

Reservoir Capital Corp.: Feasibility Study Completed for the Brodarevo 1&2 Hydroelectric Projects in Serbia

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VANCOUVER, BRITISH COLUMBIA -- (Marketwire) -- 06/19/12 -- [Reservoir Capital Corp.](#) (TSX VENTURE: REO) (FRANKFURT: ROC) (BERLIN: ROC) ("Reservoir" or the "Company") is pleased to report that its independent hydroelectric power consultant, Energoprojekt Hidroinzenjering Co. Ltd. ("EHC") of Belgrade, Serbia, has completed a feasibility study for the Company's Brodarevo 1 and Brodarevo 2 hydroelectric projects on the River Lim in southwest Serbia.

Highlights of the feasibility study include:

- Recommended increase in capacity from 58.4 megawatts ("MW") to 59.1 MW;
- Projected output of 232.5 gigawatt hours per year ("GWh/year");
- Capital cost of approximately EUR145.83 million;
- Estimated after-tax equity internal rate of return ("IRR") of 24.04%; and
- Estimated after-tax levered net present value ("NPV") using a 10% discount rate of EUR71.72 million.

Plant Design

EHC has recommended a capacity increase from the pre-feasibility of 58.4 MW to 59.1 MW, with a corresponding output of 232.5 GWh/year. The study has also defined dam sites and provided recommendations for the design of the hydroelectric power plants, as summarized in the table below:

License	Plant	Site	Water Level (m.a.s.l.(i))	Gross Head (m)	Installed Discharge (m3/s)	Capacity (MW)	Output (GWh/year)
Brodarevo 1		Junakovina		519	19.73	150	26.0
Brodarevo 2		Lucice		488	24.70	150	33.1
Total						59.1	232.5

(i) metres above sea level

Capital Cost

Total capital cost of the project is estimated to be EUR145.83 million, including EUR34.08 million related to the construction of 7.31 kilometres of new road and tunnels on the M21 highway between Prijepolje and Bijelo Polje, where it will be affected by the project.

The budgeted costs are set out in the following table:

License	Hydro-		mecha-		Mecha-		Elect-		Prime Costs (EUR000)	Working Capital (EUR000)	Total (EUR000)
	Civil Works	Equipment	Equipment	ment	ical	nical	rical				
Brodarevo 1	19,134	5,184	8,151	12,250	26,358	711	71,787				
Brodarevo 2	23,806	4,911	8,787	11,813	23,993	733	74,043				
Total	42,940	10,095	16,938	24,063	50,351	1,444	145,830				
% of Total	29%	7%	12%	17%	35%	1%	100%				

Note: Capital expenditure estimates include contingencies of 8% on the civil works, 5% on equipment and roads and 15% on the construction of the road tunnels.

Timing and associated costs of the construction pursuant to the study are set out in the table below:

Type of Works	1st year (EUR000)	2nd year (EUR000)	3rd year (EUR000)	4th year (EUR000)	Total (EUR000)
Civil Works	10,398	14,422	14,284	3,835	42,939
Equipment	10,339	14,684	17,272	8,801	51,096
Prime Costs	44,385	2,082	2,131	1,753	50,351
Working Capital	--	--	733	711	1,444
Total	65,122	31,188	34,420	15,100	145,830
% of Total	45%	21%	24%	10%	100%

Note: Anticipated construction time for Brodarevo 1 is 4 years, and Brodarevo 2 is 3 years.

Electricity Sales & Operating Costs

The Brodarevo 1 and 2 projects have been included in the Italy-Serbia bilateral agreement on renewable energy, whereby Serbia may export green energy into Italy (see Company news release of February 7, 2012). Under the terms of this agreement, all renewable energy produced by approved projects in Serbia and exported to Italy will receive a guaranteed price of EUR155 per MW hour ("MWh") for a 15-year term. For the purposes of the feasibility study, EHC has used a more conservative net realized price of EUR147.5 per MWh to reflect costs associated with transmitting the power from Serbia to Italy and assumed that the projects will sell electricity into the regional Serbian market following the initial 15-year term at a projected price of EUR80 per MWh.

EHC has estimated annual operating expenses of EUR1.1 million for Brodarevo 1 and EUR1.3 million for Brodarevo 2, for a total of EUR2.4 million per year or EUR10.2 per MWh on average.

Financial Analysis

Based on EHC's assumptions and calculations, the after-tax unlevered IRR is estimated to be 13.14% for Brodarevo 1, 16.79% for Brodarevo 2 and 15.07% for the combined projects. The after-tax unlevered NPV of the combined projects at an 8% discount rate is estimated to be EUR98.657 million, and at a 10% discount

rate is estimated to be EUR58.797 million.

Unlevered After-Tax Financial Metric	Brodarevo 1	Brodarevo 2	Combined
IRR	13.14%	16.79%	15.07%
NPV @ 8% (EUR000)	34,507	63,869	98,657
NPV @ 10% (EUR000)	17,441	41,215	58,797

Reservoir anticipates 30% of the project capital will be financed by equity and intends to obtain debt from a syndicate of lenders for the remaining 70%. For the purposes of the feasibility study, the Company has assumed, based on preliminary discussions with potential lenders, that the debt will have a 15-year term from initial drawdown and be subject to an annual interest rate of 6.5%.

Based on EHC's assumptions and the capital structure outlined above, the after-tax equity internal rate of return for the combined projects is estimated to be 24.04%. The after-tax levered NPV of the combined projects at an 8% discount rate is estimated to be EUR101.20 million and at a 10% discount rate is estimated to be EUR71.72 million.

Levered After-Tax Financial Metric	IRR	NPV @ 8% (EUR000)	NPV @ 10% (EUR000)
Combined	24.04%	101,202	71,725

"We are very pleased to have reached this important milestone and encouraged that the feasibility study projects a solid economic return on both Brodarevo 1 and 2," said Miljana Vidovic, President & CEO.

About Reservoir

Reservoir is a renewable energy company that is engaged in the development of a 59.1 MW hydroelectric project at Brodarevo in southwest Serbia. Reservoir holds four geothermal exploration licenses in Serbia and has applied for three hydroelectric concessions on the Cehotina River in Bosnia (17.75 MW). Reservoir's common shares trade on the TSX Venture Exchange (symbol "REO") and on the Frankfurt and Berlin Exchanges (symbol "ROC").

Cautionary Note regarding Forward-Looking Statements and Information

This news release contains forward-looking statements and factual information that are current as of the date hereof. Forward-looking statements include, but are not limited to, statements with respect to the timing and amount of estimated future development activities and expenditures, requirements for additional capital and financial performance based on, among other things, assumptions about future economic conditions.

Forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of project development activities; changes in project parameters as plans continue to be refined; the ability to enter into joint ventures or to acquire or dispose of projects; future prices of electricity; accidents, labour disputes and other risks of the power industry; ability to obtain financing; and delays in obtaining governmental approvals.

For further information on [Reservoir Capital Corp.](#), please consult the Company's website www.reservoircapitalcorp.com.

Neither the TSX Venture Exchange nor the Investment Industry Regulatory Organization of Canada accepts

responsibility for the adequacy or accuracy of this release.

Contacts:

[Reservoir Capital Corp.](#)

Chris MacIntyre, VP Corporate Development
+1 416 703 0010, or +381 (11) 397 8453
info@reservoircapitalcorp.com
www.reservoircapitalcorp.com

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