RESERVOIR CAPITAL CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

THREE MONTHS ENDED JULY 31, 2016 AND 2015
(Unaudited)

NOTICE TO READER

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

	July 31, 2016	April 30, 2016
ASSETS		
Current		
Cash	$ 7,560	$ 47,872
Receivables, net of provisions (Note 4)	186	692
Prepaids and advances	-	4,000
Total current assets	7,746	52,564
Non-current		
Restricted cash equivalents (Note 5)	5,750	5,750
Equipment (Note 6)	19,212	42,191
Energy projects (Note 7)	1,289,016	1,289,016
Total non-current assets	1,313,978	1,336,957
TOTAL ASSETS	$ 1,321,724	$ 1,389,521
LIABILITIES AND EQUITY		
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 798,552	$ 808,368
Promissory notes payable (Note 8)	532,417	241,409
Liability held for sale (Note 10)	1,803	1,779
Decommissioning and restoration provision (Note 7)	50,000	50,000
Total liabilities	1,382,772	1,101,556
EQUITY		
Share capital (Note 11)	36,599,930	36,599,930
Share-based payments reserve	2,689,011	2,689,011
Deficit	(39,349,989)	(39,000,976)
Total equity	(61,048)	287,965
TOTAL LIABILITIES AND EQUITY	$ 1,321,724	$ 1,389,521

Nature of operations and going concern (Note 1)
Event after reporting date (Note 16)

These condensed consolidated interim financial statements are approved and authorized for issuance by the Board of Directors on September 26, 2016.

______”*Lewis Reford*”_______ 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

(Expressed in Canadian dollars)

	Three months ended July 31, 2016	Three months ended July 31, 2015
OPERATIONS EXPENDITURES		
Renewable energy projects (Note 7)	$ 128,246	$ 314,106
GENERAL AND ADMINISTRATIVE EXPENSES		
Administrative services and office	34,556	36,093
Amortization (Note 6)	105	129
Professional fees	9,094	11,152
Shareholder communication and investor relations	200	1,015
Transfer agent and filing fees	2,998	2,839
Travel	-	13,813
	46,953	65,041
Loss from operations	(175,199)	(379,147)
Foreign exchange gain (loss)	255	18,029
Interest and other expenses	(1,451)	(3,947)
Loss on disposal of equipment	(1,994)	(1,588)
Loss on disposal of former subsidiary (Note 9)	(170,600)	-
Miscellaneous income (Note 12)	-	10,000
	(173,790)	22,494
Loss from continuing operations	(348,989)	(356,653)
Loss from discontinued operation, net of tax (Note 10)	(24)	(43,091)
Loss and comprehensive loss for the period	$ (349,013)	$ (399,744)
Basic and diluted loss per share	$ (0.02)	$ (0.02)
Basic and diluted loss per share from continuing operations	(0.02)	(0.02)
Basic and diluted loss per share from discontinued operation	(0.00)	(0.00)
Weighted average number of common shares outstanding	18,611,544	16,019,808

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

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

	Three months ended July 31, 2016	Three months ended July 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (349,013)	$ (399,744)
Adjustments for:		
Amortization	6,491	9,556
Interest income	-	2,992
Interest expense	1,008	-
Loss on disposal of equipment	1,994	1,588
Loss on disposal of former subsidiary	170,600	-
Unrealized foreign exchange loss on cash and cash equivalents	108	232
Changes in non-cash working capital items:		
Receivables	506	(366)
Prepaids and advances	4,000	4,000
Accounts payable and accrued liabilities	21,846	14,606
Net cash used in operating activities	(142,460)	(367,136)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(750)
Disposal of former subsidiary	(187,746)	-
Net cash used in investing activities	(187,746)	(750)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from promissory notes	290,000	-
Exercise of warrants	-	203,371
Net cash provided by financing activities	290,000	203,371
Effect of foreign exchange changes on cash and cash equivalents	(106)	(232)
Change in cash during the period	(40,312)	(164,747)
Cash, beginning of period	47,872	194,862
Cash, end of period	$ 7,560	$ 30,115

Supplemental disclosure with respect to cash flows (Note 13)

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
(Expressed in Canadian dollars)

	Number of shares		Share capital		Share-based payments reserve		Deficit		**Total equity**
Balance as at April 30, 2016	18,611,544	$	36,599,930	$	2,689,011	$	(39,000,976)	$	287,965
Loss for the period	-		-		-		(349,013)		(349,013)
Balance as at July 31, 2016	18,611,544	$	36,599,930	$	2,689,011	$	(39,349,989)	$	(61,048)

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

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 in Serbia.

