

RESERVOIR CAPITAL CORP.

**CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)**

THREE AND NINE MONTHS ENDED JANUARY 31, 2009

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited interim consolidated financial statements of Reservoir Capital Corp. (the "Company") for the three and nine months ended January 31, 2009 have been prepared by management and approved by the Board of Directors of the Company. In accordance with National Instrument 51-102, management advises that these interim consolidated financial statements have not been reviewed by the Company's external auditors.

RESERVOIR CAPITAL CORP.
CONSOLIDATED BALANCE SHEETS
(Unaudited - Expressed in Canadian dollars)

	January 31, 2009	April 30, 2008
ASSETS		
Current		
Cash and cash equivalents	\$ 2,572,623	\$ 1,413,247
Receivables	12,707	69,293
Prepays	52,734	48,318
	<u>2,638,064</u>	<u>1,530,858</u>
Equipment (Note 4)	117,420	108,739
Mineral properties (Note 5)	469,870	469,870
Restricted cash	57,500	57,500
	<u>\$ 3,282,854</u>	<u>\$ 2,166,967</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 134,002	\$ 280,384
Shareholders' equity		
Share capital (Note 8)	8,180,449	4,936,226
Contributed surplus (Note 8)	760,557	747,498
Deficit	(5,792,154)	(3,797,141)
	<u>3,148,852</u>	<u>1,886,583</u>
	<u>\$ 3,282,854</u>	<u>\$ 2,166,967</u>

Nature of operations (Note 1)

Subsequent events (Note 14)

On behalf of the Board:

Signed: "Miles F. Thompson"

Director

Signed: "Michael D. Winn"

Director

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

RESERVOIR CAPITAL CORP.**CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT**

(Unaudited - Expressed in Canadian dollars)

	Three months ended January 31,		Nine months ended January 31,	
	2009	2008	2009	2008
EXPLORATION EXPENDITURES (Note 6)	\$ 148,341	\$ 420,255	\$ 1,045,898	\$ 1,079,680
GENERAL AND ADMINISTRATIVE EXPENSES				
Administrative services and office	62,874	55,546	160,345	118,964
Amortization	126	172	409	559
Management fees	60,039	49,401	163,318	142,203
Professional fees	27,180	16,787	76,092	94,658
Shareholder communication and investor relations	16,300	11,828	40,880	30,608
Stock-based compensation (Note 8)	5,018	10,746	20,161	119,640
Transfer agent and filing fees	20,999	1,144	57,180	36,368
Travel	27,628	35,221	105,174	139,633
	220,164	180,845	623,559	682,633
Loss before other items	(368,505)	(601,100)	(1,669,457)	(1,762,313)
OTHER ITEMS				
Foreign exchange gain (loss)	979	25,915	37,473	(24,489)
Interest income	12,632	20,795	47,142	71,469
Project investigation expenses (Note 7)	(149,424)	(60,680)	(410,171)	(142,956)
	(135,813)	(13,970)	(325,556)	(95,976)
Loss and comprehensive loss for the period	(504,318)	(615,070)	(1,995,013)	(1,858,28)
Deficit, beginning of period	(5,287,836)	(2,360,152)	(3,797,141)	(1,116,933)
Deficit, end of period	(5,792,154)	(2,975,222)	(5,792,154)	(2,975,222)
Basic and diluted loss per common share	\$ (0.02)	\$ (0.04)	\$ (0.10)	\$ (0.12)
Weighted average number of common shares outstanding	21,770,000	16,409,225	20,252,165	15,305,962

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

RESERVOIR CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited - Expressed in Canadian dollars)

