RESERVOIR CAPITAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

YEARS ENDED APRIL 30, 2012 AND 2011
(Audited)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Reservoir Capital Corp.

We have audited the accompanying consolidated financial statements of Reservoir Capital Corp., which comprise the consolidated statements of financial position as at April 30, 2012, April 30, 2011 and May 1, 2010 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended April 30, 2012 and April 30, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Reservoir Capital Corp. as at April 30, 2012, April 30, 2011 and May 1, 2010 and its financial performance and its cash flows for the years ended April 30, 2012 and April 30, 2011 in accordance with International Financial Reporting Standards.

1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Fax (604) 687-6172

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Reservoir Capital Corp.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada   Chartered Accountants

July 4, 2012

RESERVOIR CAPITAL CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	April 30, 2012	April 30, 2011	May 1, 2010
ASSETS		(Note 17)	(Note 17)
Current			
Cash and cash equivalents (Note 4)	$ 4,128,021	$ 10,376,920	$ 3,230,762
Receivables, net of provisions (Note 5)	322,569	302,580	57,061
Prepaids and advances (Note 6)	295,831	41,931	25,638
Total current assets	4,746,421	10,721,431	3,313,461
Non-current			
Equipment (Note 7)	252,704	122,153	103,608
Energy projects (Note 8)	1,064,942	239,143	239,143
Geothermal licenses (Note 8)	5,470	5,470	5,470
Exploration and evaluation assets (Note 9)	-	249,518	249,518
Restricted cash (Note 4)	75,000	75,000	57,500
Total non-current assets	1,398,116	691,284	655,239
TOTAL ASSETS	$ 6,144,537	$ 11,412,715	$ 3,968,700
LIABILITIES AND EQUITY			
LIABILITIES			
Current			
Accounts payable and accrued liabilities (Note 10)	$ 566,186	$ 558,632	$ 284,144
Advances from JV partners (Note 9)	-	463,546	-
Total liabilities	566,186	1,022,178	284,144
EQUITY			
Share capital (Note 11)	30,220,381	25,174,315	13,228,034
Share-based payments reserve (Note 11)	1,746,041	1,580,236	1,493,383
Deficit	(26,332,550)	(16,364,014)	(11,036,861)
Equity attributable to owners of the Company	5,633,872	10,390,537	3,684,556
Non-controlling interests	(55,521)	-	-
Total equity	5,578,351	10,390,537	3,684,556
TOTAL LIABILITIES AND EQUITY	$ 6,144,537	$ 11,412,715	$ 3,968,700

Nature of operations and going concern (Note 1)
Event after reporting date (Note 18)

These consolidated financial statements are approved and authorized for issuance by the Board of Directors on July 4, 2012.

______"*Miles F. Thompson*"_______ Director   ______"*C. Winston Bennett*"_______ Director

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

RESERVOIR CAPITAL CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Years ended April 30, 2012	2011 (Note 17)
OPERATIONS EXPENDITURES		
Renewable energy projects (Note 8)	$ 7,621,803	$ 3,818,058
Exploration and evaluation assets (Note 9)	174,103	145,059
	7,795,906	3,963,117
GENERAL AND ADMINISTRATIVE EXPENSES		
Administrative services and office	385,847	364,227
Amortization (Note 7)	6,447	1,139
Management fees	494,434	357,961
Professional fees	495,922	210,432
Shareholder communication and investor relations	80,826	84,652
Share-based payments (Note 11)	175,149	142,972
Transfer agent and filing fees	65,766	56,182
Travel	159,070	164,962
	1,863,461	1,382,527
Loss before other items	(9,659,367)	(5,345,644)
OTHER ITEMS		
Foreign exchange gain/(loss)	(77,069)	1,973
Interest income	44,638	16,518
Miscellaneous income	5,532	-
Bad debt expense	(40,093)	-
	(66,992)	18,491
Loss and comprehensive loss for the year	$ (9,726,359)	$ (5,327,153)
Attributable to:		
Equity shareholders of the Company	$ (9,649,890)	$ (5,327,153)
Non-controlling interests	(76,469)	-
	$ (9,726,359)	$ (5,327,153)
Basic and diluted loss per share	$ (0.20)	$ (0.15)
Weighted average number of common shares outstanding	49,289,245	35,794,845

