RESERVOIR CAPITAL CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

THREE MONTHS ENDED JULY 31, 2014 AND 2013
(Unaudited)

NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of Reservoir Capital Corp. for the three months ended July 31, 2014 and 2013 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, 2014	April 30, 2014
ASSETS		
Current		
Cash and cash equivalents	$ 487,471	$ 152,287
Receivables, net of provisions (Note 4)	121,793	201,261
Prepaids and advances	3,366	19,111
Total current assets	612,630	372,659
Non-current		
Equipment (Note 5)	199,049	214,500
Energy projects (Note 7)	1,166,291	1,122,491
Geothermal licenses (Note 7)	5,470	5,470
Restricted cash equivalents (Note 6)	5,750	5,750
Total non-current assets	1,376,560	1,348,211
TOTAL ASSETS	$ 1,989,190	$ 1,720,870
LIABILITIES AND EQUITY		
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 8)	$ 481,853	$ 1,084,265
Promissory notes (Note 9)	275,000	-
Total liabilities	756,853	1,084,265
EQUITY		
Share capital (Note 10)	33,806,588	33,178,362
Subscriptions received in advance (Note 10)	292,198	-
Share-based payments reserve (Note 10)	2,547,003	2,547,003
Deficit	(35,292,570)	(34,983,868)
Equity attributable to owners of the Company	1,353,219	741,497
Non-controlling interests	(120,882)	(104,892)
Total equity	1,232,337	636,605
TOTAL LIABILITIES AND EQUITY	$ 1,989,190	$ 1,720,870

Nature of operations and going concern (Note 1)
Events after reporting date (Note 15)

These condensed consolidated interim financial statements are approved and authorized for issuance by the Board of Directors on September 24, 2014.

______”*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, 2014		Three months ended July 31, 2013
OPERATIONS EXPENDITURES				
Renewable energy projects (Note 7)	$	289,650	$	504,624
GENERAL AND ADMINISTRATIVE EXPENSES				
Administrative services and office		37,606		79,953
Amortization (Note 5)		158		194
Management fees		-		75,000
Professional fees		15,017		10,212
Shareholder communication and investor relations		2,474		6,663
Transfer agent and filing fees		11,259		2,525
Travel		13,426		33,283
		79,940		207,830
Loss from operations		(369,590)		(712,454)
Foreign exchange gain (loss)		(13,945)		2,830
Interest and other income (expenses)		(6,329)		1,691
Miscellaneous income (Note 11)		12,000		12,000
Gain on settlement of accounts payable (Note 8)		53,172		-
		44,898		16,521
Loss and comprehensive loss for the period	$	(324,692)	$	(695,933)
Attributable to:				
Equity shareholders of the Company	$	(308,702)	$	(688,330)
Non-controlling interests		(15,990)		(7,603)
	$	(324,692)	$	(695,933)
Basic and diluted loss per share	$	(0.06)	$	(0.16)
Weighted average number of common shares outstanding		5,311,279		4,218,086

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, 2014	Three months ended July 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year attributable to equity shareholders	$ (308,702)	$ (688,330)
Adjustments for:		
Amortization	16,158	18,854
Interest income	(545)	(2,382)
Gain on settlement of accounts payable	(53,172)	-
Unrealized foreign exchange loss on cash and cash equivalents	(1,218)	1,192
Loss for the period attributable to non-controlling interests	(15,990)	(7,603)
Changes in non-cash working capital items:		
Receivables	79,468	5,341
Prepaids and advances	15,745	11,478
Accounts payable and accrued liabilities	(134,240)	160,771
Net cash used in operating activities	(402,496)	(500,679)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(707)	(1,170)
Purchase of land for hydroelectric projects	(43,800)	(139,441)
Interest received	545	2,382
Net cash used in investing activities	(43,962)	(138,229)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share capital issued for cash	499,940	-
Share issue costs	(11,714)	-
Subscriptions received in advance	292,198	-
Net cash provided by financing activities	780,424	-
Effect of foreign exchange changes on cash and cash equivalents	1,218	(1,192)
Change in cash and cash equivalents during the period	335,184	(640,100)
Cash and cash equivalents, beginning of period	152,287	1,757,197
Cash and cash equivalents, end of period	$ 487,471	$ 1,117,097

