RESERVOIR CAPITAL CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of Reservoir Capital Corp. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Reservoir Capital Corp.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
Unaudited

	As at September 30, 2019	As at December 30, 2018
ASSETS		
Current assets		
Cash and cash equivalents	**$ 1,019,068**	$ 475,354
Accounts receivable (note 3)	**8,822**	309,045
Prepaid expenses and other assets	**11,838**	5,830
Total current assets	**1,039,728**	790,229
Non-current assets		
Investments (note 4)	**28,940,674**	15,027,765
Total non-current assets	**28,940,674**	15,027,765
Total assets	**$ 29,980,402**	$ 15,817,994
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**162,963**	184,132
Promissory note payable (note 5)	**-**	237,689
Total liabilities	**162,963**	421,821
Shareholders' equity		
Share capital (note 6)	**$ 21,290,856**	$ 2,152,863
Reserves (note 7)	**8,734,810**	8,853,961
Accumulated deficit	**(1,956,002)**	(1,835,058)
Equity attributable to shareholders	**28,069,664**	9,171,766
Non-controlling interest (note 8)	**1,747,775**	6,224,407
Total equity	**29,817,439**	15,396,173
Total liabilities and equity	**$ 29,980,402**	$ 15,817,994

Nature of Operations (note 1)
Subsequent Events (note 10)

Reservoir Capital Corp.
Condensed Interim Consolidated Statements of Loss
(Expressed in Canadian Dollars)
Unaudited

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Income				
Dividend income	**$ 558,362**	$ 83,609	**$ 1,000,649**	$ 83,609
	558,362	83,609	**1,000,649**	83,609
Expenses				
Administrative services and office (note 8)	**$ 58,648**	$ 1,373	**$ 169,162**	$ 7,998
Consulting (note 8)	**86,370**	-	**193,400**	-
Foreign exchange loss (gain)	**1,109**	2,548	**6,621**	(13,296)
Interest expense (income)	**(1,279)**	1,513	**4,347**	1,890
Professional fees (note 8)	**30,157**	16,894	**128,968**	19,369
Transfer agent and shareholder fees	**10,645**	641	**32,445**	641
Travel and related costs	**12,096**	5,700	**29,220**	5,700
	197,746	28,669	**564,163**	22,302
Income from operations	**360,616**	54,940	**436,486**	61,307
Other items				
Listing costs	**-**	(3,972,328)	**-**	(3,972,328)
Current income tax (expense) recovery	**-**	(8,361)	**44,116**	(8,361)
Settlement of debt	**-**	-	**(9,737)**	-
	-	(3,980,689)	**34,379**	(3,980,689)
Net income (loss)	**360,616**	(3,925,749)	**470,865**	(3,919,382)
Net income (loss) for the period attributable to:				
Shareholders of the Company	**$ 179,874**	$ (3,920,542)	**$ 294,886**	$ (3,914,175)
Non-controlling interest	**180,742**	(5,207)	**175,979**	(5,207)
	$ 360,616	$ (3,925,749)	**$ 470,865**	$ (3,919,382)
Net income (loss) per share attributable to shareholders of the Company - basic and diluted	**$ 0.00**	$ (0.06)	**$ 0.00**	$ (0.08)
Weighted average number of shares outstanding - basic and diluted	**481,164,424**	64,152,064	**304,473,675**	52,062,780

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Reservoir Capital Corp.
Condensed Interim Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
Unaudited

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Net income (loss) for the year	**$ 360,616**	$ (3,925,749)	**$ 470,865**	$ (3,919,382)
Other comprehensive loss				
Exchange differences arising on translation of foreign operations	**(255,101)**	382,346	**(262,069)**	382,346
Fair value adjustment on FVOCI instruments	**-**	-	**246,707**	-
Deferred income tax adjustment on KPHL investment	**-**	-	**(44,111)**	-
Total income (loss) and comprehensive income (loss) for the year	**$ 105,515**	$ (3,543,403)	**$ 411,392**	$ (3,537,036)
Total income (loss) and comprehensive income (loss) for the year for the period attributable to:				
Shareholders of the Company	**$ (144,642)**	$ (3,627,665)	**$ 165,998**	$ (3,621,298)
Non-controlling interest	**250,157**	84,262	**245,394**	84,262
	$ 105,515	$ (3,543,403)	**$ 411,392**	$ (3,537,036)

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Reservoir Capital Corp.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Unaudited

