RESERVOIR CAPITAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

April 30, 2011

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 balance sheets as at April 30, 2011 and 2010 and the consolidated statements of loss, comprehensive loss and deficit and cash flows for the years then ended, 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 Canadian generally accepted accounting principles, 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 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, 2011 and 2010 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Accountants

August 18, 2011

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RESERVOIR CAPITAL CORP.
CONSOLIDATED BALANCE SHEETS
(Expressed in Canadian dollars)
AS AT APRIL 30

		2011		2010
ASSETS				
Current				
Cash and cash equivalents	$	10,376,920	$	3,230,762
Receivables		302,580		57,061
Prepaids		41,931		25,638
		10,721,431		3,313,461
Equipment (Note 4)		122,153		103,608
Energy licenses (Note 5)		239,143		239,143
Geothermal licenses (Note 5)		5,470		5,470
Mineral properties (Note 6)		249,518		249,518
Restricted cash		75,000		57,500
	$	11,412,715	$	3,968,700
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	$	558,632	$	284,144
Advances from JV partners		463,546		-
		1,022,178		284,144
Shareholders' equity				
Share capital (Note 7)		25,174,315		13,228,034
Contributed surplus (Note 7)		1,580,236		1,493,383
Deficit		(16,364,014)		(11,036,861)
		10,390,537		3,684,556
	$	11,412,715	$	3,968,700

Nature of operations and going concern (Note 1)
Subsequent events (Note 13)
Pending transaction (Note 14)

On behalf of the Board:

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

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

RESERVOIR CAPITAL CORP.
CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT
(Expressed in Canadian dollars)
YEARS ENDED APRIL 30

	2011	2010
OPERATIONS EXPENDITURES		
Renewable energy		
Brodarevo hydroelectric projects (Note 5)	$ 2,381,706	$ 1,307,163
Geothermal projects (Note 5)	154,048	29,245
Renewable energy project investigation	1,282,304	1,189,065
	3,818,058	2,525,473
Mineral properties		
Mineral property exploration (Note 6)	720,334	264,709
Exploration recoveries	(575,275)	-
	145,059	264,709
Total operations expenditures	3,963,117	2,790,182
GENERAL AND ADMINISTRATIVE EXPENSES		
Administrative services and office	364,227	264,884
Amortization	1,139	381
Management fees	357,961	235,898
Professional fees	210,432	139,826
Shareholder communication and investor relations	84,652	68,292
Stock-based compensation (Note 7)	142,972	737,393
Transfer agent and filing fees	56,182	80,023
Travel	164,962	206,848
	1,382,527	1,733,545
Loss before other items	(5,345,644)	(4,523,727)
OTHER ITEMS		
Foreign exchange gain (loss)	1,973	(18,955)
Interest income	16,518	24,995
Write-down of mineral properties (Note 6)	-	(220,352)
	18,491	(214,312)
Loss and comprehensive loss for the year	(5,327,153)	(4,738,039)
Deficit, beginning of year	(11,036,861)	(6,298,822)
Deficit, end of year	$ (16,364,014)	$ (11,036,861)
Basic and diluted loss per common share	$ (0.15)	$ (0.17)
Weighted average number of common shares outstanding	35,794,845	27,562,258

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

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (5,327,153)	$ (4,738,039)
Items not affecting cash:		
Amortization	23,427	25,335
Stock-based compensation	142,972	737,393
Write-down of mineral properties	-	220,352
Changes in non-cash working capital items:		
Receivables	(245,519)	(46,175)
Prepaids	(16,293)	(9,465)
Short term investment	-	98,625
Accounts payable and accrued liabilities	274,488	166,113
Advances from JV partners	463,546	-
Net cash used in operating activities	(4,684,532)	(3,545,861)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(41,972)	(21,606)
Increase in restricted cash	(17,500)	-
Geothermal licenses	-	(5,470)
Net cash used in investing activities	(59,472)	(27,076)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share capital issued for cash, net of share issue costs	3,035,477	5,030,255
Exercise of warrants	8,611,335	-
Exercise of options	243,350	-
Net cash provided by financing activities	11,890,162	5,030,255
Increase in cash and cash equivalents during the year	7,146,158	1,457,318
Cash and cash equivalents, beginning of year	3,230,762	1,773,444
Cash and cash equivalents, end of year	$ 10,376,920	$ 3,230,762
Cash paid during the year for interest	$ -	$ -
Cash paid during the year for income taxes	$ -	$ -

