RESERVOIR CAPITAL CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

THREE MONTHS ENDED JULY 31, 2013 AND 2012
(Unaudited)

NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of Reservoir Capital Corp. for the three months ended July 31, 2013 and 2012 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

RESERVOIR CAPITAL CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian dollars)

	July 31, 2013	April 30, 2013
ASSETS		
Current		
Cash and cash equivalents	$ 1,117,097	$ 1,757,197
Receivables, net of provisions (Note 5)	242,096	247,437
Prepaids and advances (Note 6)	85,197	96,675
Total current assets	1,444,390	2,101,309
Non-current		
Equipment (Note 7)	252,234	269,918
Energy projects (Note 8)	1,144,003	1,144,003
Geothermal licenses (Note 8)	5,470	5,470
Restricted cash (Note 4)	214,441	75,000
Total non-current assets	1,616,148	1,494,391
TOTAL ASSETS	$ 3,060,538	$ 3,595,700
LIABILITIES AND EQUITY		
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 9)	$ 720,994	$ 560,223
Total liabilities	720,994	560,223
EQUITY		
Share capital (Note 10)	33,178,362	33,178,362
Share-based payments reserve (Note 10)	2,547,003	2,547,003
Deficit	(33,297,722)	(32,609,392)
Equity attributable to owners of the Company	2,427,643	3,115,973
Non-controlling interests	(88,099)	(80,496)
Total equity	2,339,544	3,035,477
TOTAL LIABILITIES AND EQUITY	$ 3,060,538	$ 3,595,700

Nature of operations and going concern (Note 1)

These condensed consolidated interim financial statements are approved and authorized for issuance by the Board of Directors on September 25, 2013.

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

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

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

		Three months ended July 31, 2013		2012
OPERATIONS EXPENDITURES				
Renewable energy projects (Note 8)	$	504,624	$	1,526,700
GENERAL AND ADMINISTRATIVE EXPENSES				
Administrative services and office		79,953		107,025
Amortization (Note 7)		194		238
Management fees		75,000		75,000
Professional fees		10,212		45,385
Shareholder communication and investor relations		6,663		8,623
Transfer agent and filing fees		2,525		13,563
Travel		33,283		33,021
		207,830		282,855
Loss from operations		(712,454)		(1,809,555)
Foreign exchange gain/(loss)		2,830		(48,531)
Interest income		2,382		7,416
Miscellaneous income		11,309		3,064
		16,521		(38,051)
Loss and comprehensive loss for the period	$	(695,933)	$	(1,847,606)
Attributable to:				
Equity shareholders of the Company	$	(688,330)	$	(1,841,259)
Non-controlling interests		(7,603)		(6,347)
	$	(695,933)	$	(1,847,606)
Basic and diluted loss per share	$	(0.01)	$	(0.04)
Weighted average number of common shares outstanding		84,361,726		49,325,955

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

RESERVOIR CAPITAL CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian dollars)

	Three months ended July 31, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period attributable to equity shareholders	$ (688,330)	$ (1,841,259)
Adjustments for:		
Amortization	18,854	14,621
Interest income	(2,382)	(7,416)
Unrealized foreign exchange loss on cash and cash equivalents	1,192	-
Loss for the period attributable to non-controlling interests	(7,603)	(6,347)
Changes in non-cash working capital items:		
Receivables	5,341	447
Prepaids and advances	11,478	85,444
Accounts payable and accrued liabilities	160,771	(72,463)
Net cash used in operating activities	(500,679)	(1,826,973)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(1,170)	(19,418)
Purchase of land for hydroelectric projects	-	(4,457)
Interest received	2,382	7,416
Deposit for hydroelectric concessions	(139,441)	-
Net cash used in investing activities	(138,229)	(16,459)
Effect of foreign exchange changes on cash and cash equivalents	(1,192)	-
Change in cash and cash equivalents during the period	(640,100)	(1,843,432)
Cash and cash equivalents, beginning of period	1,757,197	4,128,021
Cash and cash equivalents, end of period	$ 1,117,097	$ 2,284,589

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 - Expressed in Canadian dollars)

	Number of Shares		Share Capital		Share-based Payments Reserve		Deficit		Non-controlling Interest		**Total Equity**
Balance as at April 30, 2012	53,293,726	$	30,220,381	$	1,746,041	$	(26,332,550)	$	(55,521)	$	5,578,351
Loss for the period	-		-		-		(1,841,259)		(6,347)		(1,847,606)
Balance as at July 31, 2012	53,293,726	$	30,220,381	$	1,746,041	$	(28,173,809)	$	(61,868)	$	3,730,745

	Number of Shares		Share Capital		Share-based Payments Reserve		Deficit		Non-controlling Interest		**Total Equity**
Balance as at April 30, 2013	84,361,726	$	33,178,362	$	2,547,003	$	(32,609,392)	$	(80,496)	$	3,035,477
Loss for the period	-		-		-		(688,330)		(7,603)		(695,933)
Balance as at July 31, 2013	84,361,726	$	33,178,362	$	2,547,003	$	(33,297,722)	$	(88,099)	$	2,339,544

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 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, 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 been granted 30-year concessions on three hydroelectric projects in Bosnia and is reviewing additional acquisition opportunities in the renewable energy sector.

