



**RESERVOIR CAPITAL CORP.**

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

**SIX MONTHS ENDED OCTOBER 31, 2016 AND 2015**  
**(Unaudited)**

### **NOTICE TO READER**

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

	October 31, 2016	April 30, 2016
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 33,436	\$ 47,872
Receivables, net of provisions (Note 4)	2,458	692
Prepays and advances	13,756	4,000
<b>Total current assets</b>	<b>49,650</b>	<b>52,564</b>
<b>Non-current</b>		
Restricted cash equivalents (Note 5)	-	5,750
Equipment (Note 6)	17,921	42,191
Energy projects (Note 7)	1,289,016	1,289,016
<b>Total non-current assets</b>	<b>1,306,937</b>	<b>1,336,957</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,356,587</b>	<b>\$ 1,389,521</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 863,272	\$ 808,368
Promissory notes payable (Note 8)	638,097	241,409
Liability held for sale (Note 10)	1,816	1,779
Decommissioning and restoration provision (Note 7)	50,000	50,000
<b>Total liabilities</b>	<b>1,553,185</b>	<b>1,101,556</b>
<b>EQUITY (DEFICIT)</b>		
Share capital (Note 11)	36,599,930	36,599,930
Share-based payments reserve	2,689,011	2,689,011
Deficit	(39,485,539)	(39,000,976)
<b>Total equity (deficit)</b>	<b>(196,598)</b>	<b>287,965</b>
<b>TOTAL LIABILITIES AND EQUITY (DEFICIT)</b>	<b>\$ 1,356,587</b>	<b>\$ 1,389,521</b>

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 December 19, 2016.

\_\_\_\_\_  
 "Lewis Reford" Director

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 "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 October 31, 2016	Three months ended October 31, 2015	Six months ended October 31, 2016	Six months ended October 31, 2015
<b>OPERATIONS EXPENDITURES</b>				
Renewable energy projects (Note 7)	\$ 32,087	\$ 365,867	\$ 160,333	\$ 679,973
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>				
Administrative services and office	34,703	34,684	69,259	70,777
Amortization (Note 6)	-	122	105	251
Professional fees	35,729	24,041	44,823	35,193
Shareholder communication and investor relations	3,110	7,863	3,310	8,878
Transfer agent and filing fees	11,604	11,823	14,602	14,662
Travel	-	4,581	-	18,394
	85,146	83,114	132,099	148,155
<b>Loss from operations</b>	(117,233)	(448,981)	(292,432)	(828,128)
Foreign exchange gain (loss)	(342)	3,070	(87)	21,752
Interest and other expenses	(6,656)	(2,427)	(8,107)	(7,027)
Loss on disposal of equipment	-	-	(1,994)	(1,588)
Loss on disposals of former subsidiaries (Note 9)	-	-	(181,906)	-
Miscellaneous income (Note 12)	-	-	-	10,000
	(6,998)	643	(192,094)	23,137
<b>Loss from continuing operations</b>	(124,231)	(448,338)	(484,526)	(804,991)
Loss from discontinued operation, net of tax (Note 10)	(13)	(45,238)	(37)	(88,329)
<b>Loss and comprehensive loss for the period</b>	\$ (124,244)	\$ (493,576)	\$ (484,563)	\$ (893,320)
Basic and diluted loss per share ("LPS")	\$ (0.01)	\$ (0.03)	\$ (0.03)	\$ (0.06)
Basic and diluted LPS from continuing operations	(0.01)	(0.03)	(0.03)	(0.05)
Basic and diluted LPS from discontinued operation	(0.00)	(0.00)	(0.00)	(0.01)
Weighted average no. of common shares outstanding	18,611,544	16,216,335	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)