Supplemental disclosure with respect to cash flows (Note 11)

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

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

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

The Company is also currently exploring its mineral properties and has not yet determined whether its mineral properties contain reserves that are economically recoverable. The recoverability of amounts capitalized for mineral properties is dependent upon the discovery of sufficient economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral properties, the ability of the Company to arrange appropriate financing or seek joint venture partners to complete the development of the mineral properties and upon future profitable production or proceeds from the sale of the mineral properties.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company incurred a loss of $5,327,153 for the year ended April 30, 2011 and further losses are anticipated in the development of its business plan. In addition, the Company has working capital of $9,699,253 as of April 30, 2011, which will be sufficient to meet the Company's corporate objectives in the next 12 months.

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

In order to meet its corporate objectives, which primarily consist of obtaining and developing its renewable energy projects and exploring its mineral properties, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheet. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of Reservoir and its wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated upon consolidation.

Financial Instruments

All financial instruments are classified into one of the following four categories:

i) **Financial assets and financial liabilities held for trading**
Financial assets and financial liabilities held for trading are acquired or incurred principally for the purpose of selling or repurchasing them in the near term. They are recognized at fair value based on market prices, with any resulting gains and losses reflected in net income (loss) for the period in which they arise.

ii) **Held-to-maturity financial assets**
Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. They are measured at amortized cost using the effective interest rate method less any impairment loss. A gain or loss is recognized in net income (loss) when the financial asset is derecognized or impaired, and through the amortization process.

iii) **Available-for-sale financial assets**
Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale, or that are not classified as loans and receivables, held-to-maturity financial assets, or held for trading. They are measured at fair value. Fair value is determined based on market prices. Equity instruments that do not have a quoted market price in an active market are measured at cost. Gains and losses are recognized directly in other comprehensive income (loss) until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in accumulated other comprehensive income (loss) is recognized in net income (loss) for the period.

iv) **Loans and receivables and other financial liabilities**
Loans and receivables and other financial liabilities are measured at amortized cost, using the effective interest rate method less any impairment loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd …)

Financial Instruments (cont'd…)

Reservoir's financial instruments consist of cash and cash equivalents, receivables, restricted cash, accounts payable and accrued liabilities and advances from JV partners. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

Cash and cash equivalents are classified as financial assets held for trading and are accounted for at fair value. Cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.
Accounts receivable are designated as loans and receivables and accordingly are carried at their amortized costs.

Restricted cash is classified as financial assets held for trading.

The Company classifies its accounts payable and accrued liabilities and advances from JV partners as other financial liabilities, carried at their amortized costs.

Renewable energy projects

Acquisition costs for renewable energy projects, including hydroelectric and geothermal, net of recoveries, are capitalized on a project-by-project basis. Acquisition costs include cash consideration and the value of common shares, based on recent issue prices, issued for projects pursuant to the terms of the agreement. Project expenditures, net of recoveries, are charged to operations as incurred, until such time as the commercial feasibility of the project is determined. After a project is determined to be commercially feasible, all expenditures related to the project are capitalized. When there is little prospect of further work on a project being carried out by the Company or its partners, when a project is abandoned, or when the capitalized costs are no longer considered recoverable, the related project costs are written down to management's estimate of their fair value. The costs related to a project that goes into commercial production, together with the costs of production equipment, will be amortized on a systematic and rational basis.

Mineral properties and exploration expenditures

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd …)

Mineral properties and exploration expenditures (cont'd…)

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of development of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfer and may be affected by undetected defects.