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 renewable 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 condensed consolidated interim financial statements of the Company are presented in Canadian dollars unless otherwise indicated. The condensed consolidated interim 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 condensed consolidated interim 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

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The condensed consolidated interim financial statements of the Company have been prepared in accordance with the same accounting policies and methods of their application as the most recent audited financial statements for the years end April 30, 2013 and 2012, except that they do not include all note disclosures required for annual audited financial statements, and they include new accounting standards effective in the current period. It is suggested that the condensed consolidated interim financial statements be read in conjunction with the annual audited financial statements.

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

3. NEW AND FUTURE ACCOUNTING STANDARDS

New and amended IFRS pronouncements effective May 1, 2013

The Company has adopted the following new and revised standards, along with any consequential amendments, effective May 1, 2013. These changes were made in accordance with the applicable transitional provisions.

IFRS 10 Consolidated Financial Statements ("IFRS 10") replaces the guidance on control and consolidation in IAS 27 Consolidated and Separate Financial Statements, and SIC-12, Consolidation - Special Purpose Entities. IFRS 10 requires consolidation of an investee only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. Detailed guidance is provided on applying the definition of control. The accounting requirements for consolidation have remained largely consistent with IAS 27. The Company assessed its consolidation conclusions on May 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries and investees.

IFRS 11 Joint Arrangements ("IFRS 11") supersedes IAS 31 Interests in Joint Ventures and requires joint arrangements to be classified either as joint operations or joint ventures depending on the contractual rights and obligations of each investor that jointly controls the arrangement. For joint operations, a company recognizes its share of assets, liabilities, revenues and expenses of the joint operation. An investment in a joint venture is accounted for using the equity method as set out in IAS 28 Investments in Associates and Joint Ventures (amended in 2011) ("IAS 28"). The other amendments to IAS 28 did not affect the Company. The Company has not entered into any joint arrangement and concluded that the adoption of IFRS 11 did not result in any changes in the accounting for its joint arrangements.

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

New and amended IFRS pronouncements effective May 1, 2013 (cont'd…)

IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12") contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structure entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. The required disclosures aim to provide information in order to enable users to evaluate that nature, and the risks associated with, an entity's interest in other entities, and the effects of those interests on the entity's financial position, financial performance and cash flows. Given the nature of the Company's interest in other entities, the amendments did not have an impact on the Company's financial position or performance.

IFRS 13 Fair Value Measurement ("IFRS 13") provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Company adopted IFRS 13 on May 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at May 1, 2013.

The Company has adopted the amendments to IAS 1 Presentation of Financial Statements ("IAS 1"). These amendments required the Company to group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified. These changes did not result in any adjustments to other comprehensive income or comprehensive income.

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, 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.

(Unaudited - Expressed in Canadian dollars)

4. RESTRICTED CASH

As at July 31, 2013, the Company held restricted cash as collaterals for its corporate credit cards and Cehotina concessions in Bosnia (Note 8), $75,000 and $139,441 respectively (April 30, 2013 - $75,000 and $Nil).

5. RECEIVABLES, NET OF PROVISIONS

The Company's receivables arise from harmonized sales tax and value-added taxes ("HST/VAT") receivable from government taxation authorities and other receivables:

	July 31, 2013	April 30, 2013
HST/VAT receivables	$ 129,914	$ 133,099
Other receivables	152,275	154,431
Provisions	(40,093)	(40,093)
	$ 242,096	$ 247,437

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

Currency	July 31, 2013	April 30, 2013
Canadian dollars	$ 65,499	$ 64,899
Serbian dinars	107,608	115,855
Other	68,989	66,683
	$ 242,096	$ 247,437

6. PREPAIDS AND ADVANCES

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

	July 31, 2013	April 30, 2013
Prepaid expenses	$ 85,197	$ 17,813
Advances to suppliers	-	78,862
	$ 85,197	$ 96,675

(Unaudited - Expressed in Canadian dollars)

7. EQUIPMENT

		Office Equipment		Field Equipment		Total
Cost						
As at April 30, 2013	$	193,701	$	264,266	$	457,967
Additions		1,170		-		1,170
Disposals		-		-		-
As at July 31, 2013		194,871		264,266		459,137
Accumulated amortization						
As at April 30, 2013		63,111		124,938		188,049
Amortization		11,117		7,737		18,854
Disposals		-		-		-
As at July 31, 2013		74,228		132,675		206,903
Net book value						
As at April 30, 2013	$	130,590	$	139,328	$	269,918
As at July 31, 2013		120,643		131,591		252,234

During the three months ended July 31, 2013, amortization of $18,660 (2012 - $14,383) has been included in operations expenditures and amortization of $194 (2012 - $238) has been included in general and administrative expenses.

