RESERVOIR CAPITAL CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

January 31, 2012

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

		January 31, 2012		April 30, 2011
ASSETS				
Current				
Cash and cash equivalents (Note 4)	$	6,280,263	$	10,376,920
Receivables (Note 5)		768,677		302,580
Prepaids and deposits (Note 5)		385,620		41,931
Total current assets		7,434,560		10,721,431
Non-current				
Equipment (Note 6)		260,200		122,153
Energy projects (Note 7)		1,064,942		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		1,405,612		691,284
TOTAL ASSETS	$	8,840,172	$	11,412,715
LIABILITIES AND EQUITY				
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 9)	$	1,295,702	$	558,632
Advances from JV partners (Note 8)		-		463,546
Total liabilities		1,295,702		1,022,178
EQUITY				
Share capital (Note 10)		30,202,181		25,174,315
Share-based payments reserve (Note 10)		1,681,474		1,580,236
Deficit		(24,302,321)		(16,364,014)
Equity attributable to owners of the Company		7,581,334		10,390,537
Non-controlling interests		(36,864)		-
Total equity		7,544,470		10,390,537
TOTAL LIABILITIES AND EQUITY	$	8,840,172	$	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 January 31, 2012	Three months ended January 31, 2011	Nine months ended January 31, 2012	Nine months ended January 31, 2011
OPERATIONS EXPENDITURES				
Renewable energy projects (Note 7)	$ 2,349,269	$ 1,205,444	$ 6,156,606	$ 2,858,937
Exploration and evaluation assets (Note 8)	39,075	74,042	174,103	156,001
	2,388,344	1,279,486	6,330,709	3,014,938
GENERAL AND ADMINISTRATIVE EXPENSES				
Administrative services and office	84,660	86,129	279,054	224,920
Amortization (Note 6)	1,635	-	3,595	-
Management fees	102,710	69,584	350,597	171,306
Professional fees	4,124	47,208	397,445	115,106
Shareholder communication and investor relations	9,027	32,484	59,014	67,028
Share-based payments (Note 10)	-	154,921	91,631	154,921
Transfer agent and filing fees	40,617	22,314	77,588	41,802
Travel	44,749	50,794	99,100	115,335
	287,522	463,434	1,358,024	890,418
Loss before other items	(2,675,866)	(1,742,920)	(7,688,733)	(3,905,356)
OTHER ITEMS				
Foreign exchange gain/(loss)	(59,083)	(6,813)	(26,591)	47,671
Interest income	2,342	713	32,719	3,149
Miscellaneous income	2,007	-	5,132	-
	(54,734)	(6,100)	11,260	50,820
Loss and comprehensive loss for the period	$ (2,730,600)	$ (1,749,020)	$ (7,677,473)	$ (3,854,536)
Attributable to:				
Equity shareholders of the Company	$ (2,710,771)	$ (1,749,020)	$ (7,619,661)	$ (3,854,536)
Non-controlling interests	(19,829)	-	(57,812)	-
	$ (2,730,600)	$ (1,749,020)	$ (7,677,473)	$ (3,854,536)
Basic and diluted loss per share	$ (0.05)	$ (0.05)	$ (0.16)	$ (0.12)
Weighted average number of common shares outstanding	51,081,803	36,881,618	47,970,159	32,892,766

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)

	Nine months ended January 31, 2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (7,677,473)	$ (3,854,536)
Items not affecting operating activities:		
Cash held by companies disposed during spin-out transaction	(413,767)	-
Interest income	(32,719)	-
Items not affecting cash:		
Exploration recoveries	(1,121,678)	-
Amortization	36,307	19,407
Share-based payments	91,631	154,921
Changes in non-cash working capital items:		
Receivables	(513,054)	(120,195)
Prepaids and deposits	(360,644)	(18,189)
Accounts payable and accrued liabilities	890,820	1,085
Advances from JV partners	1,011,492	150,028
Net cash used in operating activities	(8,089,085)	(3,667,479)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(247,072)	(5,941)
Purchase of land for hydroelectric projects and mineral exploration	(830,692)	-
Interest received	32,719	-
Net cash used in investing activities	(1,045,045)	(5,941)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share capital issued for cash, net of share issue costs	4,195,426	10,063,248
Exercise of warrants	825,847	-
Exercise of options	16,200	-
Net cash provided by financing activities	5,037,473	10,063,248
Decrease in cash and cash equivalents during the period	(4,096,657)	6,389,828
Cash and cash equivalents, beginning of period	10,376,920	3,230,762
Cash and cash equivalents, end of period	$ 6,280,263	$ 9,620,590

