



TSX-V:REO

2009 ANNUAL REPORT
YEAR ENDED APRIL 30, 2009

09



To Our Shareholders,

On behalf of the Board of Directors of Reservoir Capital Corp. (“Reservoir” or “the Company”), I am pleased to present this report of our activities and achievements in 2008, and our plans for 2009 onward. The Company made good progress with its mineral exploration portfolio, notably on the Brestovac and Parlozi projects where in both cases drilling intercepted significant mineralization. However, the year has been a transformational one for us, as Reservoir started to live up to its name, with the issue of two energy licenses giving the Company the right to develop the Brodarevo 1 and Brodarevo 2 hydroelectric projects in southwest Serbia. Renewable energy, particularly from hydroelectric sources, has now become the focus of the Company’s efforts. Given this change, we expect over the coming year to gradually reduce our mineral exploration exposure through joint ventures and eventually the sale of projects or the complete portfolio.

Exploration. The Company maintained low-level exploration efforts on our exploration portfolio, with a focus on the better precious metals targets. Drilling at Brestovac extended the gold mineralized “Corridor” target and intercepted copper mineralization where the Bor fault cuts through the property. At Parlozi, the Company drilled wide intercepts of polymetallic mineralization verifying historical data and confirming the Company’s hypothesis that historical work hadn’t recognized the potential of this target as a high-grade silver deposit. Results from several of the earlier-stage properties were also encouraging, most notably Deli Jovan where the Company has mapped several kilometers of high-grade gold vein systems in old underground workings.

Renewable Energy. In January 2009, Reservoir was granted its first energy licenses in Serbia, in fact the first licenses of this kind to be issued under the new free-market laws introduced in 2004. The licenses give the Company exclusivity to the Brodarevo sites for a period of two years to complete design, permitting and finance. The Brodarevo 1 and 2 projects have a nameplate capacity of 48 megawatts (“MW”) and will produce roughly 189 gigawatt hours (“GWh”) of electricity per annum once built. Work has begun on permitting and pre-feasibility studies for both projects and early indications are that it may be possible to increase the production capacity. The Company is also using its first-mover advantage to look at additional projects and investment opportunities, with a view to building a significant operating portfolio. We anticipate strong demand for renewable energy projects and a strong market for the “green” energy we will produce, as an offset to carbon emissions from traditional power sources.

Our People. We have assembled a team of professionals committed to success, profitability and sustainable growth, to which I would attribute greatly the progress we have made to date. We have retained most of our mineral exploration team, currently involved in the geotechnical work on the Brodarevo Projects, while we have been adding new members with expertise in the energy industry and project management. Our core strengths are knowledge of the local energy industry, regional operating experience and well-established relationships locally; we expect to add project management and

marketing expertise in the coming year. I would like to thank our Board of Directors, management, employees and contractors for their contributions and I look forward to celebrating their future achievements.

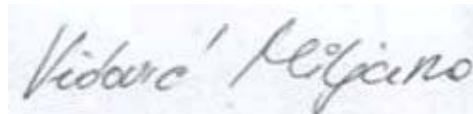
Outlook. Looking ahead, we continue to advance our Brodarevo 1 and 2 projects working to increase their scope and proceed into construction and production. Recognizing how important support from local governments, authorities, communities, people and environments, we continue to pursue strong, respectful relationships with these groups. New acquisitions and joint venture partners for our mineral portfolio will be a priority in 2009, in order to maximize our shareholder value, and growth of our company. We remain confident in our future, and believe Reservoir is well positioned to be a leading renewable energy company.

Thank you to our shareholders for getting the Company to where it is today, and for ongoing support, without which none of this would have been possible.

On behalf of the executive and the board of directors,

A handwritten signature in black ink that reads "Thompson". The signature is written in a cursive style with a long horizontal stroke above the name.

Miles Thompson
Executive Chairman

A handwritten signature in black ink that reads "Vidovic Miljana". The signature is written in a cursive style.

Miljana Vidovic
President & CEO

**RESERVOIR CAPITAL CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS
YEAR ENDED APRIL 30, 2009**

GENERAL

This management's discussion and analysis of financial position and results of operations is prepared as at August 20, 2009, and should be read in conjunction with the audited consolidated financial statements of Reservoir Capital Corp. (the "Company" or "Reservoir") for the years ended April 30, 2009 and 2008 and the related notes thereto. Those consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. 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 and development of hydroelectric projects, and the acquisition, exploration and development of mineral properties in the Republic of Serbia and southeast Europe. The Company has two energy licenses for run-of-river hydroelectric projects in Serbia and is currently exploring for precious and base metals on mineral properties in Serbia, and is reviewing additional acquisition opportunities in both the mineral and renewable energy sectors. Reservoir is a reporting issuer in British Columbia, Alberta and Ontario, and trades on the TSX Venture Exchange as a Tier 2 issuer under the symbol REO and on the Berlin and Frankfurt Exchanges under the symbol ROC.

COMPANY HIGHLIGHTS

Highlights since May 1, 2008 included:

- The awarding to the Company of the Brodarevo 1 and Brodarevo 2 energy licenses, to develop run-of-river hydroelectric projects with a combined 48 megawatts of power generating capacity on the River Lim in southwest Serbia.
- The engagement of Energoprojekt Hidroinzenjering Co. Ltd. to complete Pre-Feasibility Studies for the Company's Brodarevo 1 and 2 hydroelectric power projects.
- Significant mineralized drill intercepts reported from both the Parlozi (silver) and Brestovac (copper-gold) projects.
- The completion of a non-brokered private placement financing of \$3,250,000 in July 2008 by the issuance of 5,000,000 units at \$0.65 per unit.
- The announcement of a \$5,000,000 non-brokered private placement in July 2009 for the issuance of 8,333,333 units at \$0.60 per unit. Completion of this financing is subject to regulatory approvals.

OUTLOOK

Looking ahead, the Company will continue to advance its Brodarevo 1 and 2 projects, working to increase their scope and proceed into construction and production. Recognizing how important support from local governments, authorities, communities, people and environments, the Company continues to pursue strong, respectful relationships with these groups. Renewable energy, particularly from hydroelectric sources, will be the focus of the Company's efforts as the company's mineral exploration portfolio is gradually reduced through possible joint ventures and sales.

RENEWABLE ENERGY OVERVIEW

During the year ended April 30, 2009, the Company worked 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. These licenses were awarded to the Company in February 2009. The Brodarevo Projects have a design capacity of 48 Megawatt ("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.

In May 2009, the Company engaged Energoprojekt Group Ltd. ("EHC") to complete Pre-Feasibility Studies for the Brodarevo projects. The studies are expected to be completed within 10 months and will include an analysis to increase the size of the project from the proposed 48 MW capacity, to 75 MW and possibly 100 MW. EHC is a Belgrade-based engineering company founded in 1951 that specializes in the design and construction of hydro and thermal power plants. EHC's hydro engineering division covers all aspects of design, planning, permitting, feasibility, construction and operation of hydroelectric projects on a global basis.