Supplemental disclosure with respect to cash flows (Note 12)

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		Subsciptions received in advance		Deficit		Non-controlling interest		**Total equity**
Balance as at April 30, 2014	4,218,086	$	33,178,362	$	2,547,003	$	-	$	(34,983,868)	$	(104,892)	$	636,605
Private placement	3,332,933		499,940		-		-		-		-		499,940
Units issued as finders fees	8,300		1,245		-		-		-		-		1,245
Share issue costs	-		(12,959)		-				-		-		(12,959)
Subscriptions received in advance	-		-		-		292,198		-		-		292,198
Settlement of accounts payable	933,332		140,000		-		-		-		-		140,000
Loss for the period	-		-		-		-		(308,702)		(15,990)		(324,692)
Balance as at July 31, 2014	8,492,651	$	33,806,588	$	2,547,003	$	292,198	$	(35,292,570)	$	(120,882)	$	1,232,337

	Number of shares		Share capital		Share-based payments reserve		Subsciptions received in advance		Deficit		Non-controlling interest		**Total equity**
Balance as at April 30, 2013	4,218,086	$	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	4,218,086	$	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 southeast Europe. The Company currently holds two energy licenses for run-of-river hydroelectric projects and four geothermal licenses in Serbia. Subsequent to the end of the period, the Company entered into a letter of intent to pursue new waste-to-energy and renewable energy projects in Italy (Note 15).

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

In an effort to facilitate greater flexibility in pursuing its plans, the Company completed a share consolidation on a basis of one (1) "new" common share for twenty (20) "old" common shares, with no fractional shares issued, on March 14, 2014 (the "Effective Date"). On the Effective Date, the Company had 4,218,087 common shares outstanding and all outstanding stock options and share purchase warrants have been adjusted accordingly to reflect the share consolidation. All references to share capital, common shares outstanding and per share amounts in these condensed consolidated interim financial statements and the accompanying notes for time periods prior to the share consolidation have been restated to reflect the share consolidation.

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, 2014 and 2013, 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.

3. NEW AND FUTURE ACCOUNTING STANDARDS

New and Amended IFRS Pronouncements Effective May 1, 2014

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended April 30, 2014, except for the application of the following new interpretation and amendments to existing IFRSs, which were effective May 1, 2014:

IAS 32 Financial instruments: Presentation (Amended "IAS 32") was amended by the IASB in December 2011. The amendment clarifies that an entity has a legally enforceable right to offset financial assets and financial liabilities if that right is not contingent on a future event and it is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The adoption of the Amended IAS 32 did not have a significant impact on the Company's condensed consolidated interim financial statements.

IAS 36 Impairment of Assets ("IAS 36") was amended by the IASB in May 2013. The amendments require the disclosure of the recoverable amount of impaired assets when an impairment loss has been recognized or reversed during the period and additional disclosures about the measurement of the recoverable amount of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The adoption of IAS 36 did not have a significant impact on the Company's condensed consolidated interim financial statements.

Accounting Pronouncements Not Yet Effective

The IASB intends to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

(Unaudited - Expressed in Canadian dollars)

4. RECEIVABLES, NET OF PROVISIONS

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

	July 31, 2014	April 30, 2014
GST/VAT receivables	$ 6,780	$ 68,147
Other receivables	224,693	236,841
Provisions	(109,680)	(103,727)
	$ 121,793	$ 201,261

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

Currency	July 31, 2014	April 30, 2014
Canadian dollars	$ 2,436	$ 64,099
Serbian dinars	115,036	133,138
Other	4,321	4,024
	$ 121,793	$ 201,261

5. EQUIPMENT

	Office equipment	Field equipment	**Total**
Cost			
As at April 30, 2014	$ 200,081	$ 231,823	$ 431,904
Additions	707	-	707
As at July 31, 2014	200,788	231,823	432,611
Accumulated amortization			
As at April 30, 2014	94,456	122,948	217,404
Amortization	10,099	6,059	16,158
As at July 31, 2014	104,555	129,007	233,562
Net book value			
As at April 30, 2014	$ 105,625	$ 108,875	$ 214,500
As at July 31, 2014	96,233	102,816	199,049

During the three months ended July 31, 2014, amortization of $16,000 (2013 - $18,660) has been included in operations expenditures and amortization of $158 (2013 - $194) has been included in general and administrative expenses.