	Six months ended October 31, 2016	Six months ended October 31, 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (484,563)	\$ (893,320)
Adjustments for:		
Amortization	7,782	18,573
Interest expense	6,688	4,000
Loss on disposal of equipment	1,994	1,588
Loss on disposals of former subsidiaries	181,906	-
Unrealized foreign exchange loss on cash and cash equivalents	93	271
<b>Changes in non-cash working capital items:</b>		
Receivables	(1,766)	(2,459)
Prepays and advances	(9,756)	(8,000)
Accounts payable and accrued liabilities	87,589	117,104
<b>Net cash used in operating activities</b>	<b>(210,033)</b>	<b>(762,243)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposals of former subsidiaries	(200,099)	-
Redemption of restricted cash equivalents	5,750	-
Purchase of equipment	-	(750)
<b>Net cash used in investing activities</b>	<b>(194,349)</b>	<b>(750)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from promissory notes	390,000	395,000
Subscriptions received in advance	-	644,500
Exercise of warrants	-	211,371
<b>Net cash provided by financing activities</b>	<b>390,000</b>	<b>1,250,871</b>
<b>Effect of foreign exchange changes on cash and cash equivalents</b>	<b>(54)</b>	<b>(271)</b>
<b>Change in cash during the period</b>	<b>(14,436)</b>	<b>487,607</b>
<b>Cash, beginning of period</b>	<b>47,872</b>	<b>194,862</b>
<b>Cash, end of period</b>	<b>\$ 33,436</b>	<b>\$ 682,469</b>

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 (DEFICIT)**

(Expressed in Canadian dollars)

	Number of shares		Share capital		Share-based payments reserve		Deficit		<b>Total equity (deficit)</b>
<b>Balance as at April 30, 2016</b>	18,611,544	\$	36,599,930	\$	2,689,011	\$	(39,000,976)	\$	287,965
Loss for the period	-		-		-		(484,563)		(484,563)
<b>Balance as at October 31, 2016</b>	18,611,544	\$	36,599,930	\$	2,689,011	\$	(39,485,539)	\$	(196,598)

	Number of shares		Share capital		Share-based payments reserve		Subscriptions received in advance		Deficit		<b>Total equity</b>
<b>Balance as at April 30, 2015</b>	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)
<b>Balance as at October 31, 2015</b>	16,249,378	\$	35,557,306	\$	2,669,011	\$	644,500	\$	(37,813,573)	\$	1,057,244

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**

(Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2016 AND 2015

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**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 actively looking for a partner to provide capital for the development of Brodarevo. 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 October 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.

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

(Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2016 AND 2015

**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:

	October 31, 2016	April 30, 2016
GST/VAT receivables	\$ 2,458	\$ 692
Other receivables	94,487	92,843
Provisions	(94,487)	(92,843)
	\$ 2,458	\$ 692

As at October 31 and April 30, 2016, the carrying amounts of the Company's receivables, net of provisions, were denominated in Canadian dollars.

**5. RESTRICTED CASH EQUIVALENTS**

As at October 31, 2016, the Company held restricted cash of \$Nil (April 30, 2016 - \$5,750) as collateral for its corporate credit card.



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

(Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2016 AND 2015

**6. EQUIPMENT**

	Office Equipment	Field Equipment	Total
<b>Cost</b>			
As at April 30, 2016	\$ 132,742	\$ 454	\$ 133,196
Additions	-	-	-
Disposals	(55,749)	(454)	(56,203)
As at October 31, 2016	76,993	-	76,993
<b>Accumulated amortization</b>			
As at April 30, 2016	90,551	454	91,005
Amortization	7,782	-	7,782
Disposals	(39,261)	(454)	(39,715)
As at October 31, 2016	59,072	-	59,072
<b>Net book value</b>			
As at April 30, 2016	\$ 42,191	\$ -	\$ 42,191
As at October 31, 2016	17,921	-	17,921

During the six months ended October 31, 2016, amortization of \$7,667 (2015 - \$18,322) has been included in operations expenditures and amortization of \$105 (2015 - \$251) has been included in general and administrative expenses.

**7. ENERGY PROJECTS****Hydroelectric Projects - Acquisition Costs**

	October 31, 2016	April 30, 2016
Brodarevo project	\$ 298,218	\$ 248,218
Decommissioning and restoration provision	50,000	50,000
Land acquisition	990,798	990,798
	\$ 1,339,016	\$ 1,289,016

***Brodarevo Project***

In February 2009, the Company, through its wholly-owned subsidiary Renewable Energy Ventures d.o.o. ("REV"), was awarded the Brodarevo 1 and Brodarevo 2 energy permits, to develop run-of-river hydroelectric projects on the River Lim in southwest Serbia. The acquisition costs consist of the cash paid for legal, government taxes and project consultant expenses directly related to the acquisition of the permits.

