



RESERVOIR CAPITAL CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

NINE MONTHS ENDED JANUARY 31, 2015 AND 2014
(Unaudited)

NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of Reservoir Capital Corp. for the nine months ended January 31, 2015 and 2014 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)

	January 31, 2015	April 30, 2014
ASSETS		
Current		
Cash and cash equivalents	\$ 531,684	\$ 152,287
Receivables, net of provisions (Note 4)	51,247	201,261
Prepays and advances	8,492	19,111
Total current assets	591,423	372,659
Non-current		
Equipment (Note 5)	178,507	214,500
Energy projects (Note 7)	1,356,291	1,122,491
Geothermal licenses (Note 7)	5,470	5,470
Restricted cash equivalents (Note 6)	5,750	5,750
Total non-current assets	1,546,018	1,348,211
TOTAL ASSETS	\$ 2,137,441	\$ 1,720,870
LIABILITIES AND EQUITY		
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 411,393	\$ 984,265
Promissory notes (Note 9)	378,430	100,000
Total liabilities	789,823	1,084,265
EQUITY		
Share capital (Note 10)	35,163,243	33,178,362
Subscriptions received in advance (Note 10)	87,800	-
Share-based payments reserve (Note 10)	2,547,003	2,547,003
Deficit	(36,450,428)	(34,983,868)
Equity attributable to owners of the Company	1,347,618	741,497
Non-controlling interests (Note 11)	-	(104,892)
Total equity	1,347,618	636,605
TOTAL LIABILITIES AND EQUITY	\$ 2,137,441	\$ 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 March 24, 2015.

"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 January 31, 2015	Three months ended January 31, 2014	Nine months ended January 31, 2015	Nine months ended January 31, 2014
OPERATIONS EXPENDITURES				
Renewable energy projects (Note 7)	\$ 431,764	\$ 323,822	\$ 1,071,229	\$ 1,246,046
GENERAL AND ADMINISTRATIVE EXPENSES				
Administrative services and office	38,756	68,002	115,544	222,009
Amortization (Note 5)	143	175	451	553
Management fees	-	75,000	-	225,000
Professional fees	10,194	16,182	46,880	41,653
Shareholder communication and investor relations	1,151	4,779	7,253	13,181
Transfer agent and filing fees	11,648	4,102	50,154	21,739
Travel	19,801	23,044	51,557	86,205
	81,693	191,284	271,839	610,340
Loss from operations	(513,457)	(515,106)	(1,343,068)	(1,856,386)
Foreign exchange gain (loss)	3,034	(4,205)	10,251	6,393
Interest and other income (expenses)	(1,184)	(16,554)	(9,985)	(22,094)
Miscellaneous income (Note 11)	12,000	12,000	36,000	36,000
Gain (loss) on disposals of equipment	-	(1,112)	-	240
Gain on settlement of accounts payable (Note 8)	-	-	53,172	-
Bad debt expense	-	(55,010)	-	(55,010)
	13,850	(64,881)	89,438	(34,471)
Loss and comprehensive loss for the period	\$ (499,607)	\$ (579,987)	\$ (1,253,630)	\$ (1,890,857)
Attributable to:				
Equity shareholders of the Company	\$ (499,607)	\$ (571,080)	\$ (1,237,640)	\$ (1,871,225)
Non-controlling interests	-	(8,907)	(15,990)	(19,632)
	\$ (499,607)	\$ (579,987)	\$ (1,253,630)	\$ (1,890,857)
Basic and diluted loss per share	\$ (0.04)	\$ (0.14)	\$ (0.10)	\$ (0.44)
Weighted average number of common shares outstanding	13,018,636	4,218,086	12,450,022	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)