The Brodarevo Projects were previously studied to feasibility stage in the 1980's, and the River Lim system currently has four active hydroelectric projects. Additionally, the Company has begun technical studies and the preparation of documentation for additional hydro license applications. The Company has also initiated discussions with the Serbian State-owned utility Elektro Privreda Srbije about joint venture possibilities and future projects.

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.

Renewable energy project development expenditures of \$514,336 were incurred during the year, up until the Brodarevo 1 and 2 licenses were granted to the Company in early February 2009. Since obtaining the licenses to the Brodarevo Projects the Company has incurred \$58,024 of expenditures to April 30, 2009 to further develop the projects.

EXPLORATION OVERVIEW

The Company continues to seek joint venture partners for some, or all, of its exploration portfolio to support exploration programs in fiscal 2010 and leverage the investment to date.

Brestovac

For its mineral property portfolio, the Company has focused its efforts at Brestovac, given its potential to host a world-class copper-gold deposit. The Bor-Majdanpek District is one of the richest in Europe, with an endowment (past production plus current reserves and resources) estimated at 23 million tonnes of copper and 29 million ounces of gold. Reservoir's Brestovac targets are just four kilometers due south of the Bor Mine and the Company's work to date has identified epithermal-type gold and copper mineralization in the same geological and structural setting as Bor. The Company completed 19 diamond drill holes to date, mostly targeting a 550 meter long epithermal gold target, known as the "Corridor Zone", where mineralization is associated with irregular zones of silicification and quartz veining in intensely altered andesitic volcanic rocks, containing disseminated pyrite and occasional sphalerite and galena. Most of these drill holes have intercepted high-grade gold-bearing structures within wider zones of disseminated mineralization.

During the early part of the fiscal year, the Company completed a scout drilling program to test geophysical and structural anomalies, targeting a deeper high-sulphidation epithermal and porphyry system, similar to that of the Bor Mine four kilometers to the north. Five diamond drill holes were completed for a total of 1,898.70 meters, intercepting zones of brecciated and locally strongly altered (silicified) andesite with quartz veinlets containing sulphide minerals. The mineralization intercepted in hole BN-19 is associated with intense pyritization in the matrix of breccias containing silicified and pyritized marls and volcanoclastics.

The significant intercepts are tabled below:

DRILL HOLE NO	FROM (meters)	TO (meters)	INTERVAL (meters)	Cu %	Au g/t
BN-17	85.00	93.00	8.00	-	3.95
BN-18	90.60	114.60	24.00	-	1.49
including	102.60	106.60	4.00	-	5.18
BN-19	35.30	60.10	24.80	0.33	0.16

The deep-drilling project was designed to test the following targets:

- Geophysical targets generated by an induced polarization (IP) survey over porphyry copper-gold targets associated with the epithermal gold mineralization already defined in the “Corridor” zone (BN-15 and -16);
- Extensions to depth of the Corridor epithermal gold mineralization (BN-17 and -18), and
- Alteration and copper mineralization reported from historical (1980’s) drilling on the northeast extension of the Corridor (BN-19).

The presence of copper mineralization in BN-19 supports the Company’s concept that the epithermal gold mineralization of the Corridor grades into a copper-rich zone. These results enhance the potential for the discovery of copper mineralization similar to that in the Bor mining district.

The Company has also acquired historic analytical data pertaining to 10 diamond drill holes that were drilled during exploration of the area in the 1980’s by the state-owned RTB Bor Company. Analytical results (2 meter core intervals) reported from 5 of these holes contained greater than 0.5% copper (maximum 3.9% copper) and 10 meter composite samples from 4 holes contained greater than 1 grams per ton (“g/t”) gold (maximum 3.4 g/t gold). Analyses from historic diamond drill hole B-11 recorded 1.39% copper over 24 meters and B-15 recorded 1.05% copper over 30 meters. The mineralized intercepts in all the holes are described as hydrothermally altered andesites. The historic data pertains to drill holes located between 200 and 420 meters ENE of the Company’s BN-01 drill hole at the northeastern end of the Corridor. The Company believes that these historic results are relevant, and is continuing to perform independent verification and follow-up.

Subsequent to completing the drill program, the Company undertook petrographic analyses, added and reinterpreted the geophysical datasets, and completed a third round of water sampling aimed at monitoring any environmental impacts from the drilling and building a baseline environmental database. The Company filed its annual exploration report and proposed 2008-09 work programs to the Serbian Ministry of Energy and Mines and has an extension of the Brestovac permit to June 30, 2010.

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 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 year ended April 30, 2009, the Company incurred \$342,018 (2008 - \$759,586) of exploration expenditures on Brestovac.

Parlozi

The Parlozi property covers a historical lead-zinc-silver deposit in the Kosmaj-Babe area, in central Serbia. The mineralization is described as a silver-bearing vein and replacement-type zinc and lead sulphides hosted by carbonate sedimentary rocks associated with intrusive Neogene quartz-latite dykes and volcanic breccias. Exploration work in the Permit area during the 1970’s and 1980’s included 39 drill holes (15,105 meters), geophysical surveys, and detailed geological and mineralogical studies. The Serbian government’s mineral deposit database quotes a historical resource estimate of 6.5 million tonnes at an average grade of 4.1% lead, 2.1% zinc, 0.3% copper and 130 g/t silver. This resource estimate is not compliant with National Instrument 43-101, but is considered by the Company to be relevant.

During the second quarter, the Company completed a validation drill hole PA-01 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 intercepts in PA-01 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

The Company is working on preparing a new geological model and interpreting geophysical data to define possible extensions of mineralization for drilling in the coming season.

During the year ended April 30, 2009, the Company incurred \$279,577 (2008 - \$45,931) on Parlozi.

Deli Jovan

The Deli Jovan property is located in northeastern Serbia, about 18 kilometers to the northeast of Brestovac. The property covers an eight kilometer trend of bonanza-grade gold quartz veins hosted by gabbros. There is evidence of surface mining of these veins dating back to Roman times and there are several more recent workings, most notably the Gindusa and Rusman underground mines that were worked in the 19th century and explored in the 20th century.

Contract miners from the Bor Copper Institute were employed to reopen and clean the upper level of both Gindusa and Rusman earlier this year so that the Company's geologists could map and sample the veins. Although it is likely that selective past mining would have removed the better material, the Company has been very encouraged by the high-grade gold results of its sampling. Mapping and sampling of these upper levels is now complete and the Company is evaluating the possibility of draining the mines to access the lower levels and planning a first-pass drill program.

During the year, the Company completed detailed surface mapping and sampling of the 15km² area between the Gindusa and Rusman adits and completed some 30km of magnetic survey lines to better define host structures on the property. The original Deli Jovan exploration permit covered 75 square kilometers and was originally granted in May 2006. A one year renewal for a US\$140,000 work program expired in May 2009 on a permit area that covers 69 square kilometers. A further one year renewal was granted in June 2009 and expires on May 30, 2010.

