

**BERKLEY RENEWABLES INC.  
(Formerly Berkley Resources Inc.)**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012**

*(Expressed in Canadian Dollars)*

**Index**

**Notice of No Auditor Review of Interim Financial Statements**

**Condensed Interim Consolidated Statement of Financial Position**

**Condensed Interim Consolidated Statement of Loss and Comprehensive Income (Loss)**

**Condensed Interim Consolidated Statement of Changes in Shareholders' Equity**

**Condensed Interim Consolidated Statement of Cash Flows**

**Notes to the Condensed Interim Consolidated Financial Statements**

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3) released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited interim financial statements as at and for the three months ended March 31, 2013 and 2012.

**BERKLEY RENEWABLES INC. (Formerly Berkley Resources Inc.)**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(unaudited)

	As At March 31, 2013	As At December 31, 2012
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 125,476	\$ 462,365
Trade and other receivables (Note 17)	179,568	164,215
Due from related parties (Note 15)	25,000	15,000
Marketable securities	8,181	8,181
Prepaid expenses	1,500	1,500
<b>Total assets</b>	<b>339,725</b>	<b>651,261</b>
Investment in RepliCel Life Sciences (Note 5)	553,069	684,994
Petroleum and natural gas interests (Note 6)	132,805	135,569
Exploration and evaluation properties (Note 7)	379,129	379,129
Other property and equipment (Note 8)	5,056	5,361
<b>Total non-current assets</b>	<b>1,070,059</b>	<b>1,205,053</b>
<b>Total assets</b>	<b>\$ 1,409,784</b>	<b>1,856,314</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 175,158	\$ 184,622
Due to related parties (Note 15)	35,000	82,909
<b>Total current liabilities</b>	<b>210,158</b>	<b>267,531</b>
Decommissioning liability (Note 9)	88,501	88,162
<b>Total liabilities</b>	<b>298,659</b>	<b>355,693</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 10)	15,328,435	15,279,367
Share subscription	-	38,500
Warrants (Note 12)	82,719	80,287
Contributed surplus	1,733,013	1,733,013
Deficit	(16,514,610)	(16,283,709)
Accumulated other comprehensive income	117,446	249,370
	747,003	1,096,828
Non-controlling interest (Note 14)	364,122	403,793
<b>Total shareholders' equity</b>	<b>1,111,125</b>	<b>1,500,621</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,409,784</b>	<b>\$ 1,856,314</b>
Going concern (Note 1)		
Subsequent events (Note 19)		

Approved by the Board of Directors and authorized for issue on May 30, 2013

"Matt Wayrynen"  
Director

"Tyrone Docherty"  
Director

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

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

	For the three months ended March 31, 2013	For the three months ended March 31, 2012
<b>Oil and gas revenue</b>		
Petroleum and natural gas sales	\$ 9,048	\$ 18,349
Royalty expense	(249)	(287)
<b>Net oil and gas revenue</b>	<b>8,799</b>	<b>18,062</b>
<b>Oil and gas production expenses</b>		
Operating costs	9,484	3,707
Depletion and accretion (Notes 6 & 9)	3,026	4,540
	<b>12,510</b>	<b>8,247</b>
<b>Net oil and gas (loss) income</b>	<b>(3,711)</b>	<b>9,815</b>
<b>General and administrative expenses</b>		
Management fees (Note 15)	83,000	104,480
Professional fees	63,095	508
Consulting fees	58,083	17,248
Administrative, office services and premises	51,475	28,098
Depreciation (Note 8)	305	516
Shareholder information	11,164	2,506
Filing and transfer agent fees	3,691	4,396
	<b>270,813</b>	<b>157,752</b>
<b>Other income (expenses)</b>		
Unrealized loss on marketable securities	-	12,084
Other income	3,952	63,106
	<b>3,952</b>	<b>75,190</b>
<b>Net loss for the period</b>	<b>(270,572)</b>	<b>(72,747)</b>
<b>Other comprehensive income</b>		
Unrealized (loss) gain on investment	(131,924)	(67,481)
<b>Total comprehensive (loss) income</b>	<b>\$ (402,496)</b>	<b>\$ (140,228)</b>
<b>Net loss attributed to:</b>		
Owners of the parent	230,901	44,059
Non-controlling interest (Note 14)	39,671	28,688
	<b>270,572</b>	<b>72,747</b>
<b>Total comprehensive (loss) income attributed to:</b>		
Owners of the parent	362,825	111,540
Non-controlling interest (Note 14)	39,671	28,688
	<b>402,496</b>	<b>140,228</b>
<b>Basic and diluted net loss per share (Note 13)</b>	<b>\$ (0.04)</b>	<b>\$ (0.01)</b>