	Nine months ended January 31, 2015	Nine months ended January 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period attributable to equity shareholders	\$ (1,237,640)	\$ (1,871,225)
Adjustments for:		
Amortization	38,051	45,496
Interest income	(2,958)	(3,867)
Interest expense	3,430	-
Loss (gain) on disposals of equipment	-	(240)
Gain on settlement of accounts payable	(53,172)	-
Unrealized foreign exchange loss on cash and cash equivalents	720	5,345
Bad debt expense	-	55,010
Loss for the period attributable to non-controlling interests	(15,990)	(19,632)
Changes in non-cash working capital items:		
Receivables	150,014	(23,425)
Prepays and advances	10,619	69,737
Accounts payable and accrued liabilities	(104,700)	269,029
Net cash used in operating activities	(1,211,626)	(1,473,772)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(2,058)	(6,380)
Proceeds from disposals of equipment	-	2,956
Acquisition costs on hydroelectric projects	(233,800)	(22,120)
Interest received	2,958	3,867
Redemption of restricted cash	-	69,250
Deposit for hydroelectric concessions	-	(155,569)
Acquisition of non-controlling interests (Note 11)	(108,038)	-
Net cash used in investing activities	(340,938)	(107,996)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share capital issued for cash	1,859,400	-
Share issue costs	(14,519)	-
Subscriptions received in advance	87,800	-
Proceeds from promissory notes	300,000	-
Repayments of promissory notes	(300,000)	-
Net cash provided by financing activities	1,932,681	-
Effect of foreign exchange changes on cash and cash equivalents	(720)	(5,345)
Change in cash and cash equivalents during the period	379,397	(1,587,113)
Cash and cash equivalents, beginning of period	152,287	1,757,197
Cash and cash equivalents, end of period	\$ 531,684	\$ 170,084

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	Subscriptions 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	8,815,167	1,859,400	-	-	-	-	1,859,400
Units issued as finders fees	53,187	8,603	-	-	-	-	8,603
Share issue costs	-	(23,122)	-	-	-	-	(23,122)
Subscriptions received in advance	-	-	-	87,800	-	-	87,800
Settlement of accounts payable	933,332	140,000	-	-	-	-	140,000
Acquisition of non-controlling interests	-	-	-	-	(228,920)	120,882	(108,038)
Loss for the period	-	-	-	-	(1,237,640)	(15,990)	(1,253,630)
Balance as at January 31, 2015	14,019,772	\$ 35,163,243	\$ 2,547,003	\$ 87,800	\$ (36,450,428)	\$ -	\$ 1,347,618

	Number of shares	Share capital	Share-based payments reserve	Subscriptions 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	-	-	-	-	(1,871,225)	(19,632)	(1,890,857)
Balance as at January 31, 2014	4,218,086	\$ 33,178,362	\$ 2,547,003	\$ -	\$ (34,480,617)	\$ (100,128)	\$ 1,144,620

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

RESERVOIR CAPITAL CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED JANUARY 31, 2015 AND 2014

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. The Company has entered into a Letter of Intent (the "LOI") with Saxa Gres S.r.L. ("Saxa Gres") 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 new spinout company, Saxa Energy, by providing technical and financial support.

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.

RESERVOIR CAPITAL CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED JANUARY 31, 2015 AND 2014

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 Amended IAS 32 did not have a significant impact on the Company's condensed consolidated interim financial statements.

IAS 36 Impairment of Assets ("Amended 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 Amended 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.

RESERVOIR CAPITAL CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED JANUARY 31, 2015 AND 2014

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:

	January 31, 2015	April 30, 2014
GST/VAT receivables	\$ 8,836	\$ 68,147
Other receivables	144,433	236,841
Provisions	(102,022)	(103,727)
	\$ 51,247	\$ 201,261

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

Currency	January 31, 2015	April 30, 2014
Canadian dollars	\$ 1,880	\$ 64,099
Serbian dinars	42,417	133,138
Other	6,950	4,024
	\$ 51,247	\$ 201,261

5. EQUIPMENT

	Office equipment	Field equipment	Total
Cost			
As at April 30, 2014	\$ 200,081	\$ 231,823	\$ 431,904
Additions	2,058	-	2,058
As at January 31, 2015	202,139	231,823	433,962
Accumulated amortization			
As at April 30, 2014	94,456	122,948	217,404
Amortization	21,439	16,612	38,051
As at January 31, 2015	115,895	139,560	255,455
Net book value			
As at April 30, 2014	\$ 105,625	\$ 108,875	\$ 214,500
As at January 31, 2015	86,244	92,263	178,507

During the nine months ended January 31, 2015, amortization of \$37,600 (2014 - \$44,943) has been included in operations expenditures and amortization of \$451 (2014 - \$553) has been included in general and administrative expenses.

RESERVOIR CAPITAL CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED JANUARY 31, 2015 AND 2014

6. RESTRICTED CASH EQUIVALENTS

As at January 31, 2015 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**

	January 31, 2015	April 30, 2014
Brodarevo project	\$ 239,143	\$ 239,143
Land acquisition	1,117,148	883,348
	\$ 1,356,291	\$ 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.

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. Given the extended timelines on the final permitting for construction of the project, the Company, after consultation with the Serbian government, submitted a request for new three-year extension permits that have been granted subsequently (Note 15).

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).

