RESERVOIR CAPITAL CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS
THREE AND SIX MONTHS ENDED OCTOBER 31, 2008

BACKGROUND

This management's discussion and analysis of financial position and results of operations is prepared as at December 16, 2008, and should be read in conjunction with the unaudited interim consolidated financial statements of Reservoir Capital Corp. (the "Company" or "Reservoir") for the three and six months ended October 31, 2008 and the related notes thereto. Those interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and, as a result, do not contain all disclosure required under generally accepted accounting principles for annual financial statements. Accordingly, readers may want to refer to the Company's April 30, 2008 annual consolidated financial statements and accompanying notes. All dollar amounts included therein and in the following management's discussion and analysis ("MD&A") are expressed in Canadian dollars except where otherwise noted. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com or on the Company's website at www.reservoircapitalcorp.com.

COMPANY OVERVIEW

Reservoir 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 Company's principal business activities are the acquisition, exploration and development of mineral properties and hydroelectric projects in the Republic of Serbia and the region. The Company is currently exploring for precious and base metals on mineral properties in Serbia, has submitted applications for run-of-river hydroelectric projects and is reviewing additional acquisition opportunities in both the mineral and renewable energy sectors.

EXPLORATION OVERVIEW

Brestovac

During the three-month period ended October 31, 2008 (the "Period"), the Company has focused its efforts at Brestovac given its potential to host a world-class copper-gold deposit. During the Period exploration focused on the copper-gold sulphide target previously identified through drilling in the prior Quarter. Mapping identified exposures of the Bor fault within the Company's license area between the town of Brestovac and the known Bor deposits to the north. Volcanic rocks found exposed in a stream within the license that show silica, clay and sulphide alteration typical of the Bor mineralization systems and the twelve channel samples collected across the outcrop returned values up to 1.54 grams per ton ("g/t") gold and up to 1,935 parts per million ("ppm") copper.

Parlozi

The Company completed a validation drill hole to a depth of 600 meters on the Parlozi lead-zinc-silver project.

The drill hole intersected a sequence of interbedded limestones and marls intruded by Neogene dacites. Silver-rich sulphide mineralization is associated with intense silicification of the marls and limestones. Gold is associated with arsenopyrite mineralization and occurs in strongly silicified metasedimentary rocks close to the contact with the intrusive dacite. The Company notes that the replacement style of mineralization is similar to other deposits associated with Neogene magmatism in the western Balkans, but that Parlozi is remarkable for its high content of precious metals.

The best precious metals intercepts include:

From (meters)	To (meters)	Interval (meters)	Au g/t	Ag g/t	Pb %	Zn %
121.60	127.65	6.15	2.81	5	0.1	0.1
172.55	182.40	9.85	1.01	37	1.1	0.7
195.30	203.10	7.80	0.14	214	4.8	1.4
Including 195.30	199.30	4.00	0.23	410	8.1	2.2
247.30	251.00	3.70	0.12	228	9.2	1.3
354.00	360.30	6.30	0.11	105	1.0	0.1
422.50	434.00	11.50	0.04	102	0.9	0.4
Including 424.00	424.80	0.80	0.21	1175	11.3	4.0

Jasikovo

In August-September 2008 the Company acquired and completed reconnaissance mapping and sampling on the Jasikovo license, like Brestovac, located in the highly prolific Bor District. The 12.5 square kilometre Jasikovo license covers extensions of the Bor fault to the north of the Bor mines and proximal to the Coka Marin massive sulphide deposit. The Company's reconnaissance work mapped several areas of structurally controlled alteration and returned up to 0.28% copper from rock chip sampling of outcrops.

Deli Jovan

Over the summer of 2008 the Company continued to improve its understanding of the Deli Jovan gold vein systems through more detailed surface mapping along the trend and further structural analyses in the old Rusman and Gindusa workings. During the mapping work, the Company located another set of old underground workings known as Latovo. Of the six samples of material collected from dumps around the old adit, five returned values greater than 1 g/t gold, with the highest returning 300 g/t gold.

Stara Planina

The Company has completed a short program of sampling from channels, trenching and geological mapping around the old workings at Aljin Do to assess possible extensions of massive sulphide mineralization. Mineralization sampled from mine dumps near the old adit ranged in grade from 1.25 g/t to 42.9 g/t gold and 0.1% to 8.6% copper. Two trenches excavated along the trend identified extensions of the same alteration mineralization 100 meters along strike from the old workings.

Trench	Length (m)	Number of Samples	Gold (g/t Au)	Max (g/t Au)	Copper (g/t Cu)	Max (Cu %)
1	32	16	0.12	1.1	715	0.25
2	26	13	0.09	0.8	360	0.22

Dr. Duncan Large, Chartered Engineer (UK) and Eur. Geol., a Qualified Person as defined by National Instrument 43-101 and consultant to the Company, is responsible for the preparation of, and has verified, the technical information in this MD&A.

