RESERVOIR CAPITAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

(EXPRESSED IN CANADIAN DOLLARS)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Reservoir Capital Corp.

Opinion

We have audited the accompanying consolidated financial statements of Reservoir Capital Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of income (loss), comprehensive income (loss), changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has a working capital deficiency as at December 31, 2019 and additional funds need to be obtained from external financing. As stated in Note 1, certain events and conditions indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Guy Thomas.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

June 30, 2020

Reservoir Capital Corp.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at Dec 31, 2019	As at Dec 31, 2018
ASSETS		
Current assets		
Cash	**$ 692,674**	$ 475,354
Receivables (note 4)	**181,006**	309,045
Prepaid expenses and other assets	**10,534**	5,830
Total current assets	**884,214**	790,229
Non-current assets		
Equipment (note 6)	**15,269**	-
Investments (note 5)	**32,110,031**	15,027,765
Total non-current assets	**32,125,300**	15,027,765
Total assets	**$ 33,009,514**	$ 15,817,994
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 12)	**$ 1,221,791**	$ 184,132
Promissory note payable (note 7)	**-**	237,689
Convertible debentures (note 8)	**530,000**	-
Current Income tax payable (note 17)	**223,923**	-
Deferred income tax payable (note 17)	**227,354**	-
Total liabilities	**2,203,068**	421,821
Equity		
Share capital (note 9)	**23,905,356**	2,152,863
Reserves (note 10)	**7,097,840**	8,853,961
Deficit	**(2,240,750)**	(1,835,058)
Equity attributable to shareholders	**28,762,446**	9,171,766
Non-controlling interest (note 11)	**2,044,000**	6,224,407
Total equity	**30,806,446**	15,396,173
Total liabilities and equity	**$ 33,009,514**	$ 15,817,994

Nature of Operations and going concern (note 1)
Subsequent Events (note 18)

Approved on behalf of the Board:

__*Vianney Mathonnet*_____ Director _*Barakat Balmelli*___ Director

The accompanying notes are an integral part to the consolidated financial statements.

Reservoir Capital Corp.

Consolidated Statements of Income (Loss)
(Expressed in Canadian Dollars)

	Year Ended December 31, 2019	Year Ended December 31, 2018
Income		
Dividend income (note 5)	**$ 1,756,521**	$ 375,894
Expenses		
Administrative services and office (note 12)	**174,902**	51,653
Consulting (note 12)	**343,900**	138,008
Foreign exchange loss (gain)	**4,113**	(28,832)
Interest expense	**4,347**	5,642
Professional fees (note 12)	**214,103**	48,067
Investor relations and shareholder fees	**135,211**	18,140
Travel and related costs	**38,202**	14,943
Listing costs (note 2)	**-**	1,658,287
Settlement of debt (note 8)	**9,737**	-
	924,515	1,905,908
Income (loss) from operations before tax	**832,006**	(1,530,014)
Current income tax expense (note 17)	**(223,923)**	-
Deferred income tax (expense) recovery (note 17)	**(227,354)**	227,354
Net income (loss) for the year	**380,729**	(1,302,660)
Net income (loss) for the year attributable to:		
Shareholders of the Company	**$ 175,849**	$ (1,448,761)
Non-controlling interest (note 11)	**204,880**	146,101
	$ 380,729	$ (1,302,660)
Net income (loss) per share attributable to shareholders of the Company - basic and diluted	**$ 0.00**	$ (0.01)
Weighted average number of shares outstanding - basic and diluted	**352,113,622**	113,340,342

The accompanying notes are an integral part to the consolidated financial statements.

Reservoir Capital Corp.
Consolidated Statements of Comprehensive Income (Loss)
(Expressed in Canadian Dollars)

	Year Ended December 31, 2019	Year Ended December 31, 2018
Net income (loss) for the year	**$ 380,729**	$ (1,302,660)
Other comprehensive income (loss)		
Exchange differences arising on translation of foreign operations	**(311,935)**	1,165,587
Fair value adjustment on FVOCI instruments (note 5)	**(1,665,670)**	639,971
Deferred income tax adjustment on KPHL investment (note 17)	**-**	(227,354)
Total comprehensive income (loss) for the year	**$ (1,596,876)**	$ 275,544
Total comprehensive income (loss) for the year attributable to:		
Shareholders of the Company	**$ (1,553,030)**	$ (592,780)
Non-controlling interest (note 11)	**(43,846)**	868,324
	$ (1,596,876)	$ 275,544

The accompanying notes are an integral part to the consolidated financial statements.