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

**BERKLEY RENEWABLES INC. (Formerly Berkley Resources Inc.)**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Share Capital	Share Subscription	Warrants	Contributed Surplus	Deficit	Non- controlling interest	Accumulated other comprehensive income	Total
<b>Balance as at December 31, 2011</b>	\$ 14,848,154	\$ -	\$ -	\$ 1,733,013	\$ (15,670,816)	\$ 579,302	\$ 1,794,310	\$ 3,283,963
Net loss for the period	-	-	-	-	(44,059)	-	-	(44,059)
Unrealized loss on investment	-	-	-	-	-	-	(67,481)	(67,481)
Non-controlling interest	-	-	-	-	-	(28,688)	-	(28,688)
<b>Balance as at March 31, 2012</b>	\$ 14,848,154	\$ -	\$ -	\$ 1,733,013	\$ (15,714,587)	\$ 550,614	\$ 1,726,829	\$ 3,143,735
<b>Balance as at December 31, 2012</b>	\$ 15,279,367	\$ 38,500	\$ 80,287	\$ 1,733,013	\$ (16,283,709)	\$ 403,793	\$ 249,370	\$ 1,500,621
Private placement, January 11, 2013	49,068	(38,500)	-	-	-	-	-	10,568
Fair value of private placement warrants	-	-	2,432	-	-	-	-	2,432
Net loss for the period	-	-	-	-	(230,901)	-	-	(230,901)
Unrealized gain on investment	-	-	-	-	-	-	(131,924)	(131,924)
Non-controlling interest	-	-	-	-	-	(39,671)	-	(39,671)
	\$ 15,328,435	\$ -	\$ 82,719	\$ 1,733,013	\$ (16,514,610)	\$ 364,122	\$ 117,446	\$ 1,111,125

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

**BERKLEY RENEWABLES INC. (Formerly Berkley Resources Inc.)**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited)

	For the three months ended March 31, 2013	For the three months ended March 31, 2012
<b>CASH PROVIDED BY (USED IN) FROM CONTINUING OPERATIONS</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (270,572)	\$ (72,747)
Items not requiring cash in the year		
Depreciation, depletion and accretion (Notes 6, 8 & 9)	3,331	5,056
Unrealized loss on marketable securities	-	(12,084)
	<b>(267,241)</b>	<b>(79,775)</b>
Change in non-cash working capital (Note 16)	<b>(24,817)</b>	<b>(97,113)</b>
Cash used in operating activities	<b>(292,058)</b>	<b>(176,888)</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds on sale of marketable securities	-	55,835
Cash received from investing activities	-	55,835
<b>FINANCING ACTIVITIES</b>		
Non-brokered private placements (Note 10)	51,500	-
Share subscription received in advance	(38,500)	-
Advances from related parties (Note 15)	-	9,949
Repayments to related parties (Note 15)	(57,707)	-
Cash received from financing activities	<b>(44,707)</b>	<b>9,949</b>
<b>Increase in cash and cash equivalents</b>	<b>(336,765)</b>	<b>(111,104)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>462,241</b>	<b>674,327</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 125,476</b>	<b>\$ 563,223</b>

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

---

**BERKLEY RENEWABLES INC. (Formerly Berkley Resources Inc.)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the years ended December 31, 2012 and 2011**

---

**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 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 Management Ltd.") representing a 51% interest. As part of the acquisition, SFT2012 Management Ltd. became a direct subsidiary of the Company. On September 24, 2012, Berkley acquired an additional 449 common shares in SFT2012 Management Ltd. for a total interest of 95% as at December 31, 2012 and March 31, 2013.