RENEWABLE ENERGY OVERVIEW

During the Period the Company has been working with the Ministry of Mines and Energy and the Serbian Government to approve the Brodarevo 1 and Brodarevo 2 energy permits. These will be the first such licenses granted to a private Company in Serbia and as such there has been a fair amount of work to do on the details of the process. The Company, at the request of the Serbian Government, resubmitted both applications in October, including amendments and additions to the documentation. The Company anticipates the applications should be processed in their current form.

Subsequent to the end of the Period the government placed proposals before Congress to introduce preferential energy tariffs for clean and renewable energy and to permit the State-owned energy utility Elektro Privedna Serba to sign long-term power purchase agreements.

RESULTS OF OPERATIONS

For the three months ended October 31, 2008, the company reported a loss of $657,924 or $0.03 per share compared to a loss of $694,874 or $0.04 per share in the first quarter of fiscal 2008. During the three months ended October 31, 2008, project investigation expenses were higher due to applications for hydroelectric projects and reviewing opportunities in the renewable energy sector offset by lower stock based compensation expense, travel and foreign exchange gains compared to the three months ended October 31, 2007.

For the six months ended October 31, 2008, the Company reported a loss of $1,490,695 or $0.08 per share compared to a loss of $1,243,219 or $0.09 per share for the comparative period in 2007. The increased loss is primarily due to increased project investigation expenses due to submitting applications for hydro electric projects, reviewing opportunities in the renewable energy sector and increased exploration expenditures offset by lower stock based compensation and foreign exchange gains compared to the six months ended October 31, 2007.

LIQUIDITY AND CAPITAL RESOURCES

At October 31, 2008, the Company had working capital of $2,997,009 as compared to $1,250,474 at April 30, 2008. The increase in working capital of approximately $1,746,535 from April 30, 2008 was mainly due to proceeds from share capital issued for cash net of share issue costs of $3,237,121 and other income of approximately $71,004 offset by exploration expenditures, general and administrative expenses, renewable energy expenditures and equipment purchases of $884,876, $387,969, $260,747 and $27,998 respectively.

All of the Company’s cash and cash equivalents are held in interest bearing accounts and highly liquid short-term interest bearing investments with maturities of one year or less which can be liquidated at any time without penalties. The Company has not invested in any short-term commercial paper or asset backed securities.

In management’s opinion, the Company has sufficient working capital to meet its commitments for the next 12 months.

QUARTERLY INFORMATION

Quarter Ended	October 31, 2008	July 31, 2008	April 30, 2008	January 31, 2008
Exploration expenditures	$ 340,447	$ 557,110	$ 528,156	$ 420,255
Stock-based compensation	(4,094)	19,237	114,111	10,746
Loss for the period	(657,924)	(832,771)	(821,919)	(615,070)
Basic and diluted loss per share	(0.03)	(0.05)	(0.05)	(0.04)

Quarter Ended	October 31, 2007	July 31, 2007	April 30, 2007	January 31, 2007
Exploration expenditures	$ 350,084	$ 309,341	$ 208,751	$ -
Stock-based compensation	36,373	72,521	409,080	-
Net income (loss) for the period	(694,874)	(548,345)	(874,900)	(212,094)
Basic and diluted earnings (loss) per share	(0.04)	(0.04)	(0.12)	(0.02)

The loss for the quarters varies primarily based on exploration expenditures incurred and whether stock options are granted in the quarter, other than the January 31, 2007 quarter which was prior to the completion of the Company's Qualifying Transaction in February 2007 and commencement of operations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in preparation of the financial statements for the year ended April 30, 2008 are set forth in note 2 of the consolidated financial statements. They are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Accounting policies requiring significant judgments or estimates are as follows:

Mineral Properties

The Company's accounting policy is to capitalize acquisition costs, net of recoveries received, until the property to which they relate is placed into production, sold or abandoned. Exploration expenditures, net of recoveries, are expensed as incurred until such time as the development potential of the property is evidenced by a positive economic analysis. This policy is an acceptable alternative under Canadian GAAP. On a quarterly basis, management reviews the carrying values of acquisition costs with a view to assessing whether there has been any impairment in value. In the event that resources are estimated to be insufficient to recover the carrying value of any property, the carrying value will be written down to estimated fair value or written-off, as appropriate.

Renewable energy projects

Acquisition costs for renewable energy projects, net of recoveries, are capitalized on a project-by-project basis. Acquisition costs include cash consideration and the value of common shares, based on recent issue prices, issued for projects pursuant to the terms of the agreement. Project expenditures, net of recoveries, are charged to operations as incurred, until such time as the commercial feasibility of the project is determined. After a project is determined to be commercially feasible, all expenditures related to the project are capitalized. When there is little prospect of further work on a project being carried out by the Company or its partners, when a project is abandoned, or when the capitalized costs are no longer considered recoverable, the related project costs are written down to management's estimate of their fair value. The costs related to a project that goes into commercial production will be amortized on a systematic and rational basis.