In January 2012, the Ministry of Infrastructure and Energy of the Republic of Serbia granted three-year extensions for both energy permits. Under the terms of the new permits, the Company must begin construction within the three-year period, though subject to compliance with most other conditions, may request a one-year extension to this deadline.

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

(Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2016 AND 2015

**7. ENERGY PROJECTS****Hydroelectric Projects - Acquisition Costs (cont'd...)*****Brodarevo Project***

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 April 2016, the Company has recognized a reclamation provision related to the Brodarevo projects in the amount of \$50,000.

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 six months ended October 31, 2016, the Company terminated all contracts related to this subsidiary (Note 9).

**Renewable Energy Projects - Expenditures**

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

Six months ended	Brodarevo	Geothermal	Renewable	
October 31, 2016	projects	projects	energy project	Total
			investigation	
Administration	\$ 52,035	\$ -	\$ -	\$ 52,035
Field costs	7,677	-	-	7,677
Salaries and consultants	76,159	-	-	76,159
Travel and related costs	24,462	-	-	24,462
	\$ 160,333	\$ -	\$ -	\$ 160,333

Six months ended	Brodarevo	Geothermal	Renewable	
October 31, 2015	projects	projects	energy project	Total
			investigation	
Administration	\$ 163,864	\$ 512	\$ 23,029	\$ 187,405
Advances written off	215,825	-	-	215,825
Field costs	61,859	18	-	61,877
Salaries and consultants	120,378	6,921	20,779	148,078
Technical studies	43,300	4,170	-	47,470
Travel and related costs	19,318	-	-	19,318
	\$ 624,544	\$ 11,621	\$ 43,808	\$ 679,973

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

(Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2016 AND 2015

**8. PROMISSORY NOTES**

In August 2016, the Company entered into arrangements with arm's length and related parties for aggregate proceeds of \$520,000 with interest at the rate of 4% per annum. As at October 31, 2016, the Company owed \$524,672, which included accrued interest expense of \$4,672.

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, 2016, the Company owed \$113,425 (April 30, 2016 - \$111,409), which included accrued interest expense of \$13,425 (April 30, 2016 - \$11,409).

**9. DISPOSALS OF FORMER SUBSIDIARIES**

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 REV Italia, the Company recognized a loss on disposal of \$170,600.

In August 2016, the Company completed the wind-up of its wholly-owned subsidiary, Southern European Exploration d.o.o. ("SEE doo"), which held an exploration license for geothermal energy at Vranjska Banja. In consideration of net asset held by SEE doo and disposal costs, the Company recognized a loss on disposal of \$11,306.

**10. DISCONTINUED OPERATION AND LIABILITY HELD OF SALE**

In March 2016, management formed a plan to shut down 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 October 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 \$1,816 (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 October 31, 2016	Three months ended October 31, 2015	Six months ended October 31, 2016	Six months ended October 31, 2015
Revenue	\$ -	\$ -	\$ -	\$ -
Renewable energy projects	-	(45,128)	-	(87,661)
Foreign exchange gain (loss)	(13)	880	(37)	1,255
Interest and other expenses	-	(990)	-	(1,923)
	(13)	(45,238)	(37)	(88,329)
Income tax	-	-	-	-
<b>Loss from discontinued operation, net of tax</b>	<b>\$ (13)</b>	<b>\$ (45,238)</b>	<b>\$ (37)</b>	<b>\$ (88,329)</b>

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

(Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2016 AND 2015

**10. DISCONTINUED OPERATION AND LIABILITY HELD OF SALE (cont'd...)**

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

	Six months ended October 31, 2016	Six months ended October 31, 2015
Net cash used in operating activities	\$ -	\$ (7,022)
Net cash used in investing activities	-	-
<b>Net cash flows for the period</b>	<b>\$ -</b>	<b>\$ (7,022)</b>

**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 Venture Exchange 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 October 31, 2016	187,750	\$ 6.37

The following table summarizes the stock options outstanding and exercisable at October 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
<b>Total</b>	<b>187,750</b>		<b>187,750</b>	

The weighted average remaining contractual life of the stock options is 0.82 (April 30, 2016 - 1.33) years.