The amounts shown for mineral properties represent acquisition costs incurred to date, less recoveries and write-downs, and are not intended to reflect present or future values.

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.

Equipment

Equipment is recorded at cost and amortized over its estimated useful life using the declining balance method at a rate of 20% per annum. Amortization on equipment used directly on exploration projects is included in exploration expenditures for that mineral property.

Asset retirement obligations

Asset retirement 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. An asset retirement 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 asset retirement cost recognized by increasing the carrying amount of the related long-lived asset. The asset retirement cost is subsequently charged to operations on 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. Reservoir has no known asset retirement obligations.

Foreign currency translation

The Company's subsidiaries are integrated foreign operations and are translated into Canadian dollar equivalents using the temporal method. Monetary items are translated at the exchange rate in effect at the balance sheet date; non-monetary items are translated at historical exchange rates. Income and expense items are translated at the appropriate transaction date rates, except for amortization, which is translated at the same rate as the related asset. Translation gains and losses are reflected in the statements of operations.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd …)

Stock-based compensation

The Company accounts for stock-based compensation using a fair value based method with respect to all stock-based payments measured and recognized, to directors, employees and non-employees. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For directors, employees and non-employees, the fair value of the options is accrued and charged to operations, with the offset credited to contributed surplus, over the vesting period. If and when the stock options are exercised, the applicable amounts are transferred from contributed surplus to share capital. Stock-based compensation awards are calculated using the Black-Scholes option pricing model.

Income taxes

Income taxes are accounted for using the future income tax method. Under this method, income taxes are recognized for the estimated income taxes payable for the current period, and future income taxes are recognized for temporary differences between the tax and accounting bases of assets and liabilities, and for the benefit of losses available to be carried forward for tax purposes that are more likely than not to be realized. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess. Future income tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply in the years in which the temporary differences are expected to be recovered or settled.

Income (loss) per share

Basic income or loss per share is calculated by dividing the net income or loss for the year by the weighted average number of shares outstanding during the year. Diluted income per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted income per share assumes that the deemed proceeds received from the exercise of stock otions, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the year. Existing stock options and share purchase warrants have not been included in the current year computation of diluted loss per share as to do so would be anti-dilutive. Accordingly, the current year basic and diluted loss per share are the same.

Valuation of equity units issued in private placements

Reservoir 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 contributed surplus.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd …)

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Significant areas requiring the use of management estimates include:

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

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

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

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

v) The determination of the fair value of asset retirement obligations 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.

3. NEW AND FUTURE ACCOUNTING STANDARDS

Business Combinations and Related Sections

CICA Handbook Section 1582, "Business Combinations", Section 1601 "Consolidations" and Section 1602, "Non-Controlling Interests", replace Sections 1581, "Business Combinations" and 1600, "Consolidated Financial Statements" respectively and establish a new section for accounting for a non-controlling interest in a subsidiary. The new standards revise guidance on the determination of the carrying amount of assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. These standards are effective for the Company on May 1, 2011 prospectively, with early adoption permitted. Earlier adoption of these sections is permitted as of the beginning of the fiscal year. All three sections must be adopted concurrently. These new sections effectively bring Canadian GAAP into line with the International Financial Reporting Standards ("IFRS"). The Company expects to adopt these new CICA Handbook sections on May 1, 2011.

(Expressed in Canadian dollars)

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

International Financial Reporting Standards

A decision of the CICA Accounting Standards Board (the "AcSB') will require the Company to report under IFRS for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The transition date of May 1, 2011 for the Company will require the restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 2011.