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. The Company collected larger samples to assess the nugget effect and to undertake preliminary metallurgical testing.

During the year ended April 30, 2009, the Company incurred \$83,673 (2008 - \$170,084) on Deli Jovan.

Stara Planina

The Stara Planina property covers two large intrusion-related gold-copper alteration systems in eastern Serbia. Soil and rock chip sampling has outlined two large gold and base metal anomalies. Gradiste is a roughly 3.4km by 1.0km copper-in-soil anomaly defined by 100 to 1,000 ppm copper, with anomalous molybdenum (> 0.5 ppm molybdenum, maximum 14.5 ppm), tungsten (0.5 – 8.0 ppm), tin, bismuth and tellurium. The Aldinac anomaly is defined by 100 to 2,000 ppm copper over an area of about 2.8 kilometers by 800 meters associated with the same suite of metals and geological setting as Gradiste.

Various gold targets have also been outlined within both the Gradiste and Aldinac anomalies. Trenching across gold-in-soil anomalies at Miljanina Cuka has identified a number of narrow and locally high grade zones of gold mineralization, with the best results 0.5 meters at 101.5 g/t gold and 1.3 meters at 35.7 g/t gold. This mineralization appears to be similar to the Gradiste road cut where rock samples from abandoned exploration adits yielded 59.4 g/t and 28.2 g/t gold and to the abandoned Aljin Do bismuth-gold mine where reports of historical work described grades of 24 g/t to 62 g/t gold.

The Company undertook follow-up campaigns on the Miljanina Cuka, Aljin Do and Gradiste-Dejanovac gold targets. Work comprised interpretation of satellite imagery (Aster), geological mapping, geochemical sampling, geophysical surveys (magnetic) and some trenching. 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

During the year ended April 30, 2009 the Company incurred \$107,618 (2008 – \$126,645) on Stara Planina.

Bobija

In September 2007, the Company was awarded the Bobija exploration permit, a new 33 square kilometer exploration permit. The Bobija property surrounds the Bobija barite-lead-zinc-silver deposit, which has been explored and exploited for barite and the Tisovik lead occurrence in western Serbia. The fine-grained, stratabound nature of the mineralization at Bobija is typical of the sediment-hosted massive sulphide (“SEDEX”) or sedimentary-exhalative type of deposit that form the basis of major zinc-lead resources like Red Dog in Alaska. SEDEX deposits tend to occur in clusters within their host stratigraphy and the Company’s property contains a number of reported occurrences of lead and zinc mineralization. During the year, the Company undertook a program of surface work comprising stream sediment and rock chip sampling. A one year renewal for a work program of US\$71,000 was granted which expires in September 2009.

During the year ended April 30, 2009 the Company incurred \$27,916 (2008 – \$62,638) on Bobija.

Other projects

There was minimal work done on the Company’s Lece, Rakita, and Plavkovo licenses during the year. The Company was awarded the Jasikovo exploration permit, a new 12.5 square kilometer exploration permit, with a work program of US\$35,000 which expires in July 2010.

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

The Company recorded a loss of \$2,501,681 or \$0.12 per share for the year ended April 30, 2009 compared to a loss of \$2,680,208 or \$0.17 per share for the comparative period ended April 30, 2008, a decrease in loss of approximately \$178,000, or 7%. The current year increase in renewable energy expenditures of \$375,400 was offset by a decrease in mineral property exploration expenditures of \$457,827, as the Company focused more of its resources on the acquisition of two hydroelectric energy licenses during the year and the review of additional opportunities in the energy sector. General and administrative expenses decreased by \$82,641 during 2009. Administrative services and management fees increased by a total of \$95,046 for the year mainly due to the monthly management services and office facilities agreement that the Company entered into effective January 1, 2009 with Seabord Services. However, as a result of the smaller number of stock options granted during the year, stock-based compensation expense decreased by \$200,827. Overall, the results of operations for the year ended April 30, 2009 were comparable to the previous year.

FOURTH QUARTER RESULTS

The Company recorded a loss for the three month period ended April 30, 2009 of \$506,668 or \$0.02 per common share compared to a loss of \$821,919 or \$0.05 per common share for the comparative period ended April 30, 2008. The decrease in loss of approximately \$300,000 is mainly due to a decrease in operations expenditures on its mineral properties, energy projects and project investigation of \$315,860 and a decrease of \$101,348 in stock-based compensation expense. The decrease in operations expenditures is primarily due to the drilling on the Brestovac property that was undertaken during the fourth quarter of 2008; there was no drilling in the fourth

quarter of 2009. Additionally, fewer stock options were granted during the current year's fourth quarter.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

At April 30, 2009, the Company had working capital of \$1,781,096 as compared to \$1,250,474 at April 30, 2008. The increase in working capital of approximately \$530,622 from April 30, 2008 came primarily from the net increase in cash of \$360,197, mainly due to net proceeds from share capital issued for cash of \$3,237,121, offset by energy licenses acquired, equipment purchases, and cash used in operations of \$239,143, \$23,221, and \$2,614,560 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 asset backed securities.

Subsequent to year end, the Company announced a \$5,000,000 non-brokered private placement by the issuance of 8,333,333 units at \$0.60 per unit. Completion of this financing is subject to regulatory approvals.

Assuming the \$5 million financing referred to above closes, the Company believes that these sources will be sufficient to cover the likely requirements for the next fiscal year. However, there can be no assurance that this financing will close. Should the announced financing not close, management will pursue alternative debt or equity financing and/or pursue option, joint venture or sale of interests in certain assets to allow the Company to meet its obligations in the normal course of business. There can be no assurances that additional financing will be raised and, in the event the Company is required to option, joint venture or sell an asset or assets, there can be no assurance that the price obtained will support the amounts reflected in these financial statements.

ANNUAL FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with the Company's audited financial statements.

Years Ended	April 30,	April 30,	April 30,
	2009	2008	2007
Financial Results			
Revenues	\$ -	\$ -	\$ -
Operations expenditures	1,722,369	1,607,836	208,751
Loss for the period	(2,501,681)	(2,680,208)	(1,113,469)
Loss per share - basic and diluted	(0.12)	(0.17)	(0.12)
Dividends declared	-	-	-
Financial Position			
Working capital	\$ 1,781,096	\$ 1,250,474	\$ 1,634,978

Energy licenses	239,143	-	-
Mineral properties	469,870	469,870	383,870
Total assets	2,772,979	2,166,967	2,142,368
Long-term liabilities	-	-	-
Share capital	8,180,449	4,936,226	2,738,034
Deficit	(6,298,822)	(3,797,141)	(1,116,933)

The loss in 2009 is comparable to 2008. While the Company increased expenditures on its renewable energy projects and project investigations, it decreased exploration expenditures on its mineral properties.

Total assets in 2009 are comparable to 2008 as the increase in assets is mainly due to share capital issued for cash which was offset by exploration and operating expenses incurred during the year.

