RESERVOIR CAPITAL CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

July 31, 2011

RESERVOIR CAPITAL CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITIONS
(Unaudited - prepared by management)
(Expressed in Canadian dollars)

		July 31, 2011		April 30, 2011		May 1, 2010
ASSETS						
Current						
Cash and cash equivalents (Note 4)	$	6,990,932	$	10,376,920	$	3,230,762
Receivables (Note 5)		625,381		302,580		57,061
Prepaids and deposits (Note 5)		435,322		41,931		25,638
Total current assets		8,051,635		10,721,431		3,313,461
Non-current						
Equipment (Note 6)		209,870		122,153		103,608
Energy projects (Note 7)		305,190		239,143		239,143
Geothermal licenses (Note 7)		5,470		5,470		5,470
Mineral properties (Note 8)		254,411		249,518		249,518
Restricted cash (Note 4)		75,000		75,000		57,500
Total non-current assets		849,941		691,284		655,239
TOTAL ASSETS	$	8,901,576	$	11,412,715	$	3,968,700
LIABILITIES AND EQUITY						
LIABILITIES						
Current						
Accounts payable and accrued liabilities (Note 9)	$	579,796	$	558,632	$	284,144
Advances from JV partners (Note 8)		132,666		463,546		-
Total liabilities		712,462		1,022,178		284,144
EQUITY						
Share capital (Note 10)		25,490,786		25,174,315		13,228,034
Contributed surplus (Note 10)		1,591,720		1,580,236		1,493,383
Deficit		(18,910,106)		(16,364,014)		(11,036,861)
Equity attributable to owners of the Company		8,172,400		10,390,537		3,684,556
Non-controlling interests		16,714		-		-
Total equity		8,189,114		10,390,537		3,684,556
TOTAL LIABILITIES AND EQUITY	$	8,901,576	$	11,412,715	$	3,968,700

Nature of operations and going concern (Note 1)
Events after reporting date (Note 16)

On behalf of the Board:

Signed: *"Miles F. Thompson"* Director   Signed: *"C. Winston Bennett"* Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

RESERVOIR CAPITAL CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - prepared by management)
(Expressed in Canadian dollars)

	Three months ended July 31, 2011	2010
OPERATIONS EXPENDITURES		
Renewable energy		
Brodarevo hydroelectric projects (Note 7)	$ 1,563,118	$ 421,468
Geothermal projects (Note 7)	35,397	46,545
Renewable energy project investigation	487,322	378,368
	2,085,837	846,381
Mineral properties		
Mineral property exploration (Note 8)	826,933	58,730
Exploration recoveries (Note 8)	(730,933)	-
	96,000	58,730
Total operations expenditures	2,181,837	905,111
GENERAL AND ADMINISTRATIVE EXPENSES		
Administrative services and office	88,209	57,263
Amortization (Note 6)	1,682	6,317
Management fees	94,361	49,662
Professional fees	110,902	17,291
Shareholder communication and investor relations	19,336	6,536
Stock-based compensation (Note 10)	22,908	-
Transfer agent and filing fees	13,884	2,572
Travel	42,983	38,810
	394,265	178,450
Loss before other items	(2,576,102)	(1,083,561)
OTHER ITEMS		
Foreign exchange gain	7,775	52,616
Interest income	18,001	399
	25,776	53,015
Loss and comprehensive loss for the period	(2,550,326)	(1,030,546)
Attributable to:		
Equity shareholders of the Company	(2,546,092)	(1,030,546)
Non-controlling interests	(4,234)	-
	$ (2,550,326)	$ (1,030,546)
Basic and diluted loss per share	(0.06)	(0.04)
Weighted average number of common shares outstanding	46,098,420	27,532,392

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

RESERVOIR CAPITAL CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - prepared by management)
(Expressed in Canadian dollars)

	Three months ended July 31, 2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (2,550,326)	$ (1,030,546)
Items not affecting cash:		
Exploration recoveries	(730,933)	-
Amortization	14,054	6,396
Stock-based compensation	22,908	-
Interest income	(18,001)	399
Changes in non-cash working capital items:		
Receivables	(301,853)	(16,205)
Prepaids and deposits	(393,391)	(26,835)
Accounts payable and accrued liabilities	21,164	(83,938)
Advances from JV partners	400,053	159,420
Net cash used in operating activities	(3,536,325)	(992,107)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(101,771)	-
Purchase of land for hydroelectric projects and mineral exploration	(70,940)	-
Interest received	18,001	399
Net cash provided by (used in) investing activities	(154,710)	399
CASH FLOWS FROM FINANCING ACTIVITIES		
Exercise of warrants	288,847	-
Exercise of options	16,200	-
Net cash provided by financing activities	305,047	-
Decrease in cash and cash equivalents during the period	(3,385,988)	(991,708)
Cash and cash equivalents, beginning of period	10,376,920	3,230,762
Cash and cash equivalents, end of period	$ 6,990,932	$ 2,239,054

Supplemental disclosure with respect to cash flows (Note 13)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

RESERVOIR CAPITAL CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - prepared by management)
(Expressed in Canadian dollars)

Issued and outstanding common shares	Number of Shares	Stated Amount	Contributed Surplus	Deficit	Non-controlling Interests	**Total**
Balance as at April 30, 2010	30,661,687	$ 13,228,034	$ 1,493,383	$ (11,036,861)	$ -	$ 3,684,556
Loss for the period	-	-	-	(1,030,546)	-	(1,030,546)
Balance as at July 31, 2010	30,661,687	$ 13,228,034	$ 1,493,383	$ (12,067,407)	$ -	$ 2,654,010
Balance as at April 30, 2011	45,975,431	$ 25,174,315	$ 1,580,236	$ (16,364,014)	$ -	$ 10,390,537
Exercise of options	20,000	16,200	-	-	-	16,200
Reclassify fair value of options exercised from contributed surplus	-	10,934	(10,934)	-	-	-
Exercise of warrants	361,267	288,847	-	-	-	288,847
Reclassify fair value of warrants exercised from contributed surplus	-	490	(490)	-	-	-
Stock-based compensation	-	-	22,908	-	-	22,908
Dilution in equity ownership of subsidiary	-	-	-	-	20,948	22,948
Loss for the period	-	-	-	(2,546,092)	(4,234)	(2,550,326)
Balance as at July 31, 2011	46,356,698	$ 25,490,786	$ 1,591,720	$ (18,910,106)	$ 16,714	$ 8,189,114

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Reservoir Capital Corp. ("Reservoir" or the "Company") was incorporated under the *Business Corporations Act* (Alberta) on March 23, 2006 and was continued into British Columbia, under the *Business Corporations Act* (British Columbia), on November 15, 2007.

