RESERVOIR CAPITAL CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

NINE MONTHS ENDED JANUARY 31, 2015 AND 2014

GENERAL

This management's discussion and analysis of the financial position and results of operations is prepared as at March 24, 2015 and should be read in conjunction with the condensed consolidated interim financial statements of Reservoir Capital Corp. (the "Company" or "Reservoir") for the nine months ended January 31, 2015 and 2014 and the related notes thereto. Those condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts included therein and in the following management's discussion and analysis ("MD&A") are in Canadian dollars except where noted. These documents and other information relevant to the Company's activities are available for viewing on SEDAR at www.sedar.com or on the Company's website at www.reservoircapitalcorp.com.

FORWARD LOOKING INFORMATION

This MD&A may contain "forward looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause Reservoir's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicate herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by securities regulations.

COMPANY OVERVIEW

Reservoir's principal business activity is the development of renewable energy projects in southeast Europe.

In Serbia, the Company has two energy permits at Brodarevo to develop run-of-river hydroelectric projects ("HPP") on the River Lim. These HPP have an aggregate design capacity of 59.1 megawatts ("MW"). Feasibility Studies for the projects were completed in June 2012. Additionally, the Company holds an exploration permit to develop a geothermal energy project at Vranjska Banja in southern Serbia and three exploration permits for geothermal energy in the Vojvodina Province in northern Serbia.

Reservoir is a reporting issuer in British Columbia, Alberta, and Ontario, and its common shares trade on the TSX Venture Exchange under the symbol REO and on the Berlin and Frankfurt Exchanges under the symbol ROC.

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 the MD&A for time periods prior to the Effective Date have been restated to reflect the share consolidation.

HIGHLIGHTS FOR THE QUARTER

During the three months ended January 31, 2015 and subsequently:

- the Company announced its intent to raise $1,000,000 through the issue of 2,500,000 units at $0.40 per unit. Each unit shall comprise one common share and one non-transferable, common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at $0.60 for a period of five years. The Company completed the first tranche of this financing on December 1st, 2014, raising $660,000 and the second tranche of this financing on January 21st, 2015 raising an additional $199,400. The financing was well supported by insiders of the Company.

- the Ministry of Mining and Energy of the Republic of Serbia, granted the Location Permit for the Company's Brodarevo-2 hydroelectric project on the Lim River in southwest Serbia. The permit is valid for one year and allows the Company to undertake preparatory work on the project, encompassing the temporary passage over the river, site access roads and river diversion.

- 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.

BRODAREVO HYDROELECTRIC PROJECT

The project comprises two three-year energy permits, Brodarevo-1 and Brodarevo-2, to develop run-of-river HPP on the River Lim in southwest Serbia. The permits required the Company to begin construction before January 2015 and were extendable by one year under certain conditions. 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 permits, which were granted after the end of the period.

Power Purchase Agreement

In June 2011, the Company signed a 20-year Power Purchase Agreement ("PPA") with GDF Suez Energia Italia S.p.A. ("GSEI") for the sale of electricity from the Brodarevo HPP. Under the terms of the PPA, electricity produced from the Brodarevo HPP will be exported for distribution into the Italian market at prevailing market prices. GSEI also agreed to purchase and pass on to the Company the value of any renewable energy incentives generated by the two projects. The PPA is conditional on the completion of at least one of the projects by the end of December 2015 and further agreement between the parties once the arrangements for project financing and transmission are more advanced. Given the delays in completion of the permitting for the construction of the Brodarevo dams, it is now unlikely that the Company will be able to complete the projects within this timeline.

Bilateral Agreement on Renewable Energy

In February 2012, the Serbian government advised the Company that the Brodarevo HPP were to be included into the Bilateral Agreement on Renewable Energy between Italy and Serbia. Under the terms of this Bilateral Agreement, all renewable energy produced from approved projects in Serbia and exported to Italy will have a guaranteed production price of €155 per megawatt hour ("MWh") for a 15-year term. This pricing would apply to Brodarevo under terms set out in the PPA with GSEI. The annex to this Bilateral Agreement, that defines the projects and installed capacities covered by the agreement, is still subject to ratification by the Serbian and Italian governments.

