



News Release

Reservoir Capital Corp. Enters into Definitive Agreement to Acquire Indirect Interest in Mainstream Energy Solutions Limited

August 27, 2018

Vancouver, British Columbia (TSX Venture: REO) - Reservoir Capital Corp. ("Reservoir") is pleased to announce that it has entered into a definitive share purchase agreement (the "**Agreement**") with Kappafrik Management DMCC ("**KMGT**") to acquire shares of Kainji Power Holding Limited ("**KPHL**") pursuant to which Reservoir will acquire outstanding shares of KPHL that will result in Reservoir owning an indirect minority (approximately 1.3%) interest in Mainstream Energy Solutions Limited (the "**Transaction**"). Reservoir has received conditional approval of the Canadian Securities Exchange (the "**CSE**") to list its common shares for trading concurrently with closing the Transaction, and Reservoir intends to de-list from the TSX Venture Exchange (the "**TSXV**") prior to such listing, subject to receipt of necessary approvals.

Trading in the common shares of Reservoir have been halted by the TSXV since February 6, 2018 following the announcement by REO of the Heads of Agreement relating to the Transaction and will remain halted until the resumption of trading on the CSE.

Mainstream Energy Solutions Limited

Mainstream Energy Solutions Limited ("**MESL**") is Nigeria's leading producing hydropower company and KPHL's sole investment.

MESL owns and operates the two largest hydropower plants on the Niger River in Nigeria, with aggregate operating capacity of 922MW. The two facilities are world class assets operating under a long term concession agreement. The dams' proven hydrology allows balanced power production all year long in a demand environment that is critically short of dependable power. For more information on MESL, visit: <http://mainstream.com.ng>

After completion of the Transaction, Reservoir will have the prospect of an ongoing dividend stream, no project development risk and immediate diversification. Reservoir's future investment strategy will be defined by an Investment Policy targeting regular income over long periods, as well as substantial capital growth in the medium term, by acquiring carefully selected minority economic interests, at attractive valuations, in a balanced portfolio of producing or near production Clean Power assets in Frontier Markets.

Details of the Proposed Transaction

KPHL is an offshore company governed by the laws of Mauritius, holding 8,433,333 shares of MESL (approximately a 2.1% interest in MESL), KPHL's sole investment. To acquire a 60% interest in KPHL, giving Reservoir an indirect approximately 1.3% interest in MESL, Reservoir will issue a total of 158,100,000 common shares to KMGT and certain KMGT shareholders and designees (collectively, the "**New Shareholders**"). Upon completion of the Transaction, the New

Shareholders will hold in aggregate 76.6% of the Reservoir common shares. The Agreement was negotiated at arm's length and replaces the Heads of Agreement.

According to KPHL's audited financial statements, as of March 31, 2018 KPHL has total assets of approximately \$13,600,000, total liabilities of approximately \$13,700 and net equity of approximately \$13,600,000. For the fiscal year ended December 31, 2017, KPHL had total revenue of \$150,000 and an operating profit of approximately \$120,000.

Reservoir shares issued to the New Shareholders will be subject to restrictions on transfer under Canadian securities law expiring four months following closing and certain shares will be subject to escrow pursuant to the policies of the CSE for up to three years. Reservoir shares issued to the New Shareholders will be subject to restrictions on transfer under Canadian securities law and CSE policy for an emerging issuer expiring up to 3 years following closing. Upon closing of the Transaction, Reservoir will have 206,264,424 common shares outstanding in addition to share purchase warrants to acquire an aggregate of 11,985,582 new Reservoir common shares at an average exercise price of \$0.28 per share.

Upon closing of the Transaction, the Board of Directors of Reservoir will have five members, two of which shall be nominees of KMGIT, two of which shall be current Reservoir board members, Lewis Reford and Winston Bennett, and one new director, Ms. Andrea Zaradic. The current officers of Reservoir will continue to serve in their positions post-closing. The following three individuals to be appointed as new directors are:

Vincent Gueneau, Proposed Director

Mr. Gueneau, a French national, is a trained Engineer who started his career in the French group Alstom and then turned Entrepreneur, Investment Banker and Private Equity Investor. He has over 20 years of track-record in the Energy Sector in Sub-Saharan Africa and serves on the board of multiple companies. He started his career in the French power group Alstom before becoming a successful Entrepreneur in the oil services industry, subsequently serving as a Senior Adviser and Managing Director in Renaissance Capital, before founding a private equity group in Mauritius. He was a party or advised on multiple private equity transactions in Africa, as well as bids related to privatizations and leveraged buyouts. He served on the Board of the French-Nigerian Chamber of Commerce for 5 years and as Economic Advisor to the French Ministry of Finance & Industry for 3 years ("CCE" Nigeria Section, by appointment of the French Prime Minister). He is an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria, and a registered professional of the Financial Reporting Council of Nigeria.

