



**Reservoir Capital Corp.**  
**Suite 300, 570 Granville Street**  
**Vancouver BC Canada V6C 3P1**  
**Phone: + 1 416 346 7660**

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## **Reservoir Capital Corp. Is Focused On Becoming A Large Renewable Energy Company Using Run-Of-River Hydro Electricity And Geothermal To Provide Power To Europe And Specifically The Balkans**



**Energy - Renewable  
Hydro & Geothermal  
Energy Development  
(REO-TSXV)**

**Chris MacIntyre  
VP Corporate Development**

### **BIO:**

Mr. MacIntyre's primary responsibilities include corporate and project finance, strategic development, and corporate communications. His promotion from Manager of Corporate Development to Vice-President of Reservoir Capital Corp. followed his role of Manager, Corporate Development with UNX Energy Corp. TSXV:UNX from October 2008 until March 2010. Mr. MacIntyre holds an Honours Bachelor of Commerce from the Queen's School of Business at Queen's University in Kingston, Ontario.

### **Company Profile:**

Reservoir is a renewable energy company, engaged in development of a 58.4 MW hydroelectric project at Brodarevo in southwest Serbia. Reservoir holds four geothermal exploration licenses in Serbia and has applied for three hydroelectric

licenses on the Cehotina River in Bosnia (17.75 MW) and one to develop a 32 MW project from an existing reservoir dam at Vrutci in Serbia. The Company holds a portfolio of 8 precious and base metal exploration properties in Serbia, with Freeport McMoRan Exploration Corp farming into two of them. Reservoir's common shares trade on the TSX Venture Exchange (symbol "REO") and on the Frankfurt and Berlin Exchanges (symbol "ROC").

**Interview conducted by:**  
**Lynn Fosse, Senior Editor**  
**CEOCFOinterviews.com**

**CEOCFO:** Mr. MacIntyre, what is the vision at Reservoir Capital?

**Mr. MacIntyre:** Miljana Vidovic the president and CEO based in Serbia would like the Company to develop into a "baby Suez" referring to Gaz de France Suez, which became the second largest utility in the world after its merger in July 2008. Miljana formerly worked for Tractebel, a subsidiary of Gaz de France Suez, in business development department based out of Italy – it is part of the reason she holds the company in such high regard as she has worked there and knows the professionalism. In particular, her Vision is for Reservoir to develop over a thousand megawatts of renewable energy specifically in the Balkans and Southeast Europe over the next two to five years.

**CEOCFO:** What is the interest in hydro-power there?

**Mr. MacIntyre:** Based on the research we have done, we believe renewable energy specifically in geothermal and hydro is a highly profitable business. Our business thesis is that energy demands are

going to increase over time due to population increase, technology advances that require more electricity such as the electric car, and industrial energy demands such as manufacturing facilities.

As for why Renewable Energy: it is our belief that Hydro and Geothermal energy is one of the best sources to generate electricity moving forward – as they are a sustainable source of energy that have existed for approximately 100 years or more (we can predict the challenges and costs associated with building and maintaining the asset) while creating a lucrative return for our shareholders, and adding benefits to all of our stakeholders such as but not limited to the environment and employment.

A better question may be why the Balkans, and Serbia in particular? Serbia has experienced political conflict over the last thirty years and during the era of political conflict the amount of foreign direct investment has gone into Serbia, has been limited. I would like to point out that the Serbian Government has worked, and continues to work to demonstrate to Reservoir and the rest of the world that Serbia is open for business and has been very open and transparent with us on how to do business. The culture in Serbia is different relative to the Western World, the people are wonderful and to get a deal done takes much longer than a "New York minute" – this is part of the cultural differences. To do business in the Balkans you need to commit to want to do business, understand the culture, and willing to invest time and money – the region has experienced a lot of speculators and the people of Serbia

want to deal with real business people.

The rest of the world has been developing hydro assets and geothermal assets that have been economical over the last thirty years, while Serbia has not had the Capital to develop these assets at the rate their qualified engineers are capable, in other words low hanging fruit is available to develop.

From our earlier thesis on energy demand increasing if you agree with this thesis (I hope you do) if you could add to it the European Union's 20/20/20 mandate and incentives which means the EU wants 20% of the electricity to be renewable by 2020. To reach this goal EU Governments will provide subsidies to some already profitable businesses to make them very attractive businesses while also providing subsidies to some businesses that would fail otherwise.

This brings us to our greatest asset at the current time our President and CEO Miljana Vidovic who is a Serb. She was born in Serbia, and she adores her native people, and country; and remembers a time when the Yugoslavian passport was the most revered passport in the world as the Yugoslavian people could go to the Eastern and Western worlds. Few have the ability to work with and understand how business in Serbia, as well as the Western World is done – an art and a skill. She is determined, charismatic, and carries and presence that cannot be missed. She knows how to get the unthinkable done allowing Reservoir to succeed benefiting all the stakeholders I have previously mentioned – examples of this are demonstrated by the fact that Reservoir is the first non-government Company since the communist period to obtain development license for over 10 MW's of hydro, and the first mineral exploration licenses, and the first geothermal exploration licenses in Serbia. That is a lot of firsts, I'm confident she will create more firsts for Reservoir and Serbia.

