RESERVOIR CAPITAL CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

October 31, 2011

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

	October 31, 2011	April 30, 2011
ASSETS		
Current		
Cash and cash equivalents (Note 4)	$ 4,878,038	$ 10,376,920
Receivables (Note 5)	705,160	302,580
Prepaids and deposits (Note 5)	551,990	41,931
Total current assets	6,135,188	10,721,431
Non-current		
Equipment (Note 6)	258,615	122,153
Energy projects (Note 7)	305,190	239,143
Geothermal licenses (Note 7)	5,470	5,470
Exploration and evaluation assets (Note 8)	-	249,518
Restricted cash (Note 4)	75,000	75,000
Total non-current assets	644,275	691,284
TOTAL ASSETS	$ 6,779,463	$ 11,412,715
LIABILITIES AND EQUITY		
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 9)	$ 761,257	$ 558,632
Advances from JV partners (Note 8)	-	463,546
Total liabilities	761,257	1,022,178
EQUITY		
Share capital (Note 10)	26,007,973	25,174,315
Share-based payments reserve (Note 10)	1,659,856	1,580,236
Deficit	(21,632,588)	(16,364,014)
Equity attributable to owners of the Company	6,035,241	10,390,537
Non-controlling interests	(17,035)	-
Total equity	6,018,206	10,390,537
TOTAL LIABILITIES AND EQUITY	$ 6,779,463	$ 11,412,715

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

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 October 31, 2011	Three months ended October 31, 2010	Six months ended October 31, 2011	Six months ended October 31, 2010
OPERATIONS EXPENDITURES				
Renewable energy projects (Note 7)	$ 1,721,499	$ 807,112	$ 3,807,337	$ 1,653,493
Exploration and evaluation assets (Note 8)	39,028	23,229	135,028	81,959
	1,760,527	830,341	3,942,365	1,735,452
GENERAL AND ADMINISTRATIVE EXPENSES				
Administrative services and office	106,185	75,211	194,394	138,791
Amortization (Note 6)	278	-	1,960	-
Management fees	153,526	52,060	247,887	101,722
Professional fees	282,419	50,607	393,321	67,898
Shareholder communication and investor relations	30,651	28,009	49,987	34,544
Share-based payments (Note 10)	68,723	-	91,631	-
Transfer agent and filing fees	23,087	16,916	36,971	19,488
Travel	11,368	25,731	54,351	64,541
	676,237	248,534	1,070,502	426,984
Loss before other items	(2,436,764)	(1,078,875)	(5,012,867)	(2,162,436)
OTHER ITEMS				
Foreign exchange gain	24,717	1,868	32,492	54,484
Interest income	12,376	2,037	30,377	2,436
Miscellaneous income	3,125	-	3,125	-
	40,218	3,905	65,994	56,920
Loss and comprehensive loss for the period	$ (2,396,546)	$ (1,074,970)	$ (4,946,873)	$ (2,105,516)
Attributable to:				
Equity shareholders of the Company	$ (2,362,798)	$ (1,074,970)	$ (4,908,890)	$ (2,105,516)
Non-controlling interests	(33,749)	-	(37,983)	-
	$ (2,396,547)	$ (1,074,970)	$ (4,946,873)	$ (2,105,516)
Basic and diluted loss per share	$ (0.05)	$ (0.04)	$ (0.11)	$ (0.07)
Weighted average number of common shares outstanding	46,730,252	30,661,687	46,414,336	30,661,687

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)

	Six months ended October 31, 2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (4,946,873)	$ (2,105,516)
Items not affecting cash:		
Exploration recoveries	(996,682)	-
Amortization	36,425	12,967
Share-based payments	91,631	-
Interest income	(2,436)	-
Changes in non-cash working capital items:		
Receivables	(509,874)	(43,348)
Prepaids and deposits	(531,993)	(60,940)
Accounts payable and accrued liabilities	205,685	157,476
Advances from JV partners	1,011,492	(96,220)
Net cash used in operating activities	(5,642,625)	(2,135,581)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(195,633)	-
Purchase of land for hydroelectric projects and mineral exploration	(70,940)	-
Interest received	2,436	-
Cash held by companies disposed during spin-out transaction	(413,767)	-
Net cash used in investing activities	(677,904)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Exercise of warrants	805,447	-
Exercise of options	16,200	-
Subscriptions received in advance	-	168,900
Net cash provided by financing activities	821,647	168,900
Decrease in cash and cash equivalents during the period	(5,498,882)	(1,966,681)
Cash and cash equivalents, beginning of period	10,376,920	3,230,762
Cash and cash equivalents, end of period	$ 4,878,038	$ 1,264,081