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-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
Private placement	5,100,000		3,060,000		-		-		-		3,060,000
Share issue costs	232,750		(124,944)		111,071		-		-		(13,873)
Exercise of options	315,000		243,350		-		-		-		243,350
Reclassify fair value of options exercised from reserve			154,944		(154,944)		-		-		-
Exercise of warrants	7,526,412		6,773,771		-		-		-		6,773,771
Share-based payments	-		-		154,921		-		-		154,921
Loss for the period	-		-		-		(3,854,536)		-		(3,854,536)
Balance as at Janaury 31, 2011	43,835,849	$	23,335,155	$	1,604,431	$	(14,891,397)	$	-	$	10,048,189
Balance as at April 30, 2011	45,975,431	$	25,174,315	$	1,580,236	$	(16,364,014)	$	-	$	10,390,537
Private placement	6,207,028		4,344,920		-		-		-		4,344,920
Share issue costs	-		(191,098)		41,604		-		-		(149,494)
Exercise of options	20,000		16,200		-		-		-		16,200
Reclassify fair value of options exercised from reserve	-		10,934		(10,934)		-		-		-
Exercise of warrants	1,041,267		825,847		-		-		-		825,847
Reclassify fair value of warrants exercised from reserve	-		21,063		(21,063)		-		-		-
Share-based payments	-		-		91,631		-		-		91,631
Dilution in equity ownership of subsidiary	-		-		-		-		20,948		20,948
Distribution of Reservoir Minerals shares received	-		-		-		(318,646)		-		(318,646)
Loss for the period	-		-		-		(7,619,661)		(57,812)		(7,677,473)
Balance as at January 31, 2012	53,243,726	$	30,202,181	$	1,681,474	$	(24,302,321)	$	(36,864)	$	7,544,470

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 January 31, 2011, and comprehensive income for the three and nine months ended January 31, 2011, 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 March 28, 2012, 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

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.

Accounting Standards Issued and Effective January 1, 2013

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

3. FUTURE ACCOUNTING PRONOUNCEMENTS (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; and,
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).

Accounting Standards Issued and Effective January 1, 2015

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.

(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:

	January 31, 2012	April 30, 2011
Cash	$ 3,437,969	$ 2,142,125
Short-term deposits	2,842,294	8,234,795
	$ 6,280,263	$ 10,376,920

As at January 31, 2012, 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:

	January 31, 2012	April 30, 2011
HST/VAT receivables	$ 324,683	$ 126,277
Due from related party (Note 11)	320,905	89,217
Other receivables	123,089	87,086
	$ 768,677	$ 302,580

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

Currency	January 31, 2012	April 30, 2011
Canadian dollars	$ 455,006	$ 134,713
Serbian dinars	252,725	157,278
Other	60,946	10,589
	$ 768,677	$ 302,580

(Expressed in Canadian dollars)

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

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

	January 31, 2012	April 30, 2011
Prepaid expenses	$ 91,313	$ 41,931
Deposit for land purchase	294,307	-
	$ 385,620	$ 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	59,975	187,097	247,072
Disposals	(6,600)	(69,101)	(75,701)
As at January 31, 2012	113,074	264,510	377,584
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	13,219	23,088	36,307
Disposals	(783)	(2,200)	(2,983)
As at January 31, 2012	26,136	91,248	117,384
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 January 31, 2012	$ 86,938	$ 173,262	$ 260,200

During the period ended January 31, 2012, amortization of $32,712 (2011 - $18,742) has been included in exploration expenditures and amortization of $3,595 (2011 - $665) has been included in general and administrative expenses.