4. EQUIPMENT

	April 30, 2011		
	Cost	Accumulated Amortization	Net Book Value
Office equipment	$ 59,699	$ 13,700	$ 45,999
Field equipment	146,514	70,360	76,154
	$ 206,213	$ 84,060	$ 122,153

	April 30, 2010		
	Cost	Accumulated Amortization	Net Book Value
Office equipment	$ 23,373	$ 4,927	$ 18,446
Field equipment	154,013	68,851	85,162
	$ 177,386	$ 73,778	$ 103,608

During the year ended April 30, 2011, amortization of $22,288 (2010 - $24,954) has been included in exploration expenditures and amortization of $1,139 (2010 - $381) has been included in general and administrative expenses.

5. ENERGY AND GEOTHERMAL LICENSES

<u>Hydroelectric - License Acquisition Costs</u>

	April 30, 2011	April 30, 2010
Brodarevo 1	$ 122,435	$ 122,435
Brodarevo 2	116,708	116,708
	$ 239,143	$ 239,143

(Expressed in Canadian dollars)

5. ENERGY AND GEOTHERMAL LICENSES (cont'd …)

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

Brodarevo 1 and 2 - Project Expenditures

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

Year ended April 30, 2011	Brodarevo 1	Brodarevo 2	Total
Administration	$ 316,514	$ 317,844	$ 634,358
Field costs	38,666	38,514	77,180
Salaries and consultants	433,894	433,895	867,789
Technical studies	371,330	367,832	739,162
Travel and related costs	31,608	31,609	63,217
	$ 1,192,012	$ 1,189,694	$ 2,381,706

Year ended April 30, 2010	Brodarevo 1	Brodarevo 2	Total
Administration	$ 186,798	$ 186,214	$ 373,012
Assays	15,327	4,429	19,756
Pre-feasibility studies	260,566	235,121	495,687
Field costs	36,920	36,114	73,034
Salaries and consultants	132,050	131,692	263,742
Technical studies	23,441	22,465	45,906
Travel and related costs	18,041	17,985	36,026
	$ 673,143	$ 634,020	$ 1,307,163

Geothermal - License Acquisition Costs

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

(Expressed in Canadian dollars)

5. ENERGY AND GEOTHERMAL LICENSES (cont'd …)

Geothermal - Project Expenditures

During the year ended April 30, 2011, the Company incurred the following expenditures on its geothermal licenses, which were expensed as incurred:

	V. Banja	Kupusina	Vrbica	N. Knezeva	Total
Administration	$ 15,943	$ 5,717	$ 5,810	$ 5,083	$ 32,553
Field costs	11,814	2,886	3,164	3,485	21,349
Salaries and consultants	27,247	9,387	8,350	7,237	52,221
Technical studies	42,372	3,674	-	1,879	47,925
	$ 97,376	$ 21,664	$ 17,324	$ 17,684	$ 154,048

The geothermal licenses were not granted until February 2010. The Company incurred $29,245 expenditures during the year ended April 30, 2010.

6. MINERAL PROPERTIES

Mineral Properties - Acquisition Costs

	April 30, 2011	April 30, 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.

6. MINERAL PROPERTIES (cont'd …)

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

Brestovac-Metovnica

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

Deli Jovan

The original Deli Jovan exploration permit covered 75 square kilometers and was granted to SEE in May 2006. The existing permit on the Deli Jovan area of 69 square kilometers has a proposed work program of $272,000 and expires on October 5, 2011. The Deli Jovan license is subject to an earn-in agreement with London-listed Orogen Gold Ltd., which may earn a 75% interest in the property by funding $3.5 million in exploration expenditures. During the year ended April 30, 2011, the Company received advance of $165,000 and recorded a recovery of $121,674.