(Unaudited - Expressed in Canadian dollars)

6. RESTRICTED CASH EQUIVALENTS

As at July 31 and April 30, 2014, the Company held restricted cash of $5,750 as collateral for its corporate credit card.

7. ENERGY PROJECTS AND GEOTHERMAL LICENSES

Hydroelectric Projects - Acquisition Costs

		July 31, 2014		April 30, 2014
Brodarevo project	$	239,143	$	239,143
Land acquisition		927,148		883,348
	$	1,166,291	$	1,122,491

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. Given its financial constraints, the Company has been unable to materially advance the feasibility studies to meet its obligations under the concession contract and has elected to write-down capitalized acquisition costs and the related collateral during the year ended April 30, 2014. The Company continues to seek a way to move the project forward.

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, 2014 - $5,470).

(Unaudited - Expressed in Canadian dollars)

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

Renewable Energy Projects - Expenditures

During the three months ended July 31, 2014 and 2013, the Company incurred the following expenditures on its renewable energy projects, which were expensed as incurred:

Three months ended July 31, 2014		Brodarevo projects		Cehotina concessions		Geothermal projects		Renewable energy project investigation		**Total**
Administration	$	74,351	$	11,505	$	6,642	$	29,509	$	122,007
Field costs		32,153		13,920		-		-		46,073
Salaries and consultants		60,846		11,759		245		24,807		97,657
Technical studies		10,889		679		5,635		1,726		18,929
Travel and related costs		3,351		-		-		1,633		4,984
	$	181,590	$	37,863	$	12,522	$	57,675	$	289,650

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

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

		July 31, 2014		April 30, 2014
Trade accounts payable	$	343,353	$	954,265
Loan from related party (Note 11)		101,000		100,000
Accrued liabilities		37,500		30,000
	$	481,853	$	1,084,265

During the three months ended July 31, 2014, the Company issued 933,332 common shares, valued at $140,000 and promissory notes totaling $275,000 to settle aggregate net accounts payable balance of $479,678, resulting in a gain of $53,172 (2013 - $Nil).

9. PROMISSORY NOTES

During the three months ended July 31, 2014, the Company entered into arrangements for non-negotiable and non-recourse promissory notes payable for one year without interest totaling $275,000 (2013 - $Nil) with related parties, as part of the settlement of accounts payable balances (Note 11).

These promissory notes shall be payable either: (a) following the sale of the Company's interests in REV and/or the Brodarevo hydroelectric projects; or (b) when the Company undergoes a change of control to a new management group. If either condition is not met before the one year anniversary, the promissory notes shall be of no further force and effect and the related parties shall forgive the repayments by the Company.

10. SHARE CAPITAL

Authorized Share Capital

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

In July 2014, the Company completed the first tranche of a non-brokered private placement for aggregate proceeds of $499,940 by issuing 3,332,933 units at $0.15 per unit. Each unit consists one common share and one share purchase warrant exercisable at $0.20 per share until July 9, 2019. If, after four months from closing, the closing price of the Company's common shares on the TSX Venture Exchange ("TSX-V") exceeds $0.30 for 30 consecutive trading days, the Company may, by notice given and news release issued within two trading days, accelerate the expiry of the share purchase warrants to the 20th trading day after such 30-day period. The Company paid share issue costs of $11,714 in cash and issued 8,300 units, valued at $1,245, as finder's fees. Common shares issued in connection to this private placement (including exercise of attached warrants) are subject to a holding period expiring on November 10, 2014.

During the three months ended July 31, 2014, the Company issued 933,333 (2013 - Nil) common shares, valued at $140,000 (2013 - $Nil), related to settlement of accounts payable balances with related parties (Note 11).

As at July 31, 2014, the Company received $292,198 (April 30, 2014 - $Nil) subscription for private placement closed subsequent to the reporting date (Note 15).

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.