(Expressed in Canadian dollars)

7. ENERGY PROJECTS AND GEOTHERMAL LICENSES

Hydroelectric Projects - Acquisition Costs

	January 31, 2012	April 30, 2011
Brodarevo 1	$ 122,435	$ 122,435
Brodarevo 2	116,708	116,708
Land acquisition	825,799	-
	$ 1,064,942	$ 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 permits, 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 original licenses were for a period of two years with a one year extension of the license. In January 2012, the Ministry of Infrastructure and Energy of the Republic of Serbia, granted three-year extensions for both energy permits. Under the terms of the new permits, the Company must begin construction within the three-year period, though subject to compliance with most other conditions, may request a one-year extension to this deadline.

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 nine months ended January 31, 2012 and 2011, the Company incurred the following expenditures on its renewable energy projects, which were expensed as incurred:

Period ended January 31, 2012	Brodarevo 1	Brodarevo 2	**Subtotal**	Geothermal projects	Renewable energy project investigation	**Total**
Administration	$ 222,968	$ 197,680	$ 420,648	$ 32,229	$ 595,391	$ 1,048,268
Field costs	270,470	456,451	726,921	6,595	38,065	771,581
Salaries and consultants	811,909	811,914	1,623,823	44,706	437,136	2,105,665
Technical studies	1,058,530	863,683	1,922,213	63,752	88,606	2,074,571
Travel and related costs	25,869	23,923	49,792	-	106,729	156,521
	$ 2,389,746	$ 2,353,651	$ 4,743,397	$ 147,282	$ 1,265,927	$ 6,156,606

(Expressed in Canadian dollars)

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

Period ended January 31, 2011	Brodarevo 1	Brodarevo 2	**Subtotal**	Geothermal projects	Renewable energy project investigation	**Total**
Administration	$ 219,397	$ 215,631	$ 435,028	$ 35,736	$ 523,539	$ 994,303
Field costs	30,179	29,221	59,400	18,492	33,471	111,363
Salaries and consultants	305,576	305,576	611,152	42,995	384,382	1,038,529
Technical studies	223,821	221,401	445,222	44,017	77,913	567,152
Travel and related costs	26,870	26,870	53,740	-	93,849	147,589
	$ 805,843	$ 798,699	$ 1,604,542	$ 141,240	$ 1,113,155	$ 2,858,937

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		84,860
Equipment		72,718
Mineral properties		254,411
Accounts payable and accrued liabilities		(153,750)
Advance from JV partners		(353,360)
Consideration received:		
9,000,000 Minerals Shares		(318,646)
Gain/(loss) on disposal	**$**	**-**

At the closing of the Arrangement, the Company distributed the Minerals Shares, valued at $318,646, to all of the Company's existing shareholders at the effective date.

Mineral Properties - Acquisition Costs

		January 31, 2012		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 period ended January 31, 2012 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 nine months ended January 31, 2012 and 2011, the Company incurred the following exploration expenditures on its mineral properties, which were expensed as incurred:

Period ended January 31, 2012	*Freeport JV* Brestovac, Jasikovo, Brestovac E., Durlan Potok	*Orogen JV* Deli Jovan	Plavkovo, Stara Planina, Parlozi, Lece, Bobija	Regional Serbia	**Total**
Administration	$ 43,243	$ 25,099	$ 43,281	$ 10,165	$ 121,788
Assays	38,625	36,646	2,425	384	78,080
Drilling and trenching	53,449	2,243	6,068	-	61,760
Field costs	50,179	13,692	10,195	1,693	75,759
Salaries and consultants	498,415	35,179	68,548	13,768	615,910
Technical studies	152,111	172,797	17,576	-	342,484
Subtotal	836,022	285,656	148,093	26,010	1,295,781
Recoveries	(836,022)	(285,656)	-	-	(1,121,678)
	$ -	$ -	$ 148,093	$ 26,010	$ 174,103