	Three months ended		Nine months ended	
	January 31,		January 31,	
	2009	2008	2009	2008
Cash flows from operating activities				
Loss for the period	\$ (504,318)	\$ (615,070)	\$ (1,995,013)	\$ (1,858,289)
Items not affecting cash:				
Amortization	6,353	6,239	19,317	16,404
Stock-based compensation	5,018	10,746	20,161	119,639
Changes in non-cash working capital items:				
Receivables	47,983	9,907	56,586	13,424
Prepays	(29,791)	-	(4,416)	-
Accounts payable and accrued liabilities	20,369	(18,249)	(146,382)	2,224
Net cash (used in) provided by operating activities	(454,386)	(606,427)	(2,049,747)	(1,706,598)
Cash flows from investing activities				
Purchase of equipment	-	(1,377)	(27,998)	(106,769)
Mineral properties	-	46,089	-	46,089
Net cash (used in) provided by investing activities	-	44,712	(27,998)	(60,680)
Cash flows from financing activities				
Capital stock issued for cash, net of share issue costs	-	-	3,237,121	2,202,479
Net cash (used in) provided by financing activities	-	-	3,237,121	2,202,479
Increase (decrease) in cash and cash equivalents during the period	(454,386)	(561,715)	1,159,376	435,201
Cash and cash equivalents, beginning of period	3,027,009	2,710,302	1,413,247	1,713,386
Cash and cash equivalents, end of period	\$ 2,572,623	\$ 2,148,587	\$ 2,572,623	\$ 2,148,587

Supplemental disclosure with respect to cash flows (Note 11)

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

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

(Unaudited - Expressed in Canadian dollars)

THREE AND NINE MONTHS ENDED JANUARY 31, 2009

1. NATURE OF OPERATIONS

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 Company’s principal business activities are the acquisition, exploration and development of mineral properties and acquisition and development of 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 two energy licenses for run-of-river hydroelectric projects and is reviewing additional acquisition opportunities in both the mineral and renewable energy sectors. The Company’s continuing operations and the ability of the Company to meet its mineral property and other commitments are dependent upon the ability of the Company to raise additional equity, debt financing and seeking joint venture partners.

The Company’s mineral exploration and hydroelectric project activities 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 mineral property rights and energy licenses and the recoverability of investments in emerging nations can be affected by changing economic, regulatory and political situations.

The Company is currently exploring its mineral properties and has not yet determined whether its mineral properties contain reserves that are economically recoverable. The recoverability of amounts capitalized for mineral properties is dependent upon the discovery of sufficient economically recoverable ore reserves, confirmation of the Company’s interest in the underlying mineral properties, the ability of the Company to arrange appropriate financing or seek joint venture partners to complete the development of the mineral properties and upon future profitable production or proceeds from the sale of the mineral properties.

2. BASIS OF PRESENTATION

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for annual financial statements. In the opinion of management, the accompanying financial information reflects all adjustments, consisting primarily of normal and recurring adjustments considered necessary for fair presentation for the results for the interim periods presented. Operating results for the three and nine months ended January 31, 2009 are not necessarily indicative of the results that may be expected for the year ending April 30, 2009. These interim consolidated financial statements follow the same accounting policies as the annual financial statements of the Company, except as noted below. Accordingly, these financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto, for the year ended April 30, 2008.

RESERVOIR CAPITAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian dollars)
THREE AND NINE MONTHS ENDED JANUARY 31, 2009

3. CHANGES IN ACCOUNTING POLICIES

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 assess an entity'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.

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 provides 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.

Recent Accounting Pronouncements

Goodwill and Intangible Assets

The CICA issued Handbook Section 3064, Goodwill and Intangible Assets, which will replace Section 3062, Goodwill and Other Intangible Assets. The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred. The new standard applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The Company does not expect the adoption of these changes to have an impact on its consolidated financial statements.

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THREE AND NINE MONTHS ENDED JANUARY 31, 2009

3. CHANGES IN ACCOUNTING POLICIES (cont'd...)

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.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

In January 2009, the CICA issued CICA Handbook Section 1582, Business Combinations, Section 1601, Consolidations, and Section 1602, Non-Controlling Interests. These sections replace the former Handbook Section 1581, Business Combinations and Section 1600, Consolidated Financial Statements and establish a new section for accounting for a non-controlling interest in a subsidiary. CICA Handbook Section 1582 revises standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to IFRS 3, Business Combinations (January 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011, although earlier adoption is permitted.