QUARTERLY INFORMATION

Quarter Ended	April 30, 2009	January 31, 2009	October 31, 2008	July 31, 2008
Operations expenditures	\$ 266,300	\$ 297,765	\$ 545,675	\$ 612,629
Stock-based compensation	12,763	5,018	(4,094)	19,237
Loss for the period	(506,668)	(504,318)	(657,924)	(832,771)
Basic and diluted loss per share	(0.02)	(0.02)	(0.03)	(0.05)

Quarter Ended	April 30, 2008	January 31, 2008	October 31, 2007	July 31, 2007
Operations expenditures	\$ 582,160	\$ 480,935	\$ 414,746	\$ 326,955
Stock-based compensation	114,111	10,746	36,373	72,521
Loss for the period	(821,919)	(615,070)	(694,874)	(548,345)
Basic and diluted loss per share	(0.05)	(0.04)	(0.04)	(0.04)

The loss for the quarters varies primarily based on operations 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 year ended April 30, 2009, the Company:

- Paid or accrued \$62,400 (2008 - \$nil) for office facilities and administrative services to a company related by having a director in common, of which \$18,122 (2008 - \$nil) was in accounts payable and accrued liabilities at April 30, 2009.
- Paid \$30,975 (2008 - \$3,988) for consulting services to a company related by having a director in common.

- Paid or accrued \$135,400 (2008 - \$135,554) to the President of the Company and \$72,000 (\$2008 – 64,000) to the Chairman of the Company for consulting services, of which \$6,000 (2008 - \$6,000) was in accounts payable and accrued liabilities at April 30, 2009.

During the year ended April 30, 2008, the Company paid \$10,253 (2009 - \$nil) for office facilities to a company that was related by having a director in common.

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, 2009 are set forth in note 2 of the consolidated financial statements, except as described in "Changes in Accounting Policies" below. 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. 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.

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. The Company does not have any significant asset retirement obligations as of April 30, 2009.

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 14 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 13 of the consolidated financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS

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 pre-production and start-up costs and requires that these costs be expenses as incurred. The new standard applies to annual and interim financial statements relating to fiscal years beginning on or after January 1, 2009. Management is currently assessing the impact of this new accounting standard on its consolidated financial statements.

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.

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 confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS effective in calendar year 2011, with early adoption allowed starting in calendar year 2009. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement and disclosures. In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of adopting IFRS at the changeover date. The International Accounting Standards Board (IASB) will also continue to issue new accounting standards during the conversion period, and as a result, the final impact of IFRS on the Company's consolidated financial statements will only be measured once all the IFRS applicable at the conversion date are known.

For the Company, the changeover to IFRS will be required for interim and annual financial statements beginning on May 1, 2011. As a result, the Company will continue to develop a plan to convert its consolidated financial statements to IFRS. The Company has completed a scoping study which identifies the mandatory and optional exemptions from retrospective application of IFRS accounting policies and provides a comparison of the Company's current accounting policies with those prescribed under IFRS. The Company will provide training to key employees and will be monitoring the impact of the transition on its business practices, systems and internal controls over financial reporting.

RISKS AND UNCERTAINTIES

In addition to the usual risks associated with an investment in a business at an early stage of development, management and the directors of the Company believe that, in particular, the following risk factors should be considered. It should be noted that the list is not exhaustive and that other risk factors may apply. An investment in the Company may not be suitable for all investors.

Hydroelectric Project Risks

The ability of the Company to become a viable provider of renewable and clean power is dependant upon a number of factors and includes, but is not limited to, the following: successful completion of hydrological studies to confirm that water flows are sufficient to generate enough electricity to provide a suitable return on investment, environmental and other permits to build and operate the projects, the successful negotiation of a long term contract with a purchaser of electricity, the ability to obtain sufficient equity and long term financing to construct the projects, community and stakeholder support, the ability to connect the projects to a transmission system and successful construction and operation of the generation facilities and related transmission lines. The exact effect of these factors cannot be accurately predicted but could have a material adverse effect upon the Company's operations.

Mineral Property Exploration and Mining Risks

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 nine 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.

Financing Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of one or more of the Company's projects may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain such financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible result of loss of such properties.

Insurance and Uninsured Risks

In the course of exploration, development and production of hydroelectric projects and mineral properties, the Company is subject to a number of risks and hazards in general, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in the damage to the Company's property or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increasing costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company.

Competition

The Company will compete with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of its projects as well as for the recruitment and retention of qualified employees.

Environmental Risks and Hazards

The activities of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present.

Share Price Fluctuations

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage companies such as the Company, have experienced wide fluctuations in price which have not necessarily been related to operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur.

Foreign Country and Political Risk

The hydroelectric and mineral properties on which the company is actively pursuing its exploration and development activities are all located in Serbia. As a result, the company is subject to certain risks, including currency fluctuations and possible political or economic instability, which may result in the impairment or loss of energy licenses or mineral concessions. Any changes in regulations or shifts in political attitudes are beyond the control of the company and may adversely affect its business.

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.

OUTSTANDING SHARE DATA

As at August 20, 2009, the Company had 21,770,000 common shares issued and outstanding. There were also 1,765,000 stock options outstanding with expiry dates ranging from February 2, 2012 to May 26, 2014. In addition, there were 5,240,000 warrants outstanding with which expire on July 16, 2010.

SUBSEQUENT EVENTS

On May 26, 2009, the Company granted 80,000 stock options to an officer and consultant at a price of \$0.68 per option for a period of 5 years.

On July 21, 2009, the Company announced that it has arranged a non-brokered private placement financing of \$5,000,000 by the issuance of 8,333,333 units at \$0.60 per unit (a "Unit"). Each Unit shall comprise one common share and one-non-transferable, common share purchase warrant valid for 2 years. Each warrant will entitle the holder thereof to acquire an additional share at price of \$0.80 per share during the first year and \$0.90 during the second year from the closing of the private placement. If, after the expiry of all resale restrictions, the closing price of the shares on the TSX Venture Exchange is \$1.20 or greater for a period of 20 consecutive trading days, the Company may, at its election, provide notice of an earlier expiry of the warrants, in which case the warrants shall expire 21 trading days after giving such notice. A finder's fee of 6.5 percent in Units will be paid on the private placement. Completion of this financing is subject to regulatory approvals.

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.

RESERVOIR CAPITAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

Years Ended April 30, 2009 and 2008

AUDITORS' REPORT

To the Shareholders of
Reservoir Capital Corp.