Feasibility Studies

In June 2012, Energoprojekt Hidroinzenjering Co. Ltd. ("Energoprojekt") and the Company's other project consultants completed the Feasibility Studies for the Brodarevo hydroelectric projects. The Feasibility Studies incorporated environmental impact assessments in accordance with both Serbian standards and legislation and World Bank guidelines. The studies recommended a capacity increase from the pre-feasibility capacity of 58.4 MW to 59.1 MW, with a corresponding average output of 232.5 GWh/year. The studies also defined dam sites and provided final recommendations for the design of the hydroelectric power plants.

Overall Financial Analysis

Based on Energoprojekt's assumptions and calculations, the after-tax unlevered internal rate of return ("IRR") is estimated to be 15.1% for the combined projects. The after-tax unlevered net present value ("NPV") of the combined projects at an 8% discount rate is estimated to be €98,700,000, and at a 10% discount rate is estimated to be €58,800,000.

Unlevered After-Tax Financial Metric	Brodarevo-1	Brodarevo-2	Combined
IRR	13.14%	16.79%	15.07%
NPV @ 8% (€000)	34,507	63,869	98,657
NPV @ 10% (€000)	17,441	41,215	58,797

Based on Energoprojekt's assumptions and the capital structure outlined in further details below, the after-tax equity IRR for the combined projects is estimated to be 24.0%. The after-tax levered NPV of the combined projects at an 8% discount rate is estimated to be €101,200,000 and at a 10% discount rate is estimated to be €71,700,000.

Capital Cost Projections

Total capital cost of the two Brodarevo projects is estimated to be €145,800,000. The budgeted costs include contingencies on civil works (8%), equipment and roads (5%), and construction of road tunnels (15%) on highway between Prijepolje and Bijelo Polje, where it will be affected by the projects.

According to the Feasibility Studies, anticipated construction time for Brodarevo-1 is four (4) years and Brodarevo-2 is three (3) years phased in parallel paths, where annual costs of construction are anticipated to be €65,123,000, €31,188,000, €34,420,000 and €15,100,000 respectively.

For planning purposes, the Company anticipates 30% of the project capital will be financed by equity and intends to obtain debt from a syndicate of lenders for the remaining 70%. For the purpose of the Feasibility Studies, the Company provided assumptions, based on preliminary discussions with potential lenders, that non-recourse construction and project debt will have a 15-year term from initial drawdown and be subject to an annual interest rate of 6.5%.

Electricity Sales and Operating Costs Projections

For the purposes of the Feasibility Studies, Energoprojekt has adjusted the net realized power price from €155 per MWh to €147.5 per MWh to reflect potential costs associated with transmitting power from Serbia to Italy and assumed that the projects will sell electricity into the regional Serbian market following the initial 15-year PPA term at a projected price of €80 per MWh. Energoprojekt has estimated annual operating expenses of €1,100,000 for Brodarevo-1 and €1,300,000 for Brodarevo-2, for a total of €2,400,000 per year, or €10.2 per MWh on average.

Environmental Permits

In June 2013, the Ministry of Energy, Development, and Environment of the Republic of Serbia has approved the Company's Environmental Impact Assessment ("EIA") for the Brodarevo HPP. The primary aim of the EIA is to assess the positive and negative changes to the environment that could occur during the construction and operation of the Brodarevo HPP and propose measures to prevent, minimize or reduce to acceptable limits any adverse impacts. The EIA included gathering and interpreting baseline data on the geology, geomorphology, soils, sediment, erosion characteristics, hydrology, air and water quality, meteorology, biodiversity, cultural properties and socio-demographic and economic development aspects of the project.

The EIA concluded that the Brodarevo HPP have a broadly positive impact in that they will generate clean renewable energy substituting coal-fired power, but will make substantial changes to the river valley and its ecosystem. These impacts are considered relatively limited, given the low dam height, small fluctuations in water levels and that the effects are confined to the riverbed and only very small areas of arable land. The construction of spillways will enable the movement and migration of any aquatic organisms and eliminate potential ecological balance disorders.

Physical impacts to the local population are confined to a few rural households, with many of whom the Company has already reached agreements. At a broader level the project represents an important milestone in the government's efforts to attract foreign direct investment and should contribute to socio-economic stabilization and economic development of the region through project investments, new employment generated, and new opportunities in areas such as tourism.

Construction Permits

The Company is working to secure construction permits for both the Brodarevo 1 and Brodarevo 2 projects. The first Location permit, allowing for the start of preparatory works was granted after the end of the period and the Company is currently awaiting the building permit for the dam itself. The Company believes the completion of this permitting is one of the final steps required before being able to secure a partner and/or project finance. As such, the Company, through its Italian partners, has engaged in discussions with a number of parties who could be potential partners or provide project financing.