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 shares	Number of Shares		Stated Amount		Share Subscriptions Received		Share-based Payments Reserve		Deficit		Non-controlling Interest		**Total**
Balance as at May 1, 2010	30,661,687	$	13,228,034	$	-	$	1,493,383	$	(11,036,861)	$	-	$	3,684,556
Subscriptions received	-		-		168,900		-		-		-	$	168,900
Loss for the period	-		-				-		(2,105,516)		-		(2,105,516)
Balance as at October 31, 2010	30,661,687	$	13,228,034	$	168,900	$	1,493,383	$	(13,142,377)	$	-	$	1,747,940
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 reserve	-		10,934		-		(10,934)		-		-		-
Exercise of warrants	1,007,267		805,447		-		-		-		-		805,447
Reclassify fair value of warrants exercised from reserve	-		1,077		-		(1,077)		-		-		-
Share-based payments	-		-		-		91,631		-		-		91,631
Dilution in equity ownership of subsidiary	-		-		-		-		-		20,948		20,948
Distribution of Reservoir Minerals shares received	-		-		-		-		(359,684)		-		(359,684)
Loss for the period	-		-		-		-		(4,908,890)		(37,983)		(4,946,873)
Balance as at October 31, 2011	47,002,698	$	26,007,973	$	-	$	1,659,856	$	(21,632,588)	$	(17,035)	$	6,018,206

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 in the Republic of Serbia, Montenegro, the Federation of Bosnia and Herzegovina, Italy and elsewhere in southeast Europe. The Company currently is holding two energy licenses for run-of-river hydroelectric projects and four geothermal licenses 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, 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 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 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.

In October 2011, the Company completed the proposed arrangement to spin out its mineral exploration permits to a new corporation, Reservoir Minerals Inc. (Note 8).

In order to meet its corporate objectives, which primarily consist of obtaining and developing its renewable energy projects, 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.

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

Basis of Presentation and Adoption of 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").

Some of the comparative figures have been reclassified to conform to the current format.

The accounting policies followed in these interim financial statements are the same as those applied in the Company's interim financial statements for the period ended July 31, 2011. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect. The impact of the transition to IFRS on the Company's reported equity as at October 31, 2010, and comprehensive income for the three and six months ended October 31, 2010, is provided in Note 15. This note also includes the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended April 30, 2011.

The policies applied in these interim consolidated financial statements are based on IFRS issued and outstanding as of December 15, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending April 30, 2012 (Note 15), could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

The interim consolidated financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended April 30, 2011, and the Company's interim financial statements for the period ended July 31, 2011, prepared in accordance with IFRS applicable to interim financial statements.

3. FUTURE ACCOUNTING PRONOUNCEMENTS

On May 12, 2011, the IASB issued the following statements:

i. IFRS 10 Consolidation ("IFRS 10") (see further details below)
ii. IFRS 11 Joint Venture ("IFRS 11") (see further details below)
iii. IFRS 12 Disclosures of Involvement with Other Entities ("IFRS 12") (see further details below)
iv. IAS 27 Separate Financial Statement (revised 2011) ("IAS 27"), has been amended for issuance of IFRS 10 while maintaining the current guidance for separate financial statements
v. IAS 28 Investments in Associates and Joint Ventures (revised 2011) ("IAS 28"), has been amended for conforming changes based on the issuance of IFRS 10 and IFRS 11.

Each of these standards has an effective date for annual periods beginning on or after January 1, 2013. Early adoption of any of these standards is permitted only if the other standards are also adopted early.