The Company's hydroelectric 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 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 projects held for the potential generation of electricity and has not yet determined the economic viability of its projects. The recoverability of the Company's investment in its hydroelectric 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 consolidated financial statements of the Company are presented in Canadian dollars unless otherwise indicated. The consolidated 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, or to partner or sell its projects to a third party. The consolidated 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. As at July 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 using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information. The condensed consolidated interim financial statements of the Company have been prepared in accordance with the same accounting policies and methods of their application as the most recent audited financial statements for the years end April 30, 2016 and 2015, 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.

(Expressed in Canadian dollars)

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 condensed consolidated interim 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:

	July 31, 2016	April 30, 2016
GST/VAT receivables	$ 186	$ 692
Other receivables	92,781	92,843
Provisions	(92,781)	(92,843)
	$ 186	$ 692

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

Currency	July 31, 2016	April 30, 2016
Canadian dollars	$ 186	$ 692
Serbian dinars	-	-
Other	-	-
	$ 186	$ 692

5. RESTRICTED CASH EQUIVALENTS

As at July 31 and April 30, 2016, the Company held restricted cash of $5,750 as collateral for its corporate credit card.

(Expressed in Canadian dollars)

6. EQUIPMENT

	Office Equipment	Field Equipment	Total
Cost			
As at April 30, 2015	$ 207,782	$ 227,956	$ 435,738
Additions	750	-	750
Disposals	(75,790)	(227,502)	(303,292)
As at April 30, 2016	132,742	454	133,196
Additions	-	-	-
Disposals	(55,749)	-	(55,749)
As at July 31, 2016	76,993	454	77,447
Accumulated amortization			
As at April 30, 2016	90,551	454	91,005
Amortization	6,491	-	6,491
Disposals	(39,261)	-	(39,261)
As at July 31, 2016	57,781	454	58,235
Net book value			
As at April 30, 2016	$ 42,191	$ -	$ 42,191
As at July 31, 2016	19,212	-	19,212

During the three months ended July 31, 2016, amortization of $6,386 (2015 - $9,427) has been included in operations expenditures and amortization of $105 (2015 - $158) has been included in general and administrative expenses.

7. ENERGY PROJECTS AND GEOTHERMAL LICENSES

Hydroelectric Projects - Acquisition Costs

	July 31, 2016	April 30, 2016
Brodarevo project	$ 248,218	$ 248,218
Decommissioning and restoration provision	50,000	50,000
Land acquisition	990,798	990,798
	$ 1,289,016	$ 1,289,016

7. ENERGY PROJECTS AND GEOTHERMAL LICENSES

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.

During the year ended April 30, 2016, the Company made advances to its former subsidiary, Renewable Energy Ventures Italia s.r.l. ("REV Italia"), which was written off. REV Italia was engaging to facilitate a sale of the Brodarevo projects. During the three months ended July 31, 2016, the Company terminated all contracts related to this subsidiary (Note 10).

During the year ended April 30, 2016, the Company has recognized a reclamation provision related to the Brodarevo projects in the amount of $50,000 (2015 - $Nil).

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 carries the value at $Nil.

Geothermal License - Acquisition Costs

The Company, through its wholly-owned subsidiary, Southern European Exploration d.o.o. ("SEE"), held an exploration license for geothermal energy at Vranjska Banja, which has expired subsequently and not been renewed. The Company wrote-down capitalized acquisition costs and the related collateral totaling $5,470 during the year ended April 30, 2016.