We have audited the consolidated balance sheets of Reservoir Capital Corp. as at April 30, 2009 and 2008 and the consolidated statements of loss, comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

August 10, 2009



RESERVOIR CAPITAL CORP.
CONSOLIDATED BALANCE SHEETS
(Expressed in Canadian dollars)
AS AT APRIL 30

	2009	2008
ASSETS		
Current		
Cash and cash equivalents	\$ 1,773,444	\$ 1,413,247
Short-term investment (Note 4)	98,625	-
Receivables	10,886	69,293
Prepays	16,173	48,318
	<u>1,899,128</u>	<u>1,530,858</u>
Equipment (Note 5)	107,338	108,739
Energy licenses (Note 6)	239,143	-
Mineral properties (Note 7)	469,870	469,870
Restricted cash (Note 2)	57,500	57,500
	<u>\$ 2,772,979</u>	<u>\$ 2,166,967</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	\$ 118,032	\$ 280,384
Shareholders' equity		
Share capital (Note 8)	8,180,449	4,936,226
Contributed surplus (Note 8)	773,320	747,498
Deficit	(6,298,822)	(3,797,141)
	<u>2,654,947</u>	<u>1,886,583</u>
	<u>\$ 2,772,979</u>	<u>\$ 2,166,967</u>

Nature and continuance of operations (Note 1)

Commitments (Note 7)

Subsequent events (Note 15)

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**

(Expressed in Canadian dollars)

YEARS ENDED APRIL 30

	2009	2008
OPERATIONS EXPENDITURES		
Brodarevo 1 and 2 projects (Note 6)	\$ 58,024	\$ -
Mineral property exploration (Note 7)	1,150,009	1,607,836
Renewable energy project development	514,336	196,960
	<u>1,722,369</u>	<u>1,804,796</u>
GENERAL AND ADMINISTRATIVE EXPENSES		
Administrative services and office	221,450	155,033
Amortization	525	718
Management fees	222,493	193,864
Professional fees	102,732	117,263
Shareholder communication and investor relations	56,743	37,085
Stock-based compensation (Note 8)	32,924	233,751
Transfer agent and filing fees	66,270	44,423
Travel	162,542	166,183
	<u>865,679</u>	<u>948,320</u>
Loss before other items	<u>(2,588,048)</u>	<u>(2,753,116)</u>
OTHER ITEMS		
Foreign exchange gain (loss)	37,629	(12,190)
Interest income	48,738	85,098
	<u>86,367</u>	<u>72,908</u>
Loss and comprehensive loss for the year	<u>(2,501,681)</u>	<u>(2,680,208)</u>
Deficit, beginning of year	<u>(3,797,141)</u>	<u>(1,116,933)</u>
Deficit, end of year	<u>\$ (6,298,822)</u>	<u>\$ (3,797,141)</u>
Basic and diluted loss per common share	<u>\$ (0.12)</u>	<u>\$ (0.17)</u>
Weighted average number of common shares outstanding	<u>20,622,267</u>	<u>16,030,207</u>

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

RESERVOIR CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
YEARS ENDED APRIL 30

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (2,501,681)	\$ (2,680,208)
Items not affecting cash:		
Amortization	24,622	22,316
Stock-based compensation	32,924	233,751
Changes in non-cash working capital items:		
Receivables	58,407	(48,467)
Prepays	32,145	(48,318)
Accounts payable and accrued liabilities	(162,352)	181,150
Short-term investment	(98,625)	-
Net cash used in operating activities	(2,614,560)	(2,339,776)
CASH FLOWS FROM INVESTING ACTIVITIES		
Equipment	(23,221)	(106,769)
Energy licenses	(239,143)	-
Restricted cash	-	(57,500)
Net cash used in investing activities	(262,364)	(164,269)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share capital issued for cash, net of share issue costs	3,237,121	2,203,906
Net cash provided by financing activities	3,237,121	2,203,906
Change in cash and cash equivalents during the year	360,197	(300,139)
Cash and cash equivalents, beginning of year	1,413,247	1,713,386
Cash and cash equivalents, end of year	\$ 1,773,444	\$ 1,413,247
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -

Supplemental disclosure with respect to cash flows (Note 12)

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

1. NATURE AND CONTINUANCE 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, renewable energy and other commitments are dependent upon the ability of the Company to raise additional equity or 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.

The Company is also in the process of developing its hydroelectric projects held for the generation of commercial production of electricity and has not yet determined the economic viability of its projects. The recoverability of the Company’s investment in its hydroelectric projects is dependent upon the existence of one or more economic projects, the Company’s ability to obtain the necessary financing to complete development and to secure and maintain the appropriate permits, rights and beneficial interest in the projects, and upon future profitable operations or proceeds from the sale of the projects.

The ultimate outcome of these matters cannot presently be determined.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. All significant inter-company transactions and balances have been eliminated.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Significant areas requiring use of management estimates include the determination of impairment of mineral properties and energy licenses, amounts of reclamation and environmental obligations, amortization rates for equipment, valuation allowance for future income tax assets and determination of the assumptions used in calculating fair value of stock-based compensation. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Cash and cash equivalents

Cash and cash equivalents include, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and with original maturities of three months or less.

Short term investment

The Company's short term investment consists of a bank discount note that has a maturity date within one year but greater than 90 days at acquisition, is carried at cost plus accrued interest (amortized cost) and its carrying value approximates fair value.

Equipment

Equipment is recorded at cost and amortized over its estimated useful lives using the declining balance method at a rate of 20% to 30% per annum. Amortization on equipment used directly on exploration projects is included in exploration expenditures for that mineral property.

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, together with the costs of production equipment, will be amortized on a systematic and rational basis.

Mineral properties and exploration expenditures

Acquisition costs for mineral properties, net of recoveries, are capitalized on a property-by-property basis. Acquisition costs include cash consideration and the value of common shares, based on recent issue prices, issued for

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

mineral properties pursuant to the terms of the agreement. A mineral property acquired under an option agreement where payments are made at the sole discretion of the Company, is capitalized at the time of payment. Exploration expenditures, net of recoveries, are charged to operations as incurred. After a property is determined by management to be commercially feasible, exploration and development expenditures on the property are capitalized. When there is little prospect of further work on a property being carried out by the Company or its partners, when a property is abandoned, or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their fair value. The costs related to a property from which there is production, together with the costs of production equipment, will be depleted and amortized using the unit-of-production method.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of development of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfer and may be affected by undetected defects.

The amounts shown for mineral properties represent acquisition costs incurred to date, less recoveries and write-downs, and are not intended to reflect present or future values.

Restricted cash

The Company has posted term deposits held at its primary financial institution as security deposits for two credit cards issued for business use. Accordingly, these term deposits are restricted from general use.

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, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset. The Company does not currently have any material asset retirement obligations.

Future income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income (loss) in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Loss per share

Basic loss per share is calculated based on the weighted average number of common shares issued and outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive.

Foreign currency translation

The Company's subsidiaries are integrated foreign operations and are translated into Canadian dollar equivalents using the temporal method. Monetary items are translated at the exchange rate in effect at the balance sheet date; non-monetary items are translated at historical exchange rates. Income and expense items are translated at the average exchange rate for the period, except for amortization, which is translated at historical exchange rates. Translation gains and losses are reflected in income (loss) for the period.