Vianney Mathonnet, Proposed Independent Director

Mr. Mathonnet is a French national who serves as the Director of the Family office division at Kappafrik Group, a private equity firm based in Dubai that focuses on Energy and Infrastructure investments in African markets. He started his career in Gabon in charge of internal auditing and cost optimization for a multinational company in the hospitality sector and held management positions in the industry across sub-Sahara African countries. Mr. Mathonnet managed the corporate relations with global Mining, Education, and Oil companies, supervised multiple profit centers and directly managed 400+ employees. Mr. Mathonnet lived across the African and European continents and has undertaken various African investments in real estate, tourism, digital marketing and micro-finance as an angel investor.

Andrea Zaradic, Proposed Independent Director

Ms. Zaradic has 30 years of experience in both corporate, project and business development. As Manager of Infrastructure Development for Canico Resource Corp. in relation to the Onca Puma nickel laterite project in Brazil, she led the development of all major road and power infrastructure prior to a successful corporate take-over by Vale (previously CVRD). Ms. Zaradic held the position of VP Operations and Development for Magma Energy Corp. ("Magma"). Additionally Ms. Zaradic led the Magma based team through both a financial and technical due diligence of Plutonic Power ("Plutonic"), resulting in the successful merger of Magma and Plutonic to form Alterra Power Corp. As President and CEO of Troon Ventures Ltd. ("Troon"), Ms. Zaradic led the company through a successful merger/RTO with Grenville Strategic Royalty Corp. ("Grenville"); a new business model in the royalty finance sector. Following the successful merger of Troon and Grenville, Ms. Zaradic went on to the role of President and CEO of Northair Silver where she successfully completed a merger with Kootenay Silver ("Kootenay"). She now resides on the board of Kootenay and serves as Technical Advisor to Northleaf Capital in relation to their geothermal investments in Ormat Technologies.

It is anticipated that immediately following the Transaction, the only shareholder to own, or control or direct, greater than 20% of Reservoir's issued and outstanding shares will be Vincent Gueneau, profiled above as a new director, who will own directly approximately 17.4% of the shares outstanding and control indirectly an additional approximately 43% of the shares outstanding.

Conditions of the Transaction

Completion of the Transaction is subject to a number of conditions, including TSXV and CSE acceptance and approval of the Reservoir shareholders, which Reservoir intends to obtain by the written consent of shareholders holding a majority of the Reservoir common shares. Other conditions to completion of the Transaction include that no material adverse change to either KPHL or MESL or Reservoir will occur prior to completion of the Transaction and that the representations and warranties contained in the Agreement will be true and correct in all material respects.

Further Information

Completion of the Transaction is subject to a number of conditions, including but not limited to, TSXV and CSE acceptance and disinterested shareholder approval. There can be no assurance that the Transaction will be completed as proposed or at all. Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Reservoir should be considered highly speculative.

The TSXV and CSE have in no way passed upon the merits of the proposed transaction and have neither approved nor disapproved the contents of this news release.

For further information, contact;

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Forward-Looking Information

This press release contains forward-looking information based on current expectations. Statements about the closing of the Transaction, the parties' ability to satisfy closing conditions and receive necessary approvals of the Transaction, the de-listing of the Reservoir shares from the TSXV, the listing of the Reservoir shares on the CSE and the expected benefits of the Transaction are all forward-looking statements. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements, including the risk that required regulatory and shareholder approvals will not be obtained or that other conditions to completion of the Transaction will not be satisfied or waived and the risk that the Transaction will not complete, or, if completed, will not have the benefits expected by management. In making the forward-looking statements, Reservoir has applied several material assumptions including, but not limited to, the assumptions that the required regulatory and shareholder approvals will be obtained and the other conditions to completion of the Transaction will be satisfied and the Transaction will complete and will have the benefits expected by management. Although such statements are based on management's reasonable assumptions, there can be no assurance that the Transaction will occur or that, if the Transaction does occur, it will be completed on the terms described above. Reservoir assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by law.

Reservoir is providing the link to MESL's website above as a convenience to the reader only and takes no responsibility for the contents of that website.

Neither the TSX Venture Exchange nor the Investment Industry Regulatory Organization of Canada accepts responsibility for the adequacy or accuracy of this release.