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

(Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2016 AND 2015

**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 October 31, 2016	7,985,582	\$ 0.39

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

Expiry Date	Exercise Price	Number of Warrants
July 9, 2019 <sup>(1)</sup>	0.20	2,293,100
August 1, 2019 <sup>(1)</sup>	0.20	2,188,232
December 1, 2019 <sup>(2)</sup>	0.60	1,652,500
January 1, 2020 <sup>(2)</sup>	0.60	498,500
February 6, 2020 <sup>(2)</sup>	0.60	350,750
November 6, 2020 <sup>(3)</sup>	0.75	1,002,500
<b>Total</b>		<b>7,985,582</b>

<sup>(1)</sup> 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

<sup>(2)</sup> 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

<sup>(3)</sup> 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 3.01 (April 30, 2016 - 3.52) years.

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

(Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2016 AND 2015

**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:

	Salary or Fees	Share-based Payments	Total
<b>Six months ended October 31, 2016</b>			
Management and outside directors	\$ -	\$ -	\$ -
Seabord Services Corp.	60,000	-	60,000
	\$ 60,000	\$ -	\$ 60,000
<b>Six months ended October 31, 2015</b>			
Management and outside directors	\$ -	\$ -	\$ -
Seabord Services Corp.	60,000	-	60,000
	\$ 60,000	\$ -	\$ 60,000

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 six months ended October 31, 2016, the Company charged Minerals \$Nil (2015 - \$10,000) for the above services.

Related party assets (liabilities)	Items or services	October 31, 2016	April 30, 2016
<b>Included in accounts payable and accrued liabilities</b>			
Seabord Services Corp.	Administrative services and expense reimbursements	\$ (168,943)	\$ (102,000)
<b>Included in promissory notes</b>			
Chairman		\$ (423,774)	\$ (130,000)
Seabord Services Corp.		\$ (50,449)	\$ -

**13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

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

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

(Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2016 AND 2015

**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:

<b>As at October 31, 2016</b>	<b>Canada</b>		<b>Serbia</b>		<b>Other</b>		<b>Total</b>
Cash and other assets	\$	47,033	\$	2,414	\$	203	\$ 49,650
Equipment		-		17,921		-	17,921
Hydroelectric projects		-		1,289,016		-	1,289,016
Total assets	\$	47,033	\$	1,309,351	\$	203	\$ 1,356,587

  

<b>As at April 30, 2016</b>	<b>Canada</b>		<b>Serbia</b>		<b>Other</b>		<b>Total</b>
Cash and other assets	\$	49,744	\$	8,386	\$	184	\$ 58,314
Equipment		2,099		40,092		-	42,191
Hydroelectric projects		-		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. 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 its projects and pay for administrative costs, the Company will be required to raise additional funds during fiscal 2017. As at October 31, 2016, the Company had a working capital deficit of \$1,473,535 and will not be able to meet its corporate objectives over the next 12 months without additional funds. 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**

(Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2016 AND 2015

**15. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT (cont'd...)****Financial Instruments**

The Company classified its financial instruments as follows:

	Loans and Receivables	Other Financial Liabilities
<b>As at October 31, 2016</b>		
Cash and cash equivalents	\$ 33,436	\$ -
Receivables, net of provisions	2,458	-
Accounts payable and accrued liabilities	-	(863,272)
Promissory notes	-	(638,097)
Liability held of sale	-	(1,816)
	<b>\$ 35,894</b>	<b>\$ (1,503,185)</b>
<b>As at April 30, 2016</b>		
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)
	<b>\$ 54,314</b>	<b>\$ (1,051,556)</b>

**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, 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.



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

(Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2016 AND 2015

**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 October 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	\$ 201,481	\$ -	
Accounts payable and accrued liabilities	(7,724,252)	(369,181)	
Net exposure	(7,522,771)	(369,181)	
Canadian dollar equivalent	\$ (90,137)	\$ (542,671)	\$ (632,808)

Based on the above net exposure as at October 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 \$63,300 in the Company's profit or loss.