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 the Company. 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, 2012 and March 31, 2013.

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	Country of Incorporation	% equity interest	
		Mar. 31, 2013	Dec. 31, 2012
American Uranium Corp.	United States of America	53%	53%
Solar Flow-Through 2012-I – General Partner Ltd.	Canada	95%	95%
Solar Flow-Through 2012-I – Management Ltd.	Canada	95%	95%

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 and comprehensive loss for the period of \$402,496, accumulated deficit of \$16,514,610 and negative cash flows from operating activities of \$292,058. 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 statement of financial position classifications used.

The consolidated financial statements were authorized for issue on May 30, 2013 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, 2012.

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, 2012, except for those policies which have changed as a result of the adoption of new and amended IFRS pronouncements effective January 1, 2013. 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.

**Significant judgments**

*CGU determination*

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



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

#### **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.

##### *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.

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

#### *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, 2012, except for the adoption of new standards and interpretations issued by the IASB that were effective on January 1, 2013 as outlined below:

- (i) IFRS 10 - Consolidated Financial Statements: issued in May 2011, identifies the concept of control as the determining factor in whether an investee should be included within the consolidated financial statements of the parent. The guidance requires an entity to consolidate an investee when it has exposure or rights to variable returns from its involvement with the investee and has the ability to affect those returns. The standard applies to all investees, including special purpose entities and replaces SIC- 12 Consolidation Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements. There was no impact on the Company's interim financial statements upon adoption of IFRS 10 on January 1, 2013.

**4. Significant Accounting Policies (continued)**

- (ii) IFRS 11 - Joint Arrangements: issued in May 2011, addresses two forms of joint arrangements where there is joint control: joint operations and joint ventures. In a joint operation, each venturer will recognize its share of the operation's assets, liabilities, revenues and expenses. Joint ventures will be required to use the equity method of accounting. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities Non-Monetary Contributions from Venturers. There was no impact on the Company's interim financial statements upon adoption of IFRS 11 on January 1, 2013.
- (iii) IFRS 12 - Disclosure of Interests in Other Entities: issued in May 2011. It is a comprehensive standard addressing disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, subsidiaries, special purpose entities and unconsolidated structured entities. The standard aims to provide information to enable users to evaluate the nature of an entity's interest in other entities and the associated risks. There was no impact on the Company's interim financial statements upon adoption of IFRS 12 on January 1, 2013.
- (iv) IFRS 13 - Fair Value Measurement: issued in May 2011, replaces fair value measurement and disclosure guidance throughout individual IFRS standards with one comprehensive source of fair value measurement guidance. IFRS 13 defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The standard also provides a framework for measurement of fair value and establishes required disclosures. There was no impact on the Company's interim financial statements upon adoption of IFRS 13, on January 1, 2013.
- (v) IAS 28 - Investments in Associates and Joint Ventures: the IASB issued amendments to IAS 28 Investments in Associates and Joint Ventures to coincide with the changes made in IFRS 10 and IFRS 11. Amendment is effective for annual periods on or after January 1, 2013. There was no impact on the Company's interim financial statements upon adoption of IFRS 28 on January 1, 2013

**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. The common shares were being held in escrow and have been released at 15% per quarter beginning January 1, 2012.

As at March 31, 2013, there were 229,530 shares held in escrow (2012 – 780,402). The investment in common shares in RepliCel still held in escrow were measured at the fair value using the Black-Scholes pricing model which resulted in the Company recognizing an unrealized loss on investment in other comprehensive income for the period ended March 31, 2013 of \$131,924 (2012 unrealized loss of \$67,481). The following assumptions were used to measure fair value of the investment:

	<b>2012</b>	2011
Risk free interest rate	<b>1.13%</b>	0.99%
Expected volatility	<b>81%</b>	81%
Expected life (years)	<b>2.13</b>	2.13

As at March 31, 2013, 688,590 shares have been released from escrow (2012 – 137,718) and have been valued at RepliCel's trading price at the reporting date.