	Nine Months Ended September 30, 2019	2018
Operating activities		
Net income (loss) for the year	**$ 470,865**	$ (3,919,382)
Adjustments for:		
Interest	**4,347**	217
Listing expense	**-**	3,972,328
Loan settlement	**9,737**	-
Deferred income tax	**(44,116)**	-
Unrealized foreign exchange effect	**3,011**	4,114
Changes in non-cash working capital items:		
Accounts receivable	**300,223**	144,880
Prepaid expenses and other assets	**(6,008)**	(1,194)
Accounts payable and accrued liabilities	**(21,169)**	12,834
Net cash provided by operating activities	**$ 716,890**	$ 213,797
Investing activities		
Acquisition of subsidiary	**$ -**	$ 333,398
Net cash provided by investing activities	**$ -**	$ 333,398
Financing activities		
Dividends paid	**$ (173,176)**	$ -
Net cash used in financing activities	**$ (173,176)**	$ -
Net change in cash and cash equivalents	**$ 543,714**	$ 547,195
Cash and cash equivalents, beginning of period	**475,354**	14,948
Cash and cash equivalents, end of period	**$ 1,019,068**	$ 562,143

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Reservoir Capital Corp.

Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
Unaudited

	Share Capital	Reserves	Deficit	Non-controlling Interest	Total
Balance, January 1, 2018	**$ 778,514**	**$ 13,255,522**	**$ (643,829)**	**$ -**	**$ 13,390,207**
Acquisition of KPHL	3,986,117	44,667	-	13,679	4,044,463
Total comprehensive loss for the year	-	-	(3,919,382)	(5,207)	(3,924,589)
Balance, September 30, 2018	**$ 4,764,631**	**$ 13,300,189**	**$ (4,563,211)**	**$ 8,472**	**$ 13,510,081**

	Share Capital	Reserves	Deficit	Non-controlling Interest	Total
Balance, January 1, 2019	**$ 2,152,863**	**$ 8,853,961**	**$ (1,835,058)**	**$ 6,224,407**	**$ 15,396,173**
Settlement of promissory note payable	242,036	9,737	-	-	251,773
Acquisition of MESL shares	13,931,277	-	(696,564)	696,564	13,931,277
Acquisition of KPHL shares	4,964,680	-	280,734	(5,245,414)	-
Dividends declared	-	-	-	(173,176)	(173,176)
Foreign currency translation adjustment	-	(319,148)	-	57,079	(262,069)
Fair value adjustment on FVOCI instruments	-	234,371	-	12,336	246,707
Deferred income tax adjustment on KPHL investment	-	(44,111)	-	-	(44,111)
Total income for the year	-	-	294,886	175,979	470,865
Balance, September 30, 2019	**$ 21,290,856**	**$ 8,734,810**	**$ (1,956,002)**	**$ 1,747,775**	**$ 29,817,439**

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

1. Nature 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 address of the Company's head office is 501 - 543 Granville Street, Vancouver, British Columbia, Canada V6C 1X8.

In 2018, the Company refocused its business operations from a greenfield hydro project developer to an investment firm. Consequently, the Company signed its definitive share purchase agreement (the "SPA") with Kappafrik Management DMCC ("KMGT") to acquire 60% of the outstanding shares of Kainji Power Holding Limited ("KPHL") resulting in an indirect minority ownership interest in Mainstream Energy Solutions Limited ("MESL"). In connection to the SPA, Reservoir issued 158,100,000 common shares of the Company to KMGT and certain KMGT shareholders and designees, who held 76.6% of the total issued and outstanding common shares of the Company on closing of the transaction. As the shareholders of KMGT have a majority ownership position, the acquisition was accounted for as a reverse takeover ("RTO") and accordingly, all comparative information has been adjusted to reflect KPHL as the accounting acquirer. Concurrent with the closing of the Transaction, the Company completed its listing of its common shares on the Canadian Securities Exchange ("CSE") for trading and de-listing from the TSX Venture Exchange (the "TSX-V"). In June 2019, the Company increased its ownership interest in KPHL and MESL. See subsequent events note.

The Company's current primary focus is to seek returns through investments in the securities of other clean power companies and clean power assets, which may be located in emerging nations and, consequently, may be subject to a higher level of risk compared to more developed countries. Operations, the status of renewable energy licenses and the recoverability of investments in emerging nations can be affected by changing economic, regulatory and political situations.

These unaudited condensed consolidated interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. These unaudited condensed consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. During the three and nine months ended September 30, 2019, the Company incurred a net income of $360,616 and $470,865, respectively (three and nine months ended September 30, 2018 - loss of $3,925,749 and $3,919,382, respectively). As at September 30, 2019, the Company has incurred losses since inception totaling $(21,290,856) (December 30, 2018 - $(4,764,631)). As at September 30, 2019, the Company has a working capital of $876,765 (December 30, 2018 - $368,408); the continuing operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that additional funds will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern and accordingly use accounting principles applicable to a going concern.

