



RESERVOIR CAPITAL CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

SIX MONTHS ENDED OCTOBER 31, 2015 AND 2014
(Unaudited)

NOTICE TO READER

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

	October 31, 2015	April 30, 2015
ASSETS		
Current		
Cash and cash equivalents	\$ 682,469	\$ 194,862
Receivables, net of provisions (Note 4)	50,603	48,144
Prepays and advances	12,000	4,000
Total current assets	745,072	247,006
Non-current		
Equipment (Note 5)	163,495	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	1,413,731	1,433,142
TOTAL ASSETS	\$ 2,158,803	\$ 1,680,148
LIABILITIES AND EQUITY		
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 322,145	\$ 205,041
Promissory notes (Note 9)	779,414	380,414
Total liabilities	1,101,559	585,455
EQUITY		
Share capital (Note 10)	35,557,306	35,345,935
Subscriptions received in advance (Note 10)	644,500	-
Share-based payments reserve (Note 10)	2,669,011	2,669,011
Deficit	(37,813,573)	(36,920,253)
Total equity	1,057,244	1,094,693
TOTAL LIABILITIES AND EQUITY	\$ 2,158,803	\$ 1,680,148

Nature of operations and going concern (Note 1)

Event after the reporting date (Note 14)

These condensed consolidated interim financial statements are approved and authorized for issuance by the Board of Directors on December 17, 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 October 31, 2015	Three months ended October 31, 2014	Six months ended October 31, 2015	Six months ended October 31, 2014
OPERATIONS EXPENDITURES				
Renewable energy projects (Note 7)	\$ 410,995	\$ 349,815	\$ 767,634	\$ 639,465
GENERAL AND ADMINISTRATIVE EXPENSES				
Administrative services and office	34,684	39,182	70,777	76,788
Amortization (Note 5)	122	150	251	308
Professional fees	24,041	21,669	35,193	36,686
Shareholder communication and investor relations	7,863	3,628	8,878	6,102
Transfer agent and filing fees	11,823	27,247	14,662	38,506
Travel	4,581	18,330	18,394	31,756
	83,114	110,206	148,155	190,146
Loss from operations	(494,109)	(460,021)	(915,789)	(829,611)
Foreign exchange gain	3,348	21,162	21,752	7,217
Interest and other expense	(2,815)	(2,472)	(7,695)	(8,801)
Miscellaneous income (Note 11)	-	12,000	10,000	24,000
Loss on disposal of equipment	-	-	(1,588)	-
Gain on settlement of accounts payable (Note 8)	-	-	-	53,172
	533	30,690	22,469	75,588
Loss and comprehensive loss for the period	\$ (493,576)	\$ (429,331)	\$ (893,320)	\$ (754,023)
Attributable to:				
Equity shareholders of the Company	\$ (493,576)	\$ (429,331)	\$ (893,320)	\$ (738,033)
Non-controlling interests	-	-	-	(15,990)
	\$ (493,576)	\$ (429,331)	\$ (893,320)	\$ (754,023)
Basic and diluted loss per share	\$ (0.03)	\$ (0.04)	\$ (0.06)	\$ (0.09)
Weighted average number of common shares outstanding	16,216,335	11,832,075	16,118,071	8,619,519

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)

	Six months ended October 31, 2015	Six months ended October 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period attributable to equity shareholders	\$ (893,320)	\$ (738,033)
Adjustments for:		
Amortization	18,573	27,097
Interest income	4,000	(1,494)
Interest expense	-	2,422
Gain on settlement of accounts payable	-	(53,172)
Unrealized foreign exchange loss on cash and cash equivalents	271	(1,746)
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	(2,459)	139,287
Prepays and advances	(8,000)	3,850
Accounts payable and accrued liabilities	117,104	(11,243)
Net cash used in operating activities	(762,243)	(649,022)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(750)	(1,873)
Purchase of land for hydroelectric projects	-	(233,800)
Interest received	-	1,494
Acquisition of non-controlling interests	-	(108,038)
Net cash used in investing activities	(750)	(342,217)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share capital issued for cash	-	1,000,000
Share issue costs	-	(12,725)
Subscriptions received in advance	644,500	305,000
Proceeds from promissory notes	395,000	300,000
Exercise of warrants	211,371	-
Net cash provided by financing activities	1,250,871	1,592,275
Effect of foreign exchange changes on cash and cash equivalents	(271)	1,746
Change in cash and cash equivalents during the period	487,607	602,782
Cash and cash equivalents, beginning of period	194,862	152,287
Cash and cash equivalents, end of period	\$ 682,469	\$ 755,069

Supplemental disclosure with respect to cash flows (Note 12)

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

RESERVOIR CAPITAL CORP.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**

(Unaudited - Expressed in Canadian dollars)

