



RESERVOIR CAPITAL CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

THREE MONTHS ENDED JULY 31, 2015 AND 2014
(Unaudited)

NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of Reservoir Capital Corp. for the three months ended July 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)

	July 31, 2015	April 30, 2015
ASSETS		
Current		
Cash and cash equivalents	\$ 30,115	\$ 194,862
Receivables, net of provisions (Note 4)	48,510	48,144
Prepays and advances	-	4,000
Total current assets	78,625	247,006
Non-current		
Equipment (Note 5)	172,512	182,906
Energy projects (Note 7)	1,239,016	1,239,016
Geothermal licenses (Note 7)	5,470	5,470
Restricted cash equivalents (Note 6)	5,750	5,750
Total non-current assets	1,422,748	1,433,142
TOTAL ASSETS	\$ 1,501,373	\$ 1,680,148
LIABILITIES AND EQUITY		
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 219,647	\$ 205,041
Promissory notes (Note 9)	383,406	380,414
Total liabilities	603,053	585,455
EQUITY		
Share capital (Note 10)	35,549,306	35,345,935
Share-based payments reserve (Note 10)	2,669,011	2,669,011
Deficit	(37,319,997)	(36,920,253)
Total equity	898,320	1,094,693
TOTAL LIABILITIES AND EQUITY	\$ 1,501,373	\$ 1,680,148

Nature of operations and going concern (Note 1)

These condensed consolidated interim financial statements are approved and authorized for issuance by the Board of Directors on September 23, 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 July 31, 2015	Three months ended July 31, 2014
OPERATIONS EXPENDITURES		
Renewable energy projects (Note 7)	\$ 356,639	\$ 289,650
GENERAL AND ADMINISTRATIVE EXPENSES		
Administrative services and office	36,093	37,606
Amortization (Note 5)	129	158
Professional fees	11,152	15,017
Shareholder communication and investor relations	1,015	2,474
Transfer agent and filing fees	2,839	11,259
Travel	13,813	13,426
	65,041	79,940
Loss from operations	(421,680)	(369,590)
Foreign exchange (loss) gain	18,404	(13,945)
Interest and other expense	(4,880)	(6,329)
Miscellaneous income (Note 11)	10,000	12,000
Loss on disposal of equipment	(1,588)	-
Gain on settlement of accounts payable (Note 8)	-	53,172
	21,936	44,898
Loss and comprehensive loss for the period	\$ (399,744)	\$ (324,692)
Attributable to:		
Equity shareholders of the Company	\$ (399,744)	\$ (308,702)
Non-controlling interests	-	(15,990)
	\$ (399,744)	\$ (324,692)
Basic and diluted loss per share	\$ (0.02)	\$ (0.06)
Weighted average number of common shares outstanding	16,019,808	5,311,279

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, 2015	Three months ended July 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period attributable to equity shareholders	\$ (399,744)	\$ (308,702)
Adjustments for:		
Amortization	9,556	16,158
Interest income	2,992	(545)
Gain on settlement of accounts payable	-	(53,172)
Unrealized foreign exchange loss on cash and cash equivalents	232	(1,218)
Loss on disposal of equipment	1,588	-
Loss for the period attributable to non-controlling interests	-	(15,990)
Changes in non-cash working capital items:		
Receivables	(366)	79,468
Prepays and advances	4,000	15,745
Accounts payable and accrued liabilities	14,606	(134,240)
Net cash used in operating activities	(367,136)	(402,496)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(750)	(707)
Purchase of land for hydroelectric projects	-	(43,800)
Interest received	-	545
Net cash used in investing activities	(750)	(43,962)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share capital issued for cash	-	499,940
Share issue costs	-	(11,714)
Subscriptions received in advance	-	292,198
Exercise of warrants	203,371	-
Net cash provided by financing activities	203,371	780,424
Effect of foreign exchange changes on cash and cash equivalents	(232)	1,218
Change in cash and cash equivalents during the period	(164,747)	335,184
Cash and cash equivalents, beginning of period	194,862	152,287
Cash and cash equivalents, end of period	\$ 30,115	\$ 487,471

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	Deficit	Non-controlling interest	Total equity
Balance as at April 30, 2015	15,192,522	35,345,935	2,669,011	(36,920,253)	-	1,094,693
Exercise of warrants	1,016,856	203,371	-	-	-	203,371
Loss for the period	-	-	-	(399,744)	-	(399,744)
Balance as at July 31, 2015	16,209,378	\$ 35,549,306	\$ 2,669,011	\$ (37,319,997)	\$ -	\$ 898,320

	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	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

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 THREE MONTHS ENDED JULY 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 one geothermal license in Serbia. The Company entered into a Letter of Intent (the "LOI") with Saxa Gres S.r.L. ("Saxa Gres") in 2014 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, which the Company has so far only been able to complete to a fairly limited extent.

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.