2. Significant Accounting Policies

(a) Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC. The policies applied in these consolidated financial statements are based on IFRS issued and effective as of December 31, 2018. The Board of Directors approved the statements on November 28, 2019.

2. Significant Accounting Policies (Continued)

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of November 28, 2019, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 30, 2018, other than those noted below. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2019 could result in restatement of these unaudited condensed interim consolidated financial statements.

(b) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis and presented in Canadian dollars.

(c) Change in accounting policies

(a) Leases and right-of-use assets

In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"), replacing IAS 17 - Leases. IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its statement of financial position, providing the reader with greater transparency of an entity's lease obligations.

At January 1, 2019, the Company adopted the following and there was no material impact on the Company's financial statements. The Company adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for 2018 has not been restated. It remains as previously reported under IAS 17 and related interpretations.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted if it is reasonable certain to assess that option;

Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

(Expressed in Canadian Dollars, unless otherwise indicated)

2. Significant Accounting Policies (Continued)

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

The Company adopted this standard and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

(b) Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. At January 1, 2019, the Company adopted this standard and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

3. Receivables

The Company's receivables may arise from dividends receivable and goods and services tax ("GST") receivable from government taxation authority.

4. Investment in MESL

	As at September 30, 2019	**As at December 30, 2018**
Opening balance	**$ 15,027,765**	$ 13,246,112
Additions	**13,931,277**	-
Fair value adjustment	**246,707**	639,971
Effect of foreign exchange	**(265,075)**	1,141,682
Total	**$ 28,940,674**	$ 15,027,765

(Expressed in Canadian Dollars, unless otherwise indicated)

4. Investment in MESL (Continued)

In December 2017, KPHL acquired 8,443,333 shares of MESL, representing a 2.1% ownership interest, for US$2. MESL operates a 1,338.4 megawatt ("MW") hydroelectric power generation plant in Nigeria. During the year ended December 31, 2018, KPHL received 1,688,666 bonus shares of MESL, resulting in 10,131,999 of total shares held. In June 2019, the Company entered into a share exchange agreement where the Company issued 199,018,240 common shares to acquire 9,950,912 shares of MESL, which were then transferred to and held by KPHL (Note 8). As at September 30, 2019, the Company held 20,082,911 shares of MESL, representing a 4% ownership interest.

As at September 30, 2019, the carrying amount of this investment was adjusted to its fair value using the discounted cash flow ("DCF") method with the following inputs and assumptions: (a) weighted average cost of capital ("WACC") of 12.2% (December 31, 2018 - 12.2%), (b) discount for possible lack of marketability of 20% (December 31, 2018 - 20%), and (c) foreign exchange rate of C$1/US$0.74 (December 31 2018 - C$1/US$0.73).

For the nine months ended September 30, 2019, the Company recorded $1,000,649 of dividend income from MESL.

5. Promissory Note Payable

As part of the RTO from the acquisition of KPHL, the Company assumed a promissory note payable owed to a former related party of Reservoir carrying an interest at the rate of 4% per annum. During the nine months ended September 30, 2019, the Company settled the promissory note payable of $242,036 by issuing 4,840,270 common shares and 1,000,000 share purchase warrants, valued at $242,036 and $9,737, respectively, resulting in a loss of settlement of $9,737.

6. Share Capital

(a) Authorized share capital

Authorized share capital consists of an unlimited number of common shares without par value. As at September 30, 2019, 92,100,000 (December 31, 2018 - 110,520,000) common shares were held in escrow with an additional 15% released every six months beginning March 21, 2019.

(b) Common shares issued

At September 30, 2019, the issued share capital amounted to $21,290,856. The change in issued share capital for the periods presented were as follows:

	Number of Shares	Amount
Balance, January 1, 2018	**48,164,424**	**$ 778,514**
Acquisition of KPHL	158,100,000	3,986,117
Balance, September 30, 2018	**206,264,424**	**$ 4,764,631**
Balance, January 1, 2019	**206,264,424**	**$ 2,152,863**
Settlement of promissory note payable (i)	4,840,720	242,036
Acquisition of MESL (ii)	199,018,240	13,931,277
Acquisition of KPHL (iii)	70,923,993	4,964,680
Balance, September 30, 2019	**481,047,377**	**$ 21,290,856**

(Expressed in Canadian Dollars, unless otherwise indicated)

6. Share Capital (Continued)

(i) In February 2019, the Company issued 4,840,270 common shares and 1,000,000 share purchase warrants to settle a promissory note payable.

(ii) In June 2019, the Company issued 199,018,240 common shares, valued at $13,931,277, to acquire 9,950,912 MESL shares, which were then transferred to and held by KPHL.

(iii) In June 2019, the Company issued 70,923,993 common shares, valued at $4,964,680, to acquire 350 shares of KPHL increasing its ownership from 60% to 95%.