Period ended January 31, 2011	*Freeport JV* Brestovac, Jasikovo, Brestovac E., Durlan Potok	*Orogen JV* Deli Jovan	Plavkovo, Stara Planina, Parlozi, Lece, Bobija	Rakita	Regional Serbia	**Total**
Administration	$ 1,126	$ 9,370	$ 13,502	$ 39,646	$ 3,345	$ 66,989
Assays	23,101	116	1,668	38,935	556	64,376
Drilling and trenching	-	1,798	-	36,768	-	38,566
Field costs	1,078	4,556	1,319	40,187	3,162	50,302
Salaries and consultants	20,206	14,762	18,901	42,652	41,572	138,093
Technical studies	475	52,116	-	87,741	3,736	144,068
Subtotal	45,986	82,718	35,390	285,929	52,371	502,394
Recoveries	-	(60,464)	-	(285,929)	-	(346,393)
	$ 45,986	$ 22,254	$ 35,390	$ -	$ 52,371	$ 156,001

(Expressed in Canadian dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	January 31, 2012	April 30, 2011
Trade accounts payable	$ 1,275,702	$ 479,348
Accrued liabilities	20,000	79,284
	$ 1,295,702	$ 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 January 31, 2012, the Company issued 20,000 common share for the exercise of options and 1,041,267 common shares for the exercise of warrants for aggregate proceeds of $16,200 and $825,847, 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.

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
Cancelled/Forfeited	(270,000)	0.78
Balance as at January 31, 2012	2,450,000	$ 0.73

(Expressed in Canadian dollars)

10. SHARE CAPITAL (cont'd…)

The following table summarizes the stock options outstanding and exercisable at January 31, 2012:

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
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	895,000		0.81	895,000	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	2,450,000			2,450,000	

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
Cancelled/Forfeited	(5,240,000)		1.00
Balance as at April 30, 2011	4,676,775	$	0.79
Issued	6,410,224		0.99
Exercised	(1,041,267)		0.79
Balance as at January 31, 2012	10,045,732	$	0.92

(Expressed in Canadian dollars)

10. SHARE CAPITAL (cont'd…)

Warrants (cont'd…)

Share purchase warrants outstanding and exercisable as at January 31, 2012 are as follows:

Expiry Date		Exercise Price	Number of Warrants
November 26, 2012	$	0.90	132,292
November 29, 2012 [1]		0.80	3,503,216
December 2, 2013 [2]		1.00	6,207,028
December 2. 2013		0.70	203,196
Total			10,045,732

[1] Exercise price of $0.80 in the first year, and $0.90 in the second year.
[2] Expiry may be accelerated, if closing price of the Company's shares on the TSX-V is $1.50 or greater for 20 trading days after April 2, 2012

Stock-based Payments and Share-based Payments Reserve

During the period ended January 31, 2012, the Company granted 200,000 (2011 - 120,000) 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 (2011 - $154,921) for stock options granted.

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

Weighted average:	January 31, 2012	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 January 31, 2012 was $0.46 (2011 - $1.29).

(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 Janaury 31, 2012	Salary or Fees	Share-based Payments	**Total**
Management	$ 344,708	$ -	$ 344,708
Outside directors	41,448	68,723	110,171
	$ 386,157	$ 68,723	$ 454,880

Period ended January 31, 2011	Salary or Fees	Share-based Payments	**Total**
Management	$ 199,306	$ -	$ 199,306
Outside directors	21,000	142,972	163,972
	$ 220,306	$ 142,972	$ 363,278

Related party assets (liabilities)	Items or Services	January 31, 2012	April 30, 2011
Amounts due to:			
Miles Thompson	Management fees	$ (11,301)	$ (9,760)
Chris MacIntyre	Management fees	(2,043)	(8,668)
Miljana Vidovic	Management fees	(12,000)	(6,000)
Terrasearch Inc.	Consulting fees	-	(1,725)
Michael Winn	Director's fee	(2,000)	(5,000)
Patrick Eve	Director's fee	(1,979)	(5,000)
Winston Bennett	Director's fee	(2,895)	(5,000)
Lewis Reford	Director's fee	(2,895)	(5,000)
Amounts due from:			
Seabord Services Corp.	Deposit for acting services	$ 10,000	$ 10,000
Reservoir Minerals Inc.	Expense reimbursement	320,905	89,217

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 nine months ended January 31, 2012, Seabord charged $151,200 (2011 - $151,200) for the above services.