(Unaudited - Expressed in Canadian dollars)

10. 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 April 30, 2014	264,750		9.27
Cancelled/Expired	(3,750)		13.09
Balance as at July 31, 2014	261,000	$	9.21

The following table summarizes the stock options outstanding and exercisable at July 31, 2014:

Date granted	Number outstanding	Exercise price	Number exercisable	Expiry date
November 16, 2009	10,000	14.80	10,000	November 16, 2014
March 9, 2010	44,750	16.20	44,750	March 9, 2015
January 20, 2011	6,000	34.60	6,000	January 20, 2016
October 26, 2011	7,500	13.00	7,500	October 26, 2016
February 8, 2012	10,000	13.00	10,000	February 8, 2017
September 7, 2012	182,750	6.00	182,750	September 7, 2017
Total	261,000		261,000	

The weighted average remaining contractual life of the stock options is 2.49 years.

Warrants

The changes in warrants outstanding are as follows:

	Number of warrants		Weighted average exercise price
Balance at April 30, 2014	1,553,400		5.00
Issued	3,341,233		0.20
Balance as at July 31, 2014	4,894,633	$	1.72

(Unaudited - Expressed in Canadian dollars)

10. SHARE CAPITAL (cont'd…)

Warrants (cont'd…)

Share purchase warrants outstanding and exercisable as at July 31, 2014 are as follows:

Expiry date			Exercise price	Number of warrants
December 18, 2014	(1)	$	5.00	1,392,500
December 18, 2014			5.00	53,400
February 5, 2015	(2)		5.00	107,500
July 9, 2019	(3)		0.20	3,341,233
Total				4,894,633

(1) Expiry may be accelerated, if closing price of the Company's shares on the TSX-V is $7.00 or greater for 10 trading days after April 18, 2013.

(2) Expiry may be accelerated, if closing price of the Company's shares on the TSX-V is $7.00 or greater for 10 trading days after June 5, 2013.

(3) Expiry may be accelerated, if closing price of the Company's shares on the TSX-V is $0.30 or greater for 30 trading days after November 9, 2014.

The weighted average remaining contractual life of the warrants is 3.50 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, 2014		Salary or fees		Share-based payments		**Total**
Management	$	-	$	-	$	-
Outside directors		-		-		-
Seabord Services Corp.		30,000		-		30,000
	$	30,000	$	-	$	30,000

Three months ended July 31, 2013		Salary or fees		Share-based payments		**Total**
Management	$	112,684	$	-	$	112,684
Outside directors		-		-		-
Seabord Services Corp.		54,000		-		54,000
	$	166,684	$	-	$	166,684

(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. In July 2014, the Company completed its arrangement with Seabord to settle amounts payable of $103,200 (net of a $10,000 deposit) in consideration of 233,333 common shares, valued at $35,000, and a promissory note of $50,000.

In July 2014, the Company completed its arrangements with its management to terminate current agreements and settle amounts payables of $364,972 in consideration of 700,000 common shares, valued at $105,000, and promissory notes totaling $225,000.

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, 2014, the Company charged Minerals $12,000 (2013 - $12,000) for the above services. In April 2014, the Company entered into a loan agreement with Minerals for aggregate proceeds of $100,000 with interest at the rate of 4% per annum, repayable in one year. The balance, including accrued interest, has been included in accounts payable and accrued liabilities.

Related party assets (liabilities)	Items or services		July 31, 2014		April 30, 2014
Included in accounts payable and accrued liabilities					
Chairman	Management fees	$	-	$	(191,007)
President	Management fees		-		(130,000)
VP Corporate Developmen	Management fees		-		(58,760)
Reservoir Minerals Inc.	Loan		(101,000)		(100,000)
Seabord Services Corp.	Administrative services		(31,500)		(114,149)
Included in promissory notes					
Chairman	Promissory note on settlement of accounts payable	$	(100,000)		-
President	Promissory note on settlement of accounts payable		(100,000)		-
VP Corporate Developmen	Promissory note on settlement of accounts payable		(25,000)		-
Seabord Services Corp.	Promissory note on settlement of accounts payable		(50,000)		-
Included in prepaids and advances					
Seabord Services Corp.	Deposit for administrative services	$	-	$	10,000

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the three months ended July 31, 2014, the Company:

a) issued 8,300 units, valued at $1,245 as finder's fees in the private placement; and
b) issued 933,332 common shares, valued at $140,000 and promissory notes totaling $275,000 to settle aggregate net accounts payable balance of $468,172 due to related parties.