	Number of shares	Share capital	Share-based payments reserve	Subscriptions received in advance	Deficit	Non-controlling interest	Total equity
Balance as at April 30, 2015	15,192,522	35,345,935	2,669,011	\$ -	(36,920,253)	-	1,094,693
Subscriptions received in advance	-	-	-	644,500	-	-	644,500
Exercise of warrants	1,056,856	211,371	-	-	-	-	211,371
Loss for the period	-	-	-	-	(893,320)	-	(893,320)
Balance as at October 31, 2015	16,249,378	\$ 35,557,306	\$ 2,669,011	\$ 644,500	\$ (37,813,573)	\$ -	\$ 1,057,244

	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	6,666,667	1,000,000	-	-	-	-	1,000,000
Units issued as finders fees	50,687	7,603	-	-	-	-	7,603
Share issue costs	-	(20,328)	-	-	-	-	(20,328)
Subscriptions received in advance	-	-	-	305,000	-	-	305,000
Settlement of accounts payable	933,332	140,000	-	-	-	-	140,000
Acquisition of non-controlling interest	-	-	-	-	(228,920)	120,882	(108,038)
Loss for the period	-	-	-	-	(738,033)	(15,990)	(754,023)
Balance as at October 31, 2014	11,868,772	\$ 34,305,637	\$ 2,547,003	\$ 305,000	\$ (35,950,821)	\$ -	\$ 1,206,819

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 SIX MONTHS ENDED OCTOBER 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'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.

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.

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

(Unaudited - Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2015 AND 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**Statement of Compliance and Basis of Measurement (cont'd...)**

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**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.

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:

	October 31, 2015	April 30, 2015
GST/VAT receivables	\$ 11,773	\$ 9,177
Other receivables	134,750	131,579
Provisions	(95,920)	(92,612)
	\$ 50,603	\$ 48,144

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

Currency	October 31, 2015	April 30, 2015
Canadian dollars	\$ 3,843	\$ 2,132
Serbian dinars	38,830	38,710
Other	7,930	7,302
	\$ 50,603	\$ 48,144

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

(Unaudited - Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2015 AND 2014

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 October 31, 2015	208,532	218,408	426,940
Accumulated amortization			
As at April 30, 2015	111,878	140,954	252,832
Amortization	9,656	8,917	18,573
Disposals	-	(7,960)	(7,960)
As at October 31, 2015	121,534	141,911	263,445
Net book value			
As at April 30, 2015	\$ 95,904	\$ 87,002	\$ 182,906
As at October 31, 2015	86,998	76,497	163,495

During the six months ended October 31, 2015, amortization of \$18,322 (2014 - \$26,789) has been included in operations expenditures and amortization of \$251 (2014 - \$308) has been included in general and administrative expenses.

6. RESTRICTED CASH EQUIVALENTS

As at October 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**

	October 31, 2015	April 30, 2015
Brodarevo project	\$ 248,218	\$ 248,218
Land acquisition	990,798	990,798
	\$ 1,239,016	\$ 1,239,016

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

(Unaudited - Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2015 AND 2014

7. ENERGY PROJECTS AND GEOTHERMAL LICENSES (cont'd...)**Hydroelectric Projects - Acquisition Costs (cont'd...)*****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.

In September 2015, the Company has been granted Location Permits for both the Brodarevo 1 and Brodarevo 2 dam sites, reservoirs and accompanying facilities.

In October 2015, the Company signed a Letter of Intent with A2A S.p.A. to partner or acquire the Brodarevo Hydroelectric Projects. The Company has incurred a certain amount of expenditures in relation to the due diligence process.

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 SIX MONTHS ENDED OCTOBER 31, 2015 AND 2014

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

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

Six months ended October 31, 2015	Brodarevo projects	Cehotina concessions	Geothermal projects	Renewable energy project investigation	Total
Administration	\$ 163,864	\$ 27,762	\$ 512	\$ 23,029	\$ 215,167
Due diligence	215,825	-	-	-	215,825
Field costs	61,859	37,010	18	-	98,887
Salaries and consultants	120,378	22,889	6,921	20,779	170,967
Technical & permitting	43,300	-	4,170	-	47,470
Travel and related costs	19,318	-	-	-	19,318
	\$ 624,544	\$ 87,661	\$ 11,621	\$ 43,808	\$ 767,634

Six months ended October 31, 2014	Brodarevo projects	Cehotina concessions	Geothermal projects	Renewable energy project investigation	Total
Administration	\$ 158,337	\$ 24,677	\$ 7,160	\$ 103,490	\$ 293,664
Field costs	61,922	25,749	-	-	87,671
Salaries and consultants	71,756	23,728	355	116,115	211,954
Technical studies	20,670	1,365	11,045	3,634	36,714
Travel and related costs	6,361	-	-	3,101	9,462
	\$ 319,046	\$ 75,519	\$ 18,560	\$ 226,340	\$ 639,465

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	October 31, 2015	April 30, 2015
Trade accounts payable	\$ 307,145	\$ 175,041
Accrued liabilities	15,000	30,000
	\$ 322,145	\$ 205,041

During the six months ended October 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 SIX MONTHS ENDED OCTOBER 31, 2015 AND 2014

9. PROMISSORY NOTES

	October 31, 2015	April 30, 2015
Settlement of accounts payable	\$ 275,000	\$ 275,000
Due to related parties	504,414	105,414
	<u>\$ 779,414</u>	<u>\$ 380,414</u>

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 October 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 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 October 31, 2015, the Company owed \$109,414, which included accrued interest expense of \$9,414.