Lece

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

Plavkovo

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

Stara Planina

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

6. MINERAL PROPERTIES (cont'd…)

Parlozi

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

Bobija

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

Jasikovo

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

On March 18, 2010, the Company signed an Earn-in Agreement with Freeport-McMoRan Exploration Corporation ("Freeport"), which grants Freeport the rights to earn an interest in the Brestovac and Jasikovo exploration licenses. The Company also signed a Net Smelter Royalty Agreement with Euromax Resources Ltd. ("Euromax") to acquire the Metovnica (Brestovac East) and Durlan Potok exploration licenses in the same district, which are included in the agreement with Freeport. Under the terms of the Euromax agreement, the Company would pay a 0.5% NSR Royalty on any production from the Metovnica and Durlan Potok license areas. All four licenses, totaling 18,395 hectares in area, have been transferred to Rakita Exploration d.o.o., a wholly-owned subsidiary of Rakita (BVI) Ltd., (collectively "Rakita") an indirect wholly-owned subsidiary of the Company. Under the terms of the agreement, Freeport may earn an initial 55% interest in Rakita by investing US$3 million in exploration (US$400,000 committed for year one - completed) over a four-year period. During this initial earn-in phase, the Company will act as operator of the exploration work and provide support for Freeport's exploration and geophysical teams. Once Freeport has earned its initial 55% interest, Freeport may become the operator and may elect to earn an additional 20% interest (75% in total) by completing a scoping study within four years, a pre-feasibility study within eight years and a feasibility study within 13 years. In the event that Freeport decides to withdraw from this second option, its ownership interest in Rakita would remain at 55%, with on-going funding on a pro-rata basis. If Freeport delivers a feasibility study and the project goes into production, it would be able to recover the Company's share of the cost of the feasibility study from 80% of the Company's first cash-flow from Rakita. During the year ended April 30, 2011, the Company received advances of $873,821 and recorded a recovery of $453,601.

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

(Expressed in Canadian dollars)

6. MINERAL PROPERTIES (cont'd…)

Exploration Expenditures

During the years ended April 30, 2011 and 2010, the Company incurred the following exploration expenditures on its mineral properties, which were expensed as incurred:

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

Year ended April 30, 2010	*Freeport JV* Brestovac, Jasikovo, Brestovac E., Durlan Potok	*Orogen JV* Deli Jovan	Plavkovo, Stara Planina, Parlozi, Lece, Bobija	Rakita	Regional Serbia	**Total**
Administration	$ 17,722	$ 11,251	$ 30,912	$ 31,902	$ 15,152	$ 106,939
Assays	41,506	-	9,754	-	1,190	52,450
Drilling and trenching	2,376	1,805	962	1,833	687	7,663
Field costs	16,285	11,462	28,964	2,217	22,085	81,013
Salaries and consultants	3,637	1,762	6,759	-	-	12,158
Technical studies	604	1,202	1,661	510	509	4,486
Subtotal	82,130	27,482	79,012	36,462	39,623	264,709
Recoveries	-	-	-	-	-	-
	$ 82,130	$ 27,482	$ 79,012	$ 36,462	$ 39,623	$ 264,709

(Expressed in Canadian dollars)

7. SHARE CAPITAL

Authorized:

Unlimited common shares, without par value
Unlimited preferred shares, issuable in series

Issued and outstanding common shares:	Number of Shares	Stated Amount	Contributed Surplus
Balance as at April 30, 2009	21,770,000	$ 8,180,449	$ 773,320
Stock based compensation	-	-	737,393
Private placement	8,333,333	5,000,000	-
Private placement – finder's fees	501,041	300,625	-
Shares issued on exercise of options	50,000	25,000	-
Reclassify initial fair value of options exercised from contributed surplus	-	17,330	(17,330)
Shares issued on exercise of warrants	7,313	5,850	-
Share issue costs	-	(595)	-
Share issue costs - finder's warrants	-	(300,625)	-
Balance as at April 30, 2010	30,661,687	13,228,034	1,493,383
Stock-based compensation	-	-	142,972
Private placement	5,100,000	3,060,000	-
Private placement - finder's fees	232,750	139,650	-
Shares issued on exercise of options	315,000	243,350	-
Reclassify initial fair value of options exercised from contributed surplus	-	154,944	(154,944)
Shares issued on exercise of warrants	9,665,994	8,611,335	-
Reclassify initial fair value of warrants exercised from contributed surplus	-	12,246	(12,246)
Share issue costs	-	(164,173)	-
Share issue costs - finder's warrants	-	(111,071)	111,071
Balance as at April 30, 2011	45,975,431	$25,174,315	$ 1,580,236