RESERVOIR CAPITAL CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED JANUARY 31, 2015 AND 2014

7. ENERGY PROJECTS AND GEOTHERMAL LICENSES (cont'd...)**Renewable Energy Projects - Expenditures**

During the nine months ended January 31, 2015 and 2014, the Company incurred the following expenditures on its renewable energy projects, which were expensed as incurred:

Nine months ended January 31, 2015	Brodarevo projects	Cehotina concessions	Geothermal projects	Renewable energy project investigation	Total
Administration	\$ 225,172	\$ 38,267	\$ 7,334	\$ 183,980	\$ 454,753
Field costs	114,973	41,067	-	-	156,040
Salaries and consultants	89,385	34,584	462	263,263	387,694
Technical studies	19,817	17,141	16,214	3,532	56,704
Travel and related costs	10,743	-	-	5,295	16,038
	\$ 460,090	\$ 131,059	\$ 24,010	\$ 456,070	\$ 1,071,229

Nine months ended January 31, 2014	Brodarevo projects	Cehotina concessions	Geothermal projects	Renewable energy project investigation	Total
Administration	\$ 294,162	\$ 24,987	\$ 18,862	\$ 162,471	\$ 500,482
Field costs	159,301	-	1,124	48	160,473
Salaries and consultants	207,067	23,612	18,520	115,533	364,732
Technical studies	37,787	70,282	2,344	22,588	133,001
Travel and related costs	53,852	6,580	-	26,926	87,358
	\$ 752,169	\$ 125,461	\$ 40,850	\$ 327,566	\$ 1,246,046

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	January 31, 2015	April 30, 2014
Trade accounts payable	\$ 388,893	\$ 954,265
Accrued liabilities	22,500	30,000
	\$ 411,393	\$ 984,265

During the nine months ended January 31, 2015, 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).

RESERVOIR CAPITAL CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED JANUARY 31, 2015 AND 2014

9. PROMISSORY NOTES

	January 31, 2015	April 30, 2014
Settlement of accounts payable	\$ 275,000	\$ -
Due to related parties	103,430	100,000
	\$ 378,430	\$ 100,000

Settlement of accounts payable

In July 2014, the Company entered into arrangements for non-negotiable and non-recourse promissory notes payable for one year without interest totaling \$275,000 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.

Arrangements with related parties

In September 2014, the Company entered into arrangements for promissory notes payable on demand without interest and fixed terms of repayment totaling \$200,000 with related parties. As at January 31, 2015, these promissory notes payable were repaid in full.

In April and September 2014, the Company entered into arrangements for promissory notes with Reservoir Minerals Inc. for aggregate proceeds of \$200,000 with interest at the rate of 4% per annum, repayable in one year, of which \$100,000 was repaid. As at January 31, 2015, the Company owed \$103,430, which included accrued interest expense of \$3,430.

10. SHARE CAPITAL**Authorized Share Capital**

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

During the nine months ended January 31, 2015, the Company issued 933,332 (2013 - Nil) common shares, valued at \$140,000 (2013 - \$Nil), related to settlement of accounts payable balances with related parties (Note 11).

In January 2015, the Company completed the second tranche of a non-brokered private placement financing raising \$199,400 by the issuance of 498,500 units at \$0.40 per unit. Each unit was comprised of one common share and one non-transferrable common share purchase warrant, where each warrant is exercisable at \$0.60 per share until January 21, 2020. If, after four months from closing, the closing price of the Company's common shares on the TSX Venture Exchange ("TSX-V") exceeds \$0.80 for 30 consecutive trading days, the Company may, by notice given and news release issued within two trading days thereof, accelerate the expiry of the warrants to the 20th trading day after such 30-day period. The common shares issued are subject to a holding period expiring on May 1, 2015.

RESERVOIR CAPITAL CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED JANUARY 31, 2015 AND 2014

10. SHARE CAPITAL (cont'd...)**Authorized Share Capital (cont'd...)**

In December 2014, the Company completed the first tranche of a non-brokered private placement financing raising \$660,000 by the issuance of 1,650,000 units at \$0.40 per unit. Each unit was comprised of one common share and one non-transferrable common share purchase warrant, where each warrant is exercisable at \$0.60 per share until December 1, 2019. If, after four months from closing, the closing price of the Company's common shares on the TSX-V exceeds \$0.80 for 30 consecutive trading days, the Company may, by notice given and news release issued within two trading days thereof, accelerate the expiry of the warrants to the 20th trading day after such 30-day period. The Company paid finders' fees of \$1,500 and issued 2,500 finders' units. The common shares issued are subject to a holding period expiring on April 1, 2015.

