

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).

RESERVOIR CAPITAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
YEAR ENDED APRIL 30, 2009

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.

RESERVOIR CAPITAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
YEAR ENDED APRIL 30, 2009

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.

RESERVOIR CAPITAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
YEAR ENDED APRIL 30, 2009

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.

RESERVOIR CAPITAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
YEAR ENDED APRIL 30, 2009

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.