Private Placements

In November 2010, the Company completed a $3,060,000 non-brokered private placement financing by issuing 5,100,000 units at $0.60 per unit. Each unit is comprised of one common share and one non-transferable, common share purchase warrant valid for 2 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.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (cont'd…)

Private Placements (cont'd…)

A finder's fee of 6% was paid in units and 5% was paid in finders' warrants to certain finders with respect to the private placement. A total of 232,750 units (with the same terms as described above) with fair value of $139,650, and 188,958 finders' warrants (exercisable at $0.60 per share for a 2-year period) with fair value of $111,071 (risk free interest rate: 1.67%, expected dividend yield: nil, expected stock price volatility: 79.23%, and expected life: 2 years) were issued, pursuant to these finder's fees (Note 11a & b).

In September 2009, the Company completed a $5,000,000 private placement by issuing a total of 8,834,374 common shares and share purchase warrants. The financing was undertaken by the issuance of 8,333,333 units at $0.60 per unit. Each unit is comprised of one common share and one non-transferable common share purchase warrant valid for 2 years. Each warrant entitles the holder thereof to acquire an additional share at price of $0.80 per share during the first year and $0.90 during the second year from the closing of the private placement. A finder's fee of 6.5% was paid in units to certain finders with respect to this private placement. A total of 501,041 units, with the same terms as described above, were issued with a fair value of $300,625, pursuant to these finder's fees (Note 11).

Stock Options

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

	Number of Options		Weighted Average Exercise Price
Balance as at April 30, 2009	1,685,000	$	0.60
Granted	1,355,000		0.79
Exercised	(50,000)		0.50
Cancelled/forfeited	(250,000)		0.68
Balance as at April 30, 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

(Expressed in Canadian dollars)

7. SHARE CAPITAL (cont'd…)

Stock Options (cont'd…)

The following table summarizes the stock options outstanding and exercisable at April 30, 2011.

Date Granted	Number Outstanding	Exercise Price	Number Exercisable	Expiry Date
February 2, 2007	910,000	$ 0.50	910,000	February 2, 2012
May 7, 2007	30,000	0.85	30,000	May 7, 2012
September 20, 2007	10,000	0.85	10,000	September 20, 2012
February 11, 2008	190,000	0.77	190,000	February 11, 2013
October 29, 2008	15,000	0.20	15,000	October 29, 2013
May 26, 2009	70,000	0.68	70,000	May 26, 2014
November 16, 2009	200,000	0.74	200,000	November 16, 2014
March 9, 2010	995,000	0.81	995,000	March 9, 2015
January 20, 2011	120,000	1.73	120,000	January 20, 2016
Total	2,540,000		2,540,000	

Warrants

The changes in warrants outstanding are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance as at April 30, 2009	6,806,000	$ 1.01
Issued	8,834,374	0.80
Exercised	(7,313)	0.80
Expired	(1,566,000)	1.06
Balance as at April 30, 2010	14,067,061	$ 0.87
Issued	5,521,708	0.79
Exercised	(9,665,994)	0.90
Expired	(5,240,000)	1.00
Balance as at April 30, 2011	4,682,775	$ 0.79

Share purchase warrants outstanding as at April 30, 2011 are as follows:

Expiry date	Exercise Price	Number of Warrants
November 26, 2012	$ 0.60	168,125
November 29, 2012	$ 0.80(1)	4,514,650
		4,682,775

(1) Exercise price of $0.80 in the first year, and $0.90 in the second year.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (cont'd…)

Stock-based Compensation and Contributed Surplus

During the year ended April 30, 2011, the Company granted 120,000 stock options to a director of the Company, all of which vested immediately. Using the fair value method for stock-based compensation, the Company recorded a charge to operations of $142,972 for stock options granted.