Reservoir Capital Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31, 2019	Year Ended December 31, 2018
Operating activities		
Net income (loss) for the year	**$ 380,729**	$ (1,302,660)
Adjustments for:		
Interest	**4,347**	2,435
Listing expense	**-**	1,658,287
Deferred income tax on investment in KPHL	**-**	(227,354)
Loss on settlement of debt	**9,737**	-
Unrealized foreign exchange effect	**-**	2,467
Changes in non-cash working capital items:		
Receivables	**128,039**	(156,576)
Prepaid expenses and other assets	**(4,704)**	2,629
Accounts payable and accrued liabilities	**146,054**	126,342
Current income taxes payable	**223,923**	-
Deferred income taxes payable	**227,354**	-
Net cash provided by operating activities	**1,115,479**	105,570
Investing activities		
Acquisition of KPHL interest	**(399,000)**	333,398
Acquisition of subsidiary (Olocorp)	**(331,258)**	-
Net cash provided by investing activities	**(730,258)**	333,398
Financing activities		
Dividends paid	**(167,901)**	-
Net cash used in financing activities	**(167,901)**	-
Net change in cash	**$ 217,320**	$ 438,968
Effect of foreign currencies on cash	**-**	21,438
Cash, beginning of year	**475,354**	14,948
Cash, end of year	**$ 692,674**	$ 475,354

Supplemental disclosure with respect to cash flows (note 13)

The accompanying notes are an integral part to the consolidated financial statements.

Reservoir Capital Corp.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital	Reserves	Deficit	Non-controlling Interest	Total
Balance, January 1, 2018 (note 9)	**$ 778,514**	**$ 13,255,522**	**$ (643,829)**	**$ -**	**$ 13,390,207**
Acquisition of KPHL	1,685,755	44,667	-	-	1,730,422
Reclassification to NCI on reverse acquisition	(311,406)	(5,302,209)	257,532	5,356,083	-
Foreign currency translation adjustment	-	699,352	-	466,235	1,165,587
Fair value adjustment on FVOCI instruments	-	383,983	-	255,988	639,971
Deferred income tax liability on KPHL	-	(227,354)	-	-	(227,354)
Total comprehensive loss for the year	-	-	(1,448,761)	146,101	(1,302,660)
Balance, December 31, 2018 (note 9)	**$ 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	5,829,180	-	115,023	(6,742,203)	(798,000)
Acquisition of OLO Shares	1,750,000	-	-	2,040,000	3,790,000
Dividends declared	-	-	-	(167,901)	(167,901)
Fair value adjustment on FVOCI instruments	-	(1,665,670)	-	-	(1,665,670)
Foreign currency translation adjustment	-	(100,188)	-	(211,747)	(311,935)
Total income for the year	-	-	175,849	204,880	380,729
Balance, December 31, 2019 (note 9)	**$ 23,905,356**	**$ 7,097,840**	**$ (2,240,750)**	**$ 2,044,000**	**$ 30,806,446**

The accompanying notes are an integral part to the consolidated financial statements.

1. Nature of Operations and going concern

Reservoir Capital Corp. ("Reservoir" or the "Company" or "REO") 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 82 Richmond Street E, Toronto, Ontario, M5C 1P1.

In 2018, the Company refocused its business operations from a greenfield hydro project developer to an investment firm. Consequently, the Company signed a 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 had 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 and November 2019, the Company increased its ownership interest in KPHL and as a result KPHL is now a wholly-owned subsidiary of REO. On December 31, 2019 the Company acquired a 60% interest in OLOCORP Nigeria Ltd ("OLO") in exchange for cash, shares of the Company and a convertible note (see note 5). The shares of OLO are held by KPHL. OLO holds an investment in North South Power Company Ltd ("NSP"), a Nigerian company which operates a 630MW hydro capacity, comprising the 600MW Shiroro hydro power plant on the Kaduna River and the 30MW Gurara hydro power plant, also on the Kaduna River in Nigeria. As a result of the transaction, REO became a minority holder of NSP.

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 consolidated 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 consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. As at December 31, 2019, the Company has a working capital deficiency of $1,318,854 and 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 need to be obtained from external financing to meet the Company's expansion and future investment goal needs, and 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 consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments which have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of June 30, 2020, the date of the Board of Directors approved the consolidated financial statements.

(b) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary companies after eliminating intercompany balances and transactions. Subsidiaries are entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than 50% of the voting rights. At December 31, 2019 and 2018, the Company's subsidiaries and consolidation basis are as follows:

Name	**Place of incorporation**	**Ownership %**
Kanji Power Holding Limited ("KPHL")	Republic of Mauritius	100
OLOCORP Nigeria Ltd. ("OLO")	Nigeria	60
Reservoir Capital (BVI) Corp.(1)	British Virgin Islands	100
Renewable Energy Ventures (BVI) Ltd. (1)	British Virgin Islands	100
Southern European Exploration (BVI) Ltd. (1)	British Virgin Islands	100

(1) - as of December 31, 2019 these entities have been dissolved. No liabilities or settlement obligations were incurred as a result of the dissolution of these entities.

(c) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for investments carried at fair value, and presented in Canadian dollars.

(d) New policies adopted

IFRS 16 - Accounting for Leases
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.

The Company adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (January 1, 2019), without restatement of comparative figures and accordingly the information presented for 2018 has not been restated. It remains as previously reported under IAS 17 and related interpretations.

2. Significant Accounting Policies (Continued)

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 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 reasonably 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:

- 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 impact on the Company's consolidated financial statements.