In August and October 2015, the Company entered into arrangements with related parties for aggregate proceeds of \$395,000, which were repaid in full subsequent to October 31, 2015.

10. SHARE CAPITAL**Authorized Share Capital**

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

During the six months October 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 SIX MONTHS ENDED OCTOBER 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 October 31, 2015	206,000	7.43

The following table summarizes the stock options outstanding and exercisable at October 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 1.75 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	(1,056,856)	0.20
Balance as at October 31, 2015	7,340,248	\$ 0.34

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

(Unaudited - Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2015 AND 2014

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

Share purchase warrants outstanding and exercisable as at October 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	2,221,565
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		7,340,248

⁽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 3.86 years.

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
Six months ended October 31, 2015			
Management and outside directors	\$ -	\$ -	\$ -
Seabord Services Corp.	60,000	-	60,000
	\$ 60,000	\$ -	\$ 60,000
Six months ended October 31, 2014			
Management and outside directors	\$ -	\$ -	\$ -
Seabord Services Corp.	60,000	-	60,000
	\$ 60,000	\$ -	\$ 60,000

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

(Unaudited - Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2015 AND 2014

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

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 six months ended October 31, 2015, the Company charged Minerals \$10,000 (2014 - \$24,000) for the above services. The Company had loan arrangements with Minerals (Note 9).

Related party assets (liabilities)	Items or services	October 31, 2015	April 30, 2015
Included in accounts payable and accrued liabilities			
Chairman	Expense reimbursements	\$ (5,912)	\$ -
Seabord Services Corp.	Administrative services	(46,343)	-
Included in promissory notes			
Chairman		\$ (380,000)	(100,000)
President		(100,000)	(100,000)
VP Corporate Development		(25,000)	(25,000)
Seabord Services Corp.		(165,000)	(50,000)
Reservoir Minerals Inc.		(109,414)	(105,414)

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

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

During the six months ended October 31, 2014, the Company:

- a) issued 50,687 units, valued at \$7,603 as finder's fees in the private placement; and
- b) issued 933,332 common shares, valued at \$140,000 and promissory notes totaling \$275,000 to settle aggregate net accounts payable balance of \$468,172 due to related parties.

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

(Unaudited - Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2015 AND 2014

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 October 31, 2015	Canada		Serbia		Bosnia		Other		Total
Cash and other assets	\$	690,768	\$	51,839	\$	7,930	\$	285	\$ 750,822
Equipment		2,325		120,449		24,420		16,301	163,495
Hydroelectric licenses		-		1,239,016		-		-	1,239,016
Geothermal licenses		-		5,470		-		-	5,470
Total assets	\$	693,093	\$	1,416,774	\$	32,350	\$	16,586	\$ 2,158,803

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
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 October 31, 2015, the Company had working capital deficit of \$356,486 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 SIX MONTHS ENDED OCTOBER 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 October 31, 2015		
Cash and cash equivalents	\$ 682,469	\$ -
Receivables, net of provisions	50,603	-
Restricted cash equivalents	5,750	-
Accounts payable and accrued liabilities	-	(322,145)
Promissory notes	-	(779,414)
	\$ 738,822	\$ (1,101,559)
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:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- 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 October 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 SIX MONTHS ENDED OCTOBER 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 October 31, 2015, the Company is exposed to currency risk through the following assets and liabilities denominated in Serbian dinars and Euros.

		Serbian dinars	Euros	Total
Cash and cash equivalents	\$	262,721	\$ -	
Receivables, net of provisions		3,231,163	-	
Accounts payable and accrued liabilities		(6,639,264)	(62,301)	
Net exposure		(3,145,379)	(62,301)	
Canadian dollar equivalent	\$	(38,259)	\$ (89,732)	\$ (127,991)

Based on the above net exposure as at October 31, 2015, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the Serbian dinar and Euro would result in an increase/decrease of approximately \$13,000 in the Company's profit or loss.

14. EVENT AFTER THE REPORTING DATE

Subsequent to October 31, 2015, the Company completed a non-brokered private placement financing (the "Private Placement") raising \$1,000,000 by the issuance of 2,000,000 units at \$0.50 per unit, where each unit is comprised of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.75 per share for a period of five years. If, after four months from closing, the closing price of the Company's shares on the TSX-V exceeds \$0.90 for a period of 30 consecutive trading days, the Company may, by notice given and news release issued within two trading days thereof, accelerate the expiry of the warrants to the 20th trading day after such 30 day period. The Company paid finders' fees of 5% in respect of subscriptions from investors introduced by various finders. The fee was paid in cash (\$5,525), or at the finder's election, through the issuance of that number of units equal to 5% of the number of units issued pursuant to such subscriptions (5,000 units). The common shares, and any common shares issued on the exercise of the warrants, are subject to a restricted resale period under Canadian securities law and Exchange policy until March 7, 2016.