The addresses of the Company's head office, principal address, and registered and records office is the 501 - 543 Granville Street, Vancouver, British Columbia, Canada V6C 1X8.

The Company's principal business activities are the acquisition and development of renewable energy projects and the acquisition, exploration and development of mineral properties in the Republic of Serbia, the Federation of Bosnia and Herzegovina and southeast Europe. The Company currently is holding two energy licenses for run-of-river hydroelectric projects and four geothermal licenses in Serbia, is exploring for precious and base metals on eight mineral properties in Serbia. The Company has also filed applications on three hydroelectric projects in Bosnia and one more in Serbia and is reviewing additional acquisition opportunities in the renewable energy sector. The Company's continuing operations and the ability of the Company to meet its renewable energy, mineral property, and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing and seeking joint venture partners.

The Company's hydroelectric and geothermal projects and mineral exploration activities are located in emerging nations and, consequently, may be subject to a higher level of risk compared to more developed countries. Operations, the status of energy and geothermal licenses and mineral property rights and the recoverability of investments in emerging nations can be affected by changing economic, regulatory and political situations.

These condensed consolidated interim financial statements of the Company are presented in Canadian dollars, which is the functional currency of the parent company and its subsidiaries.

The Company is in the process of developing its hydroelectric and geothermal projects held for the potential generation of commercial production of electricity and has not yet determined the economic viability of its projects. The recoverability of the Company's investment in its hydroelectric and geothermal projects is dependent upon the existence of one or more economic projects, the Company's ability to obtain the necessary financing to complete development and to secure and maintain the appropriate permits, rights and beneficial interest in the projects, and upon future profitable operations or proceeds from the sale of the projects.

The Company is also currently exploring its mineral properties and has not yet determined whether its mineral properties contain reserves that are economically recoverable. The recoverability of amounts capitalized for mineral properties is dependent upon the discovery of sufficient economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral properties, the ability of the Company to arrange appropriate financing or seek joint venture partners to complete the development of the mineral properties and upon future profitable production or proceeds from the sale of the mineral properties. The Company plans to spin out its certain mineral exploration permits to a new corporation, Reservoir Minerals Inc. (see Note 16)

In order to meet its corporate objectives, which primarily consist of obtaining and developing its renewable energy projects and exploring its mineral properties, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheet.

1. NATURE OF OPERATIONS AND GOING CONCERN (cont'd…)

These condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance and Conversion to International Financial Reporting Standards

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These are the Company's first IFRS condensed consolidated interim financial statements for part of the period covered by the first IFRS consolidated annual financial statements to be presented in accordance with IFRS for the year ending April 30, 2012. Previously, the Company prepared its consolidated annual and consolidated interim financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). The Company adopted IFRS effective May 1, 2011 and as comparative information, the fiscal 2011 has also been prepared under IFRS, the Company's date of transition is effective as of May 1, 2010 (the "Transition Date"), as further described below. The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and current as of October 26, 2011, the date that the Audit Committee approved the condensed consolidated interim financial statements on behalf of the Board of Directors. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ended April 30, 2012 could result in the restatement of these condensed consolidated interim financial statements, including the Company's transition adjustments.

Basis of Presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis as modified for the revaluation of held for trading and available for sale financial assets, and have been prepared using the accrual basis of accounting, except for cash flow information. The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of the policies and reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements. The preparation of these condensed consolidated interim financial statements resulted in changes to the accounting policies as compared to the most recent annual financial statements prepared under Canadian GAAP.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

The accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements. They also have been used in preparing an opening IFRS statement of financial position at May 1, 2010 for the purposes of the transition to IFRS, as required by IFRS 1, "First Time Adoption of International Financial Reporting Standards ("IFRS 1"). The Company has applied all of the mandatory exemptions, and in addition has applied the following optional elections:

- IFRS 3(R), Business Combinations, has not been applied to business combinations that occurred before the Transition Date;
- IFRS 2, Share-based Payments, has only been applied to all share based payments which had not vested at April 1, 2010; and
- IFRIC 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities, has been applied prospectively, commencing on the Transition Date.

These condensed interim consolidated financial statements do not contain all of the information and disclosures required in annual financial statements and should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended April 30, 2011.

The impact of the transition from Canadian GAAP to IFRS is explained in Note 15.

Basis of Measurement

These condensed interim consolidated financial statements have been prepared on a historical costs basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting.

These condensed interim consolidated financial statements are presented in Canadian dollars, which is also the Company and its subsidiary's functional currency.

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Basis of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, after eliminating intercompany balances and transactions.

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Company, until the date on which control ceases. The Company's principal operating subsidiaries are as follows:

Name	Place of Incorporation	Ownership %
Balkan Exploration & Mining d.o.o.	Republic of Serbia	100%
Deli Jovan Exploration d.o.o.	Republic of Serbia	100%
Rakita Exploration d.o.o.	Republic of Serbia	100%
Renewable Energy Ventures d.o.o.	Republic of Serbia	100%
Southern European Exploration d.o.o.	Republic of Serbia	100%
REV D.o.o Foca	Bosnia and Herzegovina	100%
Reservoir Capital Cooperatief U.A.	Netherlands	100%
Renewable Energy Ventures Italia s.r.l.	Italian Republic	85%

Business Combinations

Business combinations that occurred prior to May 1, 2010 were not accounted for in accordance with IFRS 3, Business Combinations ("IFRS 3") or IAS 27, Consolidated and Separate Financial Statements, in accordance with the IFRS 1 exemption discussed in Note 15.

Acquisitions of businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity investments issued by the Company in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, which are recognized and measured at fair value less costs to sell.