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 THREE MONTHS ENDED JULY 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, 2015 and 2014, 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**Summary of Significant Accounting Policies**

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, 2015.

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 THREE MONTHS ENDED JULY 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:

	July 31, 2015	April 30, 2015
GST/VAT receivables	\$ 10,113	\$ 9,177
Other receivables	132,107	131,579
Provisions	(93,710)	(92,612)
	\$ 48,510	\$ 48,144

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

Currency	July 31, 2015	April 30, 2015
Canadian dollars	\$ 2,283	\$ 2,132
Serbian dinars	38,397	38,710
Other	7,830	7,302
	\$ 48,510	\$ 48,144

5. EQUIPMENT

	Office Equipment	Field Equipment	Total
Cost			
As at April 30, 2015	207,782	227,956	435,738
Additions	750	-	750
Disposals	-	(9,548)	(9,548)
As at July 31, 2015	208,532	218,408	426,940
Accumulated amortization			
As at April 30, 2015	111,878	140,954	252,832
Amortization	4,792	4,764	9,556
Disposals	-	(7,960)	(7,960)
As at July 31, 2015	116,670	137,758	254,428
Net book value			
As at April 30, 2015	\$ 95,904	\$ 87,002	\$ 182,906
As at July 31, 2015	91,862	80,650	172,512

During the three months ended July 31, 2015, amortization of \$9,427 (2014 - \$16,000) has been included in operations expenditures and amortization of \$129 (2014 - \$158) 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 THREE MONTHS ENDED JULY 31, 2015 AND 2014

6. RESTRICTED CASH EQUIVALENTS

As at July 31, 2015 and April 30, 2015, 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, 2015	April 30, 2015
Brodarevo project	\$ 248,218	\$ 248,218
Land acquisition	990,798	990,798
	\$ 1,239,016	\$ 1,239,016

Brodarevo Project

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 March 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.

Cehotina Project

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 totaling \$214,690 during the year ended April 30, 2014.

Geothermal License - 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 held three exploration licenses for geothermal energy in the Vojvodina Province of northern Serbia, which have expired and not been renewed. Total amounts capitalized for the acquisition costs of these licenses was \$5,470 (2014 - \$5,470).

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

(Unaudited - Expressed in Canadian dollars)

FOR THE THREE MONTHS ENDED JULY 31, 2015 AND 2014

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

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

Three months ended July 31, 2015	Brodarevo projects	Cehotina concessions	Geothermal projects	Renewable energy project investigation	Total
Administration	\$ 117,980	\$ 13,493	\$ 377	\$ 22,355	\$ 154,205
Field costs	21,538	17,943	-	-	39,481
Salaries and consultants	71,068	11,097	3,411	20,779	106,355
Technical & permitting	40,574	-	4,038	-	44,612
Travel and related costs	11,986	-	-	-	11,986
	\$ 263,146	\$ 42,533	\$ 7,826	\$ 43,134	\$ 356,639

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

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	July 31, 2015	April 30, 2015
Trade accounts payable	\$ 189,647	\$ 175,041
Accrued liabilities	30,000	30,000
	\$ 219,647	\$ 205,041

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 \$468,172, resulting in a gain of \$53,172.

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

(Unaudited - Expressed in Canadian dollars)

FOR THE THREE MONTHS ENDED JULY 31, 2015 AND 2014

9. PROMISSORY NOTES

	July 31, 2015	April 30, 2015
Settlement of accounts payable	\$ 275,000	\$ 275,000
Due to related parties	108,406	105,414
	\$ 383,406	\$ 380,414

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. As at July 31, 2015, the Company and related parties have agreed to extend the agreements to expire on December 31, 2015.

Arrangements with related parties

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 of which \$100,000 was repaid. As at July 31, 2015, the Company owed \$108,406, which included accrued interest expense of \$8,406.

10. SHARE CAPITAL**Authorized Share Capital**

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

During the three months July 31, 2014, the Company issued 933,332 common shares, valued at \$140,000, related to settlement of accounts payable balances with related parties (Note 11).

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

(Unaudited - Expressed in Canadian dollars)

FOR THE THREE MONTHS ENDED JULY 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 Venture Exchange ("TSX-V") that has been approved by the Company's shareholders. The maximum number of shares that may be reserved for issuance under the plan is limited to 10% of the issued common shares of the Company at any time. The vesting terms are determined by the Company's Board of Directors at the time of the grant.

The changes in stock options outstanding are as follows:

	Number of Options	Weighted Average Exercise Price
Balance as at April 30, 2014	264,750	\$ 9.27
Cancelled/Expired	(58,750)	15.72
Balance as at April 30, 2015 and July 31, 2015	206,000	7.43

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

Date Granted	Number Outstanding	Exercise Price	Number Exercisable	Expiry Date
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	206,000		206,000	

The weighted average remaining contractual life of the stock options is 2.00 years.