In August 2014, the Company 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 of 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, valued at \$6,358. Common shares issued in connection to this private placement (including exercise of attached warrants) were subject to a holding period expired on December 2, 2014.

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 of 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-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) were subject to a holding period expired on November 10, 2014.

As at January 31, 2015, the Company received \$87,800 (April 30, 2014 - \$Nil) of subscriptions related to a financing closed subsequently (Note 15).

RESERVOIR CAPITAL CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED JANUARY 31, 2015 AND 2014

10. SHARE CAPITAL (cont'd...)**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, 2014	264,750	9.27
Cancelled/Expired	(14,000)	14.19
Balance as at January 31, 2015	250,750	\$ 8.99

The following table summarizes the stock options outstanding and exercisable at January 31, 2015:

Date granted	Number outstanding	Exercise price	Number exercisable	Expiry date
March 9, 2010	44,750	16.20	44,750	March 9, 2015 ⁽¹⁾
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	182,500	6.00	182,500	September 7, 2017
Total	250,750		250,750	

⁽¹⁾ Expired subsequently.

The weighted average remaining contractual life of the stock options is 2.07 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	8,868,354	0.30
Cancelled/Expired	(1,445,900)	5.00
Balance as at January 31, 2015	8,975,854	\$ 0.35

RESERVOIR CAPITAL CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED JANUARY 31, 2015 AND 2014

10. SHARE CAPITAL (cont'd...)**Warrants (cont'd...)**

Share purchase warrants outstanding and exercisable as at January 31, 2015 are as follows:

Expiry date		Exercise price	Number of warrants
February 5, 2015	(1)	\$ 5.00	107,500
July 9, 2019	(2)	0.20	3,341,233
August 1, 2019	(3)	0.20	3,376,121
December 1, 2019	(4)	0.60	1,652,500
January 1, 2020	(5)	0.60	498,500
Total			8,975,854

⁽¹⁾ Expired subsequently⁽²⁾ 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.⁽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 December 2, 2014.⁽⁴⁾ Expiry may be accelerated, if closing price of the Company's shares on the TSX-V is \$0.80 or greater for 30 trading days after April 1, 2015.⁽⁵⁾ Expiry may be accelerated, if closing price of the Company's shares on the TSX-V is \$0.80 or greater for 30 trading days after May 22, 2015.

The weighted average remaining contractual life of the warrants is 4.57 years.

11. RELATED PARTY TRANSACTIONS**Subsidiary with Significant Non-Controlling Interests**

In October 2014, the Company entered into an arrangement with the non-controlling interests ("NCI") of REV Italia s.r.l. ("REV Italia") to acquire NCI's 15% ownership of REV Italia for €75,000. The arrangement resulted in a net adjustment to equity for the nine months ended January 31, 2015 of \$108,038 (2014 - \$Nil).

RESERVOIR CAPITAL CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED JANUARY 31, 2015 AND 2014

11. RELATED PARTY TRANSACTIONS (cont'd...)**Transactions with Key Management Personnel**

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

Nine months ended January 31, 2015		Salary or fees	Share-based payments	Total
Management	\$	-	\$ -	\$ -
Outside directors		-	-	-
Seabord Services Corp.		90,000	-	90,000
	\$	90,000	\$ -	\$ 90,000
Nine months ended January 31, 2014		Salary or fees	Share-based payments	Total
Management	\$	340,818	\$ -	\$ 340,818
Outside directors		-	-	-
Seabord Services Corp.		154,000	-	154,000
	\$	494,818	\$ -	\$ 494,818

In July 2014, the Company completed its arrangements with its management and Seabord Services Corp. ("Seabord") to terminate current agreements and settle amounts payables of \$468,172 (net of a \$10,000 deposit) in consideration of 933,332 common shares, valued at \$140,000, and promissory notes totaling \$275,000 (Note 9).

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. The Company entered into arrangement with Seabord for promissory notes payable on demand without interest and fixed terms of repayment totaling \$100,000, which was repaid in full.

Reservoir Minerals Inc. ("Minerals") is a company with common directors. The Company provides consulting services in Serbia to Minerals. During the nine months ended January 31, 2015, the Company charged Minerals \$36,000 (2014 - \$36,000) for the above services. The Company entered into loan arrangements with Minerals (Note 9).