3. FUTURE ACCOUNTING PRONOUNCEMENTS (cont'd…)

i. IFRS 10 establishes control as the single basis for consolidation of entities, regardless of the nature of the investee. An entity has control over an investee when it has power over it; it is exposed, or has the rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect those returns. IFRS 10 replaces IAS 27's guidance that addresses when and how an investor should prepare consolidated financial statements and replaces all of SIC-12. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

ii. IFRS 11 requires a venture to classify its interest in a joint arrangement as a joint venture or joint operation. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and the obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The determination whether a joint arrangement constitutes a joint operation or a joint venture is based on the parties' rights and responsibilities under the arrangement and thus the existence of a separate legal vehicle is no longer the main factor in making such determination. Joint ventures will be accounted for using the equity method of accounting thereby eliminating the option available under existing IFRS to use either the proportionate consolidation method or the equity method. Joint operations are accounted for by a venture by recognizing its share of the assets, liabilities, revenues and expenses of the joint operation. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

iii. IFRS 12 sets out the required disclosures relating to an entity's interest in subsidiaries, joint arrangements, associates and unconsolidated structured entities. An entity is required to disclose information that enables users of its financial statements to assess the nature of, and risks associated with, its interest in other entities and the effects of those interests on its financial statements. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 13 Fair Value Measurement ("IFRS 13") was issued on May 12, 2011, and establishes a single framework for measuring fair value where it is required by other standards. IFRS 13 applies to all transactions (whether financial or non-financial) for which IFRS requires or permits fair value measurements, with the exception of share-based payment transactions accounted for under IFRS 2 Share-based Payment and leasing transactions within the scope of IAS 12 Leases, and measurements that have some similarities to fair value but are not fair value such as net realizable value under IAS 2 Inventories or value in use under IAS 36 Impairment of assets. Fair value is defined 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 (i.e., an exit price).

This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

(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:

	October 31, 2011	April 30, 2011
Cash	$ 1,466,821	$ 2,142,125
Short-term deposits	3,411,217	8,234,795
	$ 4,878,038	$ 10,376,920

As at October 31, 2011, the Company held restricted cash of $75,000 (April 30, 2011 - $75,000) 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:

	October 31, 2011	April 30, 2011
HST/VAT receivables	$ 273,659	$ 126,277
Due from related party (Note 11)	275,202	89,217
Other receivables	156,299	87,086
	$ 705,160	$ 302,580

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

Currency	October 31, 2011	April 30, 2011
Canadian dollars	$ 404,971	$ 134,713
Serbian dinars	261,553	157,278
Other	38,636	10,589
	$ 705,160	$ 302,580

(Expressed in Canadian dollars)

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

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

	October 31, 2011	April 30, 2011
Prepaid expenses	$ 127,534	$ 41,931
Deposit for land purchase	424,456	-
	$ 551,990	$ 41,931

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	58,509	137,124	195,633
Disposals	(6,600)	(19,129)	(25,729)
As at October 31, 2011	111,608	264,509	376,117
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	11,410	25,015	36,425
Disposals	(783)	(2,200)	(2,983)
As at October 31, 2011	24,327	93,175	117,502
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 October 31, 2011	$ 87,281	$ 171,334	$ 258,615

During the period ended October 31, 2011, amortization of $34,465 (2010 - $12,967) has been included in exploration expenditures and amortization of $1,960 (2010 - $Nil) has been included in general and administrative expenses.

(Expressed in Canadian dollars)

7. ENERGY PROJECTS AND GEOTHERMAL LICENSES

Hydroelectric Projects - Acquisition Costs

	October 31, 2011	April 30, 2011
Brodarevo 1	$ 122,435	$ 122,435
Brodarevo 2	116,708	116,708
Land acquisition	66,047	-
	$ 305,190	$ 239,143

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.

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 - $5,470).