Stock-based compensation

The Company has a stock option plan that is described in Note 8. The Company accounts for all grants of options to directors, officers, employees and consultants in accordance with the fair value method for accounting for stock-based compensation. The fair value of stock-based compensation awards are calculated using the Black-Scholes option pricing model. Under the fair value method, stock-based payments are recorded as an expense over the vesting period or when awards or rights are granted, with a corresponding increase to contributed surplus. When stock options are exercised, the corresponding fair value is transferred from contributed surplus to share capital.

Financial instruments

The Company's financial instruments are comprised of cash and cash equivalents, short-term investment, receivables, restricted cash and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from financial instruments. Cash and cash equivalents, short-term investment and restricted cash have been designated as "Held-for-trading" and measured at fair value. Receivables have been designated as "Loans and receivables" and have been measured at amortized cost. Accounts payable have been designated as "Other financial liabilities" and have been measured at amortized cost.

3. CHANGES IN ACCOUNTING POLICIES

Effective May 1, 2008, the Company adopted, prospectively, the following new recommendations of the Canadian Institute of Chartered Accountants ("CICA") under the following Handbook guidelines:

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.

3. CHANGES IN ACCOUNTING POLICIES (cont'd)

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 14.

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 performance, 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. Management's objectives, policies and procedures for managing such risks are disclosed in Note 13.

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 pre-production 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 January 1, 2009. Management is currently assessing the impact of this new accounting standard on its consolidated financial statements.

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 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. Section 1582 establishes 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 consideration 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 International Financial Reporting Standards ("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.

Section 1601 establishes revised standards for the preparation of consolidated financial statements.

Section 1602 establishes revised 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).

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3. CHANGES IN ACCOUNTING POLICIES (cont'd)

Sections 1601 and 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.

International Financial Reporting Standards ("IFRS")

In 2006, the CICA 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. In the Company's case, the transition date of May 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.

4. SHORT-TERM INVESTMENT

The Company's short-term investment consists of a US dollar, 2.5% bank discount note, due October 12, 2009. The face value of the note at April 30, 2009 is US\$81,474 (2008 - \$nil).

5. EQUIPMENT

	2009		
	Cost	Accumulated Amortization	Net Book Value
Office equipment	\$ 10,108	\$ 2,692	\$ 7,416
Field equipment	145,673	45,751	99,922
	\$ 155,781	\$ 48,443	\$ 107,338
	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

During the year ended April 30, 2009, amortization of \$24,097 (2008 - \$21,598) has been included in exploration expenditures.

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6. ENERGY LICENSES

Renewable Energy – License Acquisition Costs

	2009		2008	
Brodarevo 1	\$	122,435	\$	-
Brodarevo 2		116,708		-
	\$	239,143	\$	-

In February 2009, the Company, through its wholly owned subsidiary Renewable Energy Ventures d.o.o., was awarded the Brodarevo-1 and Brodarevo-2 energy licenses, to develop run-of-river hydroelectric projects with a combined 48 megawatts of power generating capacity on the River Lim in Southwest Serbia. The acquisition costs consist of the cash consideration paid for legal, government taxes and project consultant expenses directly related to the acquisition. The licenses are for a period of two years with a one year extension of the license available at the end of the two year initial license period.

7. MINERAL PROPERTIES

Mineral properties – acquisition costs

	2009		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

Under Serbian law, exploration permits are renewed annually, subject to approval of a work program and budget by the Serbian Ministry of Energy and Mines.

On February 2, 2007, the Company completed the purchase of Southern European Exploration BVI (“SEE BVI”) from Eurasian Minerals Inc. (“Eurasian”). SEE BVI holds, through its Serbian subsidiary, Southern European Exploration (“SEE”), the following Properties, all of which are located in Serbia. The Company: (i) has granted to Eurasian a net smelter returns royalty on the Properties at a rate of 2% for gold and silver and 1% for all other metals; (ii) agreed to incur a minimum of \$1,000,000 on the Properties within three years of the completion of the acquisition (minimum expenditure limit has been incurred); and (iii) within 10 years from the completion of the acquisition, is to pay \$500,000 in cash or shares per Property, to Eurasian on the completion of a bankable feasibility study for a maximum of two Properties of up to an aggregate total of \$1,000,000 in cash or shares. The Company

7. MINERAL PROPERTIES (cont'd)

assigned no value to the net smelter royalty and payment due on the preparation of a bankable feasibility study, due to the contingent nature of these obligations.

Brestovac

The original Zlot-Brestovac exploration permit covered 77 square kilometers and was granted to SEE in December 2004. The Zlot portion of the license has been relinquished. The existing permit on the Brestovac area of 25.5 square kilometers has a proposed work program of US\$278,000 and expires in June 2010.

Lece

The original Lece exploration permit covered 51 square kilometers and was granted to SEE in June 2003. The existing permit on the Lece area of 40 square kilometers has a proposed work program of US\$102,000 and expires on December 31, 2009.

Deli Jovan

The original Deli Jovan exploration permit covered 75 square kilometers and was granted to SEE in May 2006. A one year renewal for a US\$140,000 work program expired in May 2009 on a permit area that covers 69 square kilometers. A one year renewal was granted in June 2009 and expires on May 30, 2010.

Plavkovo

The original Plavkovo exploration permit covered 35 square kilometers and was granted to SEE in February 2004. The existing permit on the Plavkovo area of 20 square kilometers has a proposed work program of US\$47,000 and expires on December 31, 2009.

Stara Planina

The original Stara Planina exploration permit covered 63 square kilometers and was granted to SEE in March 2005. A one year renewal for a US\$164,000 work program was granted in March 2009 and expires on April 1, 2010.

Rakita

In May 2007, the Company was granted the Rakita exploration permit, a permit which had been applied for by SEE prior to the acquisition by the Company.

In July 2007, the Company signed an earn-in agreement with Phelps Dodge Exploration Corp. ("Phelps Dodge"), a subsidiary of Freeport-McMoRan Copper & Gold Inc., to allow Phelps Dodge the right to explore the Company's Rakita license. Under the terms of the agreement, Phelps Dodge had the option to earn a 65% ownership interest in Rakita (BVI) Ltd. ("Rakita BVI") by making \$450,000 of qualified expenditures on or for the benefit of the Rakita license and thereupon would form a joint venture with the Company for the operation of Rakita BVI. Concurrently, the Company issued 100,000 common shares to Eurasian Minerals Inc. ("Eurasian") with an estimated fair value of \$86,000, to extinguish Eurasian's royalty rights over the original Rakita license application area. In December 2007, Phelps Dodge elected to terminate the agreement. In order to terminate the agreement, Phelps Dodge paid the Company US\$45,000 as Phelps Dodge did not incur the minimum amount of expenditures required.

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7. MINERAL PROPERTIES (cont'd)

A one year renewal for a US\$75,000 work program was granted in June 2009 and expires in June 2010 on the 80 square kilometer permit area.

Parlozi

In August 2007, the Company was awarded the Parlozi exploration permit, a new 91 square kilometer exploration permit over a historical lead-zinc silver resource. A one year renewal for a work program of US\$319,000 was granted which expires in September 2009. This license is not subject to the NSR commitment to Eurasian.