RESERVOIR CAPITAL CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED JANUARY 31, 2015 AND 2014

11. RELATED PARTY TRANSACTIONS (cont'd...)

Related party assets (liabilities)	Items or services	January 31, 2015	April 30, 2014
Included in accounts payable and accrued liabilities			
Chairman	Management fees	\$ -	\$ (191,007)
President	Management fees	-	(130,000)
VP Corporate Development	Management fees	-	(58,760)
Seabord Services Corp.	Administrative services	-	(114,149)
Included in promissory notes			
Chairman		\$ (100,000)	-
President		(100,000)	-
VP Corporate Development		(25,000)	-
Seabord Services Corp.		(50,000)	-
Reservoir Minerals Inc.		(103,430)	(100,000)
Included in prepaids and advances			
Seabord Services Corp.	Deposit for administrative services	\$ -	\$ 10,000

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the nine months ended January 31, 2015, the Company:

- a) issued 53,187 units, valued at \$8,603 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.

During the nine months ended January 31, 2014, 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 January 31, 2015	Canada	Serbia	Bosnia	Other	Total
Cash and other assets	\$ 311,756	\$ 54,530	\$ 29,291	\$ 201,596	\$ 597,173
Equipment	2,712	139,162	27,271	9,362	178,507
Hydroelectric licenses	-	1,356,291	-	-	1,356,291
Geothermal licenses	-	5,470	-	-	5,470
Total assets	\$ 314,468	\$ 1,555,453	\$ 56,562	\$ 210,958	\$ 2,137,441

RESERVOIR CAPITAL CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian dollars)

FOR THE NINE MONTHS ENDED JANUARY 31, 2015 AND 2014

13. SEGMENTED INFORMATION (cont'd...)

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
Nine months ended January 31, 2015						Renewable energy		General and administrative		Total
Loss for the period					\$	1,071,229	\$	182,401	\$	1,253,630
Nine months ended January 31, 2014						Renewable energy		General and administrative		Total
Loss for the period					\$	1,246,046	\$	644,811	\$	1,890,857

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

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 January 31, 2015, the Company had working capital deficit of \$198,400 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.

RESERVOIR CAPITAL CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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FOR THE NINE MONTHS ENDED JANUARY 31, 2015 AND 2014

14. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT (cont'd...)**Financial Instruments**

The Company classified its financial instruments as follows:

	Loans and receivables	Other financial liabilities
As at January 31, 2015		
Cash and cash equivalents	\$ 531,684	\$ -
Receivables, net of provisions	42,411	-
Restricted cash equivalents	5,750	-
Accounts payable and accrued liabilities	-	(411,393)
Promissory notes	-	(378,430)
	\$ 579,845	\$ (789,823)
As at April 30, 2014		
Cash and cash equivalents	\$ 152,287	\$ -
Receivables, net of provisions	133,114	-
Restricted cash equivalents	5,750	-
Accounts payable and accrued liabilities	-	(984,265)
Promissory notes	-	(100,000)
	\$ 291,151	\$ (1,084,265)

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, accounts payable and accrued liabilities, and promissory notes 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 January 31, 2015, the Company did not have financial instruments measured at fair value.

RESERVOIR CAPITAL CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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FOR THE NINE MONTHS ENDED JANUARY 31, 2015 AND 2014

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

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 January 31, 2015, 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	\$ 75,974	\$ 11,405	
Receivables, net of provisions	3,637,644	9,483	
Accounts payable and accrued liabilities	(21,106,814)	(10,489)	
Net exposure	(17,393,196)	10,399	
Canadian dollar equivalent	\$ (202,818)	\$ 7,622	\$ (195,196)

Based on the above net exposure as at January 31, 2015, 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 \$19,500 in the Company's profit or loss.

15. EVENTS AFTER REPORTING DATE

Subsequent to January 31, 2015:

- a) the Ministry of Mining and Energy of the Republic of Serbia, has granted new Energy Permits for the Company's Brodarevo 1 and Brodarevo 2 hydroelectric projects on the Lim River in southwest Serbia. The permits are valid for a period of three years and may be renewed for an additional year under certain circumstances; and
- b) the Company completed the final tranche of a non-brokered private placement financing raising \$140,300 by the issuance of 350,750 units at \$0.40 per unit. Each unit was comprised of one common share and one non-transferrable common share purchase warrant, where each warrant is exercisable at \$0.60 per share until February 6, 2020. If, after four months from closing, the closing price of the Company's common shares on the TSX-V exceeds \$0.80 for 30 consecutive trading days, the Company may, by notice given and news release issued within two trading days thereof, accelerate the expiry of the warrants to the 20th trading day after such 30 day period. The common shares issued are subject to a holding period expiring on June 7, 2015.