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

RESERVOIR CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Years ended April 30, 2012	2011 (Note 17)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year attributable to equity shareholders	$ (9,649,890)	$ (5,327,153)
Adjustments for:		
Exploration recoveries	(1,121,678)	-
Amortization	50,872	23,427
Share-based payments	175,149	142,972
Interest income	(44,638)	-
Bad debt expense	40,093	-
Loss for the year attributable to non-controlling interests	(76,469)	-
Changes in non-cash working capital items:		
Receivables	(122,997)	(245,519)
Prepaids and advances	(270,855)	(16,293)
Accounts payable and accrued liabilities	161,303	274,488
Advances from JV partners	1,011,492	463,546
Net cash used in operating activities	(9,847,618)	(4,684,532)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(254,141)	(41,972)
Purchase of land for hydroelectric projects and mineral exploration	(830,692)	-
Interest received	60,596	-
Increase in restricted cash	-	(17,500)
Net cash used in investing activities	(1,024,237)	(59,472)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share capital issued for cash, net of share issue costs	4,169,676	3,035,477
Exercise of warrants	825,847	8,611,335
Exercise of options	41,200	243,350
Distribution pursuant to Arrangement (Note 9)	(413,767)	-
Net cash provided by financing activities	4,622,956	11,890,162
Change in cash and cash equivalents during the year	(6,248,899)	7,146,158
Cash and cash equivalents, beginning of year	10,376,920	3,230,762
Cash and cash equivalents, end of year	$ 4,128,021	$ 10,376,920

Supplemental disclosure with respect to cash flows (Note 14)

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

RESERVOIR CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	Number of Shares		Share Capital		Share-based Payments Reserve		Deficit		Non-controlling Interest		**Total Equity**
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		(135,594)		111,071		-		-		(24,523)
Exercise of options	315,000		243,350		-		-		-		243,350
Reclassify fair value of options exercised from reserve	-		154,944		(154,944)		-		-		-
Exercise of warrants	9,665,994		8,611,335		-		-		-		8,611,335
Reclassify fair value of warrants exercised from reserve	-		12,246		(12,246)						-
Share-based payments	-		-		142,972		-		-		142,972
Loss for the year	-		-		-		(5,327,153)		-		(5,327,153)
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	-		(216,848)		41,603		-		-		(175,245)
Exercise of options	70,000		41,200		-		-		-		41,200
Reclassify fair value of options exercised from reserve	-		29,884		(29,884)		-		-		-
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	-		-		175,149		-		-		175,149
Dilution in equity ownership of subsidiary	-		-		-		-		20,948		20,948
Distribution of shares received from Arrangement	-		-		-		(318,646)		-		(318,646)
Loss for the year	-		-		-		(9,649,890)		(76,469)		(9,726,359)
Balance as at April 30, 2012	53,293,726	$	30,220,381	$	1,746,041	$	(26,332,550)	$	(55,521)	$	5,578,351

The accompanying notes are an integral part of these consolidated 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 address of the Company's head office is 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 holds 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. In October 2011, the Company completed the proposed arrangement to spin out its mineral exploration permits to a new corporation, Reservoir Minerals Inc. (Note 9).

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.

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.

These consolidated financial statements of the Company are presented in Canadian dollars unless otherwise indicated. The consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties relating to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance and Basis of Measurement

The consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements have been prepared on a historical cost 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 consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiary companiesafter eliminating intercompany balances and transactions. 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.

Name	Place of incorporation	Ownership %
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%

Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company and its subsidiaries 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 reporting 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 included in the statement of comprehensive loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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.

Financial Instruments

Financial Assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss ("FVTPL") - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing them in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - 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 investment 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 the statement of comprehensive 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 the statement of comprehensive loss.

Impairment of Financial Assets

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets described above.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in comprehensive income or loss are reclassified to profit or loss in the period. For marketable securities classified as AFS, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial Instruments (cont'd…)

Impairment of Financial Assets (cont'd…)

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- 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 amounts receivable, 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 an amount 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.