7. Warrants

The following table reflects the continuity of warrants for the periods presented:

	Number of Warrants	Weighted Average Exercise Price
Balance, January 1, 2018	**-**	**$ -**
Issued in acquisition of KPHL	11,985,582	0.28
Balance, September 30, 2018	**11,985,582**	**0.28**
Balance, January 1, 2019	**7,985,582**	**$ 0.39**
Issued in acquisition of KPHL (note 6(i))	1,000,000	0.10
Expired	(4,481,332)	0.20
Balance, September 30, 2019	**4,504,250**	**$ 0.52**

The weighted average remaining contractual life of the warrants is 0.38 (December 31, 2018 - 0.85) years.

The Company had the following warrants outstanding at September 30, 2019:

Number of Warrants	Exercise Price	Expiry Date
1,652,500	$0.60	December 1, 2019
498,500	$0.60	January 21, 2020
350,750	$0.60	February 6, 2020
1,000,000	$0.10	February 15, 2020
1,002,500	$0.75	November 6, 2020
4,504,250		

(Expressed in Canadian Dollars, unless otherwise indicated)

8. Related Party Balances and Transactions

In accordance with IAS 24, key management personnel are persons responsible for planning, directing, and controlling the activities of an entity, and include executive and non-executive directors. The key management personnel of the Company are the directors and officers of the Company.

No individual party had overall control of the Company during the periods being presented. Transactions between the Company and its subsidiary have been eliminated on consolidation.

The amounts due to related parties of the Company at the reporting date, as disclosed below, arose due to transactions entered into with the related parties in the ordinary course of business.

Non-controlling interest

In June 2019, the Company issued 70,923,993 common shares to acquire an additional 35% ownership interest in KPHL, which has become a 95%-owned subsidiary of the Company and 5%-owned by minority shareholders, resulting in an allocation of $5,245,414 from the non-controlling interests (“NCI”) to the Company’s share capital and deficit. The non-controlling interest of 5% (40% until the above-mentioned acquisition) is owned, directly or indirectly, by a director of the Company. See subsequent events note.

In June 2019, the Company issued 199,018,240 common shares, valued at $13,931,277, to acquire 9,950,912 MESL shares, which were then transferred to and held by KPHL, resulting in an allocation $696,564 from the Company’s deficit to the NCI.

Compensation of key management personnel of the Company

The remuneration of key management personnel and directors for the period presented was as follows and has been included in General and Administrative and Consulting Expenses respectively in the Statement of Income:

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Salaries and fees	**$ 25,000**	$ -	**$ 75,000**	$ -
Director fees	**25,000**	-	**70,000**	-
	$ 50,000	$ -	**$ 145,000**	$ -

Included in accounts payable and accrued liabilities at September 30, 2019 is $50,000 owed to key management personnel and directors of the Company (December 31, 2019 - $123,744).

9. Segmented Information

The Company operates in a single segment, being acquisition and investment in renewable energy interests. In addition, the Company has corporate activities, which include the evaluation and acquisition of new investments, treasury and finance, regulatory reporting, and corporate administration. As at September 30, 2019 and December 31, 2018, the Company’s core asset, the investment in MESL, was located in Nigeria.

10. Subsequent Events

(i) Subsequent to September 30, 2019, the Company entered into an agreement (the "Buyout Agreement") with its Executive Chairman, Mr. Vincent Gueneau, to acquire his 5% ownership interest in the Company's 95%-owned subsidiary KPHL. A Special Committee of REO's Board of Directors comprising of only independent directors negotiated the terms of the Buyout Agreement and recommended the transaction to the Board. Under the Buyout Agreement, REO will pay Mr. Gueneau a consideration of approximately US$1.2 million comprising a mix of 50% cash in installments and 50% REO common shares, representing 13.3 million shares to be issued at C$0.06per share. Subsequent to this transaction, KPHL will become a wholly-owned subsidiary of the Company.

(ii) Subsequent to September 30, 2019, the Company announced it has entered into a share sale and purchase agreement (the "Agreement") with Olocorp Nigeria Ltd. ("OLOCORP") and its majority shareholder Eric Olo ("EOLO"), jointly the ("Vendors"), pursuant to which REO shall acquire a majority interest in OLOCORP and thereby indirectly acquire a minority economic interest in North South Power Company Limited ("NSP"), in a transaction that will compensate the Vendors with a mix of cash, the issuance of REO common shares ("REO Shares"), and a convertible note to the Vendors representing in aggregate approximately $3.6 million. This Agreement will result in the Company having a 60% equity interest in OLOCORP via its subsidiary KPHL and thereby just below 1% indirect economic interest in NSP.