CICA Handbook Section 1601 revises standards for the preparation of consolidated financial statements.

CICA Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS International Accounting Standards ("IAS") 27, Consolidated and Separate Financial Statements (January 2008).

CICA Handbook Section 1601 and Section 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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THREE AND NINE MONTHS ENDED JANUARY 31, 2009

4. EQUIPMENT

	January 31, 2009		
	Cost	Accumulated Amortization	Net Book Value
Office equipment	\$ 10,108	\$ 2,236	\$ 7,872
Field equipment	150,450	40,902	109,548
	\$ 160,558	\$ 43,138	\$ 117,420

	April 30, 2008		
	Cost	Accumulated Amortization	Net Book Value
Office equipment	\$ 3,041	\$ 1,085	\$ 1,956
Field equipment	129,519	22,736	106,783
	\$ 132,560	\$ 23,821	\$ 108,739

5. MINERAL PROPERTIES

Mineral properties – acquisition costs

	January 31, 2009	April 30, 2008
Brestovac	\$ 191,935	\$ 191,935
Lece	57,581	57,581
Deli Jovan	57,580	57,580
Plavkovo	38,387	38,387
Stara Planina	38,387	38,387
Rakita	86,000	86,000
	\$ 469,870	\$ 469,870

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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THREE AND NINE MONTHS ENDED JANUARY 31, 2009

6. EXPLORATION EXPENDITURES

Exploration expenditures

During the three months ended January 31, 2009 and 2008, the Company incurred the following exploration expenditures on its mineral properties, which were expensed as incurred:

2009	Brestovac	Lece	Deli Jovan	Plavkovo	Stara Planina	Rakita	Parloz	Regional Serbi	Total
Administration	\$ 3,240	\$ 1,968	\$ 1,350	\$ 2,222	\$ 1,082	\$ 4,483	\$ 3,253	\$ 606	\$ 18,204
Assays	8,607	241	2,181	241	2,984	938	9,754	4,575	29,521
Drilling	361	-	-	-	-	-	-	208	569
Field costs	1,177	245	292	506	381	748	43	1,820	5,212
Salaries and consultants	12,710	7,516	8,886	6,690	10,947	924	17,719	21,604	86,996
Technical studies	-	-	-	-	-	-	2,019	-	2,019
Travel and related costs	677	584	284	927	714	-	284	2,350	5,820
	\$ 26,772	\$ 10,554	\$ 12,993	\$ 10,586	\$ 16,108	\$ 7,093	\$ 33,072	\$ 31,163	\$ 148,341

2008	Brestovac	Lece	Deli Jovan	Plavkovo	Stara Planina	Rakita	Parloz	Regional Serbi	Total
Administration	\$ 10,522	\$ 5,724	\$ 6,956	\$ 10,926	\$ 5,482	\$ 15,809	\$ 7,818	\$ 5,436	\$ 68,673
Assays	25,042	1,275	3,061	5,481	4,486	9,678	-	319	49,342
Drilling	47,343	-	34,772	53,457	-	-	-	-	135,572
Field costs	7,044	703	3,417	4,742	703	3,205	751	2,006	22,571
Salaries and consultants	27,755	8,706	14,340	27,536	7,205	-	17,267	10,412	113,221
Property costs	-	-	-	-	-	-	-	-	-
Technical studies	-	-	-	-	-	-	-	6,454	6,454
Travel and related costs	4,179	2,692	2,785	4,179	2,976	2,229	2,786	2,596	24,422
	\$ 121,884	\$ 19,100	\$ 65,330	\$ 106,322	\$ 20,852	\$ 30,921	\$ 28,622	\$ 27,224	\$ 420,255

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THREE AND NINE MONTHS ENDED JANUARY 31, 2009