8. ENERGY PROJECTS AND GEOTHERMAL LICENSES

		July 31, 2013		April 30, 2013
Brodarevo projects	$	239,143	$	239,143
Land acquisition		845,812		845,812
Cehotina concessions		59,048		59,048
	$	1,144,003	$	1,144,003

Hydroelectric Projects - Acquisition Costs

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 of the permits. 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. In January 2013, the Company, through its wholly-owned subsidiary REV d.o.o. Foca was granted certain concessions to develop and build run-of-river hydroelectric projects on the Cehotina River in Bosnia.

(Unaudited - Expressed in Canadian dollars)

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

Geothermal Licenses - Acquisition Costs

The Company, through its wholly-owned subsidiary, Southern European Exploration d.o.o. ("SEE"), holds 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, 2013 - $5,470).

Renewable Energy Projects - Expenditures

During the three months ended July 31, 2013 and 2012, the Company incurred the following expenditures on its renewable energy projects, which were expensed as incurred:

Three months ended July 31, 2013	Brodarevo projects	Cehotina concessions	Geothermal projects	Renewable energy project investigation	**Total**
Administration	$ 122,149	$ 9,231	$ 9,951	$ 41,854	$ 183,185
Field costs	58,616	-	303	-	58,919
Salaries and consultants	112,915	10,745	4,537	36,176	164,373
Technical studies	13,980	32,002	2,114	8,106	56,202
Travel and related costs	25,942	3,032	-	12,971	41,945
	$ 333,602	$ 55,010	$ 16,905	$ 99,107	$ 504,624

Three months ended July 31, 2012	Brodarevo projects	Cehotina concessions	Geothermal projects	Renewable energy project investigation	**Total**
Administration	$ 210,270	$ -	$ 16,536	$ 72,987	$ 299,793
Field costs	146,939	-	935	15,621	163,495
Salaries and consultants	636,390	-	19,610	162,500	818,500
Technical studies	185,296	-	2,484	23,587	211,367
Travel and related costs	19,596	-	-	13,949	33,545
	$ 1,198,491	$ -	$ 39,565	$ 288,644	$ 1,526,700

(Unaudited - Expressed in Canadian dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

		July 31, 2013		April 30, 2013
Trade accounts payable	$	683,494	$	530,223
Accrued liabilities		37,500		30,000
	$	720,994	$	560,223

10. SHARE CAPITAL

Authorized Share Capital

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

Stock Options

The Company has adopted a stock option plan pursuant to the policies of the TSX Venture Exchange ("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 April 30, 2012	1,740,000	$	0.83
Granted	3,660,000		0.30
Cancelled/Expired	(90,000)		1.04
Balance as at July 31 and April 30, 2013	5,310,000	$	0.83

(Unaudited - Expressed in Canadian dollars)

10. SHARE CAPITAL (cont'd…)

The following table summarizes the stock options outstanding and exercisable at July 31, 2013:

Date Granted	Number Outstanding		Exercise Price	Number Exercisable	Expiry Date
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
September 7, 2012	3,660,000		0.30	3,660,000	September 7, 2017
Total	5,310,000			5,310,000	

The weighted average remaining contractual life of the stock options is 3.44 years.

Warrants

The changes in warrants outstanding are as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance at April 30, 2012	10,051,732	$	0.92
Issued	31,068,000		0.25
Expired	(3,641,508)		0.89
Balance as at July 31 and April 30, 2013	37,478,224	$	0.38

(Unaudited - Expressed in Canadian dollars)

10. SHARE CAPITAL (cont'd…)

Warrants (cont'd…)

Share purchase warrants outstanding and exercisable as at July 31, 2013 are as follows:

Expiry Date			Exercise Price	Number of Warrants
December 2, 2013	(1)	$	1.00	6,207,028
December 2, 2013			0.70	203,196
December 18, 2014	(2)		0.25	27,850,000
December 18, 2014			0.25	1,068,000
February 5, 2015	(3)		0.25	2,150,000
Total				37,478,224

(1) 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.

(2) Expiry may be accelerated, if closing price of the Company's shares on the TSX-V is $0.35 or greater for 10 trading days after April 18, 2013.

(3) Expiry may be accelerated, if closing price of the Company's shares on the TSX-V is $0.35 or greater for 10 trading days after June 5, 2013.