Bobija

In September 2007, the Company was awarded the Bobija exploration permit, a new 33 square kilometer exploration permit. A one year renewal for a work program of US\$71,000 was granted which expires in September 2009. This license is not subject to the NSR commitment to Eurasian.

Jasikovo

The Company was awarded the Jasikovo exploration permit, a new 12.5 square kilometer exploration permit. A one year renewal for a US\$35,000 work program expires in July 2010. This license is not subject to the NSR commitment to Eurasian.

Exploration Expenditures

During the years ended April 30, 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	Parlozi	Regional Serbia	Total
Administration	\$ 34,218	\$ 22,583	\$ 22,378	\$ 17,778	\$ 23,052	\$ 50,595	\$ 28,135	\$ 34,839	\$ 233,578
Assays	67,938	497	2,529	497	4,762	3,238	13,241	15,680	108,382
Drilling	130,726	-	5,061	11,115	-	2,235	113,005	209	262,351
Field costs	13,562	4,157	9,951	1,121	10,648	4,470	10,930	7,290	62,129
Salaries and consultants	74,827	33,157	41,388	24,129	65,112	11,315	71,165	70,638	391,731
Technical studies	15,633	-	-	-	558	-	40,737	11,148	68,076
Travel and related costs	5,114	2,664	2,366	3,167	3,486	57	2,364	4,544	23,762
	\$ 342,018	\$ 63,058	\$ 83,673	\$ 57,807	\$ 107,618	\$ 71,910	\$ 279,577	\$ 144,348	\$ 1,150,009

Included in the Regional Serbia expenditures are \$27,916 (2008 - \$62,638) incurred on the Bobija mineral property and \$9,287 (2008 - \$nil) incurred on the Jasikovo mineral property during the year ended April 30, 2009.

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7. MINERAL PROPERTIES (cont'd)

2008	Brestovac	Lece	Deli Jovan	Plavkovo	Stara Planina	Rakita	Parloz	Regional Serbi	Total
Administration	\$ 60,420	\$ 31,536	\$ 32,876	\$ 35,453	\$ 31,787	\$ 32,991	\$ 13,081	\$ 28,964	\$ 267,108
Assays	76,133	9,386	8,532	8,514	15,613	11,859	24	1,982	132,043
Drilling	395,281	23,628	58,542	68,895	11,604	2,494	-	1,179	561,623
Field costs	32,491	6,239	9,407	13,719	10,293	8,785	2,172	10,146	93,252
Salaries and consultants	128,897	42,468	50,025	66,793	45,866	10,725	25,656	52,486	422,916
Property costs	485	540	477	484	-	-	-	4,862	6,848
Technical studies	51,448	-	-	8,327	-	713	-	30,574	91,062
Travel and related costs	14,431	10,023	10,225	11,720	11,482	5,023	4,998	11,171	79,073
	759,586	123,820	170,084	213,905	126,645	72,590	45,931	141,364	1,653,925
Recoveries	-	-	-	-	-	(46,089)	-	-	(46,089)
	\$ 759,586	\$ 123,820	\$ 170,084	\$ 213,905	\$ 126,645	\$ 26,501	\$ 45,931	\$ 141,364	\$ 1,607,836

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8. SHARE CAPITAL

Authorized:

Unlimited common shares, without par value
Unlimited preferred shares, issuable in series

	Number of Shares	Stated Amount	Contributed Surplus
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 (Note 7)	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 fees	240,000	156,000	-
Shares issued on exercise of warrants	106,500	10,650	-
Stock based compensation	-	-	32,924
Reclassify initial fair value of warrants exercised from contributed surplus	-	7,102	(7,102)
Share issue costs	-	(23,529)	-
Share issue costs – finder’s fees	-	(156,000)	-
Balance as at April 30, 2009	21,770,000	\$ 8,180,449	\$ 773,320

Private Placements

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.

On June 15, 2007, the Company closed a private placement and issued an aggregate of 2,700,000 units at a price of \$0.80 per unit for aggregate gross proceeds of \$2,160,000. Each unit consisted of one common share and one-half of a warrant. Each whole warrant entitles the holder thereof to acquire an additional common share at a price of \$1.10 per share for a period of two years. In connection with this private placement, the Company issued 216,000 warrants

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8. SHARE CAPITAL (cont'd)

to certain arms-length parties as a finder's fee which will entitle the holder to purchase one common share at a price of \$0.80 per share for a period of two years. The estimated fair value of these finder's warrants of \$114,899 is included in share issue costs.

Escrowed Shares

At April 30, 2009, a total of 1,209,000 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	90,000	0.33
Cancelled	(20,000)	0.85
Balance as at April 30, 2009	1,685,000	\$ 0.60

The following table summarizes the stock options outstanding and exercisable at April 30, 2009, with a weighted average life of 2.92 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	190,000	February 11, 2013
October 29, 2008	15,000	0.20	15,000	October 29, 2013
March 30, 2009	75,000	0.35	37,500	March 30, 2014
Total	1,685,000		1,622,500	

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8. SHARE CAPITAL (cont'd)

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)	0.26
Balance as at April 30, 2008	5,642,500	0.89
Issued	5,240,000	1.00
Exercised	(106,500)	0.10
Expired	(3,970,000)	0.85
Balance as at April 30, 2009	6,806,000	\$ 1.01

Share purchase warrants outstanding as at April 30, 2009 are as follows:

Expiry date	Exercise Price	Number of Warrants	
June 15, 2009	\$ 0.80	216,000	(expired subsequently)
June 15, 2009	1.10	1,350,000	(expired subsequently)
July 16, 2010	1.00	5,240,000	
Total	\$ 1.01	6,806,000	

Stock-based Compensation and Contributed Surplus

During the year ended April 30, 2009, the Company granted 90,000 stock options, of which 52,500 vested immediately with the remaining 37,500 to vest on the first anniversary of the grant dates. During the year ended April 30, 2008, the Company granted 585,000 stock options, of which 360,000 vested immediately, 200,000 are to vest on the first anniversary of the grant dates and 25,000 are to vest on the second anniversary of the grant dates.

Using the fair value method for stock-based compensation, the Company recorded a charge to operations of \$32,924 (2008 - \$233,751) for stock options granted. A charge to share issuance costs of \$114,899 was recorded during the year ended April 30, 2008 for finder's and agent's warrants issued, with the offsetting amount recorded as contributed surplus. The weighted average fair value of options and finder's and agent's warrants granted during the year ended April 30, 2009 was \$0.23 (2008 - \$0.49) and nil (2008 - \$0.53) respectively. These amounts were determined using the Black-Scholes option pricing model using the following assumptions:

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8. SHARE CAPITAL (cont'd)

Weighted average:	2009	2008
Risk free interest rate	1.88%	4.06%
Expected dividend yield	0%	0%
Expected stock price volatility	93%	68%
Expected life of warrants/options in years	nil/5	2/5

9. RELATED PARTY TRANSACTIONS

During the year ended April 30, 2009, the Company:

- Paid or accrued \$62,400 (2008 - \$nil) for office facilities and administrative services to a company related by having a director in common, of which \$18,122 (2008 - \$nil) was in accounts payable and accrued liabilities at April 30, 2009.
- Paid \$30,975 (2008 - \$3,988) for consulting services to a company related by having a director in common.
- Paid or accrued \$135,400 (2008 - \$135,554) to the President of the Company and \$72,000 (\$2008 – 64,000) to the Chairman of the Company for consulting services, of which \$6,000 (2008 - \$6,000) was in accounts payable and accrued liabilities at April 30, 2009.