Renewable Energy Projects - Expenditures

During the periods ended October 31, 2011 and 2010, the Company incurred the following expenditures on its renewable energy projects, which were expensed as incurred:

Period ended October 31, 2011	Brodarevo 1	Brodarevo 2	**Subtotal**	Geothermal projects	Renewable energy project investigation	**Total**
Administration	$ 217,680	$ 209,617	$ 427,297	$ 12,728	$ 330,162	$ 770,187
Field costs	68,136	65,389	133,525	4,274	27,493	165,292
Salaries and consultants	673,958	673,959	1,347,918	21,435	207,059	1,576,412
Technical studies	552,667	538,420	1,091,087	21,391	68,459	1,180,937
Travel and related costs	19,160	18,056	37,216	-	77,293	114,509
	$ 1,531,601	$ 1,505,441	$ 3,037,043	$ 59,828	$ 710,466	$ 3,807,337

(Expressed in Canadian dollars)

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

Period ended October 31, 2010	Brodarevo 1	Brodarevo 2	**Subtotal**	Geothermal projects	Renewable energy project investigation	**Total**
Administration	$ 138,160	$ 136,794	$ 274,954	$ 22,722	$ 370,031	$ 667,707
Field costs	23,424	22,885	46,309	17,187	30,813	94,309
Salaries and consultants	87,198	87,198	174,396	29,476	232,063	435,935
Technical studies	113,173	110,753	223,926	26,014	76,726	326,666
Travel and related costs	21,125	21,125	42,250	-	86,627	128,877
	$ 383,080	$ 378,755	$ 761,835	$ 95,399	$ 796,259	$ 1,653,493

8. EXPLORATION AND EVALUATION ASSETS

Mineral Properties - Spin-out Transaction

On October 14, 2011, the Company completed its Plan of Arrangement (the "Arrangement"), where the Company transferred all of the outstanding shares of the companies ("Mining Subsidiaries") holding the following exploration permits located in Serbia ("Mining Assets") to Reservoir Minerals Inc. ("Minerals"). The following Mining Assets represent all of the Company's right, title and interest for exploration activities:

- Stara Planina Exploration Permit,
- Plavkovo Exploration Permit,
- Lece Exploration Permit,
- Parlozi Exploration Permit,
- Bobija Exploration Permit,
- Jasikovo-Durlan Potok Exploration Permit,
- Brestovac-Metovnica Exploration Permit, and
- Deli Jovan Exploration Permit.

In exchange for the Mining Subsidiaries, Minerals issued 9,000,000 common shares of Minerals ("Minerals Shares") to the Company.

(Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (cont'd…)

		Amount
Mining Subsidaries:		
Cash and cash equivalents	$	413,767
Receivables and prepaids		150,176
Equipment		22,746
Mineral properties		254,411
Accounts payable and accrued liabilities		(3,060)
Advance from JV partners		(478,356)
Consideration received:		
9,000,000 Minerals Shares		(359,684)
Gain/(loss) on disposal	**$**	-

At the closing of the Arrangement, the Company distributed the Minerals Shares, valued at $354,695, to all of the Company's existing shareholders at the effective date.

Mineral Properties - Acquisition Costs

		October 31, 2011		April 30, 2011
Brestovac	$	-	$	191,935
Lece		-		1
Deli Jovan		-		57,580
Plavkovo		-		1
Stara Planina		-		1
	$	-	$	249,518

The following discussions relate to transactions occurred during the six months ended October 31, 2011 and should be read in conjunction with the Company's most recently filed audited annual consolidated financial statements as at April 30, 2011.

(Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Mineral Properties - Exploration Expenditures

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

Period ended October 31, 2011	*Freeport JV* Brestovac, Jasikovo, Brestovac E., Durlan Potok	*Orogen JV* Deli Jovan	Plavkovo, Stara Planina, Parlozi, Lece, Bobija	Regional Serbia	**Total**
Administration	$ 41,280	$ 22,138	$ 43,151	$ 10,165	$ 116,734
Assays	38,620	8,502	1,722	384	49,228
Drilling and trenching	53,126	2,659	-	-	55,785
Field costs	47,698	13,179	10,195	1,693	72,765
Salaries and consultants	498,415	35,179	42,413	13,768	589,775
Technical studies	152,111	83,775	11,537	-	247,423
Subtotal	831,250	165,432	109,018	26,010	1,131,710
Recoveries	(831,250)	(165,432)	-	-	(996,682)
	$ -	$ -	$ 109,018	$ 26,010	$ 135,028