With the exception of AFS equity instruments, 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 the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Financial Liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liabilities were acquired. The Company's accounting policy for each category is as follows:

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

Other financial liabilities - This category comprises non-derivative liabilities, which are recognized at amortized cost.

The Company has classified its cash and cash equivalents as fair value through profit or loss. The Company's receivables are classified as loans and receivables. The Company's accounts payable and accrued liabilities, and advances from JV partners are classified as other financial liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Equipment

Equipment is carried at cost, less accumulated amortization and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Amortization is provided at rates calculated to write off the cost of equipment, using the declining-balance method at a rate of 20% per annum.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive loss.

Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item are accounted for separately, including major inspection and overhaul expenditures which are capitalized.

Exploration and Evaluation

Once a license to explore an area has been secured, expenditures to acquire exploration and evaluation activities are capitalized to exploration and evaluation assets.Acquisition costs include cash consideration and the value of common shares, based on recent issue prices, issued for exploration and evaluation assets pursuant to the terms of the agreement. Exploration expenditures, net of recoveries, are charged to operations as incurred.

Management reviews the carrying value of capitalized exploration costs at least annually. In the case of undeveloped projects, there may be only inferred resources to form a basis for the impairment review. The review is based on a status report regarding the Company's intentions for development of the undeveloped property.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If the property is put into production, the costs of acquisition and exploration will be amortized over the life of the property, based on estimated economic reserves. If a project does not prove viable, all irrecoverable costs associated with the project net of any impairment provisions are written off.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment of Long-lived Assets

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of a long-lived asset, or a cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of long-lived assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Estimates of future cash flows used to test recoverability of a long-lived asset include only the future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition. 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 or cash-generating unit.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Decommissioning and Restoration Provision

Restoration, rehabilitation and environmental obligations are recognized for the expected obligations related to the retirement of long-lived tangible assets that arise from the acquisition, construction, development or normal operation of such assets. A restoration, rehabilitation or environmental obligation is recognized in the period in which it is incurred and when a reasonable estimate of the fair value of the liability can be made with a corresponding cost recognized by increasing the carrying amount of the related long-lived asset. The restoration, rehabilitation or environmental cost is subsequently allocated in a rational and systematic method over the underlying asset's useful life. The initial fair value of the liability is accreted, by charges to operations, to its estimated future value. The Company has no known restoration, rehabilitation or environmental obligations.

Restricted Cash

The Company has posted term deposits held at its primary financial institution as security deposits for two credit cards issued for business use. Accordingly, these term deposits are restricted from general use.

Share Capital

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the day prior to the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as share based payment reserve.

Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Share-based Payments

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 share capital. 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 the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Income Taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized 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, the deferred tax asset is reduced.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Use of Estimates

The preparation of the 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 reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant areas requiring the use of management estimates include:

a) *Recoverability of Energy Projects*

Estimated output and capacity are the economically recoverable parts of the Company's power-generating projects demonstrated by at least a preliminary feasibility study. The Company estimates its output and capacity based on information compiled by appropriately qualified persons. The information relating to the data on the power generation requires complex judgments to interpret the data. The estimation of future cash flows related to estimated output is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs along and judgments made in estimating the potential output and capacity may impact the carrying value of the energy projects, property, plant and equipment, goodwill, decommissioning and restoration provision, recognition of deferred tax amounts and depreciation, depletion and amortization.

b) *Valuation of Share-based Payments*

Share-based payments are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and is expensed to the statement of comprehensive loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Use of Estimates (cont'd…)

c) *Deferred Taxes*

The Company recognizes the deferred tax benefit related to deferred income and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. To the extent that future cash flows and taxable profit differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the statement of financial position date could be impacted. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred income and resource tax assets.

d) *Decommissioning and Restoration Provisions*

The determination of the fair value of decommissioning and restoration provisions requires subjective assumptions regarding costs to restore the property, the time period such costs will be incurred, an appropriate inflation factor and an appropriate discount rate. Changes in these assumptions could materially affect the recorded amount.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Chief Executive Officer.