Business combinations that involve companies in the exploration stage are treated as asset acquisitions.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities and disclosure of contingent assets or liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i. Recorded costs of mineral properties, and energy and geothermal licenses are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that a change in future conditions could require a material change in the recognized amount.

ii. The determination of the fair value of stock options or warrants using stock pricing models requires the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate, therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.

iii. The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

iv. Option or sale agreements, under which the Company may receive shares as payment, require the Company to determine the fair value of shares received. Many factors can enter into this determination, including, if public shares, the number of shares received, the trading value of the shares, volume of shares, resale restrictions, and if non-public shares, the underlying asset value of the shares, or value of the claims under option or sale. This determination is highly subjective and does not necessarily provide a reliable single measure of the fair value of the shares received.

Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the period.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and with original maturities of three months or less.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial Instruments

Financial assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are classified at fair value through profit or loss if they are classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

Held-to-maturity ("HTM")

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment loss.

Available-for-sale ("AFS")

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are classified into one of two categories:

- Fair value through profit or loss;
- Other financial liabilities.

Fair value through profit or loss

This category comprises derivatives, or liabilities, acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities

This category includes promissory notes, amounts due to related parties and accounts payable and accrued liabilities, all of which are recognized at amortized cost.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Mineral Exploration and Evaluation Expenditures

Pre-exploration Costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Acquisition costs for exploration and evaluation assets, net of recoveries, are capitalized on a property-by-property basis. Acquisition costs include cash consideration and the value of common shares, based on recent issue prices, issued for exploration and evaluation pursuant to the terms of the agreement. Exploration expenditures, net of recoveries, are charged to operations as incurred. After a property is determined by management to be commercially feasible, exploration and development expenditures on the property will be capitalized. When there is little prospect of further work on a property being carried out by the Company or its partners, when a property is abandoned, or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount. The costs related to a property from which there is production, together with the costs of production equipment, will be depleted and amortized using the unit-of-production method.

An exploration and evaluation property acquired under an option agreement, where payments are made at the sole discretion of the Company, is capitalized at the time of payment. Option payments received are treated as a reduction of the carrying value of the related acquisition cost for the mineral property until the payments are in excess of acquisition costs, at which time they are then credited to operations. Option payments are at the discretion of the optionee and, accordingly, are accounted for when receipt is reasonably assured.

Renewable Energy Projects

Acquisition costs for renewable energy projects, including hydroelectric energy and geothermal, net of recoveries, are capitalized on a project-by-project basis. Acquisition costs include cash consideration and the value of common shares, based on recent issue prices, issued for projects pursuant to the terms of the agreement. Project expenditures, net of recoveries, are charged to operations as incurred, until such time as the commercial feasibility of the project is determined. After a project is determined to be commercially feasible, all expenditures related to the project are capitalized. The costs related to a project that goes into commercial production, together with the costs of production equipment, will be amortized on a systematic and rational basis.

Equipment and Property

Recognition and Measurement

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd …)

Equipment (cont'd…)

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent Costs

The cost of replacing part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Major Maintenance and Repairs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Gains and Losses

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profits or loss.

Depreciation

Depreciation is recognized in profit or loss and is provided on a declining balance method of 20% per annum over the estimated useful life of the assets. Depreciation on equipment used directly on exploration projects is included in exploration expenditures for that mineral property.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd …)

Impairment (cont'd…)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

The Company does not have any significant rehabilitation obligations.

Loss per Share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Stock-based Compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd …)

Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

3. FUTURE ACCOUNTING PRONOUNCEMENTS

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

Accounting Standards Issued and Effective January 1, 2012

IAS 12 - Income Taxes (Amended) ("IAS 12"), introduces an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value.

IFRS 7 - Financial instruments: Disclosures (Amended) require additional disclosures on transferred financial assets.

Accounting Standards Issued and Effective January 1, 2013

IFRS 9 - Financial Instruments replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

3. FUTURE ACCOUNTING PRONOUNCEMENTS (cont'd…)

Accounting Standards Issued and Effective January 1, 2013 (cont'd…)

IFRS 10 - Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard

i. requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements

ii. defines the principle of control, and establishes control as the basis for consolidation

iii. sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee

iv. sets out the accounting requirements for the preparation of consolidated financial statements. IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation—Special Purpose Entities.

IFRS 11 - Joint Arrangements establishes the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.

IFRS 12 - Disclosure of Involvement with Other Entities requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 - Fair Value Measurement defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for: share-based payment transactions within the scope of IFRS 2 Share-based Payment; leasing transactions within the scope of IAS 17 Leases; measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

IAS 27 - Separate Financial Statements has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28 - Investments in Associates and Joint Ventures prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture).

(Expressed in Canadian dollars)

4. CASH AND CASH EQUIVALENTS

Cash consists of cash on hand and deposits at banks earning interest at floating rates based on daily bank deposit rates:

	July 31, 2011	April 30, 2011	May 1, 2010
Cash	$ 1,244,973	$ 2,142,125	$ 2,018,200
Short-term deposits	5,745,959	8,234,795	1,212,562
	$ 6,990,932	$ 10,376,920	$ 3,230,762

As at July 31, 2011, the Company held restricted cash of $75,000 (April 30, 2011 - $75,000; May 1, 2010 - $57,500) as collateral for its corporate credit cards.

5. RECEIVABLES; PREPAIDS AND DEPOSITS

The Company's receivables arise from HST/VAT receivable due from government taxation authorities and other receivables:

	July 31, 2011	April 30, 2011	May 1, 2010
HST/VAT receivables	$ 186,502	$ 126,277	$ 25,821
Due from related party (Note 11)	256,463	89,217	-
Other receivables	182,416	87,086	31,240
	$ 625,381	$ 302,580	$ 57,061

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	July 31, 2011	April 30, 2011	May 1, 2010
Currency			
Canadian dollars	$ 316,197	$ 134,713	$ 5,212
Serbian dinars	271,068	157,278	51,849
Other	38,116	10,589	-
	$ 625,381	$ 302,580	$ 57,061

(Expressed in Canadian dollars)

5. RECEIVABLES; PREPAIDS AND DEPOSITS (cont'd…)

The Company's prepaids and deposits consist of the following:

	July 31, 2011	April 30, 2011	May 1, 2010
Prepaid expenses	$ 68,506	$ 41,931	$ 25,638
Deposit for land purchase	366,816	-	-
	$ 435,322	$ 41,931	$ 25,638

