**RESERVOIR CAPITAL CORP.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**
**(Expressed in Canadian dollars)**

**NINE MONTHS ENDED JANUARY 31, 2016 AND 2015**
**(Unaudited)**

## NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of Reservoir Capital Corp. for the nine months ended January 31, 2016 and 2015 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

**RESERVOIR CAPITAL CORP.**
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian dollars)

| | January 31, 2016 | April 30, 2015 |
|---|---|---|
| **ASSETS** | | |
| **Current** | | |
| Cash and cash equivalents | $ 12,174 | $ 194,862 |
| Receivables, net of provisions (Note 4) | 858 | 48,144 |
| Prepaids and advances | 8,000 | 4,000 |
| **Total current assets** | 21,032 | 247,006 |
| **Non-current** | | |
| Equipment (Note 5) | 154,501 | 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** | 1,404,737 | 1,433,142 |
| **TOTAL ASSETS** | $ 1,425,769 | $ 1,680,148 |
| **LIABILITIES AND EQUITY** | | |
| **LIABILITIES** | | |
| **Current** | | |
| Accounts payable and accrued liabilities (Note 8) | $ 269,445 | $ 205,041 |
| Promissory notes (Note 9) | 110,422 | 380,414 |
| **Total liabilities** | 379,867 | 585,455 |
| **EQUITY** | | |
| Share capital (Note 10) | 36,537,773 | 35,345,935 |
| Share-based payments reserve (Note 10) | 2,689,011 | 2,669,011 |
| Deficit | (38,180,882) | (36,920,253) |
| **Total equity** | 1,045,902 | 1,094,693 |
| **TOTAL LIABILITIES AND EQUITY** | $ 1,425,769 | $ 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 March 22, 2016.

______"*Miles F. Thompson*"_______ Director ______"*C. Winston Bennett*"_______ Director

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

**RESERVOIR CAPITAL CORP.**
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian dollars)

| | Three months ended January 31, 2016 | Three months ended January 31, 2015 | Nine months ended January 31, 2016 | Nine months ended January 31, 2015 |
|---|---|---|---|---|
| **OPERATIONS EXPENDITURES** | | | | |
| Renewable energy projects (Note 7) | $ 521,681 | $ 431,764 | $ 1,289,315 | $ 1,071,229 |
| **GENERAL AND ADMINISTRATIVE EXPENSES** | | | | |
| Administrative services and office | 34,817 | 38,756 | 105,594 | 115,544 |
| Amortization (Note 5) | 116 | 143 | 367 | 451 |
| Professional fees | 17,981 | 10,194 | 53,174 | 46,880 |
| Shareholder communication and investor relations | 2,349 | 1,151 | 11,227 | 7,253 |
| Transfer agent and filing fees | 10,989 | 11,648 | 25,651 | 50,154 |
| Travel | 1,426 | 19,801 | 19,820 | 51,557 |
| | 67,678 | 81,693 | 215,833 | 271,839 |
| **Loss from operations** | (589,359) | (513,457) | (1,505,148) | (1,343,068) |
| Foreign exchange gain (loss) | (50,158) | 3,034 | (28,406) | 10,251 |
| Interest and other expenses | (2,792) | (1,184) | (10,487) | (9,985) |
| Miscellaneous income (Note 11) | - | 12,000 | 10,000 | 36,000 |
| Loss on disposal of equipment | - | - | (1,588) | - |
| Gain on settlement of accounts payable (Note 8) | - | - | - | 53,172 |
| Gain on expiry of promissory notes payable (Note 9) | 275,000 | - | 275,000 | - |
| | 222,050 | 13,850 | 244,519 | 89,438 |
| **Loss and comprehensive loss for the period** | $ (367,309) | $ (499,607) | $ (1,260,629) | $ (1,253,630) |
| **Attributable to:** | | | | |
| Equity shareholders of the Company | $ (367,309) | $ (499,607) | $ (1,260,629) | $ (1,237,640) |
| Non-controlling interests | - | - | - | (15,990) |
| | $ (367,309) | $ (499,607) | $ (1,260,629) | $ (1,253,630) |
| | | | | |
| Basic and diluted loss per share | $ (0.02) | $ (0.04) | $ (0.07) | $ (0.10) |
| Weighted average number of common shares outstanding | 18,150,791 | 13,018,636 | 17,183,563 | 12,450,022 |