VRANJSKA BANJA GEOTHERMAL PROJECT

In July 2013, the Ministry of Natural Resources, Mining and Spatial Planning, of the Republic of Serbia renewed the Company’s Vranjska Banja geothermal exploration license in southern Serbia for an additional 3-year period to August 16, 2016. The exploration license now also covers the geothermal wells VG-2 and VG-3 that were within an exploitation license that had expired and which has now been incorporated into Reservoir’s license area.

The Company has measured discharge temperatures of 96°C (boiling at this elevation) and relatively high artesian flows averaging approximately 60 litres per second from VG-2 and VG-3, with temperatures of up to 137°C reportedly measured at less than one kilometre depth when the wells were drilled. California-based consultants GeothermEx Inc. (a Schlumberger Company) previously completed an independent review of the historical data, and measurements taken during the Company’s four season reservoir studies on VG-2 and VG-3, concluding the target could potentially support a power generation project of at least 10 MW, utilizing a binary-cycle power plant (see Company news release dated January 23, 2012 for details).

Based on internal studies and similar projects in the region, the Company believes that Vranjska Banja is best developed as a multi-use project, with the geothermal resource applied to not only to electricity generation, but also to develop a spa and leisure complex, district heating and agriculture. This scope is beyond the investment mandate of Reservoir and as such the Company is actively seeking a partner or investor to assume control of the project.

SAXA ENERGY PROJECT

In September 2014, the Company entered into a LOI with 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.

Saxa Gres has agreements to acquire and refinance the assets of Area Industrie Ceramiche S.r.L. (“AIC”), a ceramic floor and roof tile factory located outside of Rome. The factory is in the process of being redeveloped into a recycling business that produces high quality floor tiles by blending traditional clay feedstock with ash from municipal waste incinerators. Saxa Gres is scheduled to resume tile production in 2015 and has secured a long-term agreement with ACEA S.p.A, a government-owned utility in Rome, whereby it will be paid to receive and recycle incinerator ash. In addition, Saxa Gres has received purchased commitments for the first three years of floor tile production.

Saxa Energy is a new company being formed to acquire the energy assets of Saxa Gres, specifically a 3.9-megawatt gas-fired power plant and related infrastructure. Reservoir has agreed to provide funding for feasibility studies assessing the acquisition of new equipment to generate biogas from municipal organic waste and the conversion of the existing power plant to run on this biogas. Once converted into a waste-to-energy operation, Saxa Energy would sell biogas, heat and electricity to Saxa Gres under long-term agreements while generating revenue by disposing of municipal organic waste. Excess electricity would be sold onto the Italian grid.

It is intended that Saxa Energy will become the vehicle through which Reservoir and its Italian partners will seek to develop a portfolio of energy assets in the region, including various biomass, hydroelectric and waste-to-energy projects that are already under investigation and negotiation.

During the three months ended January 31, 2015, the Company has continued to work with Saxa Gres and its Italian partners to restructure Saxa Gres and create the Saxa Energy spin-out.

QUARTERLY FINANCIAL INFORMATION

Quarter ended	January 31 2015	October 31 2014	July 31 2014	April 30 2014
Financial Results				
Operations expenditures	$ 431,764	$ 349,815	$ 289,650	$ 249,598
Share-based payments	-	-	-	-
Loss for the period (1)	(499,607)	(429,331)	(308,702)	(503,251)
Loss per share - basic and diluted	(0.04)	(0.04)	(0.06)	(0.12)

Quarter ended	January 31 2014	October 31 2013	July 31 2013	April 30 2013
Financial Results				
Operations expenditures	$ 323,822	$ 417,600	$ 504,624	$ 813,458
Share-based payments	-	-	-	(31,944)
Loss for the period (1)	(571,080)	(611,815)	(688,330)	(938,972)
Loss per share - basic and diluted	(0.14)	(0.15)	(0.16)	(0.29)

(1) Loss attributable to equity shareholders of the Company

The loss for the quarters varies primarily based on the level of operations expenditures incurred and whether stock options were granted in the quarter.

