

RESERVOIR CAPITAL CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS
THREE AND NINE MONTHS ENDED JANUARY 31, 2009

BACKGROUND

This management's discussion and analysis of financial position and results of operations is prepared as at March 24, 2009, 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 nine months ended January 31, 2009 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 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.

RENEWABLE ENERGY OVERVIEW

During the three-month period ended January 31, 2009 (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 ("Brodarevo Projects") energy licenses, to build run-of-river hydroelectric plants on the River Lim in Southwest Serbia. The Brodarevo Projects have a design capacity of 48 MW and the Company is targeting production of 189 GWh/year of electricity production, to be sold at preferential renewable energy tariffs and under long-term power purchasing agreements onto the local grid.

Subsequent to the end of the Period, the Company announced the granting of the energy licenses for the Brodarevo Projects and is now preparing to start work on feasibility studies and the remaining permits required to start their construction. There are already four hydroelectric projects operating on the River Lim system and the Brodarevo Projects have previously been studied to feasibility stage.

Also subsequent to the end of the Period, the Company signed a Memorandum of Understanding ("Agreement") to form a Joint Venture with Global EcoPower of France to advance the Brodarevo Projects and to create a new Development Company to acquire and develop additional projects. Under the terms of the Agreement, Global EcoPower can earn a 50% interest in the Brodarevo Projects by funding all further costs to Bankable Feasibility and by arranging debt financing for their construction.

The second part of the Agreement foresees Global EcoPower funding the creation of a jointly owned (50% Reservoir, 50% Global EcoPower) Development Company that would be charged with the development of the Brodarevo Projects and with the acquisition and development of additional projects in Serbia and other countries in the region. Initially, the Development Company is targeting an installed capacity, including

the Brodarevo Projects, of 700 MW by 2015. The Agreement between Reservoir and GEP is still subject to due-diligence and completion of a definitive agreement.

Over 30% of Serbia's power generating capacity is hydroelectric, with 2,013 MW installed, most of which is run-of-river; the Serbian government estimates that there is potential to more than double this figure based on available sites in the country that are considered technically and economically feasible for hydro project development.

Lack of investment over the last ten to fifteen years has led to a fall in both generating capacity and electricity output, such that Serbia has become an importer of electricity. To encourage new investment, a series of laws have been passed to attract private investment to the sector, including allowing the free trade of energy nationally and internationally. Serbia is a signatory of the Kyoto Protocol on Climate Change, has become a host country for Clean Development Mechanism projects and is in the process of introducing preferential tariffs for renewable energy. By adopting a new Energy Law in 2004, aimed at reorganizing Serbia's energy sector and integrating it into the European Union, Serbia became a member of the Energy Community of southeastern Europe, which provides for complete participation in the regional energy market of southeastern Europe. The law also created the Regulatory Agency for the Energy Sector, which controls electricity prices as they become more in-line with EU standards. Serbia's laws and policies regarding energy pricing, production, and trading are all based on EU guidelines. Serbia's location, in the center of the Balkans, with eight bordering states, makes it a critical component in any European effort to upgrade the electrical network in southeastern Europe.

EXPLORATION OVERVIEW

During the Period, the Company maintained a low-level exploration effort on its property portfolio, primarily organizing and interpreting the data gathered from the 2008 programs. The Serbian winter makes fieldwork impractical in most cases. The Company continues to seek joint venture partners for some, or all, of the exploration portfolio to support exploration programs in 2009 and leverage the investment to date.

Brestovac

The 2008 drill program at Brestovac extended the gold mineralized "Corridor" target and confirmed the location of the Bor fault within the Company's License, also exposing a new area of volcanic rocks with silica, clay and sulphide alteration with up to 1.375 grams per ton ("g/t") gold (7 channel samples, range 0.031 to 1.375 g/t gold, average 0.54 g/t gold) and up to 1,935 parts per million ("ppm") copper (7 channel samples, range 47 to 1,935 ppm copper, average 645 ppm copper). During the Period, the Company updated all its sections and geological models to reflect this new data.

Parlozi

Validation drilling confirmed historical values for this historical carbonate replacement deposit and confirmed its unusually high silver and gold values. During the Period the Company worked on preparing a new geological model and interpreting geophysical data to define possible extensions of mineralization for drilling in the coming season.

Deli Jovan

Work at Deli Jovan has outlined extensive vein systems with bonanza gold grades. Variability of the veins and grade continuity between them remain an issue, but exploration continues to extend mineralization and identify new vein systems and new areas of past mining. During the Period, the Company collected larger samples to assess the nugget effect and to undertake preliminary metallurgical testing.

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.

RESULTS OF OPERATIONS

For the three months ended January 31, 2009, the company reported a loss of \$504,318 or \$0.02 per share compared to a loss of \$615,070 or \$0.04 per share in the third quarter of 2008. During the three months ended January 31, 2009, project investigation expenses were higher due to applications for hydroelectric projects and reviewing opportunities in the renewable energy sector offset by lower exploration expenses compared to the three months ended January 31, 2008.

For the nine months ended January 31, 2009, the Company reported a loss of \$1,995,013 or \$0.10 per share compared to a loss of \$1,858,289 or \$0.12 per share for the comparative period in 2008. 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 offset by lower stock based compensation compared to the nine months ended January 31, 2008.

LIQUIDITY AND CAPITAL RESOURCES

At January 31, 2009, the Company had working capital of \$2,504,062 as compared to \$1,250,474 at April 30, 2008. The increase in working capital of approximately \$1,253,588 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 \$84,614, offset by exploration expenditures, general and administrative expenses, renewable energy expenditures and equipment purchases of \$1,045,898, \$602,988, \$410,171 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 90 days 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 remainder of the fiscal year.

QUARTERLY INFORMATION

Quarter Ended	January 31, 2009	October 31, 2008	July 31, 2008	April 30, 2008
Exploration expenditures	\$ 148,341	\$ 340,447	\$ 557,110	\$ 528,156
Stock-based compensation	5,018	(4,094)	19,237	114,111
Loss for the period	(504,318)	(657,924)	(832,771)	(821,919)
Basic and diluted loss per share	(0.02)	(0.03)	(0.05)	(0.05)

Quarter Ended	January 31, 2008	October 31, 2007	July 31, 2007	April 30, 2007
Exploration expenditures	\$ 420,255	\$ 350,084	\$ 309,341	\$ 208,751
Stock-based compensation	10,746	36,373	72,521	409,080
Loss for the period	(615,070)	(694,874)	(548,345)	(874,900)
Basic and diluted earnings loss per share	(0.04)	(0.04)	(0.04)	(0.12)

The loss for the quarters varies primarily based on exploration expenditures incurred and whether stock options are granted in the quarter.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

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.

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.

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.

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.

OUTSTANDING SHARE DATA

As at March 24, 2009, the Company had 21,770,000 common shares issued and outstanding. There were also 1,610,000 (1,585,000 vested) options outstanding with expiry dates ranging from February 2, 2012 to October 29, 2013. In addition, there were 6,806,000 warrants outstanding with expiry dates ranging from June 15, 2009 to July 16, 2010.

SUBSEQUENT EVENTS

In February 2009, the Company announced the awarding of the energy licenses for the Brodarevo Projectsevo-2 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 Agreements 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.

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.