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

**RESERVOIR CAPITAL CORP.**
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian dollars)

| | Nine months ended January 31, 2016 | Nine months ended January 31, 2015 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Loss for the period attributable to equity shareholders | $ (1,260,629) | $ (1,237,640) |
| Adjustments for: | | |
| Amortization | 27,567 | 38,051 |
| Interest income | - | (2,958) |
| Interest expense | 5,008 | 3,430 |
| Gain on settlement of accounts payable | - | (53,172) |
| Gain on expiry of promissory notes payable | (275,000) | - |
| Unrealized foreign exchange loss on cash and cash equivalents | 463 | 720 |
| 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 | 47,286 | 150,014 |
| Prepaids and advances | (4,000) | 10,619 |
| Accounts payable and accrued liabilities | 64,404 | (104,700) |
| **Net cash used in operating activities** | (1,393,313) | (1,211,626) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of equipment | (750) | (2,058) |
| Purchase of land for hydroelectric projects | - | (233,800) |
| Interest received | - | 2,958 |
| Acquisition of non-controlling interests | - | (108,038) |
| **Net cash used in investing activities** | (750) | (340,938) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Share capital issued for cash | 1,000,000 | 1,859,400 |
| Share issue costs | (6,200) | (14,519) |
| Subscriptions received in advance | - | 87,800 |
| Proceeds from promissory notes | 395,000 | 300,000 |
| Repayments of promissory notes | (395,000) | (300,000) |
| Exercise of warrants | 218,038 | - |
| **Net cash provided by financing activities** | 1,211,838 | 1,932,681 |
| **Effect of foreign exchange changes on cash and cash equivalents** | (463) | (720) |
| **Change in cash and cash equivalents during the period** | (182,688) | 379,397 |
| **Cash and cash equivalents, beginning of period** | 194,862 | 152,287 |
| **Cash and cash equivalents, end of period** | $ 12,174 | $ 531,684 |

**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 | Subsciptions 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 |
| Private placement | 2,000,000 | 980,000 | 20,000 | - | - | - | 1,000,000 |
| Units issued as finders fees | 5,000 | 2,500 | - | - | - | - | 2,500 |
| Share issue costs | - | (8,700) | - | - | - | - | (8,700) |
| Exercise of warrants | 1,090,189 | 218,038 | - | - | - | - | 218,038 |
| Loss for the period | - | - | - | - | (1,260,629) | - | (1,260,629) |
| **Balance as at January 31, 2016** | 18,287,711 | $ 36,537,773 | $ 2,689,011 | $ - | $ (38,180,882) | $ - | $ 1,045,902 |

| | Number of shares | Share capital | Share-based payments reserve | Subsciptions received in advance | Deficit | Non-controlling interest | **Total equity** |
|---|---|---|---|---|---|---|---|
| **Balance as at April 30, 2014** | 4,218,086 | $ 33,178,362 | $ 2,547,003 | $ - | $ (34,983,868) | $ (104,892) | $ 636,605 |
| Private placement | 8,815,167 | 1,859,400 | - | - | - | - | 1,859,400 |
| Units issued as finders fees | 53,187 | 8,603 | - | - | - | - | 8,603 |
| Share issue costs | - | (23,122) | - | - | - | - | (23,122) |
| Subscriptions received in advance | - | - | - | 87,800 | - | - | 87,800 |
| Settlement of accounts payable | 933,332 | 140,000 | - | - | - | - | 140,000 |
| Acquisition of non-controlling interest | | - | - | - | (228,920) | 120,882 | (108,038) |
| Loss for the period | - | - | - | - | (1,237,640) | (15,990) | (1,253,630) |
| **Balance as at January 31, 2015** | 14,019,772 | $ 35,163,243 | $ 2,547,003 | $ 87,800 | $ (36,450,428) | $ - | $ 1,347,618 |

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

## 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. At January 31, 2016, the Company has not achieved profitable operations and has accumulated losses since inception. There is material uncertainty that may cast significant doubt on the ability of the Company 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.

(Unaudited - Expressed in Canadian dollars)

## 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**

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements. The effective date for IFRS 9 is January 1, 2018. The Company is currently evaluating the impact that 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:

| | January 31, 2016 | April 30, 2015 |
|---|---|---|
| GST/VAT receivables | $ 858 | $ 9,177 |
| Other receivables | 97,907 | 131,579 |
| Provisions | (97,907) | (92,612) |
| | $ 858 | $ 48,144 |

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

| **Currency** | January 31, 2016 | April 30, 2015 |
|---|---|---|
| Canadian dollars | $ 858 | $ 2,132 |
| Serbian dinars | - | 38,710 |
| Other | - | 7,302 |
| | $ 858 | $ 48,144 |

(Unaudited - Expressed in Canadian dollars)

## 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 January 31, 2016 | 208,532 | 218,408 | 426,940 |
| **Accumulated amortization** | | | |
| As at April 30, 2015 | 111,878 | 140,954 | 252,832 |
| Amortization | 14,515 | 13,052 | 27,567 |
| Disposals | - | (7,960) | (7,960) |
| As at January 31, 2016 | 126,393 | 146,046 | 272,439 |
| **Net book value** | | | |
| As at April 30, 2015 | $ 95,904 | $ 87,002 | $ 182,906 |
| As at January 31, 2016 | 82,139 | 72,362 | 154,501 |

During the nine months ended January 31, 2016, amortization of $27,200 (2015 - $26,789) has been included in operations expenditures and amortization of $367 (2015 - $308) has been included in general and administrative expenses.