Period ended October 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	$ 2,257	$ 203	$ 5,415	$ 34,809	$ 634	$ 43,318
Assays	15,323	116	1,078	24,243	99	40,859
Drilling and trenching	-	1,798	-	36,768	-	38,566
Field costs	2,457	2,753	439	30,336	718	36,704
Salaries and consultants	16,666	8,475	14,808	24,341	6,842	71,133
Technical studies	991	-	336	48,592	549	50,468
Subtotal	37,694	13,345	22,076	199,089	8,844	281,048
Recoveries	-	-	-	(199,089)	-	(199,089)
	$ 37,694	$ 13,345	$ 22,076	$ -	$ 8,844	$ 81,959

(Expressed in Canadian dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	October 31, 2011	April 30, 2011
Trade accounts payable	$ 663,881	$ 479,348
Accrued liabilities	97,376	79,284
	$ 761,257	$ 558,632

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 October 31, 2011, the Company issued 20,000 common share for the exercise of options and 1,007,267 common shares for the exercise of warrants for aggregate proceeds of $16,200 and $805,447, respectively.

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.

(Expressed in Canadian dollars)

10. SHARE CAPITAL (cont'd…)

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	200,000		0.79
Exercised	(20,000)		0.81
Balance as at October 31, 2011	2,720,000	$	0.73

The following table summarizes the stock options outstanding and exercisable at October 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	975,000	March 9, 2015
January 20, 2011	120,000		1.73	120,000	January 20, 2016
October 26, 2011	150,000		0.65	150,000	October 26, 2016
Total	2,720,000			2,720,000	

(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
Granted	5,521,708		0.79
Exercised	(9,665,994)		0.90
Cancelled/Forfeited	(5,240,000)		1.00
Balance as at April 30, 2011	4,676,775	$	0.79
Exercised	(1,007,267)		0.80
Balance as at October 31, 2011	3,669,508	$	0.79

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

Expiry Date		Exercise Price	Number of Warrants
November 26, 2012	$	0.90	167,292
November 29, 2012 [1]	$	0.80	4,154,216
Total			4,321,508

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

Stock-based Payments and Share-based Payments Reserve

During the period ended October 31, 2011, the Company granted 200,000 (2010 - Nil) stock options to an employee and a director 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 $91,631 (2010 - $Nil) for stock options granted.

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

Weighted average:	October 31, 2011	October 31, 2010
Risk free interest rate	1.58%	0.00%
Expected dividend yield	0%	0%
Expected stock price volatility	86%	0%
Expected life of options in years	4	-

The weighted average fair value of options granted during the period ended October 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:

Period ended October 31, 2011		Salary or Fees		Share-based Payments		**Total**
Miles Thompson, *Chairman*	$	79,000	$	-	$	79,000
Miljana Vidovic, *President & CEO*		131,118		-		131,118
Christopher MacIntyre, *VP, Corporate development*		24,000		-		24,000
Terrasearch Inc. , *Michael Winn, director*		4,061		-		4,061
Michael Winn, *Director*		6,000		-		6,000
Patrick Eve, *Director*		6,000		-		6,000
Winston Bennett, *Director*		6,000		-		6,000
Lewis Reford, *Director*		4,387		-		4,387
	$	260,566	$	-	$	260,566

Period ended October 31, 2010		Salary or Fees		Share-based Payments		**Total**
Miles Thompson	$	36,000	$	-	$	36,000
Miljana Vidovic		65,722		-		65,722
Christopher MacIntyre		24,000		-		24,000
Terrasearch Inc.		16,172		-		16,172
	$	141,894	$	-	$	141,894

Related party assets (liabilities)	Items or Services		October 31, 2011		April 30, 2011
Amounts due to:					
Miles Thompson	Management fees	$	(12,747)	$	(9,760)
Chris MacIntyre	Management fees		(16,946)		(8,668)
Miljana Vidovic	Management fees		(22,000)		(6,000)
Terrasearch Inc.	Consulting fees		-		(1,725)
Michael Winn	Director's fee		(3,000)		(5,000)
Patrick Eve	Director's fee		(3,000)		(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
Reservoir Minerals Inc.	Expense reimbursement		316,890		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 October 31, 2011, Seabord charged $100,800 (2010 - $100,800) for the above services.