To recap: Reservoir is a company that has a special person in Miljana Vidovic who can understand how to do business a foreign place to most Western World investors, she has the resources to access capital in the Western World. The company is doing business in Southeastern Europe a past that includes over thirty years of conflict preventing foreign direct investment and the growth of new assets. A large amount of engineers are in the country that know how to build hydro assets. An ever-increasing energy demand with energy prices that are increasing, plus government subsidies for renewable energy. I think the conclusion is a perfect storm with a potential of wonderful returns is making its way into the Balkans, hopefully Reservoir will be a benefactor for its

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hard work, commitment, and continued vision.

**CEOCFO:** You have four geothermal licenses?

**Mr. MacIntyre:** Yes that is correct.

**CEOCFO:** Will you tell us about the projects and what is happening on the ground or with the government or where you stand today?

**Mr. MacIntyre:** The four licenses: we have are located three in northern Serbia, in an area called Vojvodina it is the northern part of Serbia and for those who don't know where that is, it is the region where famous tennis player Monica Seles is from. And there have been assets that we have identified with Reservoir temperatures in excess of 80 degrees Centi-

grade with potential of up to 160 degree Celsius. This region is similar to Germany in that the wells are very deep. In Vranjska Banja, which is part of the southern part of Serbia closer to Kosovo, we have identified two existing wells that currently have flow rates of approximately 25 liters a second and again the temperature of between 105 degrees and 126 degrees. Right now we are testing the reservoir to determine how large and how hot the reservoir could be.

**CEOCFO:** Are you working with Serbian people or are you bringing people in from the outside?

**Mr. MacIntyre:** Our chairman, Miles Thompson is an international man who spent many years in South America, and

he spent the last five or six years in Eastern Europe with Gold Fields before starting Reservoir Capital. He and I are basically the only non-Serbs other than our CFO a few staff in Vancouver, one in Toronto and our Board Members. The rest of the team is all Serbian. Miljana is Serbian, Aleksandar Obrenovic who is our runs our geological team running the office in Serbia for the mining aspects and the geothermal, he is a Serb, very wise, has a high level of conviction and I think it is fair to say that all that have worked with him respect him a lot. Milan Cusic, who is our chief engi-

neer, worked for Elektroprivreda Srpska ("EPS"), where he was Chief Hydro Engineer, responsible for EPS strategy on hydropower and renewable energy development, revitalization of existing hydropower facilities and construction of new hydropower projects Then we have many other people all assisting the rest of the team in Serbia, so in total we are over twenty people in Serbia. Once we start construction we will have many more.

**CEOCFO:** Are you looking to add additional projects?

**Mr. MacIntyre:** Absolutely! Again if you go back to what Miljana's vision is of being a baby Suez, you are looking at north of a thousand megawatts of hydro development, and we hope to develop this over the next five years. That is the goal.

We are now over 100 MW's this year and hope that the pipeline will only increase at a much higher rate. We are pioneers in the development process of a private company in Serbia and with that comes challenges, which include gaining the trust of the governments and locals, and proving to people that we are there to do the right thing for all parties involved. That also includes the environment, the people, creating jobs, and of course a return to our investors who took the risk.

**CEO CFO:** Do you expect to do partnerships and joint ventures as you go forward?

**Mr. MacIntyre:** We have some mining assets and we currently have a joint venture with a company called Freeport McMoRan Exploration Corp., which is quite a large basin in Arizona. They are currently working on a program to spend \$3 million US, hopefully with a fairly significant drill program adjacent to the world class Bor mine, which originally had over the last 100 years pulled out twenty-three metric tons of copper and 29 million ounces of gold. We have the brownfields adjacent to Bor. On the hydro assets, some of these assets could be quite large and there are things you need to do in partnership with the government, and

or other major utilities. Again, we are looking to do the best thing for all stakeholders. This includes our shareholders, the environment, the people of Serbia, and anyone whose lives are impacted by what we are doing; we are aiming to do the best for all.

**CEO CFO:** What is the financial picture like for Reservoir Capital today?

**Mr. MacIntyre:** Today we have \$1.2 million in cash and we have 30 million shares issued and now we are trading at an \$18 million market cap. So it is reasonable to think that we need to determine how to develop these assets, because the capital outlay that is required is more around the \$140 million Euros mark, combination of equity and debt.

**CEO CFO:** Do you do much investor outreach?

**Mr. MacIntyre:** We do quite a bit of investor outreach. I would also argue that we have one of the best shareholder groups that you can for a renewable energy company and IPP in Canada. We have similar early shareholders as Magma, RAM, Plutonic, Run of River, and the leader of the pack of Investors I would suggest is our largest shareholder, a gentleman based in southern California

named Rick Rule. He has about a 20% ownership of Reservoir Capital at this time.

**CEO CFO:** In closing, why should potential investors pick Reservoir Capital out of the crowd?

**Mr. MacIntyre:** The investors that would be interested in Reservoir Capital would have to be someone who is very patient, likes our business thesis of energy demand over the next five to twenty-plus years. If that investor believes in the thesis then they also need to look at the prices of electricity in Europe and if they think the prices of electricity in Europe are going to increase substantially as suggested by many different forecasts out to 2050. Then the next thing they have to look at is if our assets are one of the cheapest sources of electricity in the region. And most importantly the investor needs to believe in management. It is only when the investor fully understands what we are doing will they share the interest of someone like Rick Rule who has been investing in these type of businesses with success for a while, and still owns 20% of Reservoir.



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