Stock-Based Compensation

Another significant estimate relates to accounting for stock-based compensation. From time to time, the Company may grant share purchase options to directors, officers, employees and consultants. The Company uses the Black-Scholes option pricing model to estimate a value for these options. This model, and other models which are used to value options, require inputs such as expected volatility, expected life to exercise, and interest rates. Changes in any of these inputs could cause a significant change in the stock-based compensation expense charged in a period.

Asset Retirement Obligations

The Company recognizes statutory, contractual or other legal obligations related to the retirement of tangible long-lived assets when such obligations are incurred based on an estimate of fair value. The estimates include an assumption on the rate at which costs may inflate in future periods as well as the expected timing of future cash outflows. Actual costs and the timing of expenditures could differ from these estimates.

CHANGES IN ACCOUNTING POLICIES

New pronouncements effective for fiscal 2009 and later periods

Effective May 1, 2008, the Company has adopted the following CICA handbook guidelines for the Company's first quarter commencing May 1, 2008:

Going-concern

The CICA amended Handbook Section 1400, "General Standards of Financial Statement Presentation", which requires management to make an assessment of the Company's ability to continue as a going-concern. When management is aware of material uncertainties related to events or conditions that may cast doubt on an entity's ability to continue as a going concern, those uncertainties must be disclosed. In assessing the appropriateness of the going concern assumption, the standard requires management to consider all available information about the future, which is at least, but not limited to, twelve months from the balance sheet date. The adoption did not have a material impact on the consolidated financial statements for any of the periods presented..

Capital Disclosures

The CICA issued Handbook Section 1535, "Capital Disclosures", which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objectives, policies and procedures for managing capital. This information is disclosed in Note 11 of the consolidated financial statements.

Financial instruments

The CICA issued two new standards, Section 3862, "Financial Instruments Disclosures", and Section 3863, "Financial Instruments Presentation". These sections replace the existing Section 3861, "Financial Instruments Disclosure and Presentation". Section 3862 requires an entity to provide users with information to evaluate the significance of the financial instruments of the entity's financial position and performances, nature and extent of risks arising from financial instruments, and how the entity manages those risks. Section 3863 deals with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. This information is disclosed in Note 10 of the consolidated financial statements.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

OUTSTANDING SHARE DATA

As at December 16, 2008, the Company had 21,770,000 common shares issued and outstanding. There were also 1,610,000 (1,490,000 vested) options outstanding with expiry dates ranging from February 2, 2012 to October 29, 2013. There were 10,776,000 warrants outstanding with expiry dates ranging from February 2, 2009 to July 16, 2010.

RISKS AND UNCERTAINTIES

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company’s properties has a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that claims are in good standing and obtaining permits for drilling and other exploration activities. The market prices for gold and other metals can be volatile and there is no assurance that a profitable market will exist for a production decision to be made or for the ultimate sale of the metals even if commercial quantities of precious and other metals are discovered.

Reservoir is currently exploring eight mineral exploration permits in Serbia. Under the Serbian Mining Code, these permits have to be renewed annually based on work programs proposed by the Company. The Serbian Ministry of Energy and Mines may at its discretion grant only an interim six-month renewal in the event that proposed work programs have not been completed within the one-year period and may refuse to grant a renewal at all if it deems that no or insufficient work has been completed. The Serbian Ministry of Energy and Mines may also ask the Company to amend its work program and to relinquish parts of its permit where it has not worked or does not propose to work as part of the current proposed program. Management believes the Company maintains good relations with the Serbian Ministry of Energy and Mines and has fulfilled its work programs either within the permit period or within agreed renewal periods.

Serbia is in the process of rewriting its Mining Code, along with many other laws, to European Union standards as part of its efforts to eventually join the European Union. Elements of the new Mining Code and related regulations are already in place and are working. However, there is the risk that these changes may have unforeseen impact on the Company’s Serbian business interests.
The Company’s equity financings are sourced in Canadian dollars but for the most part it incurs its expenditures in local currencies. At this time there are no currency hedges in place. The Company does not have any sources of revenues.

FORWARD LOOKING INFORMATION

This MD&A may contain “forward looking statements” that reflect the Company’s current expectations and projections about its future results. When used in this MD&A, words such as “estimate”, “intend”, ”expect”, ”anticipate” and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company’s future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause Reservoir’s actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and factors may include, but are not limited to: unavailability of financing, failure to identify commercially viable mineral reserves, fluctuations in the market valuation for commodities, difficulties in obtaining required approvals for the development of a mineral project and other factors.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicate herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.