6. EXPLORATION EXPENDITURES (cont'd...)

During the nine months ended January 31, 2009 and 2008, the Company incurred the following exploration expenditures on its mineral properties, which were expensed as incurred:

2009	Brestovac	Lece	Deli Jovan	Plavkovo	Stara Planina	Rakita	Parloz	Regional Serbi	Total
Administration	\$ 32,176	\$ 20,582	\$ 18,509	\$ 15,836	\$ 19,673	\$ 41,103	\$ 25,094	\$ 21,270	\$ 194,243
Assays	58,572	241	2,446	241	4,678	3,154	12,984	15,256	97,572
Drilling	130,726	-	5,060	11,115	-	2,236	113,005	209	262,351
Field costs	13,368	4,157	9,363	1,121	10,648	4,143	10,930	6,521	60,251
Salaries and consultants	67,848	30,597	35,213	21,501	60,505	8,996	65,442	51,133	341,235
Technical studies	15,633	-	-	-	559	-	40,737	11,148	68,076
Travel and related costs	4,544	2,557	2,257	3,007	3,224	-	2,257	4,323	22,169
	\$ 322,867	\$ 58,134	\$ 72,848	\$ 52,821	\$ 99,287	\$ 59,632	\$ 270,449	\$ 109,860	\$ 1,045,898

2008	Brestovac	Lece	Deli Jovan	Plavkovo	Stara Planina	Rakita	Parloz	Regional Serbi	Total
Administration	\$ 36,320	\$ 22,103	\$ 17,266	\$ 23,124	\$ 20,268	\$ 17,448	\$ 9,877	\$ 14,755	\$ 161,163
Assays	39,141	9,386	3,705	5,505	15,613	9,929	24	1,847	85,151
Drilling	173,440	23,628	58,511	68,895	11,604	-	-	1,179	337,257
Field costs	18,847	6,155	6,532	12,201	8,104	5,426	2,104	10,062	69,430
Salaries and consultants	85,080	35,800	27,692	51,524	33,626	5,364	20,860	26,088	286,034
Property costs	485	540	477	485	-	-	-	3,250	5,236
Technical studies	43,578	-	-	8,327	-	713	-	30,574	83,192
Travel and related costs	9,600	6,712	6,805	8,199	7,687	2,229	4,372	6,612	52,217
	\$ 406,490	\$ 104,324	\$ 120,989	\$ 178,260	\$ 96,902	\$ 41,108	\$ 37,238	\$ 94,368	\$ 1,079,680

RESERVOIR CAPITAL CORP.
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7. PROJECT INVESTIGATION EXPENSES

Project investigation expenses are in respect of reviewing acquisition opportunities in the renewable energy sector and consist of office and administration, consultants and legal expenses.

8. SHARE CAPITAL

	Number of Shares	Stated Amount	Contributed Surplus
Authorized			
Unlimited common shares, without par value			
Unlimited preferred shares, issuable in series			
Issued and outstanding common shares			
Balance as at April 30, 2007	13,450,000	\$ 2,738,034	\$ 421,830
Private placement	2,700,000	2,160,000	-
Shares issued on purchase of royalty	100,000	86,000	-
Shares issued on exercise of stock options	50,000	25,000	-
Shares issued on exercise of warrants	123,500	31,851	-
Stock based compensation	-	-	233,751
Reclassify initial fair value of stock options exercised from contributed surplus	-	17,334	(17,334)
Reclassify initial fair value of warrants exercised from contributed surplus	-	5,648	(5,648)
Share issue costs	-	(12,742)	-
Share issue costs – finder’s warrants	-	(114,899)	114,899
Balance as at April 30, 2008	16,423,500	4,936,226	747,498
Private placement	5,000,000	3,250,000	-
Private placement – finder’s fee	240,000	156,000	-
Shares issued on exercise of warrants	106,500	10,650	-
Reclassify initial fair value of warrants exercised from contributed surplus	-	7,102	(7,102)
Stock based compensation	-	-	20,161
Share issue costs	-	(23,529)	-
Share issue costs – finder’s fees	-	(156,000)	-
Balance as at January 31, 2009	21,770,000	\$ 8,180,449	\$ 760,557

