



RESERVOIR CAPITAL CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE MONTHS ENDED JULY 31, 2015 AND 2014

GENERAL

This management's discussion and analysis of the financial position and results of operations is prepared as at September 23, 2015 and should be read in conjunction with the consolidated financial statements of Reservoir Capital Corp. (the "Company" or "Reservoir") for the three months ended July 31, 2015 and 2014 and the related notes thereto. Those consolidated 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, waste-to-energy and recycling 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.

The Company entered into Letter Agreements with Saxa Gres to seek funding for the development of new recycling and waste-to-energy businesses near Rome, which provide a potentially important new growth business for the Company in the well-regulated Italian market.

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.

HIGHLIGHTS FOR QUARTER

During the quarter ended July 31, 2015:

- The Company was granted Location Permits for both the Brodarevo 1 and Brodarevo 2 dam sites, reservoirs and accompanying facilities; the final step prior to applying for the Building Permits.
- 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.

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.

In June 2012, Energoprojekt Hidroinzenjering Co. Ltd. ("Energoprojekt") completed the Feasibility Studies for the Brodarevo hydroelectric projects, including environmental impact assessments in accordance with both Serbian standards and legislation and World Bank guidelines. The studies recommended an installed capacity 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.

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 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.

Given expected changes to the energy tariff regime and reductions in raw material costs, the Company is in the process of updating its Feasibility Studies in parallel with working to secure construction permits for both the Brodarevo 1 and Brodarevo 2 projects. The first Location Permit was granted in February 2015, for preparatory works for Brodarevo 2 (see Company news release of March 16, 2015), encompassing a temporary river crossing, access road to the upstream coffer dam, site roads on the right river bank, entrance structure with bridge, diversion canal, protective structures and supporting walls, gravity dam on the right river bank, upstream coffer dam, downstream coffer dam and excavated material landfill sites.

During the current period, the Company was granted Location Permits for both the Brodarevo 1 and Brodarevo 2 dam sites, reservoirs and accompanying facilities; the final step prior to applying for the Building Permits. These Location Permits have been granted based on the conceptual engineering and design documentation filed by the Company for the construction of the dams. The Company, prior to obtaining the Location Permits, obtained positive opinions, approvals and different permits from a number of key State-controlled institutions, including the following key documents:

- Positive opinion on the Project for the construction of the phase 1 for HPP Brodarevo 2, by the State Audit Committee (comprising 10 eminent experts with relevant construction experience).
- Positive technical review of the Project for the construction of the phase 1 for HPP Brodarevo 2, by the Faculty of Civil Engineering, of the University of Belgrade, which holds a state license to exercise audit technical documentation in the field of construction. Six Professors from different areas of expertise in construction undertook the review.
- Elektromreza Srbije (Serbian State transmission company) - opinion and conditions for the connection of the Brodarevo 1 HPP to the state transmission network;
- Elektromreza Srbije - opinion and conditions for the connection of the Brodarevo 2 HPP to the state transmission network;
- Srbijavode (Serbian State water company) - opinion on the technical documentation for the construction of Brodarevo 1 and 2 HPP on the River Lim;
- Srbijavode - opinion on the technical documentation for the relocation of parts of the M-21 highway between Mijoska and Montenegrin border;
- National Water Directorate of the Ministry of Agriculture and the Environment - decision on the water requirements for the construction of the Brodarevo HPP on the River Lim;
- National Water Directorate of the Ministry of Agriculture and the Environment - resolution on the water requirements for the relocation of parts of the M-21 highway between Mijoska to the Montenegrin border;
- Department for Strategy and Development of Serbian Railways - technical requirements for the construction of the Brodarevo 1 and Brodarevo 2 HPP on the River Lim within the railway protection zone (Belgrade)-Resnik-Pozega-Vrbnica-state border; and
- Decision by the Institute for Nature Conservation of Serbia, allowing the construction of two road tunnels and the relocation of the main M-21 highway.

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.

OUTLOOK

The current focus of the Company is on conserving its treasury, limiting expenditures to costs related to final permitting of the Brodarevo Project and evaluating strategic alternatives to advance the project into construction.

QUARTERLY FINANCIAL INFORMATION

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

Quarter ended	July 31 2015	April 30 2015	January 31 2015	October 31 2014
Financial Results				
Operations expenditures	\$ 356,639	\$ 469,840	\$ 431,764	\$ 349,815
Share-based payments	-	-	-	-
Loss for the period ⁽¹⁾	(399,744)	(556,255)	(499,607)	(429,331)
Loss per share - basic and diluted	(0.02)	0.06	(0.04)	(0.04)

Quarter ended	31-Jul 2014	April 30 2014	January 31 2014	October 31 2013
Financial Results				
Operations expenditures	\$ 289,650	\$ 249,598	\$ 323,822	\$ 417,600
Share-based payments	-	-	-	-
Loss for the period ⁽¹⁾	(308,702)	(503,251)	(571,080)	(611,815)
Loss per share - basic and diluted	(0.06)	(0.12)	(0.14)	(0.15)

⁽¹⁾ Loss attributable to equity holders of the Company.

RESULTS OF OPERATIONS

Three months ended July 31, 2015

The Company recorded a loss of \$399,744 or \$0.02 per share for the three months ended July 31, 2015 compared to a loss of \$324,692 or \$0.06 per share for the comparative period, an increase in loss of \$75,052. The loss is attributable to operations expenditures of \$356,639 (2014 - \$289,650), general and administrative expenses of \$65,041 (2014 - \$79,940) and other income of \$21,936 (2014 - \$44,898). For the three months ended July 31, 2015, \$Nil (2014 - \$15,990) of loss is attributable to non-controlling interests.

In the current period, there was a net increase of loss and comprehensive loss for the period from an increase in renewable energy expenditures pursuant to the Brodarevo projects.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As at July 31, 2015, the Company had a working capital deficit of \$524,428 as compared to a working capital deficit of \$338,449 at April 30, 2015. The increase in working capital deficit of \$185,979 for the year came primarily from (a) the net decrease in cash and cash equivalents of \$164,747, mainly due to cash used in operating activities of \$367,136, cash used in investing activities of \$750, and cash provided by financing activities of \$203,371.

At July 31, 2015, the Company's working capital deficit comprises cash and cash equivalents of \$30,115, receivables (net of provisions) of \$48,510, less accounts payable and accrued liabilities of \$219,647, and promissory notes of \$383,406. 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.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

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

		Salary or Fees	Share-based Payments	Total
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.

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 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 July 31, 2015, the Company owed \$108,406, which included accrued interest expense of \$8,406.

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)

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 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 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 September 23, 2015, the Company had 16,209,378 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 7,380,248 shares outstanding with expiry dates from July 9, 2019 to February 6, 2020.