6. EQUIPMENT

	Office Equipment	Field Equipment	**Total**
Cost			
As at May 1, 2010	$ 23,373	$ 154,013	$ 177,386
Additions	36,326	19,130	55,456
Disposals	-	(26,629)	(26,629)
As at April 30, 2011	59,699	146,514	206,213
Additions	55,726	46,045	101,771
Disposals	-	-	-
As at July 31, 2011	115,425	192,599	307,984
Accumulated amortization			
As at May 1, 2010	4,927	68,851	73,778
Additions	8,773	14,655	23,428
Disposals	-	(13,146)	(13,146)
As at April 30, 2011	13,700	70,360	84,060
Additions	5,151	8,903	14,054
Disposals	-	-	-
As at July 31, 2011	18,851	79,263	98,114
Net book value			
As at May 1, 2010	18,446	85,162	103,608
As at April 30, 2011	45,999	76,154	122,153
As at July 31, 2011	$ 96,574	$ 113,296	$ 209,870

During the period ended July 31, 2011, amortization of $12,372 (2010 - $6,317) has been included in exploration expenditures and amortization of $1,682 (2010 - $105) has been included in general and administrative expenses.

(Expressed in Canadian dollars)

7. ENERGY PROJECTS AND GEOTHERMAL LICENSES

Hydroelectric Projects - Acquisition Costs

	July 31, 2011	April 30, 2011	May 1, 2010
Brodarevo 1	$ 122,435	$ 122,435	$ 122,435
Brodarevo 2	116,708	116,708	116,708
Land acquisition	66,047	-	-
	$ 305,190	$ 293,143	$ 293,143

In February 2009, the Company, through its wholly owned subsidiary Renewable Energy Ventures d.o.o., was awarded the Brodarevo 1 and Brodarevo 2 energy licenses, to develop run-of-river hydroelectric projects on the River Lim in southwest Serbia. The acquisition costs consist of the cash paid for legal, government taxes and project consultant expenses directly related to the acquisition. The licenses are for a period of two years with a one year extension of the license. The Company is currently in the one year extension.

Brodarevo 1 and 2 - Project Expenditures

During the years ended April 30, 2011 and 2010, the Company incurred the following expenditures on its Brodarevo energy licenses, which were expensed as incurred:

Period ended July 31, 2011	Brodarevo 1	Brodarevo 2	Total
Administration	$ 56,714	$ 54,263	$ 111,338
Field costs	8,729	8,536	17,265
Salaries and consultants	450,730	450,730	901,460
Technical studies	254,152	254,153	508,305
Travel and related costs	12,765	11,985	24,751
	$ 783,090	$ 780,027	$ 1,563,118

Period ended July 31, 2010	Brodarevo 1	Brodarevo 2	Total
Administration	$ 66,295	$ 66,123	$ 132,418
Field costs	11,871	11,871	23,743
Salaries and consultants	42,846	42,843	85,687
Technical studies	75,522	75,522	151,043
Travel and related costs	14,288	14,288	28,577
	$ 210,820	$ 210,648	$ 421,468

(Expressed in Canadian dollars)

7. ENERGY PROJECTS AND GEOTHERMAL LICENSES (cont'd…)

Geothermal - License Acquisition Costs

In 2010, the Company, through its wholly owned subsidiary, Southern European Exploration d.o.o. ("SEE"), was granted an exploration license for geothermal energy at Vranjska Banja in southern Serbia and three exploration licenses for geothermal energy in the Vojvodina Province of northern Serbia. Total amounts capitalized for the acquisition costs of the four licenses was $5,470 (April 30, 2011 & May 1, 2010 - $5,470).

Geothermal - Project Expenditures

During the period ended July 31, 2011 and 2010, the Company incurred the following expenditures on its geothermal licenses, which were expensed as incurred:

Period ended July 31, 2011	V. Banja	Kupusina	Vrbica	N. Knezeva	Total
Administration	$ 3,188	$ 696	$ 696	$ 696	$ 5,276
Field costs	140	-	-	-	140
Salaries and consultants	5,714	939	939	939	8,531
Technical studies	13,092	2,768	2,768	2,768	21,450
	$ 22,134	$ 4,421	$ 4,421	$ 4,421	$ 35,397

Period ended July 31, 2010	V. Banja	Kupusina	Vrbica	N. Knezeva	Total
Administration	$ 5,845	$ 2,394	$ 1,504	$ 1,520	$ 11,263
Field costs	6,791	1,726	169	471	9,157
Salaries and consultants	9,182	4,729	1,938	1,996	17,845
Technical studies	4,715	2,806	361	398	8,280
	$ 26,533	$ 11,655	$ 3,972	$ 4,385	$ 46,545

(Expressed in Canadian dollars)

8. MINERAL PROPERTIES

Mineral Properties - Acquisition Costs

	July 31, 2011	April 30, 2011	May 1, 2010
Brestovac	$ 191,935	$ 191,935	$ 191,935
Lece	1	1	1
Deli Jovan	62,473	57,580	57,580
Plavkovo	1	1	1
Stara Planina	1	1	1
	$ 254,411	$ 249,518	$ 249,518

Under Serbian law, exploration permits are renewed annually, subject to approval of a work program and budget by the Serbian Ministry of Energy and Mines.

On February 2, 2007, the Company completed the purchase of Southern European Exploration (BVI) Ltd. ("SEE BVI") from Eurasian Minerals Inc. ("Eurasian"). SEE BVI holds, through its Serbian subsidiary, Southern European Exploration d.o.o. ("SEE"), the following five properties ("Properties"), all of which are located in Serbia. The Company: (i) has granted to Eurasian a net smelter returns royalty on the Properties at a rate of 2% for gold and silver and 1% for all other metals; (ii) agreed to incur a minimum of $1,000,000 on the Properties within three years of the completion of the acquisition (minimum expenditure limit has been incurred); and (iii) within 10 years from the completion of the acquisition, is to pay $500,000 in cash or shares per Property, to Eurasian on the completion of a bankable feasibility study for a maximum of two Properties of up to an aggregate total of $1,000,000 in cash or shares. The Company assigned no value to the net smelter royalty and payment due on the preparation of a bankable feasibility study, due to the contingent nature of these obligations.