3. NEW AND FUTURE ACCOUNTING STANDARDS

Accounting Pronouncements Not Yet Effective

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, 2013

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

a) defines the principle of control, and establishes control as the basis for consolidation.
b) sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee.
c) 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.

3. NEW AND FUTURE ACCOUNTING STANDARDS (cont'd…)

Accounting Pronouncements Not Yet Effective (cont'd…)

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

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

The Company's cash and cash equivalents consist of the following:

	April 30, 2012	April 30, 2011	May 1, 2010
Cash	$ 3,703,435	$ 2,142,125	$ 2,018,200
Short-term deposits	424,586	8,234,795	1,212,562
	$ 4,128,021	$ 10,376,920	$ 3,230,762

As at April 30, 2012, the Company held restricted cash of $75,000 (2011 - $75,000; 2010 - $57,500) as collateral for its corporate credit cards.

5. RECEIVABLES, NET OF PROVISIONS

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

	April 30, 2012	April 30, 2011	May 1, 2010
HST/VAT receivables	$ 226,812	$ 126,277	$ 25,821
Due from related party (Note 12)	13,197	89,217	-
Other receivables	122,653	87,086	31,240
Provisions	(40,093)	-	-
	$ 322,569	$ 302,580	$ 57,061

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

Currency	April 30, 2012	April 30, 2011	May 1, 2010
Canadian dollars	$ 147,071	$ 134,713	$ 5,212
Serbian dinars	112,185	157,278	51,849
Other	63,313	10,589	-
	$ 322,569	$ 302,580	$ 57,061

(Expressed in Canadian dollars)

6. PREPAIDS AND ADVANCES

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

	April 30, 2012	April 30, 2011	May 1, 2010
Prepaid expenses	$ 20,173	$ 41,931	$ 25,638
Advances to suppliers	275,658	-	-
	$ 295,831	$ 41,931	$ 25,638

7. 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	67,044	187,097	254,141
Disposals	(6,600)	(69,101)	(75,701)
As at April 30, 2012	120,143	264,510	384,653
Accumulated amortization			
As at May 1, 2010	4,927	68,851	73,778
Amortization	8,773	14,655	23,428
Disposals	-	(13,146)	(13,146)
As at April 30, 2011	13,700	70,360	84,060
Amortization	18,471	32,401	50,872
Disposals	(783)	(2,200)	(2,983)
As at April 30, 2012	31,388	100,561	131,949
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 April 30, 2012	$ 88,755	$ 163,949	$ 252,704

During the year ended April 30, 2012, amortization of $44,425 (2011 - $22,289) has been included in exploration expenditures and amortization of $6,447 (2011 - $1,139) has been included in general and administrative expenses.

(Expressed in Canadian dollars)

8. ENERGY PROJECTS AND GEOTHERMAL LICENSES

Hydroelectric Projects - Acquisition Costs

	April 30, 2012	April 30, 2011	May 1, 2010
Brodarevo 1	$ 122,435	$ 122,435	$ 122,435
Brodarevo 2	116,708	116,708	116,708
Land acquisition	825,799	-	-
	$ 1,064,942	$ 239,143	$ 239,143

In February 2009, the Company, through its wholly-owned subsidiary Renewable Energy Ventures d.o.o. ("REV"), 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 issuedin February 2009for 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 VranjskaBanja in southern Serbia and three exploration licenses for geothermal energy in the Vojvodina Province of northern Serbia, which were renewed subsequently. Total amounts capitalized for the acquisition costs of the four licenses was $5,470 (2011 and 2010 - $5,470).

Renewable Energy Projects - Expenditures

During the years ended April 30, 2012 and 2011, the Company incurred the following expenditures on its renewable energy projects, which were expensed as incurred:

Year ended April 30, 2012	Brodarevo 1	Brodarevo 2	**Subtotal**	Geothermal projects	Renewable energy project investigation	**Total**
Administration	$ 328,487	$ 301,134	$ 629,621	$ 50,331	$ 712,422	$ 1,392,374
Field costs	212,749	196,856	409,605	6,964	47,079	463,648
Salaries and consultants	1,041,474	1,040,374	2,081,848	68,995	569,048	2,719,891
Technical studies	1,346,830	1,296,863	2,643,693	66,281	132,777	2,842,751
Travel and related costs	37,902	36,019	73,921	-	129,218	203,139
	$ 2,967,442	$ 2,871,246	$ 5,838,688	$ 192,571	$ 1,590,544	$ 7,621,803