During the year ended April 30, 2010, the Company granted 1,355,000 stock options, all of which vested immediately. Using the fair value method for stock-based compensation, the Company recorded a charge to operations of $728,869 for stock options granted in the year and $8,524 for previously granted stock options that vested during the year for a total stock based compensation expense of $737,393.

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

Weighted average:	April 30, 2011	April 30, 2010
Risk free interest rate	2.56%	2.42%
Expected dividend yield	0%	0%
Expected stock price volatility	85%	112%
Expected life of options in years	5	5

The weighted average fair value of options granted during the year ended April 30, 2011 was $1.19 (2010 - $0.54).

8. RELATED PARTY TRANSACTIONS

During year ended April 30, 2011, the Company:

a) Paid or accrued $201,600 (2010 - $192,600) to Seabord Services Corp., a management company controlled by a director, for administrative services which include: a chief financial officer, a corporate secretary, accounting staff and office space. At April 30, 2011, the Company had deposits for future management and administrative services amounting to $10,000 (2010 - $10,000).
b) Paid $25,659 (2010 - $45,579) to Terrasearch Inc., a company related by having a director in common, for consulting services included in general and administrative expenses.
c) Paid or accrued $82,105 (2010 - $72,000) to the Chairman, $165,517 (2010 - $162,170) to the President and CEO and $48,000 (2010 - $25,500) to the Vice President, Corporate Development.
d) Paid or accrued $20,000 (2010 - $Nil) for director's fees to directors of the Company.

As at April 30, 2011, included in accounts payable and accrued liabilities was $46,153 (2010 - $21,758) due to related parties. Due to related parties consists of amounts owed to directors and officers and owed to companies which have at least one director in common with Reservoir. As at April 30, 2011, included in accounts receivable was $89,217 (2010 - $Nil) due from Reservoir Minerals Inc. ("Minerals") (Note 13c), a company which has one director in common.

These transactions were in the normal course of operations and are measured at the exchange amount which is the amount established and agreed to by the related parties.

(Expressed in Canadian dollars)

9. INCOME TAXES

A reconciliation of income tax recovery at statutory rates is as follows:

	April 30, 2011	April 30, 2010
Loss for the year	$ (5,327,153)	$ (4,738,039)
Expected income tax recovery	$ (1,482,724)	$ (1,397,721)
Effect of lower tax rates in foreign jurisdictions	808,030	653,489
Non-deductible items	52,020	221,010
Unrecognized benefit of non-capital losses	622,674	523,222
Total income tax recovery	$ -	$ -

The significant components of the Company's future income tax assets and liabilities are as follows:

	April 30, 2011	April 30, 2010
Future income tax assets:		
Non-capital loss carry forwards	$ 1,746,883	$ 1,012,079
Other	110,828	93,641
Future income tax assets	1,857,710	1,105,720
Valuation allowance	(1,857,710)	(1,105,720)
Net future income tax assets	$ -	$ -

As at April 30, 2011, the Company had available for deduction against future taxable income non-capital losses of approximately $3,400,000 (2010 - $2,400,000) and $8,900,000 (2010 - $4,600,000) in Canada and Serbia respectively. These losses, if not utilized, will expire from 2026 through 2031 and 2012 through 2016 in Canada and Serbia respectively. Future tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial statements and have been offset by a valuation allowance.

(Expressed in Canadian dollars)

10. SEGMENTED INFORMATION

At April 30, 2011 and 2010, the Company operates in three reportable operating segments; the segments are exploration and development of mineral properties, geothermal and, hydroelectric energy.