RESULTS OF OPERATIONS

Three months ended January 31, 2015

The Company recorded a loss of $499,607 or $0.04 per share for the three months ended January 31, 2015 compared to a loss of $571,080 or $0.14 per share for the comparative period, a decrease in loss of $80,380. The loss is attributable to operations expenditures of $431,764 (2014 - $323,822), general and administrative expenses of $81,693 (2014 - $191,284) and other income of $13,850 (2014 - loss of $64,881). For the three months ended January 31, 2015, $Nil (2014 - $8,907) of loss is attributable to non-controlling interests.

In the current period, there was a net decrease of loss and comprehensive loss for the period from the Company's efforts to reduce G&A expenditures, and the recognition of bad debt expense on outstanding receivables in the comparative period, offset by an increase in renewable energy expenditures pursuant to the Brodarevo projects and Saxa Energy spin-out.

Nine months ended January 31, 2015

The Company recorded a loss of $1,253,630 or $0.10 per share for the nine months ended January 31, 2015 compared to a loss of $1,890,857 or $0.44 per share for the comparative period, a decrease in loss of $637,227. The loss is attributable to operations expenditures of $1,071,229 (2014 - $1,246,046), general and administrative expenses of $271,839 (2014 - $610,340) and other income of $89,438 (2014 - loss of $34,471). For the nine months ended January 31, 2015, $15,990 (2014 - $19,632) of loss is attributable to non-controlling interests.

In the current period, there were significant decreases in loss and comprehensive loss from the Company's efforts to reduce general and administrative expenditures and the recognition of bad debt expense on outstanding receivables in the comparative period.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As at January 31, 2015, the Company had a working capital deficit of $198,400 as compared to a working capital deficit of $711,606 at April 30, 2014. The decrease in working capital deficit of $513,206 for the period came primarily from (a) the net increase in cash and cash equivalents of $379,397, mainly due to cash used in operating activities of $1,211,626, cash used in investing activities of $340,938, and cash provided by financing activities of $1,932,681; and (b) the settlement of aggregate related parties accounts payable balance of $468,172 with 933,332 common shares and non-interest bearing promissory notes of $275,000.

At January 31, 2015, the Company's working capital deficit comprises cash and cash equivalents of $531,684, receivables (net of provisions) of $51,247, prepaid expenses and advances of $8,492, less accounts payable and accrued liabilities of $411,393, and promissory notes of $378,430. The Company has no long-term debt. All of the Company's cash and cash equivalents are held in interest bearing accounts.

In order to continue as a going concern and to meet its corporate objectives, which primarily comprise developing its renewable energy projects and acquiring new projects, the Company will require substantial 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 sheets. The condensed consolidated interim 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. The Company is currently assessing the most appropriate means to continue its activities.

EVENTS AFTER REPORTING DATE

Subsequent to January 31, 2015:

- 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

- 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.

RELATED PARTY TRANSACTIONS

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.

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 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.

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

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING JUDGMENTS

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities and disclosure of contingent assets or liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- recorded costs, less any provision for impairment, of energy permits and geothermal licenses, are not intended to reflect their present or future values. The Company undertakes a review of the carrying value of energy projects and related expenditures whenever events or changes in circumstances indicate that the carrying values may exceed their estimated net recoverable amounts determined by reference to estimated future operating results and discounted net cash flows. An impairment loss is recognized when the carrying value of these assets is not recoverable. In undertaking this review, management of the Company is required to make significant estimates based upon factors such as estimates of foreign exchange rates, energy prices, future capital requirements, production costs and decommissioning costs.

- the determination of the fair value of stock options or warrants using Black-Scholes option pricing models requires the input of highly subjective assumptions, including the expected price volatility and expected life of the option. Changes in the subjective input assumptions could significantly 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.

- the Company recognizes the deferred tax benefit related to deferred income and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant judgment of future taxable profit. Management is required to assess whether it is probable that the Company will benefit from its deferred tax assets. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred income and resource tax assets.

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

- the valuation of loans and receivables financial instruments requires a review for any objective evidence that would indicate the receivables are impaired individually and collectively. In undertaking this review, management of the Company is required to make significant estimates on recoverable amounts based upon factors such as, significant financial difficulty of the counterparty, default or delinquency in interest or principal payments, and probability that the borrower will enter bankruptcy or financial re-organization.

NEW ACCOUNTING POLICIES

The Company has adopted the following new and revised standards, along with any consequential amendments, effective May 1, 2014. These changes were made in accordance with the applicable transitional provisions and did not have any significant impact on the consolidated financial statements.