## 6. RESTRICTED CASH EQUIVALENTS

As at January 31, 2016 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

| | January 31, 2016 | April 30, 2015 |
|---|---|---|
| Brodarevo project | $ 248,218 | $ 248,218 |
| Land acquisition | 990,798 | 990,798 |
| | $ 1,239,016 | $ 1,239,016 |

## 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 (April 30, 2015 - $5,470).

(Unaudited - Expressed in Canadian dollars)

## 7. ENERGY PROJECTS AND GEOTHERMAL LICENSES (cont'd…)

**Renewable Energy Projects - Expenditures**

During the nine months ended January 31, 2016 and 2015, the Company incurred the following expenditures on its renewable energy projects, which were expensed as incurred:

| Nine months ended January 31, 2016 | Brodarevo projects | Cehotina concessions | Geothermal projects | Renewable energy project investigation | **Total** |
|---|---|---|---|---|---|
| Administration | $ 242,863 | $ 50,478 | $ 4,759 | $ 23,029 | $ 321,129 |
| Due diligence | 437,164 | - | - | - | 437,164 |
| Field costs | 68,917 | 56,238 | 19 | - | 125,174 |
| Salaries and consultants | 237,331 | 34,780 | 10,358 | 20,779 | 303,248 |
| Technical & permitting | 83,098 | - | - | - | 83,098 |
| Travel and related costs | 19,502 | - | - | - | 19,502 |
| | $ 1,088,875 | $ 141,496 | $ 15,136 | $ 43,808 | $ 1,289,315 |

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

## 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

| | January 31, 2016 | April 30, 2015 |
|---|---|---|
| Trade accounts payable | $ 246,945 | $ 175,041 |
| Accrued liabilities | 22,500 | 30,000 |
| | $ 269,445 | $ 205,041 |

During the nine months ended January 31, 2015, the Company issued 933,332 common shares, valued at $140,000 and promissory notes totaling $275,000 (Note 9) to settle aggregate net accounts payable balance of $468,172, resulting in a gain of $53,172.

(Unaudited - Expressed in Canadian dollars)

## 9. PROMISSORY NOTES

| | January 31, 2016 | April 30, 2015 |
|---|---|---|
| Settlement of accounts payable | $ - | $ 275,000 |
| Due to related parties | 110,422 | 105,414 |
| | $ 110,422 | $ 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 January 31, 2016, the promissory notes expired and the Company recognized a gain of $275,000 (2015 - $Nil).

**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 January 31, 2016, the Company owed $110,422, which included accrued interest expense of $10,422.

In August and October 2015, the Company entered into arrangements with related parties for aggregate proceeds of $395,000, which were repaid in full during the nine months ended January 31, 2016.

## 10. SHARE CAPITAL

**Authorized Share Capital**

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

In November 2015, the Company completed a non-brokered private placement financing raising $1,000,000 by the issuance of 2,000,000 units at $0.50 per unit, where each unit is comprised 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 5,000 units.

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

(Unaudited - Expressed in Canadian dollars)

## 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, 2015 | 206,000 | | 7.43 |
| Cancelled/Expired | (6,000) | | (34.60) |
| Balance as at January 31, 2016 | 200,000 | $ | 6.61 |

The following table summarizes the stock options outstanding and exercisable at January 31, 2016:

| Date Granted | Number Outstanding | Exercise Price | Number Exercisable | Expiry Date |
|---|---|---|---|---|
| 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** | 200,000 | | 200,000 | |

The weighted average remaining contractual life of the stock options is 1.54 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 |
| Issued | 1,002,500 | | 0.75 |
| Exercised | (1,090,189) | | 0.20 |
| Balance as at January 31, 2016 | 8,309,415 | $ | 0.39 |

(Unaudited - Expressed in Canadian dollars)

## 10. SHARE CAPITAL (cont'd…)

**Warrants** (cont'd…)

Share purchase warrants outstanding and exercisable as at January 31, 2016 are as follows:

| Expiry Date | | Exercise Price | Number of Warrants |
|---|---|---|---|
| July 9, 2019 | (1) | 0.20 | 2,583,600 |
| August 1, 2019 | (1) | 0.20 | 2,221,565 |
| December 1, 2019 | (2) | 0.60 | 1,652,500 |
| January 1, 2020 | (2) | 0.60 | 498,500 |
| February 6. 2020 | (2) | 0.60 | 350,750 |
| November 6, 2020 | (3) | 0.75 | 1,002,500 |
| **Total** | | | 8,309,415 |

(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 $0.90 or greater for 30 trading days.