Brestovac-Metovnica

The original Zlot-Brestovac exploration permit covered 77 square kilometers and was granted to SEE in December 2004. The Zlot portion of the license has been relinquished. The remaining license on the Brestovac area of 25.5 square kilometers was relinquished in 2010 and a new license was applied for and received for the combined Brestovac and Metovnica (Brestovac East) license areas. The 90 square kilometer Metovnica license was acquired from Euromax Resources Ltd. ("Euromax") in 2010 (described below) and the combined Brestovac-Metovnica license is part of the Earn-in Agreement with Freeport-McMoRan Exploration Corporation ("Freeport") signed in March 2010 (also described below). The new Brestovac-Metovnica license expires December 31, 2011 and has a proposed work program of $515,000. The NSR commitment to Eurasian applies only to the original Brestovac area of the new Brestovac-Metovnica license.

Deli Jovan

The original Deli Jovan exploration permit covered 75 square kilometers and was granted to SEE in May 2006. The existing permit on the Deli Jovan area of 69 square kilometers has a proposed work program of $272,000 and expires on October 5, 2011. The Deli Jovan license is subject to an earn-in agreement with London-listed Orogen Gold Ltd., which may earn a 75% interest in the property by funding $3.5 million in exploration expenditures. As at July 31, 2011, the Company received advance of $314,985, recorded recovery of $182,319 and had obligation to incur exploration expenditure of $132,666 (April 30, 2010 - $43,326).

8. MINERAL PROPERTIES (cont'd…)

Lece

The original Lece exploration permit covered 51 square kilometers and was granted to SEE in June 2003. The existing permit on the Lece area of 40 square kilometers has a proposed work program of $147,000 and expires on December 31, 2011.

Plavkovo

The original Plavkovo exploration permit covered 35 square kilometers and was granted to SEE in February 2004. The existing permit on the Plavkovo area of 20 square kilometers has a proposed work program of $142,000 and expires on December 31, 2011.

Stara Planina

The original Stara Planina exploration permit covered 63 square kilometers and was granted to SEE in March 2005. The existing permit on Star Planina has a proposed work program of $138,000 and expires on May 1, 2012.

Parlozi

In August 2007, the Company was awarded the Parlozi exploration permit, a 91 square kilometer exploration permit over a historical lead-zinc silver resource. A work program of $234,000 was granted which expires on May 1, 2012. This license is not subject to the NSR commitment to Eurasian.

Bobija

In September 2007, the Company was awarded the Bobija exploration permit, a 33 square kilometer exploration permit. The permit has a work program of $66,000 which expires on May 1, 2012. This license is not subject to the NSR commitment to Eurasian.

Jasikovo

The Company was awarded the 12.5 square kilometer Jasikovo exploration license in 2009. This license is not subject to the NSR commitment to Eurasian. The license was relinguished in 2010 and a new license was applied for and received for the combined Jaskivovo and Durlan Potok license areas. The 54 square kilometer Durlan Potok license was acquired from Euromax in 2010 (described below) and the combined Jasikovo-Durlan Potok license is part of the Earn-in Agreement with Freeport signed in March 2010 (also described below). The new Jasikovo-Durlan Potok license expires December 31, 2011 and has a proposed work program of $224,000.

On March 18, 2010, the Company signed an Earn-in Agreement with Freeport-McMoRan Exploration Corporation ("Freeport"), which grants Freeport the rights to earn an interest in the Brestovac and Jasikovo exploration licenses. The Company also signed a Net Smelter Royalty Agreement with Euromax Resources Ltd. ("Euromax") to acquire the Metovnica (Brestovac East) and Durlan Potok exploration licenses in the same district, which are included in the agreement with Freeport. Under the terms of the Euromax agreement, the Company would pay a 0.5% NSR Royalty on any production from the Metovnica and Durlan Potok license areas.

(Expressed in Canadian dollars)

8. MINERAL PROPERTIES (cont'd…)

Jasikovo (cont'd…)

All four licenses, totaling 18,395 hectares in area, have been transferred to Rakita Exploration d.o.o., a wholly-owned subsidiary of Rakita (BVI) Ltd., (collectively "Rakita") an indirect wholly-owned subsidiary of the Company. Under the terms of the agreement, Freeport may earn an initial 55% interest in Rakita by investing US$3 million in exploration (US$400,000 committed for year one - completed) over a four-year period. During this initial earn-in phase, the Company will act as operator of the exploration work and provide support for Freeport's exploration and geophysical teams. Once Freeport has earned its initial 55% interest, Freeport may become the operator and may elect to earn an additional 20% interest (75% in total) by completing a scoping study within four years, a pre-feasibility study within eight years and a feasibility study within 13 years. In the event that Freeport decides to withdraw from this second option, its ownership interest in Rakita would remain at 55%, with on-going funding on a pro-rata basis. If Freeport delivers a feasibility study and the project goes into production, it would be able to recover the Company's share of the cost of the feasibility study from 80% of the Company's first cash-flow from Rakita. As at July 31, 2011, the Company received advance of $1,123,889, recorded recovery of $1,123,889 and had obligation to incur exploration expenditures of $Nil (April 30, 2010 - $420,220).

As a result of the change in focus of the Company's business to renewable energy, the inability to locate joint venture or other partners for certain of the Company's mining properties and uncertainty over the ability of the Company to recover the deferred costs in the current economic environment, during the year ended April 30, 2010, the Company wrote down the previously capitalized mineral property acquisition costs of Lece ($57,580), Plavkovo ($38,386), and Stara Planina ($38,386). The Company also relinquished the Rakita license and wrote-off the deferred acquisition costs of $86,000.