---

**BERKLEY RENEWABLES INC. (Formerly Berkley Resources Inc.)**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Three Months Ended March 31, 2013 and 2012**

---

**6. Petroleum and Natural Gas Interests**

**Cost or deemed cost**

Balance at December 31, 2011	\$	749,443
Change in estimate		1,155
Balance at December 31, 2012	\$	750,598
Additions		-
<b>Balance at March 31, 2013</b>	<b>\$</b>	<b>750,598</b>

**Depletion and impairment losses**

Balance at December 31, 2011	\$	601,948
Depletion		13,081
Balance at December 31, 2012	\$	615,029
Depletion		2,764
<b>Balance at March 30, 2013</b>	<b>\$</b>	<b>617,793</b>

**Net book value**

At December 31, 2011	\$	147,495
At December 31, 2012	\$	135,569
At March 31, 2013	\$	132,805

**7. Exploration and Evaluation Assets**

---

Balance at December 31, 2011 and 2012 and March 31, 2013	\$	379,129
--	----	---------

---

Exploration and evaluation (E&E) assets consist of the Company's exploration projects which are pending the determination of proven or probable reserves.

**BERKLEY RENEWABLES INC. (Formerly Berkley Resources Inc.)**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Three Months Ended March 31, 2013 and 2012**

**8. Other Property and Equipment**

	Computer equipment	Furniture, fixtures and equipment	Leasehold improvements	Total
<b>Cost or deemed cost</b>				
Balance at December 31, 2011	\$ 36,724	\$ 9,199	\$ 4,078	\$ 50,001
Additions	-	-	-	-
Balance at December 31, 2012	36,724	9,199	4,078	50,001
Additions	-	-	-	-
Balance at March 31, 2013	\$ 36,724	\$ 9,199	\$ 4,078	\$ 50,001

	Computer equipment	Furniture, fixtures and equipment	Leasehold improvements	Total
<b>Depreciation and impairment loss</b>				
Balance at December 31, 2011	\$ 30,757	\$ 7,955	\$ 4,078	\$ 42,790
Depreciation	1,620	230	-	1,850
Balance at December 31, 2012	32,377	\$ 8,185	4,078	44,640
Depreciation	254	51	-	305
Balance at March 31, 2013	\$ 32,631	\$ 8,236	\$ 4,078	\$ 44,945

**Net book value**

At December 31, 2011	\$ 7,211
At December 31, 2012	\$ 5,361
At March 31, 2013	\$ 5,056

**9. 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:

	March 31, 2013	Dec. 31, 2012
Balance, beginning of year	\$ 88,162	\$ 85,623
Accretion	339	1,384
Change in estimates	-	1,155
Balance, end of year	\$ 88,501	\$ 88,162

Berkley estimates the total undiscounted amount of cash flows required to settle its decommissioning liability is approximately \$88,501 (2012 - \$86,129) which will be incurred between 2017 and 2029. The majority of these obligations will be incurred in 2017. An inflation factor of 1.5% has been applied to the estimated asset retirement cost. Risk-free discount rates of 1.30% - 2.32% (2012 - 1.57% - 2.66%) was used to calculate the fair value of the decommissioning liability.

**BERKLEY RENEWABLES INC. (Formerly Berkley Resources Inc.)**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Three Months Ended March 31, 2013 and 2012**

**10. Share Capital**

a) Authorized

Unlimited Class A common shares, without par value.

b) Issued

	Number of shares		Amount
Balance as at December 31, 2010 and 2011 (i)	4,613,951	\$	\$14,848,154
Private placement (ii)	5,115,000		511,500
Fair value of warrants (ii)	-		(80,287)
Balance as at December 31, 2012	9,728,951	\$	15,279,367
Private placement (iii)	515,000		51,500
<b>Balance, March 31, 2013</b>	<b>10,243,951</b>	<b>\$</b>	<b>15,330,867</b>