12. SEGMENTED INFORMATION

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

As at October 31, 2011	Canada	Serbia	Bosnia	Other	**Total**
Cash and other assets	$ 4,724,934	$ 935,081	$ 293,081	$ 257,092	$ 6,210,188
Equipment	5,281	206,582	4,367	42,385	258,615
Hydroelectric licenses	-	305,190	-	-	305,190
Geothermal licenses	-	5,470	-	-	5,470
Mineral properties	-	-	-	-	-
Total assets	$ 4,730,215	$ 1,452,323	$ 297,448	$ 299,477	$ 6,779,463

As at 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

Period ended October 31, 2011	Renewable Energy	Mineral Properties	General and Administrative	**Total**
Loss for the period	$ 3,807,337	$ 135,028	$ 1,004,508	$ 4,946,873

Period ended October 31, 2010	Renewable Energy	Mineral Properties	General and Administrative	**Total**
Loss for the period	$ 1,653,493	$ 81,959	$ 370,064	$ 2,105,516

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

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

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

a) re-allocated $10,934 from contributed surplus to share capital for exercise of options;
b) re-allocated $1,077 from contributed surplus to share capital for exercise of warrants; and
c) completed the Arrangement in exchanging its Mining Assets for 9,000,000 common shares of Minerals, valued at $354,695, to distribution to shareholders of the Company.

During the period ended October 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 October 31, 2011, the Company had working capital of $5,373,931, 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:

As at October 30, 2011	Financial Instruments at FVTPL	Loans and Receivables	Other Financial Liabilities
Cash and cash equivalents	$ 4,878,038	$ -	$ -
Receivables	-	705,160	-
Restricted cash	75,000	-	-
Accounts payable and accrued liabilities	-	-	(761,257)
	$ 4,953,038	$ 705,160	$ (761,257)

As at April 30, 2011	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)

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:

Financial Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 4,878,038	$ -	$ -	$ 4,878,038
Restricted cash	75,000	-	-	75,000

(Expressed in Canadian dollars)

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

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

	Serbian dinars	Bosnian marks	**Total**
Cash and cash equivalents	$ 6,450,223	$ 27,592	
Receivables	18,574,054	3,239	
Accounts payable and accrued liabilities	(17,360,459)	(20,439)	
Net exposure	7,663,818	10,392	
Canadian dollar equivalent	$ 107,919	$ 7,463	$ 115,382

Based on the above net exposure as at October 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 $11,538 in the Company's pre-tax earnings (loss).

15. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The accounting policies in Note 2 have been applied in preparing the consolidated interim financial statements for the six months ended October 31, 2011, the comparative information for the six and three months ended October 31, 2010, the financial statements for the year ended April 30, 2011.

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.

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.

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

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 May 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 payments 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	October 31, 2010	May 1, 2010
Total equity under Canadian GAAP	$ 10,390,537	$ 1,747,940	$ 3,684,556
Total equity under IFRS	$ 10,390,537	$ 1,747,940	$ 3,684,556

Reconciliation of comprehensive loss	Year ended April 30, 2011	Three months ended October 31, 2010	Six months ended October 31, 2010
Comprehensive loss under Canadian GAAP	$ (5,327,153)	$ (1,074,970)	$ (2,105,516)
Comprehensive loss under IFRS	$ (5,327,153)	$ (1,074,970)	$ (2,105,516)

16. EVENTS AFTER REPORTING DATE

Subsequent to October 31, 2011, the Company:

a) issued 34,000 common shares for exercise of warrants for $20,400; and

b) completed a $4,344,920 private placement financing by issuing 6,207,028 units ("Units") at $0.70 per Unit. Each Unit consists of one common share and one non-transferrable common share purchase warrant valid for two years. Each warrant will entitle the holder to acquire an additional common share at price of $1.00 per share for two years after the closing date. As compensation to the finders, the Company paid $260,695 and issued 203,196 finder's warrants, where each finder's warrant will entitle the holder to acquire an additional common share at $0.70 per share for two years after the closing date.