Warrants

The changes in warrants outstanding are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance as at April 30, 2015	8,397,104	\$ 0.32
Exercised	(1,016,856)	0.20
Balance as at July 31, 2015	7,380,248	\$ 0.34

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

(Unaudited - Expressed in Canadian dollars)

FOR THE THREE MONTHS ENDED JULY 31, 2015 AND 2014

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

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

Expiry Date	Exercise Price	Number of Warrants
July 9, 2019 ⁽¹⁾	0.20	2,616,933
August 1, 2019 ⁽¹⁾	0.20	2,261,565
December 1, 2019 ⁽²⁾	0.60	1,652,500
January 1, 2020 ⁽³⁾	0.60	498,500
February 6, 2020 ⁽⁴⁾	0.60	350,750
Total		7,380,248

⁽¹⁾ 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

⁽²⁾ 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

⁽³⁾ 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.

⁽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.

The weighted average remaining contractual life of the warrants is 4.11 years.

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

(Unaudited - Expressed in Canadian dollars)

FOR THE THREE MONTHS ENDED JULY 31, 2015 AND 2014

11. RELATED PARTY TRANSACTIONS**Transactions with Key Management Personnel**

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

	Salary or Fees	Share-based Payments	Total
Three months ended July 31, 2015			
Management	\$ -	\$ -	\$ -
Outside directors	-	-	-
Seabord Services Corp.	30,000	-	30,000
	\$ 30,000	\$ -	\$ 30,000
Three months ended July 31, 2014			
Management	\$ -	\$ -	\$ -
Outside directors	-	-	-
Seabord Services Corp.	30,000	-	30,000
	\$ 30,000	\$ -	\$ 30,000

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.

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, 2015, the Company charged Minerals \$10,000 (2014 - \$12,000) for the above services. The Company had loan arrangements with Minerals (Note 9).

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

(Unaudited - Expressed in Canadian dollars)

FOR THE THREE MONTHS ENDED JULY 31, 2015 AND 2014

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

Related party assets (liabilities)	Items or services	July 31, 2015	April 30, 2015
Included in accounts payable and accrued liabilities			
Seabord Services Corp.	Administrative services	\$ (10,500)	\$ -
Included in promissory notes			
Chairman		\$ (100,000)	(100,000)
President		(100,000)	(100,000)
VP Corporate Development		(25,000)	(25,000)
Seabord Services Corp.		(50,000)	(50,000)
Reservoir Minerals Inc.		(108,406)	(105,414)

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the three months ended July 31, 2015, the Company did not have any significant non-cash investing and financing activities.

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.

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, 2015	Canada	Serbia	Bosnia	Other	Total
Cash and other assets	\$ 18,911	\$ 54,190	\$ 8,198	\$ 3,076	\$ 84,375
Equipment	2,447	127,063	25,788	17,214	172,512
Hydroelectric licenses	-	1,239,016	-	-	1,239,016
Geothermal licenses	-	5,470	-	-	5,470
Total assets	\$ 21,358	\$ 1,425,739	\$ 33,986	\$ 20,290	\$ 1,501,373

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

(Unaudited - Expressed in Canadian dollars)

FOR THE THREE MONTHS ENDED JULY 31, 2015 AND 2014

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

As at April 30, 2015		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
<hr/>										
Total assets	\$	181,958	\$	1,448,931	\$	64,560	\$	25,421	\$	1,720,870

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 2016. As at July 31, 2015, the Company had working capital deficit of \$524,428 that 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**

(Unaudited - Expressed in Canadian dollars)

FOR THE THREE MONTHS ENDED JULY 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 July 31, 2015		
Cash and cash equivalents	\$ 30,115	\$ -
Receivables, net of provisions	48,510	-
Restricted cash equivalents	5,750	-
Accounts payable and accrued liabilities	-	(219,647)
Promissory notes	-	(383,406)
	\$ 84,375	\$ (603,053)
As at April 30, 2015		
Cash and cash equivalents	\$ 194,862	\$ -
Receivables, net of provisions	48,144	-
Restricted cash equivalents	5,750	-
Accounts payable and accrued liabilities	-	(205,041)
Promissory notes	-	(380,414)
	\$ 248,756	\$ (585,455)

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 July 31, 2015, the Company did not have financial instruments measured at fair value.

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

(Unaudited - Expressed in Canadian dollars)

FOR THE THREE MONTHS ENDED JULY 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, 2015.

Currency Risk

At July 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	\$ 244,019	\$ 394	
Receivables, net of provisions	3,231,163	13,666	
Accounts payable and accrued liabilities	(13,585,856)	-	
Net exposure	(10,110,674)	14,060	
Canadian dollar equivalent	\$ (120,148)	\$ 10,222	\$ (109,926)

Based on the above net exposure as at July 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 \$11,000 in the Company's profit or loss.