- i. In April 2012, the Company effected a share consolidation of its share capital on a 10 for 1 basis, consolidating its 46,139,482 outstanding common shares to 4,613,951 common shares (fraction adjustment of three). All references to common stock in these consolidated financial statements have been changed to reflect the share consolidation.
- ii. On September 18, 2012, the Company completed a non-brokered private placement and issued 5,115,000 units for gross proceeds of \$511,500. Each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one additional common share of the Company at a price of \$0.20 per share for a period of two years following the close of the private placement. The fair value of the warrants issued using the Black-Scholes model was \$80,287, the following assumptions were used; volatility of 91.67%, expected life of two years and risk free interest rate of 1.18% (Note 11).
- iii. On January 11, 2013, the Company completed a non-brokered private placement and issued 515,000 units for gross proceeds of \$51,500. Each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one additional common share of the Company at a price of \$0.20 per share for a period of two years following the close of the private placement. The fair value of the warrants using the Black-Scholes model was \$2,432, the following assumptions were used; volatility of 352.1%, expected life of two years and risk free interest rate of 1.21% (Note 11).

**BERKLEY RENEWABLES INC. (Formerly Berkley Resources Inc.)**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Three Months Ended March 31, 2013 and 2012**

**11. Share-Based Payments**

The Company has an equity-settled stock option plan under which the Board of Directors may grant options to directors, officers, other employees and key consultants. The purpose of the plan is to advance the interests of the Company by encouraging these individuals to acquire shares in the Company and thereby remain associated with, and seek to maximize the value of, the Company.

Under the plan, the number of shares reserved for issuance pursuant to the exercise of all options under the plan may not exceed 10% of the issued and outstanding common shares on a non-diluted basis at any time. The options expire not more than five years from the date of grant, or earlier if the individual ceases to be associated with the Company, and vest over terms determined at the time of grant.

The following tables summarize information about stock options outstanding as at:

	March 31, 2013		December 31, 2012	
	Number of shares subject to option	Weighted average exercise price per option	Number of shares subject to option	Weighted average exercise price per option
Balance outstanding, beginning of period	-	-	35,000	\$5.60
Activity in the period:				
Expired	-	-	(35,000)	(\$5.60)
Cancelled	-	-	-	-
Balance outstanding, end of period	-	-	-	-
Exercisable, end of period	-	-	-	-

**12. Warrants**

The following table summarizes information about warrants outstanding as at:

	March 31, 2013		December 31, 2012	
	Number of Shares Subject to Warrants	Exercise price range	Number of Shares Subject to Warrants	Exercise price range
Balance outstanding, beginning of period	2,557,500	\$0.20	-	-
Issued	257,500	\$0.20	2,557,500	\$0.20
Expired	-	-	-	-
Balance outstanding, end of period	2,815,000	\$0.20	2,557,500	\$0.20

**BERKLEY RENEWABLES INC. (Formerly Berkley Resources Inc.)**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Three Months Ended March 31, 2013 and 2012**

**13. 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>Mar. 31, 2013</b>	Dec. 31 2012
Net loss	\$ (270,572)	\$ (72,747)
Weighted average shares outstanding	<b>6,401,748</b>	4,613,948
Basic and diluted loss per common share	\$ (0.4)	\$ (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.

**14. Non-controlling interest**

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

	<b>Mar. 31, 2013</b>	Dec. 31, 2012
American Uranium Corp.	\$ 386,904	\$ 422,557
Solar Flow-Through 2012-I – General Partner Ltd	<b>(5,837)</b>	(2,669)
Solar Flow-Through 2012-I – Management Ltd.	<b>(16,945)</b>	(16,095)
	<b>\$ 364,122</b>	\$ 403,793

The Company's non-controlling interests included in the Consolidated Statement of Loss and Comprehensive Income (Loss) were as follows:

	<b>Mar. 31, 2013</b>	Dec. 31, 2012
American Uranium Corp.	\$ 35,653	\$ 156,745
Solar Flow-Through 2012-I – General Partner Ltd	<b>3,168</b>	2,669
Solar Flow-Through 2012-I – Management Ltd.	<b>850</b>	16,095
	<b>\$ 39,671</b>	\$ 175,509



**BERKLEY RENEWABLES INC. (Formerly Berkley Resources Inc.)**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Three Months Ended March 31, 2013 and 2012**

**15. 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	
		March 31, 2013	December 31, 2012
American Uranium Corp.	United States of America	53%	53%
Solar Flow-Through 2012-I General Partner Ltd.	Canada	95%	51%
Solar Flow-Through 2012-I Management Ltd.	Canada	95%	51%

