065	430,305
Solar Flow-Through (2014) Ltd.	25,686	25,354
Solar Flow-Through 2015-I Limited Partnership	261,489	446,245
Solar Flow-Through 2016-I Limited Partnership	2,260,770	1,119,905
Solar Flow-Through (2016) Ltd.	1,347	3,500
Solar Flow-Through (2017-I) Ltd.	1,188	-
Solar Flow-Through (2017-I) Limited Partnership	59,160	-
Solar Flow-Through (2017-A) Limited Partnership	157,679	-
	5,748,266	3,850,901

- a) Due to related parties consists of \$85,500 (2015 - \$145,104) due to directors and management of Berkley for director fees, consulting fees and expenses.
- b) During the year, Solar Flow-Through 2012-I Management Ltd. earned \$83,422 (2016 - \$69,792) of consulting revenues from Solar Flow-Through 2012-I Limited Partnership in accordance with the management agreement dated August 17, 2012 based on:
- i. 1/12 of 1.5% of the gross proceeds from cumulative units issued to date for the investment and development of solar photovoltaic power generation projects, and
 - ii. 1/12 of 1.5% of Solar Flow-Through 2012-I Limited Partnership's share of debt raised in connection with financing the development of solar photovoltaic power generation projects, adjusted for equity ownership and economic interest by way of funding and royalty agreements.
- c) During the year, Solar Flow-Through 2013-I Management reversed \$nil (2016 – \$294,574) of previously recorded consulting revenues to Solar Flow-Through 2013-I Limited Partnership in accordance with the management agreement dated September 30, 2013 based on the amount by which 15% of the gross proceeds from cumulative units issued for the investment and development of solar photovoltaic power generation projects as at eighteen months from the date of the last offering exceeds the eligible expenses incurred up to that date. During the year ended December 31, 2016, Solar Flow-Through 2013-I Management Ltd. received the calculation of eligible expenses from Solar Flow-Through 2013-I Limited Partnership which resulted in the reversal of consulting revenues.
- d) During the year, Solar Flow-Through 2014-I Management Ltd. earned \$229,362 (2016 - \$145,809) of consulting revenues from Solar Flow-Through 2014-I Limited Partnership in accordance with the management agreement dated October 29, 2014 based on:
- i. 1/4 of 1.5% of the gross proceeds less 7.5% of the gross proceeds from cumulative units issued to date for the investment and development of solar photovoltaic power generation projects, and
 - ii. 1/4 of 1.5% of Solar Flow-Through 2014-I Limited Partnership's share of debt raised in connection with financing the development of solar photovoltaic power generation projects, adjusted for equity ownership and economic interest by way of funding and royalty agreements.