(Expressed in Canadian dollars)

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 January 31, 2012	Canada	Serbia	Bosnia	Other	**Total**
Cash and other assets	$ 5,835,131	$ 1,229,030	$ 215,374	$ 230,024	$ 7,509,559
Equipment	5,281	208,578	4,922	41,419	260,200
Hydroelectric licenses	-	1,064,942	-	-	1,064,942
Geothermal licenses	-	5,470	-	-	5,470
Mineral properties	-	-	-	-	-
Total assets	$ 5,840,413	$ 2,508,020	$ 220,296	$ 271,443	$ 8,840,172

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 January 31, 2012	Renewable Energy	Mineral Properties	General and Administrative	**Total**
Loss for the period	$ 6,156,606	$ 174,103	$ 1,346,764	$ 7,677,473

Period ended January 31, 2011	Renewable Energy	Mineral Properties	General and Administrative	**Total**
Loss for the period	$ 2,858,937	$ 156,001	$ 839,598	$ 3,854,536

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

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the nine months ended January 31, 2012, the Company:

a) issued 203,196 share purchase warrants as finder's fees, valued at $41,604, as share issue costs;
b) re-allocated $10,934 from contributed surplus to share capital for exercise of options;
c) re-allocated $21,063 from contributed surplus to share capital for exercise of warrants; and
d) completed the Arrangement in exchanging its Mining Assets for 9,000,000 common shares of Minerals, valued at $318,646, to distribution to shareholders of the Company.

During the nine months ended January 31, 2011, the Company:

a) issued 232,750 units as finder's fees, valued at $139,650, as share issue costs; and
b) issued 188,958 share purchase warrants as finder's fees, valued at $111,071, as share issue costs.

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 January 31, 2012, the Company had working capital of $6,138,858, 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 January 31, 2012	Financial Instruments at FVTPL	Loans and Receivables	Other Financial Liabilities
Cash and cash equivalents	$ 6,280,263	$ -	$ -
Receivables	-	768,677	-
Restricted cash	75,000	-	-
Accounts payable and accrued liabilities	-	-	(1,295,702)
	$ 6,355,263	$ 768,677	$ (1,295,702)

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

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Financial instruments using a level 1 fair value measurement are as follows:

Financial Assets	Level 1	Level 2	Level 3	**Total**
Cash and cash equivalents	$ 6,280,263	$ -	$ -	$ 6,280,263
Restricted cash	75,000	-	-	75,000

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.

(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 January 31, 2012, 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	$ 735,395	$ 48,126	
Receivables	20,199,549	3,594	
Accounts payable and accrued liabilities	(92,967,837)	(20,577)	
Net exposure	(72,032,893)	31,143	
Canadian dollar equivalent	$ (901,231)	$ 21,024	$ (880,207)

Based on the above net exposure as at January 31, 2012, 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 $88,021 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 period ended January 31, 2012, the comparative information for the period ended January 31, 2011, 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	January 31, 2011	May 1, 2010
Total equity under Canadian GAAP	$ 10,390,537	$ 10,048,189	$ 3,684,556
Total equity under IFRS	$ 10,390,537	$ 10,048,189	$ 3,684,556

Reconciliation of comprehensive loss	Year ended April 30, 2011	Three months ended January 31, 2011	Nine months ended January 31, 2011
Comprehensive loss under Canadian GAAP	$ (5,327,153)	$ (1,749,020)	$ (3,854,536)
Comprehensive loss under IFRS	$ (5,327,153)	$ (1,749,020)	$ (3,854,536)

16. EVENTS AFTER REPORTING DATE

Subsequent to January 31, 2012, the Company:

a) granted 200,000 options exercisable at $0.60 expiring February 8, 2017; and

b) issued 50,000 common shares for options exercised at $0.50 per common share.