(Expressed in Canadian dollars)

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

Year ended April 30, 2011	Brodarevo 1	Brodarevo 2	**Subtotal**	Geothermal projects	Renewable energy project investigation	**Total**
Administration	$ 316,514	$ 317,844	$ 634,358	$ 32,553	566,729	$ 1,233,640
Field costs	38,666	38,514	77,180	21,349	38,717	137,246
Salaries and consultants	433,894	433,895	867,789	52,221	465,695	1,385,705
Technical studies	371,330	367,832	739,162	47,925	109,544	896,631
Travel and related costs	31,608	31,609	63,217	-	101,619	164,836
	$ 1,192,012	$ 1,189,694	$ 2,381,706	$ 154,048	$ 1,282,304	$ 3,818,058

9. EXPLORATION AND EVALUATION ASSETS

Mineral Properties - Spin-out Transaction

On October 13, 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:

- StaraPlanina Exploration Permit,
- Plavkovo Exploration Permit,
- Lece Exploration Permit,
- Parlozi Exploration Permit,
- Bobija Exploration Permit,
- Jasikovo-DurlanPotok 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)

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

Mineral Properties - Spin-out Transaction (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

		April 30, 2012		April 30, 2011		May 1, 2010
Brestovac	$	-	$	191,935	$	191,935
Lece		-		1		1
Deli Jovan		-		57,580		57,580
Plavkovo		-		1		1
Stara Planina		-		1		1
	$	-	$	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.

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

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 and the combined Brestovac-Metovnica license is part of the Earn-in Agreement with Freeport-McMoRan Exploration Corporation ("Freeport") signed in March 2010. The new Brestovac-Metovnica license has been transferred to Minerals.

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 been transferred to Minerals. 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. Up to the completion of the Arrangement, the Company recorded a recovery of $285,656.

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 been transferred to Minerals.

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 been transferred to Minerals.

StaraPlanina

The original StaraPlanina exploration permit covered 63 square kilometers and was granted to SEE in March 2005. The existing permit on StaraPlanina has been transferred to Minerals.

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, which has been transferred to Minerals.

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

Bobija

In September 2007, the Company was awarded the Bobija exploration permit, a 33 square kilometer exploration permit, which has been transferred to Minerals.

Jasikovo

The Company was awarded the 12.5 square kilometer Jasikovo exploration license in 2009. The license was relinquished in 2010 and a new license was applied for and received for the combined Jasikovo and DurlanPotok license areas. The 54 square kilometer DurlanPotok license was acquired from Euromax in 2010 and the combined Jasikovo-DurlanPotok license is part of the Earn-in Agreement with Freeport signed in March 2010. The new Jasikovo-DurlanPotok license has been transferred to Minerals.

On March 18, 2010, the Company signed an Earn-in Agreement with 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 DurlanPotok exploration licenses in the same district, which are included in the agreement with Freeport. 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 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. Up to the completion of the Arrangement, the Company recorded a recovery of $836,022.

(Expressed in Canadian dollars)

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

Mineral Properties - Exploration Expenditures

During the years ended April 30, 2012 and 2011, the Company incurred the following exploration expenditures on its mineral properties, which were expensed as incurred:

Year ended April 30, 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

Year ended April 30, 2011	*Freeport JV* Brestovac, Jasikovo, Brestovac E., Durlan Potok	*Orogen JV* Deli Jovan	Plavkovo, Stara Planina, Parlozi, Lece, Bobija	Regional Serbia	**Total**
Administration	$ 25,875	$ 33,938	$ 41,457	$ 29,849	$ 131,119
Assays	72,476	120	2,902	803	76,301
Drilling and trenching	92,438	5,550	-	-	97,988
Field costs	48,959	8,329	5,610	1,815	64,713
Salaries and consultants	107,552	25,311	36,125	18,852	187,840
Technical studies	106,301	48,426	6,001	1,645	162,373
Subtotal	453,601	121,674	92,095	52,964	720,334
Recoveries	(453,601)	(121,674)	-	-	(575,275)
	$ -	$ -	$ 92,095	$ 52,964	$ 145,059