Summarized financial information for the geographic and operating segments the Company operates in are as follows:

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

Year ended April 30, 2011	Mineral Properties	Geothermal	Hydroelectric	General and Administrative	**Total**
Loss for the year	$ 145,059	$ 154,048	$ 3,664,010	$ 1,364,036	$ 5,327,153

April 30, 2010	Canada	Serbia	**Total**
Cash and other assets	$ 2,882,842	$ 488,119	$ 3,370,961
Equipment	1,050	102,558	103,608
Hydroelectric licenses	-	239,143	239,143
Geothermal licenses	-	5,470	5,470
Mineral properties	-	249,518	249,518
Total assets	$ 2,883,892	$ 1,084,808	$ 3,968,700

Year ended April 30, 2010	Mineral Properties	Geothermal	Hydroelectric	General and Administrative	**Total**
Loss for the year	$ 264,709	$ 29,245	$ 2,496,228	$ 1,947,857	$ 4,738,039

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

(Expressed in Canadian dollars)

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

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

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

During the year ended April 30, 2010, the Company issued 501,041 units as a finder's fee with a fair value of $300,625, which was included in share issue costs.

12. RISK AND CAPITAL MANAGEMENT FINANCIAL INSTRUMENTS

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

The Company currently has no source of revenues. In order to fund future projects and pay for administrative costs, the Company will spend its existing working capital and will be required to raise additional funds. As at April 30, 2011, the Company had working capital of $9,699,253, which is not expected to be sufficient to meet the Company's corporate objectives in the next 12 months. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk of characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through public and/or private placements sell assets or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

Fair Value

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

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

Assets	Level 1	Level 2	Level 3	**Total**
Cash and cash equivalents	$ 10,376,920	-	-	$ 10,376,920
Restricted cash	75,000	-	-	75,000

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

(Expressed in Canadian dollars)

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

Credit Risk

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

Interest rate risk

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

Liquidity risk

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

Currency Risk

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

At April 30, 2011, the Company is exposed to currency risk through the following assets and liabilities denominated in Serbian dinars and Bosnian marks.

	Serbian dinars	Bosnian marks	**Total**
Cash and cash equivalents	RSD 1,850,782	KM 37,562	
Receivables	13,035,943	14,685	
Accounts payable and accrued liabilities	(8,535,456)	(15,269)	
Net exposure	RSD 6,351,269	KM 36,978	
Canadian dollar equivalent	$ 90,685	$ 26,664	$ 117,349

Based on the above net exposure as at April 30, 2011, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollars against the Serbian dinars and Bosnian marks would result in an increase/decrease of approximately $11,735 in the Company's pre-tax earnings (loss).

13. SUBSEQUENT EVENTS

Subsequent to April 30, 2011, the Company:

a) issued 496,267 common shares on the exercise of warrants at $0.80 per share,

b) issued 20,000 common shares on the exercise of options at $0.81 per share,

c) entered into a 20-year Power Purchase Agreement (the "PPA"), for the sale of electricity from the Brodarevo hydroelectric project in Serbia, with GDF SUEZ Energia Italia S.p.A. ("GSEI"), a wholly-owned subsidiary of the GDF SUEZ Group. Under the terms of the PPA, electricity produced from Brodarevo will be exported for distribution into the Italian market at prevailing market prices and GSEI has furthermore agreed to purchase and pass on to the Company the value of any green energy incentives generated by the project. The PPA is conditional on completion of at least one of the plants by the end of December 2015 and further agreement between the parties once the arrangements for project financing and transmission are more advanced.

14. PENDING TRANSACTION

On March 24, 2011, the Company entered into a letter of intent regarding the proposed re-organization of its business components into two separately listed public corporations by the spin-out of certain Serbian mineral exploration permits to a new corporation, Reservoir Minerals Inc. ("Minerals"), by means of a plan of arrangement pursuant to the British Columbia Business Corporations Act (the "Spin-out Transaction"). The objective of the Spin-out Transaction is to maximize shareholder value by allowing the market to independently value the Company's renewable energy projects and mineral exploration business. Under the proposed Spin-out Transaction, shareholders of the Company on the record date for the Spin-out Transaction would be entitled to receive their pro rata portion of 9,000,000 common shares of Minerals to be issued pursuant to the Spin-out Transaction. It is currently contemplated that the plan of arrangement will be structured as a return of capital for Reservoir shareholders.