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 ("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.

RISKS AND UNCERTAINTIES

In addition to the usual risks associated with an investment in a business at an early stage of development, management and the directors of the Company believe that, in particular, the following risk factors should be considered. It should be noted that the list is not exhaustive and that other risk factors may apply. An investment in the Company may not be suitable for all investors.

Competition

The Company will compete with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of its projects as well as for the recruitment and retention of qualified employees.

Financing Risks

In order to continue as a going concern and to meet its corporate objectives, which primarily comprise obtaining and developing its renewable energy projects, 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 required to delay or postpone further development of its projects with the possible result of loss of such properties and ultimately, the Company may be unable to meet its obligations as they come due. 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. The Company's annual 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.

Hydroelectric Project Risks

The ability of the Company to become a viable provider of renewable and clean power is dependent upon a number of factors and includes, but is not limited to, the following: successful completion of hydrological studies to confirm that water flows are sufficient to generate enough electricity to provide a suitable return on investment, environmental and other permits to build and operate the projects, the successful negotiation of a long term contract with a purchaser of electricity, the ability to obtain sufficient equity and long term financing to construct the projects, community and stakeholder support, the ability to connect the projects to a transmission system and successful construction and operation of the generation facilities and related transmission lines. The exact effect of these factors cannot be accurately predicted but could have a material adverse effect upon the Company's operations. The Company is currently developing two hydroelectric permits in Serbia. Under the Serbian legislation, these permits are valid until January 2015 and may be renewed for a further year. The Serbian Ministry of Infrastructure and Energy may refuse to grant a renewal if it deems that no or insufficient work has been completed. Management believes the Company maintains good relations with the Serbian Ministry of Infrastructure and Energy and is in good standing with its obligations for the development of these projects, but its ability to finance the start of construction period is dependent in part on factors beyond the control of the Company, such as the successful conclusion of the Bilateral Agreement on renewable energy between the Serbian and Italian governments that sets feed in tariff for the power to be produced by these projects.

Geothermal Project Risks

A portion of the Company's business involves the exploration and development of geothermal energy resources. These activities are subject to uncertainties, which vary among different geothermal reservoirs and are in some respects similar to those typically associated with mineral and oil and gas exploration, development and exploitation, such as unproductive wells, pressure, temperature decline, corrosion and scaling, all of which could increase the capital requirements and risk. The generation of power from geothermal resources is a function of temperature and flow. Geothermal energy projects may suffer an unexpected decline in the capacity of their respective geothermal wells and are exposed to a risk of geothermal reservoirs being insufficient for sustained generation of the electrical power capacity desired over time. In addition, the Company may fail to find commercially viable geothermal resources in the required quantities and temperatures, which would adversely affect the development of the geothermal power projects. Additionally, active geothermal areas, such as the areas in which the projects are located, are subject to frequent low-level seismic disturbances. Any of these could have an adverse impact on the Company's geothermal business activities.

Share Price Fluctuations

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage companies such as the Company, have experienced wide fluctuations in price which have not necessarily been related to operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur.

Insurance and Uninsured Risks

In the course of exploration, development and production of hydroelectric projects and geothermal projects, the Company is subject to a number of risks and hazards in general, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in the damage to the Company's property or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability. Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increasing costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company.

Environmental Risks and Hazards

The activities of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present.

Foreign Country and Political Risk

The hydroelectric projects and geothermal projects on which the Company is currently pursuing its exploration and development activities are all located in Serbia, Montenegro and Bosnia. As a result, the Company is subject to certain risks, including currency fluctuations and possible political or economic instability, which may result in the impairment or loss of energy licenses or mineral concessions. Any changes in regulations or shifts in political attitudes are beyond the control of the Company and may adversely affect its business. The Company's equity financings are sourced in Canadian dollars but for the most part it incurs its expenditures in local currencies. At this time there are no currency hedges in place. The Company does not have any sources of revenues.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

OUTSTANDING SHARE DATA

As at March 24, 2015, the Company had 14,817,522 common shares issued and outstanding. There were also stock options to purchase 206,000 shares outstanding with expiry dates ranging from January 20, 2016 to September 7, 2017. In addition, there were share purchase warrants to purchase 8,972,104 shares outstanding with expiry dates from July 9, 2019 to February 6, 2020.