(Expressed in Canadian dollars)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	April 30, 2012	April 30, 2011	May 1, 2010
Trade accounts payable	$ 497,986	$ 479,348	$ 221,912
Accrued liabilities	68,200	79,284	62,232
	$ 566,186	$ 558,632	$ 284,144

11. SHARE CAPITAL

Authorized Share Capital

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

Issued Share Capital

In December 2011, the Company completed a non-brokered private placement for aggregate proceeds of $4,334,920 by issuing 6,207,028 units at $0.70 per unit, where each unit consists of one common share and one non-transferrable, common share purchase warrant exercisable at $1.00 per share for two years. If, after April 2, 2012, the closing price of the Company's shares on the TSX-V is $1.50 or greater for 20 consecutive trading days, the Company may, by notice given with five trading days thereof, accelerate the expiry of the warrants to the 21st trading day after such notice. As finder's fees, the Company paid $175,244and issued 203,196 finder's warrants (exercisable at $0.70 per share for a two-year period), valued at $41,604 (risk free interest rate: 0.90%, expected dividend yield: nil, expected stock price volatility: 81.33%, and expected life: 2 years).

In November 2010, the Company completed a non-brokered private placement for aggregate proceeds of $3,060,000 by issuing 5,100,000 units at $0.60 per unit, where each unit consists of one common share and one non-transferable, common share purchase warrant exercisable for two years. Each warrant will entitle the holder to acquire an additional share at a price of $0.80 per share during the first year and $0.90 during the second year from the closing date. As finder's fees, the Company paid $164,173 and issued 232,750 units, valued at $139,650, and 188,958 finder's warrants (exercisable at $0.60 per share for a two-year period), valued at $111,071 (risk free interest rate: 1.67%, expected dividend yield: nil, expected stock price volatility: 79.23%, and expected life: 2 years).

During the year ended April 30, 2012, the Company issued 70,000 (2011 - 315,000) common shares for the exercise of options and 1,041,267 (2011 - 9,665,994) common shares for the exercise of warrants for aggregate proceeds of $16,200 and $825,847 (2011 - $243,350 and $8,611,335), 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)

11. SHARE CAPITAL (cont'd…)

Stock Options (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	400,000	0.72
Exercised	(70,000)	0.59
Cancelled/Forfeited	(1,130,000)	0.57
Balance as at April 30, 2012	1,740,000	$ 0.83

The following table summarizes the stock options outstanding and exercisable at April 30, 2012:

Date Granted	Number Outstanding	Exercise Price	Number Exercisable	Expiry Date
May 7, 2007	30,000	$ 0.85	30,000 [1]	May 7, 2012
May 30, 2011	50,000	1.20	50,000 [1]	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
February 8, 2012	200,000	0.65	200,000	February 8, 2017
Total	1,740,000		1,740,000	

[1] Expired subsequently

(Expressed in Canadian dollars)

11. 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
Cancelled/Forfeited	(5,240,000)		1.00
Balance as at April 30, 2011	4,682,775		0.79
Issued	6,410,224		0.99
Exercised	(1,041,267)		0.79
Balance as at April 30, 2012	10,051,732	$	0.92

Share purchase warrants outstanding and exercisable as at April 30, 2012 are as follows:

Expiry Date		Exercise Price	Number of Warrants
November 26, 2012	$	0.90	132,292
November 29, 2012 (1)		0.90	3,509,216
December 2, 2013 (2)		1.00	6,207,028
December 2, 2013		0.70	203,196
Total			10,051,732

(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

(Expressed in Canadian dollars)

11. SHARE CAPITAL (cont'd…)

Share-based Payments and Share-based Payment Reserve

During the year ended April 30, 2012, the Company granted 400,000 (2011 - 120,000) stock options to an employee and certain directors 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 $175,149 (2011 - $142,972) for stock options granted.

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

Weighted average:	April 30, 2012	April 30, 2011
Risk free interest rate	1.49%	2.56%
Expected dividend yield	0%	0%
Expected stock price volatility	86%	85%
Expected life of options in years	5	5

The weighted average fair value of options granted during the year ended April 30, 2012 was $0.44 (2011 - $1.19).