(Expressed in Canadian dollars)

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

Renewable Energy Projects - Expenditures

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

Three months ended July 31, 2016	Brodarevo projects	Geothermal projects	Renewable energy project investigation	**Total**
Administration	$ 36,548	$ -	$ -	$ 36,548
Field costs	6,386	-	-	6,386
Salaries and consultants	60,938	-	-	60,938
Travel and related costs	24,374	-	-	24,374
	$ 128,246	$ -	$ -	$ 128,246

Three months ended July 31, 2015	Brodarevo projects	Geothermal projects	Renewable energy project investigation	**Total**
Administration	$ 117,980	$ 377	$ 22,355	$ 140,712
Field costs	21,538	-	-	21,538
Salaries and consultants	71,068	3,411	20,779	95,258
Technical studies	40,574	4,038	-	44,612
Travel and related costs	11,986	-	-	11,986
	$ 263,146	$ 7,826	$ 43,134	$ 314,106

8. PROMISSORY NOTES

From March to July 2016, the Company received an aggregate advance of $420,000 from a director. The Company entered into promissory note arrangements subsequently (Note 16). As at July 31, 2016, the Company owed a balance of $420,000, which included accrued interest expense of $Nil.

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 July 31, 2016, the Company owed $112,417 (April 30, 2016 - $111,409), which included accrued interest expense of $12,417 (April 30, 2016 - $11,409).

9. DISPOSAL OF A FORMER SUBSIDIARY

In July 2016, the Company entered into a formal arrangement and paid $187,746 to wind-up its wholly-owned subsidiary, REV Italia. In consideration of net liability held by this subsidiary, the Company recognized a loss on disposal of $170,600.

(Expressed in Canadian dollars)

10. DISCONTINUED OPERATION AND LIABILITY HELD OF SALE

In March 2016, management formed a plan to shut dowm its Bosnian segment, following a strategic decision to place greater focus on its Brodarevo projects. The Company recognized impairment losses for write-downs of the disposal group's equipment to the lower of its carrying amount and its fair value less costs to sell. As at July 31, 2016, the disposal group was stated at fair value less costs to sell and comprised by its sole liability: accounts payable and accrued liabilities of $1,803 (April 30, 2016 - $1,779).

The disposal group was not previously classified as held-for-sale or as a discontinued operation. The comparative condensed consolidated interim statement of loss and comprehensive loss has been restated to show the discontinued operation separately from continuing operations.

	Three months ended July 31, 2016	Three months ended July 31, 2015
Revenue	$ -	$ -
Renewable energy projects	-	(42,533)
Foreign exchange gain (loss)	(24)	375
Interest and other expenses	-	(933)
	(24)	(43,091)
Income tax	-	-
Loss from discontinued operation, net of tax	$ (24)	$ (43,091)

The loss from the discontinued operation and loss from continuing operations for the three months ended July 31, 2016 and 2015 are attributable entirely to the equity shareholders of the Company.

	Three months ended July 31, 2016	Three months ended July 31, 2015
Net cash used in operating activities	$ -	$ (6,654)
Net cash used in investing activities	-	-
Net cash flows for the period	$ -	$ (6,654)

(Expressed in Canadian dollars)

11. SHARE CAPITAL

Authorized Share Capital

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

Stock Options

The Company has adopted a stock option plan pursuant to the policies of the 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, 2016	192,250	$ 7.43
Cancelled/Expired	(4,500)	(6.00)
Balance as at July 31, 2016	187,750	$ 6.37

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

Date Granted	Number Outstanding	Exercise Price	Number Exercisable	Expiry Date
February 8, 2012	10,000	13.00	10,000	February 8, 2017
September 7, 2012	177,750	6.00	177,750	September 7, 2017
Total	187,750		187,750	

The weighted average remaining contractual life of the stock options is 1.07 (April 30, 2016 - 1.33) years.

(Expressed in Canadian dollars)

11. SHARE CAPITAL (cont'd…)

Warrants

The changes in warrants outstanding are as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance at April 30, 2015	8,397,104	$	0.32
Issued	1,002,500		0.75
Exercised	(1,414,022)		0.20
Balance as at April 30 and July 31, 2016	7,985,582	$	0.39

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

Expiry Date		Exercise Price	Number of Warrants
July 9, 2019	(1)	0.20	2,293,100
August 1, 2019	(1)	0.20	2,188,232
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			7,985,582

(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 3.27 (April 30, 2016 - 3.52) years.