Exploration Expenditures

During the period ended July 31, 2011 and 2010, the Company incurred the following exploration expenditures on its mineral properties, which were expensed as incurred:

	Freeport JV	*Orogen JV*			
Period ended July 31, 2011	Brestovac, Jasikovo, Brestovac E., Durlan Potok	Deli Jovan	Plavkovo, Stara Planina, Parlozi, Lece, Bobija	Regional Serbia	**Total**
Administration	$ 30,295	$ 15,117	$ 20,773	$ 5,944	$ 72,129
Assays	19,257	-	1,327	265	20,849
Drilling and trenching	450,338	7,247	-	-	457,585
Field costs	34,965	8,120	1,685	541	45,311
Salaries and consultants	62,326	26,126	15,919	8,709	113,080
Technical studies	111,981	4,035	1,963	-	117,979
Subtotal	709,162	60,645	41,667	15,459	826,933
Recoveries	(670,288)	(60,645)	-	-	(730,933)
	$ 38,874	$ -	$ 41,667	$ 15,459	$ 96,000

(Expressed in Canadian dollars)

8. MINERAL PROPERTIES (cont'd…)

Period ended July 31, 2010	*Freeport JV* Brestovac, Jasikovo, Brestovac E., Durlan Potok	*Orogen JV* Deli Jovan	Plavkovo, Stara Planina, Parlozi, Lece, Bobija	Rakita	Regional Serbia	**Total**
Administration	$ 4,987	$ 2,397	$ 5,334	$ 6,233	$ 1,078	$ 20,030
Assays	7,681	116	618	24	43	8,482
Drilling and trenching	-	1,798	3	-	-	1,801
Field costs	989	127	4,501	1,829	269	7,715
Salaries and consultants	7,878	3,813	1,055	4,062	1,691	18,499
Technical studies	-	-	-	2,203	-	2,203
	$ 21,536	$ 8,251	$ 11,511	$ 14,351	$ 3,081	$ 58,730

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	July 31, 2011	April 30, 2011	May 1, 2010
Trade accounts payable	$ 513,012	$ 479,348	$ 221,912
Accrued liabilities	66,784	79,284	62,232
	$ 579,796	$ 558,632	$ 284,144

10. SHARE CAPITAL

Authorized Share Capital

Authorized share capital consists of an unlimited number of common shares without par value.

Issued Share Capital

During the period ended July 31, 2011, the Company issued 20,000 common share for the exercise of options and 361,267 common shares for the exercise of warrants for aggregate proceeds of $16,200 and $288,847, respectively.

(Expressed in Canadian dollars)

10. SHARE CAPITAL (cont'd…)

Stock Options

The Company has adopted a stock option plan pursuant to the policies of the TSX-V that has been approved by the Company's shareholders. The maximum number of shares that may be reserved for issuance under the plan is limited to 10% of the issued common shares of the Company at any time. The vesting terms are determined by the Company's Board of Directors at the time of the grant. The changes in stock options outstanding are as follows:

	Number of Options		Weighted Average Exercise Price
Balance as at May 1, 2010	2,740,000	$	0.69
Granted	120,000		1.73
Exercised	(315,000)		0.77
Cancelled/forfeited	(5,000)		0.85
Balance as at April 30, 2011	2,540,000	$	0.73
Granted	50,000		1.20
Exercised	(20,000)		0.81
Balance as at July 31, 2011	2,570,000	$	0.74

The following table summarizes the stock options outstanding and exercisable at July 31, 2011.

Date Granted	Number Outstanding		Exercise Price	Number Exercisable	Expiry Date
February 2, 2007	910,000	$	0.50	910,000	February 2, 2012
May 7, 2007	30,000		0.85	30,000	May 7, 2012
May 30, 2011	50,000		1.20	50,000	May 30, 2012
September 20, 2007	10,000		0.85	10,000	September 20, 2012
February 11, 2008	190,000		0.77	190,000	February 11, 2013
October 29, 2008	15,000		0.20	15,000	October 29, 2013
May 26, 2009	70,000		0.68	70,000	May 26, 2014
November 16, 2009	200,000		0.74	200,000	November 16, 2014
March 9, 2010	975,000		0.81	995,000	March 9, 2015
January 20, 2011	120,000		1.73	120,000	January 20, 2016
Total	2,570,000			2,570,000	

(Expressed in Canadian dollars)

10. SHARE CAPITAL (cont'd…)

Warrants

The changes in warrants outstanding are as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance as at May 1, 2010	14,067,061	$	0.87
Issued	5,521,708		0.79
Exercised	(9,665,994)		0.90
Expired	(5,240,000)		1.00
Balance as at April 30, 2011	4,682,775	$	0.79
Exercised	(361,267)		0.80
Balance as at July 31, 2011	4,321,508	$	0.79

Share purchase warrants outstanding as at July 31, 2011 are as follows:

Expiry date		Exercise Price	Number of Warrants
November 26, 2012	$	0.60	167,292
November 29, 2012	$	0.80[1]	4,154,216
			4,321,508

[1] Exercise price of $0.80 in the first year, and $0.90 in the second year.

Stock-based Compensation and Share-based Payment Reserve

During the period ended July 31, 2011, the Company granted 50,000 (2010 - Nil) stock options to an employee of the Company, all of which vested immediately. Using the fair value method for stock-based compensation, the Company recorded a charge to operations of $22,908 (2010 - $Nil) for stock options granted.

The fair values were determined using the Black-Scholes option pricing model using the following assumptions:

Weighted average:	July 31, 2011	July 31, 2010
Risk free interest rate	1.50%	0%
Expected dividend yield	0%	0%
Expected stock price volatility	86%	0%
Expected life of options in years	1	0

The weighted average fair value of options granted during the period ended July 31, 2011 was $0.46 (2010 - $Nil).

(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

For the period ended July 31, 2011	Salary or fees	Termination benefits	Share-based payments	Total
Terrasearch Inc. *Michael Winn, director*	$ 4,061	$ -	$ -	$ 4,061
Miles Thompson, *Chairman*	24,000	-	-	24,000
Miljana Vidovic, *President & CEO*	44,419	-	-	44,419
Christopher MacIntyre *VP, Corporate development*	12,000	-	-	12,000
Patrick Eve, *Director*	3,000	-	-	3,000
Winston Bennett, *Director*	3,000	-	-	3,000
Lewis Reford, *Director*	1,387	-	-	1,387
	$ 81,867	-	-	$ 81,867

For the period ended July 31, 2010	Salary or fees	Termination benefits	Share-based payments	Total
Terrasearch Inc.	$ 5,746	$ -	$ -	$ 8,746
Miles Thompson	18,000	-	-	18,000
Miljana Vidovic	31,662	-	-	31,662
Christopher MacIntyre	12,000	-	-	12,000
	$ 67,408	$ -	$ -	$ 67,408