The weighted average remaining contractual life of the warrants is 3.75 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:

| **Nine months ended January 31, 2016** | Salary or Fees | Share-based Payments | **Total** |
|---|---|---|---|
| Management and outside directors | $ - | $ - | $ - |
| Seabord Services Corp. | 90,000 | - | 90,000 |
| | $ 90,000 | $ - | $ 90,000 |

| **Nine months ended January 31, 2015** | Salary or Fees | Share-based Payments | **Total** |
|---|---|---|---|
| Management and outside directors | $ - | $ - | $ - |
| Seabord Services Corp. | 90,000 | - | 90,000 |
| | $ 90,000 | $ - | $ 90,000 |

(Unaudited - Expressed in Canadian dollars)

## 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 nine months ended January 31, 2016, the Company charged Minerals $10,000 (2015 - $36,000) for the above services. The Company had loan arrangements with Minerals (Note 9).

| Related party assets (liabilities) | Items or services | | January 31, 2016 | | April 30, 2015 |
|---|---|---|---|---|---|
| **Included in accounts payable and accrued liabilities** | | | | | |
| Chairman | Expense reimbursements | $ | (3,347) | $ | - |
| Seabord Services Corp. | Administrative services | | (72,000) | | - |
| **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. | | | (110,422) | | (105,414) |

## 12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the nine months ended January 31, 2016, the Company:

a) issued 5,000 units, valued at $2,500 as finder's fees in the private placement; and
b) allocated $20,000 to share-based payments reserve for the warrants issued in the private placement during the period.

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

a) issued 53,187 units, valued at $8,603 as finder's fees in the private placement; and
b) issued 933,332 common shares, valued at $140,000 and promissory notes totaling $275,000 to settle aggregate net accounts payable balance of $468,172 due to related parties.

(Unaudited - Expressed in Canadian dollars)

## 13. SEGMENTED INFORMATION

The Company operates in one reportable operating segment: the exploration and development of renewable energy. Summarized financial information for the geographic and operating segments the Company operates in are as follows:

| **As at January 31, 2016** | Canada | Serbia | Bosnia | Other | **Total** |
|---|---|---|---|---|---|
| Cash and other assets | $ 17,002 | $ 9,616 | $ - | $ 164 | $ 26,782 |
| Equipment | 2,209 | 113,853 | 23,051 | 15,388 | 154,501 |
| Hydroelectric licenses | - | 1,239,016 | - | - | 1,239,016 |
| Geothermal licenses | - | 5,470 | - | - | 5,470 |
| Total assets | $ 19,211 | $ 1,367,955 | $ 23,051 | $ 15,552 | $ 1,425,769 |

| **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 January 31, 2016, the Company had working capital deficit of $358,835 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.

(Unaudited - Expressed in Canadian dollars)

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

### Financial Instruments

The Company classified its financial instruments as follows:

| As at January 31, 2016 | Loans and Receivables | Other Financial Liabilities |
|---|---|---|
| Cash and cash equivalents | $ 12,174 | $ - |
| Receivables, net of provisions | 858 | - |
| Restricted cash equivalents | 5,750 | - |
| Accounts payable and accrued liabilities | - | (269,445) |
| Promissory notes | - | (110,422) |
| | $ 18,782 | $ (379,867) |

| As at April 30, 2015 | Loans and Receivables | Other Financial Liabilities |
|---|---|---|
| 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:

a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

| Financial Assets | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Cash and cash equivalents | $ 12,174 | $ - | $ - | $ 12,174 |
| Restricted cash equivalents | 5,750 | - | - | 5,750 |

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The carrying value of cash and cash equivalents, receivables, accounts payable and accrued liabilities, and promissory notes approximated their fair value because of the short-term nature of these instruments. The fair value of the Company's restricted cash equivalents are approximated by their carrying values as interest rates are comparable to current interest rates. As at January 31, 2016, the Company did not have financial instruments measured at fair value.

(Unaudited - Expressed in Canadian dollars)

## 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 January 31, 2016, 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 | $ 222,712 | $ - | |
| Accounts payable and accrued liabilities | (5,594,435) | (2,301) | |
| Net exposure | (5,371,723) | (2,301) | |
| Canadian dollar equivalent | $ (66,693) | $ (3,485) | $ (70,178) |

Based on the above net exposure as at January 31, 2016, 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 $7,000 in the Company's profit or loss.