12. RELATED PARTY TRANSACTIONS

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

Year ended April 30, 2012	Salary or Fees	Share-based Payments	**Total**
Management	$ 456,716	$ -	$ 456,716
Outside directors	105,084	152,241	257,325
	$ 561,800	$ 152,241	$ 714,041

Year ended April 30, 2011	Salary or Fees	Share-based Payments	**Total**
Management	$ 295,622	$ -	$ 295,622
Outside directors	45,659	142,972	188,631
	$ 341,281	$ 142,972	$ 484,253

Seabord Services Corp., ("Seabord") is a management services company controlled by 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 year ended April 30, 2012, Seabord charged $203,400 (2011 - $201,600) for the above services.

(Expressed in Canadian dollars)

12. RELATED PARTY TRANSACTIONS (cont'd…)

Related party assets (liabilities)	Items or Services	April 30, 2012	April 30, 2011	May 1, 2010
Included in accounts payable and accrued liabilities				
Chairman	Management fees	$ (629)	$ (9,760)	$ (135)
VP Corporate Development	Management fees	-	(8,668)	(13,911)
Chief Executive Officer	Management fees	-	(6,000)	-
Outside directors	Director's fees & consulting fees	(40,200)	(21,725)	(7,712)
Included in receivables				
Reservoir Minerals Inc.	Recoveries of costs	$ 13,197	$ 89,217	$ -
Included in prepaids and advances				
Seabord Services Corp.	Deposit for acting services	$ 10,000	$ 10,000	$ 10,000

Reservoir Minerals Inc. is a related party by virtue of common directors with the Company.

13. 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 April 30, 2012	Canada	Serbia	Bosnia	Other	**Total**
Cash and other assets	$ 3,819,044	$ 715,236	$ 127,796	$ 159,345	$ 4,821,421
Equipment	4,766	200,550	8,306	39,082	252,704
Hydroelectric licenses	-	1,064,942	-	-	1,064,942
Geothermal licenses	-	5,470	-	-	5,470
Total assets	$ 3,823,810	$ 1,986,198	$ 136,102	$ 198,427	$ 6,144,537

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

(Expressed in Canadian dollars)

13. SEGMENTED INFORMATION (cont'd…)

As at May 1, 2010	Canada	Serbia	Bosnia	Other	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

Year ended April 30, 2012	Renewable Energy	Mineral Properties	General and Administrative	Total
Loss for the year	$ 7,596,760	$ 174,103	$ 1,955,496	$ 9,726,359

Year ended April 30, 2011	Renewable Energy	Mineral Properties	General and Administrative	Total
Loss for the year	$ 3,818,058	$ 145,059	$ 1,364,036	$ 5,327,153

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

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the year ended April 30, 2012, the Company:

a) issued 203,196 warrants as finder's fees with an estimated fair value of $41,604 which was included in share issue costs;
b) re-allocated $29,884 from share-based payment reserve to share capital for exercise of options; and
c) re-allocated $21,063 from share-based payment reserve to share capital for exercise of warrants.

During the year ended April 30, 2011, the Company:

a) issued 232,750 units as finder's fees with an estimated fair value of $139,650 which was included in share issue costs;
b) issued 188,958 warrants as finder's fees with an estimated fair value of $111,071 which was included in share issue costs;
c) re-allocated $154,944 from share-based payment reserve to share capital for exercise of options; and
d) re-allocated $12,246 from share-based payment reserve to share capital for exercise of warrants.

(Expressed in Canadian dollars)

15. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT

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 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 revenue. 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 April 30, 2012, the Company had working capital of $4,180,235, 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 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.

Fair Value

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring 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.