Related party assets (liabilities)	Items or services	July 31, 2011	April 30, 2011	May 1, 2010
Amounts due to:				
Terrasearch Inc.	Admin services	$ 1,147	$ 6,725	$ 7,712
Miles Thompson	Management fees	11,660	9,760	135
Miljana Vidovic	Management fees	12,000	6,000	-
Christopher MacIntyre	Admin services	11,942	8,668	13,911
Patrick Eve	Director's fee	-	5,000	-
Winston Bennett	Director's fee	-	5,000	-
Lewis Reford	Director's fee	-	5,000	-
Amounts due from:				
Seabord Services Corp.	Deposit for acting services	$ 10,000	$ 10,000	$ 10,000
Reservoir Minerals Inc. *Company with common directors*	Expense reimbursement	256,463	89,217	-

(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS (cont'd…)

Seabord Services Corp., ("Seabord") is a management services company controlled by Michael Winn, a director. Seabord provides a chief financial officer, a corporate secretary, accounting staff, administration staff and office space to the Company. The Chief Financial Officer is an employee of Seabord and is not paid directly by the Company. During the period ended July 31, 2011, Seabord charged $50,400 (2010 - $50,400) for the above services.

12. SEGMENTED INFORMATION

The Company operates in three reportable operating segments; the segments are exploration and development of mineral properties, geothermal and, hydroelectric energy. Summarized financial information for the geographic and operating segments the Company operates in are as follows:

July 31, 2011	Canada	Serbia	Bosnia	Other	**Total**
Cash and other assets	$ 6,480,106	$ 1,267,981	$ 211,399	$ 167,149	$ 8,126,635
Equipment	5,559	155,413	4,209	44,689	209,870
Hydroelectric licenses	-	305,190	-	-	305,190
Geothermal licenses	-	5,470	-	-	5,470
Mineral properties	-	254,411	-	-	254,411
Total assets	$ 6,485,665	$ 1,988,465	$ 215,608	$ 211,838	$ 8,901,576

April 30, 2011	Canada	Serbia	Bosnia	Other	**Total**
Cash and other assets	$ 9,344,480	$ 1,149,553	$ 172,279	$ 130,119	$ 10,796,431
Equipment	5,852	111,871	4,430	-	122,153
Hydroelectric licenses	-	239,143	-	-	239,143
Geothermal licenses	-	5,470	-	-	5,470
Mineral properties	-	249,518	-	-	249,518
Total assets	$ 9,350,332	$ 1,755,555	$ 176,709	$ 130,119	$ 11,412,715

May 1, 2010	Canada	Serbia	**Total**
Cash and other assets	$ 2,882,842	$ 488,119	$ 3,370,961
Equipment	1,050	102,558	103,608
Hydroelectric licenses	-	239,143	239,143
Geothermal licenses	-	5,470	5,470
Mineral properties	-	249,518	249,518
Total assets	$ 2,883,892	$ 1,084,808	$ 3,968,700

(Expressed in Canadian dollars)

12. SEGMENTED INFORMATION (cont'd…)

Period ended July 31, 2011	Mineral Properties	Geothermal	Hydroelectric	General and Administrative	**Total**
Loss for the period	$ 96,000	$ 35,397	$ 2,050,440	$ 368,489	$ 2,550,326

Period ended July 31, 2010	Mineral Properties	Geothermal	Hydroelectric	General and Administrative	**Total**
Loss for the period	$ 58,730	$ 46,545	$ 799,836	$ 125,435	$ 1,030,546

General and administrative expenses have not been allocated to other operating segments.

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the period ended July 31, 2011, the Company:

a) re-allocated $10,934 from contributed surplus to share capital for exercise of options; and
b) re-allocated $490 from contributed surplus to share capital for exercise of warrants.

During the period ended July 31, 2010, the Company did not have any significant non-cash investing and financing activities.

14. FINANCIAL INSTRUMENTS; RISK AND CAPITAL MANAGEMENT

The Company is a junior renewable energy company whose principal business activity is the acquisition and development of mineral, hydroelectric and geothermal projects in the Republic of Serbia and southeast Europe. The Company considers items included in shareholders' equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company currently has no source of revenues. In order to fund future projects and pay for administrative costs, the Company will spend its existing working capital and will be required to raise additional funds. As at July 31, 2011, the Company had working capital of $7,339,173, which is not expected to be sufficient to meet the Company's corporate objectives in the next 12 months. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk of characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through public and/or private placements sell assets or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian dollars)

14. FINANCIAL INSTRUMENTS; RISK AND CAPITAL MANAGEMENT (cont'd…)

Financial Instruments

The Company classified its financial instruments as follows:

	July 31, 2011		
Financial instruments	Financial instruments at FVTPL	Loans and receivables	Other financial liabilities
Cash and cash equivalents	$ 6,990,932	$ -	$ -
Receivables	-	625,381	-
Restricted cash	75,000	-	-
Accounts payable and accrued liabilities	-	-	(579,796)
Advances from JV partners	-	-	(132,666)
	$ 7,065,932	$ 625,381	$ (712,642)

	April 30, 2011		
Financial instruments	Financial instruments at FVTPL	Loans and receivables	Other financial liabilities
Cash and cash equivalents	$ 10,376,920	$ -	$ -
Receivables	-	302,580	-
Restricted cash	75,000	-	-
Accounts payable and accrued liabilities	-	-	(558,632)
Advances from JV partners	-	-	(463,546)
	$ 10,451,920	$ 302,580	$ (1,022,178)

	May 1, 2010		
Financial instruments	Financial instruments at FVTPL	Loans and receivables	Other financial liabilities
Cash and cash equivalents	$ 3,230,762	$ -	$ -
Receivables	-	57,061	-
Restricted cash	57,500	-	-
Accounts payable and accrued liabilities	-	-	(284,144)
	$ 3,288,262	$ 57,061	$ (284,144)

14. FINANCIAL INSTRUMENTS; RISK AND CAPITAL MANAGEMENT (cont'd…)

Fair Value

The carrying value of receivables, accounts payable and accrued liabilities and advances from JV partners approximated their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	**Total**
Cash and cash equivalents	$ 6,990,932	-	-	$ 6,990,932
Restricted cash	75,000	-	-	75,000

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, liquidity risk and currency risk.