(Unaudited - Expressed in Canadian dollars)

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd…)

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

13. 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, 2014	Canada	Serbia	Bosnia	Other	**Total**
Cash and other assets	$ 432,415	$ 144,154	$ 34,244	$ 7,567	$ 618,380
Equipment	3,005	155,283	29,117	11,644	199,049
Hydroelectric licenses	-	1,166,291	-	-	1,166,291
Geothermal licenses	-	5,470	-	-	5,470
Total assets	$ 435,420	$ 1,471,198	$ 63,361	$ 19,211	$ 1,989,190

As at April 30, 2014	Canada	Serbia	Bosnia	Other	**Total**
Cash and other assets	$ 178,795	$ 156,875	$ 34,640	$ 8,099	$ 378,409
Equipment	3,163	164,095	29,920	17,322	214,500
Hydroelectric licenses	-	1,122,491	-	-	1,122,491
Geothermal licenses	-	5,470	-	-	5,470
Total assets	$ 181,958	$ 1,448,931	$ 64,560	$ 25,421	$ 1,720,870

Three months ended July 31, 2014	Renewable energy	General and administrative	**Total**
Loss for the period	$ 289,650	$ 35,042	$ 324,692

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

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

(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 be required to raise additional funds during fiscal 2015. As at July 31, 2014, the Company had working capital deficit of $144,223 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.

Financial Instruments

The Company classified its financial instruments as follows:

As at July 31, 2014	Loans and receivables	Other financial liabilities
Cash and cash equivalents	$ 487,471	$ -
Receivables, net of provisions	121,793	-
Restricted cash equivalents	5,750	-
Accounts payable and accrued liabilities	-	(481,853)
Promissory notes	-	(275,000)
	$ 615,014	$ (756,853)

As at April 30, 2014	Loans and receivables	Other financial liabilities
Cash and cash equivalents	$ 152,287	$ -
Receivables, net of provisions	201,261	-
Restricted cash equivalents	5,750	-
Accounts payable and accrued liabilities	-	(1,084,265)
	$ 359,298	$ (1,084,265)

(Unaudited - Expressed in Canadian dollars)

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

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:

c) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
d) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
e) 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 cash and cash equivalents, receivables, and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments. The fair value of the Company's restricted cash equivalents are approximated by their carrying values as interest rates are comparable to current interest rates. As at July 31, 2014, the Company did not have financial instruments measured at fair value.

The Company's activities expose it to financial risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are credit risk, currency risk, liquidity risk, and interest rate risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis. There have been no significant changes in the Company's exposure to these financial risks since as at April 30, 2014.

Currency Risk

At July 31, 2014, 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	$ 160,787	$ 19,017	
Receivables, net of provisions	9,176,459	5,801	
Accounts payable and accrued liabilities	(23,019,939)	(8,670)	
Net exposure	(13,682,693)	16,148	
Canadian dollar equivalent	$ (171,526)	$ 12,029	$ (159,497)

Based on the above net exposure as at July 31, 2014, 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 $16,000 in the Company's profit or loss.

15. EVENTS AFTER REPORTING DATE

Subsequent to July 31, 2014, the Company:

a) completed the final tranche of a non-brokered private placement for aggregate proceeds of $500,060 by issuing 3,333,734 units at $0.15 per unit. Each unit consists one common share and one share purchase warrant exercisable at $0.20 per share until August 1, 2019. If, after four months from closing, the closing price of the Company's common shares on the TSX-V exceeds $0.30 for 30 consecutive trading days, the Company may, by notice given and news release issued within two trading days, accelerate the expiry of the share purchase warrants to the 20th trading day after such 30-day period. The Company issued 42,387 units, with the same terms, as finders' fees to certain finders. Common shares issued in connection to this private placement (including exercise of attached warrants) are subject to a holding period expiring on December 2, 2014; and

b) entered into a letter of intent ("LOI") with Saxa Gres S.r.L., to develop recycling, manufacturing, waste-to-energy and renewable energy businesses in Italy. Under the terms of the LOI, Reservoir can acquire a 35% interest in Saxa Gres and a 65% interest in a spinout renewable energy company Saxa Energy, by providing technical and financial support.