The weighted average remaining contractual life of the warrants is 1.21 years.

11. RELATED PARTY TRANSACTIONS

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

Three months ended July 31, 2013		Salary or Fees		Share-based Payments		**Total**
Management	$	112,684	$	-	$	112,684
Outside directors		-		-		-
	$	112,684	$	-	$	112,684

Three months ended July 31, 2012		Salary or Fees		Share-based Payments		**Total**
Management	$	108,226	$	-	$	108,226
Outside directors		27,000		-		27,000
	$	135,226	$	-	$	135,226

(Unaudited - Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS (cont'd…)

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 and Corporate Secretary of the Company are employees of Seabord and are not paid directly by the Company. During the three months ended July 31, 2013, Seabord charged $54,000 (2012 - $53,100) for the above services.

Reservoir Minerals Inc. ("Minerals") is a company with common directors. The Company provides consulting services in Serbia to Minerals. During the three months ended July 31, 2013, the Company charged Minerals $12,000 (2012 - $Nil) for the above services.

Related party assets (liabilities)	Items or Services		July 31, 2013		April 30, 2013
Included in accounts payable and accrued liabilities					
Chairman	Management fees	$	(57,785)	$	(15,173)
President	Management fees		(40,000)		(10,000)
VP Corporate Development	Management fees		(18,080)		(4,520)
Seabord Services Corp.	Acting services		(26,993)		-
Included in prepaids and advances					
Seabord Services Corp.	Deposit for acting services	$	10,000	$	10,000

(Unaudited - Expressed in Canadian dollars)

12. SEGMENTED INFORMATION

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

As at July 31, 2013	Canada	Serbia	Bosnia	Other	**Total**
Cash and other assets	$ 1,031,745	$ 343,600	$ 195,724	$ 87,762	$ 1,658,831
Equipment	3,689	191,486	35,509	21,550	252,234
Hydroelectric licenses	-	1,084,955	59,048	-	1,144,003
Geothermal licenses	-	5,470	-	-	5,470
Total assets	$ 1,035,434	$ 1,625,511	$ 290,281	$ 109,312	$ 3,060,538

As at April 30, 2013	Canada	Serbia	Bosnia	Other	**Total**
Cash and other assets	$ 1,692,988	$ 213,010	$ 178,201	$ 92,110	$ 2,176,309
Equipment	3,883	201,377	37,149	27,509	269,918
Hydroelectric licenses	-	1,084,955	59,048	-	1,144,003
Geothermal licenses	-	5,470	-	-	5,470
Total assets	$ 1,696,871	$ 1,504,812	$ 274,398	$ 119,619	$ 3,595,700

Three months ended July 31, 2013	Renewable Energy	General and Administrative	**Total**
Loss for the period	$ 504,624	$ 191,309	$ 695,933

Three months ended July 31, 2012	Renewable Energy	General and Administrative	**Total**
Loss for the period	$ 1,526,700	$ 320,906	$ 1,847,606

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

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the three months ended July 31, 2013 and 2012, the Company did not have any significant non-cash investing and financing activities.

(Unaudited - Expressed in Canadian dollars)

14. 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 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 July 31, 2013, the Company had working capital of $723,396 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, and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments. As at July 31, 2013, 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	$ 1,117,097	$ -	$ -	$ 1,117,097
Restricted cash	214,441	-	-	214,441

(Unaudited - 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 July 31, 2013		Loans and Receivables		Other Financial Liabilities
Cash and cash equivalents	$	1,117,097	$	-
Receivables, net of provisions		242,096		-
Restricted cash		214,441		-
Accounts payable and accrued liabilities		-		(720,994)
	$	1,573,634	$	(720,994)

As at April 30, 2013		Loans and Receivables		Other Financial Liabilities
Cash and cash equivalents	$	1,757,197	$	-
Receivables, net of provisions		247,437		-
Restricted cash		75,000		-
Accounts payable and accrued liabilities		-		(560,223)
	$	2,079,634	$	(560,223)

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 accounts receivable exposure which is monitored. The Company has recognized the appropriate provision.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash and cash equivalents are held mainly in bank accounts which do not pay a significant amount of interest and therefore there is minimal interest rate risk.

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.

(Unaudited - Expressed in Canadian dollars)

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

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 July 31, 2013, 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	$ 242,530	$ 52,836	
Receivables, net of provisions	8,933,192	11,533	
Accounts payable and accrued liabilities	(34,215,839)	(16,458)	
Net exposure	(25,040,117)	47,911	
Canadian dollar equivalent	$ (301,630)	$ 33,404	$ (268,227)

Based on the above net exposure as at July 31, 2013, 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 $26,800 in the Company's profit or loss.