Credit Risk

The Company is exposed to credit risk by holding cash and cash equivalents. This risk is minimized by holding the funds in Canadian banks or Canadian treasury bills. The Company has minimal accounts receivable exposure.

Interest Rate Risk

The Company is exposed to interest rate risk because of fluctuating interest rates. Management believes the interest rate risk is low given the current low global interest rate environment. Fluctuations in market rates do not have a significant impact on the Company's operations due to the short term to maturity and no penalty cashable feature of its cash equivalents.

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources.

Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada, Serbia and Bosnia and a portion of the Company's expenses are incurred in Serbian dinars and Bosnian marks. A significant change in the currency exchange rates between the Canadian dollars relative to the Serbian dinars and Bosnian marks could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

At July 31, 2011, the Company is exposed to currency risk through the following assets and liabilities denominated in Serbian dinars and Bosnian marks.

(Expressed in Canadian dollars)

14. FINANCIAL INSTRUMENTS; RISK AND CAPITAL MANAGEMENT (cont'd…)

Currency Risk (cont'd…)

	Serbian dinars	Bosnian marks	**Total**
Cash and cash equivalents	RSD 3,826,033	KM 29,536	
Receivables	20,126,474	2,091	
Accounts payable and accrued liabilities	(20,034,556)	(17,106)	
Net exposure	RSD 3,917,951	KM 14,521	
Canadian dollar equivalent	$ 52,768	$ 10,216	$ 62,984

Based on the above net exposure as at July 31, 2011, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollars against the Serbian dinars and Bosnian marks would result in an increase/decrease of approximately $6,298 in the Company's pre-tax earnings (loss).

15. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

As stated in Note 2, these are the Company's first consolidated interim financial statements for the period covered by the first annual consolidated financial statements prepared in accordance with international financial reporting standards ("IFRS"). The accounting policies in Note 2 have been applied in preparing the condensed consolidated interim financial statements for the period ended July 31, 2011, the comparative information for the period ended July 31, 2010, the financial statements for the year ended April 30, 2011 and the preparation of an opening IFRS statement of financial position on the Transition Date, May 1, 2010.

In preparing the opening IFRS consolidated statement of financial position, the Company has assessed potential adjustments to amounts reported previously in financial statements that were prepared in accordance with Canadian GAAP. An explanation of the Company's assessment on the transition from Canadian GAAP to IFRS is set out below. The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS.

The Company elected to take the following IFRS 1 optional exemptions:

i. to apply the requirements of IFRS 3, Business Combinations, prospectively from the Transition Date;

ii. to apply the requirements of IFRS 2, Share-based payments, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date; and

iii. to transfer all foreign currency translation differences, recognized as a separate component of equity, to deficit as at the Transition Date including those foreign currency differences which arose on adoption of IFRS.

15. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd…)

The Company applied the following mandatory exemption:

Estimates

Hindsight is not used to create or revise estimates. In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under the previous GAAP applied, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of May 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

There is a possibility that the opening statement of financial position may require adjustment before constituting the external statement of financial position as at May 1, 2010 due to factors such as changes in accounting standards, including exposure drafts and final determination by management.

Share-based Payment

Under GAAP, the Company measured stock-based compensation related to share purchase options at the fair value of the share purchase options granted using the Black-Scholes option pricing formula and recognized this expense over the vesting period of the options. Forfeitures are recognized as they occur.

IFRS 2, similar to GAAP, requires the Company to measure stock-based compensation related to share purchase options granted to employees at the fair value of the share purchase options on the date of grant and to recognize such expense over the vesting period of the options. However, for share purchase options granted to non-employees, IFRS requires that share-based compensation be measured at the fair value of the services received unless the fair value cannot be reliably measured.

Prior to May 1, 2010, the Company used the straight-line method of calculating vested options. The fair value of stock-based awards with graded vesting was calculated as one grant and the resulting fair value was recognized on a straight-line basis over the vesting period. Effective May 1, 2010, the Company changed from the straight-line method to the graded-vesting method.

Under IFRS – each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is amortized over the vesting period of the respective tranches.

Prior to April 1, 2010, forfeitures of awards were recognized as they occurred. Under IFRS, forfeiture estimates are recognized on the grant date and revised for actual experiences in subsequent periods.

The adjustments were calculated only for unvested share purchase options issued and outstanding as of and after the Transition Date. At Transition Date, all options were fully vested.

Presentation Differences

Some line items are described differently under IFRS compared to Canadian GAAP. These line items are as follows (with Canadian GAAP descriptions in brackets):

- Exploration and evaluation assets ("Mineral properties")
- Decommissioning and restoration provision ("Asset retirement obligation")
- Share based payment reserve ("Contributed surplus")

(Expressed in Canadian dollars)

15. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd…)

Management has determined that the adoption of IFRS has not resulted in any adjustments to the balances as reported previously under Canadian GAAP.

Reconciliation of equity and comprehensive loss from Canadian GAAP to IFRS as follows:

Reconciliation of total equity	April 30, 2011	July 31, 2010	May 1, 2010
Total equity under Canadian GAAP	$ 10,390,537	$ 2,654,010	$ 3,684,556
Total equity under IFRS	$ 10,390,537	$ 2,654,010	$ 3,684,556

Reconciliation of comprehensive loss	Year ended April 30, 2011	Three months ended July 31, 2010
Comprehensive loss under Canadian GAAP	$ (5,327,153)	$ (1,030,546)
Comprehensive loss under IFRS	$ (5,327,153)	$ (1,030,546)

16. EVENTS AFTER REPORTING DATE

Subsequent to July 31, 2011, the Company:

a) issued 645,000 common shares on the exercise of warrants at $0.80 per share, and

b) entered into an agreement regarding the re-organization of its business components into two separately listed public corporations by the spin-out of certain Serbian mineral exploration permits to a new corporation, Reservoir Minerals Inc. ("Minerals"), by means of a plan of arrangement pursuant to the British Columbia Business Corporations Act (the "Spin-out Transaction"), where the shareholders of the Company on the record date for the Spin-out Transaction would be entitled to receive their pro-rata portion of 9,000,000 common shares of Minerals to be issued pursuant to the Spin-out Transaction.