- e) During the year, Solar Flow-Through 2015-I Management Ltd. earned \$238,002 (2016 – \$99,427) of consulting revenues from Solar Flow-Through 2015-I Limited Partnership in accordance with the management agreement dated February 27, 2015 based on:
- i. 1/4 of 1.0% of the gross proceeds less 7.5% of the gross proceeds from cumulative units issued to date for the investment and development of solar photovoltaic power generation projects, and
 - ii. 1/4 of 1.0% of Solar Flow-Through 2015-I Limited Partnership's share of debt raised in connection with financing the development of solar photovoltaic power generation projects, adjusted for equity ownership and economic interest by way of funding and royalty agreements.
- f) During the year, Solar Flow-Through 2016-I Management Ltd. earned \$114,658 (2015 - \$990,208) of consulting revenues from Solar Flow-Through 2016-I Limited Partnership in accordance with the management agreement dated May 26, 2016 based on:
- i. 1/4 of 1.0% of the gross proceeds less 7.5% of the gross proceeds from cumulative units issued to date for the investment and development of solar photovoltaic power generation projects, commencing on September 30, 2016, and
 - ii. 1/4 of 1.0% of Solar Flow-Through 2016-I Limited Partnership's share of debt raised in connection with financing the development of solar photovoltaic power generation projects, adjusted for equity ownership and economic interest by way of funding and royalty agreements, and
 - iii. the amount by which 7.5% of the gross proceeds from cumulative units issued for the investment and development of solar photovoltaic power generation projects exceeds the eligible expenses incurred as at December 31, 2017.
- g) During the year, Solar Flow-Through 2017-A Management Ltd. earned \$222,990 (2016 - \$nil) of consulting revenues from Solar Flow-Through 2017-I Limited Partnership in accordance with the management agreement dated February 27, 2017 based on:
- i. 1/4 of 1.0% of the gross proceeds less 7.5% of the gross proceeds from cumulative units issued to date for the investment and development of solar photovoltaic power generation projects, commencing on September 30, 2017, and
 - ii. 1/4 of 1.0% of Solar Flow-Through 2017-A Limited Partnership's share of debt raised in connection with financing the development of solar photovoltaic power generation projects, adjusted for equity ownership and economic interest by way of funding and royalty agreements, and
 - iii. the amount by which 7.5% of the gross proceeds from cumulative units issued for the investment and development of solar photovoltaic power generation projects exceeds the eligible expenses incurred as at December 31, 2017.
- h) During the year, Solar Flow-Through 2017-I Management Ltd. earned \$836,332 (2016 - \$nil) of consulting revenues from Solar Flow-Through 2017-I Limited Partnership in accordance with the management agreement dated February 27, 2017 based on:
- i. 1/4 of 0.9% of the gross proceeds less 7.5% of the gross proceeds from cumulative units issued to date for the investment and development of solar photovoltaic power generation projects, commencing on September 30, 2017, and
 - ii. 1/4 of 0.9% of Solar Flow-Through 2017-I Limited Partnership's share of debt raised in connection with financing the development of solar photovoltaic power generation projects, adjusted for equity ownership and economic interest by way of funding and royalty agreements, and

- iii. the amount by which 7.5% of the gross proceeds from cumulative units issued for the investment and development of solar photovoltaic power generation projects exceeds the eligible expenses incurred as at December 31, 2017.
- i) 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 \$79,342 (2016 - \$63,125) were charged to the Company by Oniva during the year.

Related party transactions were in the normal course of operations and have been initially measured at fair value, are non-interest bearing and are due on demand. At December 31, 2017, \$24,931 (2016 - \$90,604) was included in accounts payable and accrued liabilities for related party transactions noted above.

Compensation of Key Management Personnel

The remuneration of directors and other members of key management personnel during the years consisted of salaries and bonuses, which are included in management fees and consulting fees:

	2017	2016
	\$	\$
Compensation	1,044,948	782,830

Recent accounting pronouncements

Standards issued but effective for annual periods beginning after January 1, 2018 are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company is currently assessing the impact of these standards.

- (i) IFRS 9 “Financial Instruments”: addresses requirements for the classification and measurement of financial instruments, impairment methodology and hedge accounting. The IASB set a mandatory effective date for annual periods beginning on or after January 1, 2018. The Company has evaluated the impact of adopting IFRS 9 on the financial statements and will adopt the new standard using the modified retrospective method effective January 1, 2018. The new standard will result in a change of accounting policy for impairment of trade and other receivables using an expected credit loss model as compared to incurred loss model required by IAS 39. The Company will apply the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. In estimating the lifetime expected loss provision, the Company considered historical industry default rates as well as credit ratings of major customers. The effect of this change in accounting policy will not have a material impact on the Company’s financial statements.
- (ii) IFRS 15, “Revenue from Contracts with Customers”: replaces the existing revenue recognition guidance with a new framework to determine the timing and measurement of revenue, providing users of the financial statements more information and relevant disclosures. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 and the Company will adopt the new standard using the modified retrospective method. The Company has evaluated the impact of adopting IFRS 15 on the financial statements and determined it will not have a material impact. The Company will be required to provide enhanced disclosures relating to the disaggregation of revenues from contracts with customers, the Company’s performance obligations and any significant judgments.

- (iii) 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 does not anticipate the adoption of this standard to have a material impact on the consolidated financial statements.