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:

- Due to related parties consists of \$35,000 (2012 - \$51,834) due to Directors of Berkley for Directors fees, consulting fees and expenses. Due from related parties of \$25,000 (2010 - \$Nil) relates to an advance to key management personnel during the year.
- Management and consulting fees totalling \$83,000 were paid to Directors and their private companies in the period ended March 31, 2013 (2012 - \$104,480); and rent expense totalling \$7,703 (2012 - \$2,620) was paid to a company whose management is related to a Director of Berkley.
- 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.

Administrative services, office supplies and accounting charges totalling \$23,353 were paid to Oniva during the three months ended March 31, 2013 (2012 - \$11,324). At quarter end, \$8,437 (2012 - \$6,881) of this amount was included in accounts payable and accrued liabilities.

**Compensation of key management personnel**

The remuneration of directors and other members of key management personnel during the years were as follows:

	2013 \$	2012 \$
Compensation, including bonuses	83,000	104,480
	<b>83,000</b>	<b>104,460</b>

---

**BERKLEY RENEWABLES INC. (Formerly Berkley Resources Inc.)**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Three Months Ended March 31, 2013 and 2012**

---

**16. Supplemental Cash Flow Information**

	<b>Mar. 31, 2013</b>	Mar. 31, 2012
	<b>\$</b>	\$
Change in non-cash working capital items:		
Trade and other receivables	<b>(15,353)</b>	(19,196)
Prepaid expenses	-	(5,000)
Accounts payable and accrued liabilities	<b>(9,464)</b>	(72,917)
Net change in non-cash working capital items	<b>(24,817)</b>	(97,113)

**17. 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 December 31, 2012 and March 31, 2013, the Company's financial instruments include cash and cash equivalents, trade and other receivables, marketable securities, investment in RepliCel Life Sciences, accounts payable and accrued liabilities and due to related parties. The fair values of these financial instruments approximate their carrying values due to their short-term maturity.

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

---

**BERKLEY RENEWABLES INC. (Formerly Berkley Resources Inc.)**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Three Months Ended March 31, 2013 and 2012**

---

**17. 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. Further quantitative disclosures are included throughout these consolidated financial statements. 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. 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, 2013, the maximum credit exposure is the carrying amount of the trade and other receivables of \$179,568 (2012 - \$151,563). As at March 31, 2013, the Company's receivables consisted of \$142,312 from joint venture partners and other trade receivables (2012 - \$109,232) and \$37,256 (2012 - \$42,331) 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, 2013 (2012 - \$nil). The Company would only choose to write-off a receivable balance (as opposed to providing an allowance) after all reasonable avenues of collection had been exhausted.

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

	<b>Mar. 31, 2013</b>
Not past due or impaired	<b>\$ 36,671</b>
Past due by less than 90 days but not impaired	<b>48,957</b>
Past due by more than 90 days but not impaired	<b>93,940</b>
	<b>\$ 179,568</b>

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. (Formerly Berkley Resources Inc.)**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Three Months Ended March 31, 2013 and 2012**

**17. 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 M 31, 2012, the following items are denominated in United States currency:

	<b>Mar. 31, 2013 CAD\$</b>	Dec. 31, 2012 CAD\$
Cash and cash equivalents	<b>293</b>	317
Accounts payable and accrued liabilities	<b>165</b>	167

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 productions levels, a 10% change in commodity prices would not have a material effect on earnings.

**18. Capital Management**

The Company defines its capital to include the following:

	<b>Mar. 31, 2013</b>	Dec. 31, 2012
Cash and cash equivalents	<b>\$ 125,476</b>	\$ 462,365
Shareholders' equity	<b>\$ 747,003</b>	\$ 1,096,828

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, 2013 and December 31, 2012, the Company was not subjected to any externally imposed capital requirements.

**19. Subsequent Events**

Subsequent to December 31, 2012, the Company:

- Announced that it would become 95% shareholders of Solar Flow-Through 2013-I General Partner Ltd. and Solar Flow-Through 2013-I Management Ltd.