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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THREE AND NINE MONTHS ENDED JANUARY 31, 2009

8. SHARE CAPITAL (cont'd...)

Private Placement

In July 2008, the Company closed a private placement and issued 5,000,000 units at a price of \$0.65 per unit for gross proceeds of \$3,250,000. Each unit consisted of one common share and one warrant. Each warrant entitles the holder thereof to acquire an additional common share at a price of \$1.00 per share for a period of two years from the closing of the private placement. In connection with this private placement, the Company issued 240,000 units, with an estimated fair value of \$156,000, with the same terms as described above to certain arms-length parties as a finder's fee.

Escrowed Shares

At January 31, 2009, a total of 1,813,500 of the Company's issued common shares were held in escrow. These escrowed shares will be released evenly every six months to February 2, 2010.

Stock Options

The Company has adopted a stock option plan pursuant to the policies of the TSX-V. 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, 2007	1,080,000	\$ 0.50
Granted	585,000	0.82
Exercised	(50,000)	0.50
Balance as at April 30, 2008	1,615,000	0.62
Granted	15,000	0.20
Cancelled	(20,000)	0.85
Balance as at January 31, 2009	1,610,000	\$ 0.61

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8. SHARE CAPITAL (cont'd...)

Stock Options (cont'd...)

The following table summarizes the stock options outstanding and exercisable at January 31, 2009, with a weighted average life of 3.24 years:

Date Granted	Number Outstanding	Exercise Price	Number Exercisable	Expiry Date
February 2, 2007	1,030,000	\$ 0.50	1,030,000	February 2, 2012
May 7, 2007	140,000	0.85	140,000	May 7, 2012
May 14, 2007	75,000	0.85	50,000	May 14, 2012
September 20, 2007	160,000	0.85	160,000	September 20, 2012
February 11, 2008	190,000	0.77	95,000	February 11, 2013
October 29, 2008	15,000	0.20	15,000	October 29, 2013
Total	1,610,000	\$ 0.61	1,490,000	

Warrants

The changes in warrants outstanding are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance as at April 30, 2007	4,200,000	\$ 0.72
Issued	1,566,000	1.06
Exercised	(123,500)	0.28
Balance as at April 30, 2008	5,642,500	0.89
Issued	5,240,000	1.00
Exercised	(106,500)	0.10
Balance as at January 31, 2009	10,776,000	\$ 0.95

Share purchase warrants outstanding as at January 31, 2009 are as follows:

Expiry Date	Exercise Price	Number of Warrants
February 2, 2009	\$ 0.85	3,970,000
June 15, 2009	0.80	216,000
June 15, 2009	1.10	1,350,000
July 16, 2010	1.00	5,240,000
Total	\$ 0.95	10,776,000

The 3,970,000 warrants with an expiry date of February 2, 2009 were not exercised.

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9. SEGMENTED INFORMATION

At January 31, 2009, the Company operates in a two reportable operating segments, being exploration and development of mineral properties and renewable energy.

Summarized financial information for the geographic and operating segments the Company operates in are as follows for the nine months ended January 31, 2009 and 2008:

January 31, 2009	Canada	Serbia	Total
Cash and other assets	\$ 2,412,075	\$ 283,489	\$ 2,695,564
Equipment	1,547	115,873	117,420
Mineral properties	-	469,870	469,870
Total assets	\$2,413,622	\$ 869,232	\$ 3,282,854

January 31, 2009	Mineral Properties	Renewable Energy	General and Administrative	Total
Loss for the period	\$ 1,045,898	\$ 410,171	\$ 538,944	\$ 1,995,013

April 30, 2008	Canada	Serbia	Total
Cash and other assets	\$ 1,327,749	\$ 260,609	\$ 1,588,358
Equipment	1,956	106,783	108,739
Mineral properties	-	469,870	469,870
Total assets	\$1,329,705	\$ 837,262	\$ 2,166,967

January 31, 2008	Mineral Properties	Renewable Energy	General and Administrative	Total
Loss for the period	\$ 1,079,680	\$ 142,956	\$ 635,653	\$ 1,858,289

General and administrative expenses have not been allocated to other operating segments.