During the year ended April 30, 2008 the Company paid \$10,253 (2009 - \$nil) for office facilities to a company that was related by having a director in common.

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.

10. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	2009	2008
Loss for the year	\$ (2,501,681)	\$ (2,680,208)
Expected income tax recovery	\$ (767,265)	\$ (844,265)
Effect of lower tax rates in foreign jurisdictions	401,494	388,444
Non-deductible items	11,633	90,929
Unrecognized benefit of non-capital losses	354,138	365,286
Other	-	(394)
Total income tax recovery	\$ -	\$ -

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10. INCOME TAXES (cont'd)

The significant components of the Company's future income tax assets and liabilities are as follows:

	2009	2008
Future income tax assets:		
Non-capital loss carry forwards	\$ 609,666	\$ 351,700
Other	33,017	901
Future income tax assets	642,683	352,601
Valuation allowance	(642,683)	(352,601)
Net future income tax assets	\$ -	\$ -

As at April 30, 2009, the Company had available for deduction against future taxable income non-capital losses of approximately \$1,422,000 (2008 – \$822,000) in Canada and Serbia. These losses, if not utilized, will expire from 2026 through to 2029. Future tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial statements and have been offset by a valuation allowance.

11. SEGMENTED INFORMATION

At April 30, 2009 and 2008, 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:

2009	Canada	Serbia	Total
Cash and other assets	\$ 1,716,958	\$ 239,670	\$ 1,956,628
Equipment	1,431	105,907	107,338
Energy licenses	-	239,143	239,143
Mineral properties	-	469,870	469,870
Total assets	\$1,718,389	\$ 1,054,590	\$ 2,772,979

2009	Mineral Properties	Renewable Energy	General and Administrative	Total
Loss for the year	\$ 1,150,009	\$ 572,360	\$779,312	\$ 2,501,681

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11. SEGMENTED INFORMATION (cont'd)

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

2008	Mineral Properties	Renewable Energy	General and Administrative	Total
Loss for the year	\$ 1,607,836	\$ 196,960	\$875,412	\$ 2,680,208

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

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the year ended April 30, 2009, the Company:

- (a) Issued 240,000 units, consisting of one common share and one warrant, as a finder's fee with an estimated fair value of \$156,000 which was included in share issue costs.
- (b) Reclassified \$7,102 from contributed surplus to share capital, on the exercise of warrants.

During the year ended April 30, 2008, the Company:

- (a) Issued 216,000 warrants as a finder's fee with an estimated fair value of \$114,899 which was included in share issue costs.
- (b) Issued 100,000 common shares to extinguish royalty rights over the Rakita license application area with an estimated fair value of \$86,000.
- (c) Reclassified \$17,334 and \$5,648 from contributed surplus to share capital, on the exercise of stock options and warrants respectively.

13. FINANCIAL RISK MANAGEMENT

At April 30, 2009, the Company's financial instruments are comprised of cash and cash equivalents, short-term investments, receivables, restricted cash, accounts payable and accrued liabilities. The fair value of the Company's financial instruments at April 30, 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.

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13. FINANCIAL RISK MANAGEMENT (cont'd)

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 April 30, 2009, the Company is exposed to currency risk through the following assets and liabilities denominated in Serbian Dinars.

	Serbian Dinars
Cash and cash equivalents	13,566,810
Receivables	448,797
Accounts payable and accrued liabilities	(2,725,420)
Net exposure	11,290,187
Canadian dollar equivalent	\$193,164

Based on the above net exposure as at April 30, 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 \$19,316 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 backed commercial paper.

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. Assuming the \$5 million financing referred to in note 15 closes, the Company believes that these sources will be sufficient to cover the likely requirements for the next fiscal year. However, there can be no assurance that this financing will close. Should the announced financing not close, management will pursue alternative debt or equity financing and/or pursue option, joint venture or sale of interests in certain assets to allow the Company to meet its obligations in the normal course of business. There can be no assurances that additional financing will be raised and, in the event the Company is required to option, joint venture or sell an asset or assets, there can be no assurance that the price obtained will support the amounts reflected in these financial statements.

13. FINANCIAL RISK MANAGEMENT (cont'd)

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.

14. 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 hydroelectric projects and acquire additional mineral properties and hydroelectric projects. In the management of capital, the Company currently includes assets and 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 or joint-venture its mineral properties or hydroelectric projects 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 out its exploration programs, hydroelectric project activities and operating costs through its current operating period.

15. SUBSEQUENT EVENTS

On May 26, 2009, the Company granted 80,000 stock options to an officer and consultant at a price of \$0.68 per share for a period of 5 years.

On July 21, 2009, the Company announced that it has arranged a non-brokered private placement financing of \$5,000,000 by the issuance of 8,333,333 units at \$0.60 per unit (a "Unit"). Each Unit shall comprise one common share and one non-transferable, common share purchase warrant valid for 2 years. Each warrant will entitle the holder thereof to acquire an additional common share at a price of \$0.80 per share during the first year and \$0.90 during the second year from the closing of the private placement. If, after the expiry of all resale restrictions, the closing price of the Company's common shares on the TSX Venture Exchange is \$1.20 or greater for a period of 20 consecutive trading days, the Company may, at its election, provide notice of an earlier expiry of the warrants, in which case the warrants shall expire 21 trading days after giving such notice. A finder's fee of 6.5 percent in Units will be paid on the private placement. Completion of this financing is subject to regulatory approvals.

CORPORATE INFORMATION

DIRECTORS

MILES F. THOMPSON
Rio De Janeiro, Brazil

MICHAEL D. WINN
Laguna Beach, California

DALE PENIUK
Vancouver, British Columbia

PATRICK TRUSTRAM-EVE
London, England

SIMON INGRAM
Dubai, United Arab Emirates

OFFICERS

MILES F. THOMPSON
Chairman

MILJANA VIDOVIC
President & Chief Executive Officer

CHRISTINA CEPELIAUSKAS
Chief Financial Officer

KIM C. CASSWELL
Secretary

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SHARE CAPITALIZATION

August 17, 2009: 21,770,000

SHARES LISTED

TSX Venture Exchange
Symbol: REO

ANNUAL GENERAL MEETING

The Company's Annual General Meeting will be held at
10:00 a.m. on Wednesday, September 23, 2009 at:

Reservoir Capital Corp.
Suite 300 - 570 Granville Street
Vancouver, British Columbia