(Expressed in Canadian dollars)

12. RELATED PARTY TRANSACTIONS

Transactions with Key Management Personnel

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

Three months ended July 31, 2016		Salary or Fees		Share-based Payments		**Total**
Management and outside directors	$	-	$	-	$	-
Seabord Services Corp.		30,000		-		30,000
	$	30,000	$	-	$	30,000

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

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") was a company with common directors. The Company provided consulting services in Serbia to Minerals. During the three months ended July 31, 2016, the Company charged Minerals $Nil (2015 - $10,000) for the above services.

Related party assets (liabilities)	Items or services		July 31, 2016		April 30, 2016
Included in accounts payable and accrued liabilities					
Seabord Services Corp.	Administrative services	$	(132,000)	$	(102,000)
Included in promissory notes					
Chairman		$	(420,000)	$	(130,000)

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the three months ended July 31, 2016 and 2015, the Company did not have any significant non-cash investing and financing activities.

(Expressed in Canadian dollars)

14. SEGMENTED INFORMATION

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

As at July 31, 2016	Canada	Serbia	Bosnia	Other	**Total**
Cash and other assets	$ 6,771	$ 6,517	$ -	$ 208	$ 13,496
Equipment	-	19,212	-	-	19,212
Hydroelectric licenses	-	1,289,016	-	-	1,289,016
Total assets	$ 6,771	$ 1,314,745	$ -	$ 208	$ 1,321,724

As at April 30, 2016	Canada	Serbia	Bosnia	Other	**Total**
Cash and other assets	$ 49,744	$ 8,386	$ -	$ 184	$ 58,314
Equipment	2,099	40,092	-	-	42,191
Hydroelectric licenses	-	1,289,016	-	-	1,289,016
Total assets	$ 51,843	$ 1,337,494	$ -	$ 184	$ 1,389,521

15. 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 2017. As at July 31, 2016, the Company had working capital deficit of $1,375,026 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.

(Expressed in Canadian dollars)

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

Financial Instruments

The Company classified its financial instruments as follows:

As at July 31, 2016		Loans and Receivables		Other Financial Liabilities
Cash and cash equivalents	$	7,560	$	-
Receivables, net of provisions		186		-
Restricted cash equivalents		5,750		-
Accounts payable and accrued liabilities		-		(798,552)
Promissory notes		-		(532,417)
Liability held of sale		-		(1,803)
	$	13,496	$	(1,332,772)

As at April 30, 2016		Loans and Receivables		Other Financial Liabilities
Cash and cash equivalents	$	47,872	$	-
Receivables, net of provisions		692		-
Restricted cash equivalents		5,750		-
Accounts payable and accrued liabilities		-		(808,368)
Promissory notes		-		(241,409)
Liability held of sale		-		(1,779)
	$	54,314	$	(1,051,556)

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.

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, receivables, accounts payable and accrued liabilities, and promissory notes payable 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.

(Expressed in Canadian dollars)

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

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, liquidity risk and currency risk.

Credit Risk

The Company is exposed to credit risk by holding cash. This risk is minimized by holding the funds in Canadian banks or Canadian treasury bills. The Company has receivables exposure which is monitored. The Company has recognized the appropriate provision.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held mainly in bank accounts which do not pay a significant amount of interest and therefore there is minimal interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company is exposed to liquidity risk and actively manages its working capital items and available resources.

Currency Risk

At July 31, 2016, the Company is exposed to currency risk through the following assets and liabilities denominate in Serbian dinars and Euros.

	Serbian dinars	Euros	**Total**
Cash and cash equivalents	$ 230,622	$ -	
Accounts payable and accrued liabilities	(4,272,464)	(363,401)	
Net exposure	(4,041,842)	(363,401)	
Canadian dollar equivalent	$ (47,555)	$ (474,107)	$ (521,662)

Based on the above net exposure as at July 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 $52,200 in the Company's profit or loss.

16. EVENT AFTER REPORTING DATE

Subsequent to July 31, 2016, the Company entered into arrangements for promissory notes payable with arm's length and related parties for aggregate proceeds of $520,000 (of which $420,000 were received previously; Note 8) with interest at the rate of 4% per annum and payable on demand.