10. RELATED PARTY TRANSACTIONS

During the nine months ended January 31, 2009, the Company paid or accrued \$15,600 to Seabord Services Corp., a company owned by a director of the Company for office facilities and administrative services.

The Company also paid or accrued \$2,201 to Terrasearch Inc., a company owned by a director of the Company for consulting fees during the nine months ended January 31, 2009.

These transactions were in the normal course of operations and are measured at the exchange amount which is the amount established and agreed to by the related parties.

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

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THREE AND NINE MONTHS ENDED JANUARY 31, 2009

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the nine months ended January 31, 2009, the Company issued 240,000 units as a finder's fee with an estimated fair value of \$156,000 which was included in share issue costs.

12. FINANCIAL RISK MANAGEMENT

At January 31, 2009, the Company's financial instruments are comprised of cash and cash equivalents, accounts receivable, restricted cash, accounts payable and accrued liabilities. The fair value of the Company's financial instruments at January 31, 2009 approximate their carrying value due to their short-term maturity.

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

Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Serbia and a portion of the Company's expenses are incurred in Serbian Dinars. A significant change in the currency exchange rates between the Canadian dollar relative to the Serbian Dinar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

At January 31, 2009, the Company is exposed to currency risk through the following assets and liabilities denominated in Serbian Dinars.

	Serbian Dinars
Cash and cash equivalents	12,965,452
Receivables	389,240
Accounts payable and accrued liabilities	(3,157,272)
Net exposure	10,197,420
Canadian dollar equivalent	\$183,837

Based on the above net exposure as at January 31, 2009, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the Serbian Dinar would result in an increase/decrease of approximately \$18,384 in the Company's pre-tax earnings (loss).

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents and restricted cash. The Company limits exposure to credit risk by maintaining its cash and cash equivalents with large financial institutions. The Company does not have cash and cash equivalents that are invested in asset based commercial paper.

12. FINANCIAL RISK MANAGEMENT (con't...)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company believes that these sources will be sufficient to cover the likely short and long-term requirements.

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 market interest rates. As the Company's cash is currently held in short-term interest-bearing accounts and highly liquid short-term interest bearing investments; management considers the interest rate risk to be limited.

13. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and acquire hydroelectric projects. In the management of capital, the Company includes the components of shareholders' equity as capital. 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. To maintain or adjust the capital structure, the Company may attempt to issue new shares, option its mineral properties for cash and/or expenditures or dispose of assets. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary.

The Company's investment policy is to hold cash in interest bearing bank accounts and highly liquid short-term interest bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. The Company is not subject to externally imposed capital requirements. The Company expects its current capital resources will be sufficient to carry its exploration programs and hydroelectric project activities, and operating costs through its current operating period.

14. SUBSEQUENT EVENTS

In February 2009, the Company announced the awarding of the Brodarevo-1 and Brodarevo-2 ("Brodarevo Projects") energy licenses to develop run-of-river hydroelectric projects with a combined 48 megawatts of power generating capacity.

In March 2009, the Company announced it signed a Memorandum of Understanding (the "Agreement") to form a joint venture with Global EcoPower ("GEP") to advance its Brodarevo Projects and to create a new development company to acquire and develop additional projects. Under the terms of the Agreement, GEP can earn a 50% interest in the Company's wholly owned subsidiary, Renewable Energy Ventures Ltd., by funding all further costs to take the Brodarevo Projects to the stage of Bankable Feasibility and by arranging debt financing for their construction. The second part of the Agreement foresees GEP funding the creation of a jointly owned Development Company that would be charged with the development of the Brodarevo Projects and with the development of additional projects in Serbia and other countries in the region.