As at April 30, 2012, the Company's financial instruments measured at fair value are as follows:

Financial Assets	Level 1	Level 2	Level 3	**Total**
Cash and cash equivalents	$ 4,128,021	$ -	$ -	$ 4,128,021
Restricted cash	75,000	-	-	75,000

(Expressed in Canadian dollars)

15. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT (cont'd…)

Financial Instruments

The Company classified its financial instruments as follows:

As at April 30, 2012	Financial Instruments at FVTPL	Loans and Receivables	Other Financial Liabilities
Cash and cash equivalents	$ 4,128,021	$ -	$ -
Receivables, net of provisions	-	322,569	-
Restricted cash	75,000	-	-
Accounts payable and accrued liabilities	-	-	(566,186)
	$ 4,203,021	$ 322,569	$ (566,186)

As at April 30, 2011	Financial Instruments at FVTPL	Loans and Receivables	Other Financial Liabilities
Cash and cash equivalents	$ 10,376,920	$ -	$ -
Receivables, net of provisions	-	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)

As at May 1, 2010	Financial Instruments at FVTPL	Loans and Receivables	Other Financial Liabilities
Cash and cash equivalents	$ 3,230,762	$ -	$ -
Receivables, net of provisions	-	57,061	-
Restricted cash	57,500	-	-
Accounts payable and accrued liabilities	-	-	(284,144)
	$ 3,288,262	$ 57,061	$ (284,144)

(Expressed in Canadian dollars)

15. 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, 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 dollar relative to the Serbian dinar and the Bosnian mark 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 April 30, 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	$ 2,443,983	$ 12,417	
Receivables, net of provisions	8,584,223	8,555	
Accounts payable and accrued liabilities	(31,381,763)	(22,280)	
Net exposure	(20,353,557)	(1,308)	
Canadian dollar equivalent			$ (238,015)

Based on the above net exposure as at April 30, 2012, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the Serbian dinar and Bosnian mark would result in an increase/decrease of approximately $23,802 in the Company's pre-tax earnings (loss).

(Expressed in Canadian dollars)

16. INCOME TAXES

A reconciliation of the income tax benefit determined by applying the Canadian income tax rates to the loss for the years ended April 30, 2012 and 2011has been prepared as follows:

	April 30, 2012	April 30, 2011
Loss for the year	$ (9,726,359)	$ (5,327,153)
Combined federal and provincial statutory income tax rate	26.00%	27.83%
Income tax expense (recovery) at statutory tax rates	(2,528,853)	(1,482,547)
Impact of different foreign statutory tax rates on earnings of subsidiaries	1,236,599	769,213
Non-deductible expenditures and non-taxable revenues	82,935	43,070
Impact of future income tax rates appplied versus current statutory rate	12,437	26,230
Share issue costs	(45,563)	(42,685)
Change in unrecognized deductible temporary differences and other	1,242,445	686,719
Total income tax recovery	$ -	$ -

Significant components of deductible and taxable temporary differences, unused tax losses and unused tax credits that have not been included in the consolidated statement of financial position are as follows:

	April 30, 2012	Expiry Date Range	April 30, 2011	Expiry Date Range
Non-capital loss carry forwards	$ 19,050,000	2013-2032	$ 12,733,000	2012-2031
Share issue costs	395,000	2033-2036	386,000	2032-2035
Other	240,000	Not applicable	-	Not applicable
	$ 19,685,000		$ 13,119,000	

Deferred tax benefits which may arise as a result of these non-capital losses and other deductions have not been recognized in these financial statements.

17. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The accounting policies in Note 2 have been applied in preparing the consolidated financial statements for the years April 30, 2012 and 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: First Time Adoption of International Financial Reporting Standards ("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:

a) to apply the requirements of IFRS 3, Business Combinations, prospectively from the Transition Date;
b) 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
c) 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 exception:

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.

Share-based Payments

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.

(Expressed in Canadian dollars)

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

Share-based Payments (cont'd…)

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")

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	May 1, 2010
Total equity under Canadian GAAP	$ 10,390,537	$ 3,684,556
Total equity under IFRS	$ 10,390,537	$ 3,684,556

Reconciliation of comprehensive loss	Year ended April 30, 2011
Comprehensive loss under Canadian GAAP	$ (5,327,153)
Comprehensive loss under IFRS	$ (5,327,153)

18. EVENT AFTER REPORTING DATE

Subsequent to April 30, 2012, the Company completed a feasibility study for the Brodarevo 1 and Brodarevo 2 hydroelectric projects.