IFRIS 23 - 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. The Company adopted this standard at January 1, 2019 and there was no material impact on the Company's consolidated financial statements.

2. Significant Accounting Policies (Continued)

(e) New policies not yet adopted

Definition of a Business (Amendments to IFRS 3)

The IASB has issued Definition of a Business (Amendments to IFRS 3) to clarify the definition of a business for the purpose of determining whether a transaction should be accounted for as an asset acquisition or a business combination. The amendments:

- clarify the minimum attributes that the acquired assets and activities must have to be considered a business
- remove the assessment of whether market participants can acquire the business and replace missing inputs or processes to enable them to continue to produce outputs
- narrow the definition of a business and the definition of outputs
- add an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business

This amendment is effective for annual periods beginning on or after January 1, 2020. Managements does not anticipate any material impact from the adoption of this policy.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022. There is currently a proposal in place to extend effective date for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

(f) Use of estimates and judgements

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements,and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant areas requiring the use of management estimates include:

2. Significant Accounting Policies (Continued)

Valuation of investment in MESL and NSP
When the fair values of financial instruments cannot be measured based upon quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow ("DCF") model. The inputs to these models are taken from observable market data where possible, but where this is not feasible, a degree of judgment is required in establishing fair value. Judgements include considerations of inputs such as liquidity risk, credit risk, and volatility. Changes in assumptions related to these factors could affect the reported fair value of this financial instrument.

Deferred taxes
The Company recognizes the deferred tax benefit related to deferred income and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant judgment of future taxable profit. Management is required to assess whether it is probable that the Company will benefit from its deferred tax assets. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred income and resource tax assets.

Functional currency
The functional currency of each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment. The Canadian dollar was determined to be the functional currency for all entities within the corporate group, except KPHL and OLO. All entities continue to measure the items in their financial statements using their functional currencies.

(g) Financial instruments

Below is a summary showing the classification and measurement bases of the Company's financial instruments:

Classification	**IFRS 9**
Cash	Amortized cost
Accounts receivable	Amortized cost
Investments	FVTOCI
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost
Convertible debentures	Amortized cost
Promissory note payable	Amortized cost

<u>Financial assets</u>
Financial assets are classified as either financial assets at Fair Value Through Profit or Loss ("FVTPL"), amortized cost, or Fair Value Through Other Comprehensive Income ("FVTOCI"). The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss.

2. Significant Accounting Policies (Continued)

ii. Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

iii. Financial asset recorded as FVTOCI

The Company can make an irrecoverable election at initial recognition to classify financial assets at FCOVI, with all subsequent changes in fair value being recognized in other comprehensive income as a component of equity. This election is available for each separate investment depending on the business purposes for holding the investment. Under this FVOCI category, fair value changes are recognized in Other Comprehensive Income while dividends are recognized in profit or loss. On disposal of the investment the cumulative change in fair value is not recycles to profit or loss, rather transferred to deficit.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost
Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

ii. Financial liabilities recorded at FVTPL
Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs
Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement
Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

2. Significant Accounting Policies (Continued)

Expected credit loss impairment model
The Company applies a single expected credit loss impairment model, which is based on changes in credit quality since initial application.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

(h) Foreign currencies

The functional currency of the primary economic environment in which the entity operates. The functional currency of each of the entities in the group is the Canadian dollar, with the exception of KPHL and OLO, being the US dollar. The functional currency determinations were conduction through an analysis of the factors identified in IAS 21. The Effects of Changes in Foreign Exchange Rates. The presentation currency of the Company is the Canadian dollar.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the reporting date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

On translation of KPHL, whose functional currency is other than the Canadian dollar, revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Assets and liabilities are translated at the rate of exchange at the reporting date. Exchange gains and losses, including results of re-translation, are recorded in the foreign currency translation reserve.

(i) Revenue recognition

Revenue from dividend income is recognized when the Company's right to receive the payment is established which is generally when shareholders approve the dividend.

(j) Share capital

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

2. Significant Accounting Policies (Continued)

(k) Valuation of equity units issued in private placement

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in a private placement is determined to be the more easily measurable component and are valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as share-based payments reserve

(l) Income (loss) per share

Basic income (loss) per share is calculated by dividing the income (loss) for the year by the weighted average number of common shares outstanding during the year. Diluted income (loss) per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common shares. The dilutive effect on income (loss) per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

The calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

(m) Income taxes

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized as equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is calculated by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable profit; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(Expressed in Canadian Dollars, unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(n) Equipment

Equipment is carried at acquisition cost less accumulated depreciation and impairment, if any.

Equipment is depreciated on a declining balance method to their residual value over their estimated useful lives commencing from when available for their intended use. The estimated useful lives and amortization method are reviewed annually, with the effect of any changes in estimate being accounted for on a prospective basis. The various components of an item of equipment are recognized separately when their estimated useful lives, and thus their depreciation period, are significantly different. Residual values and estimated useful lives are reviewed annually with the effect of any changes in estimate being accounted for on a prospective basis.

Depreciation rates are as follows:

Office equipment	20% declining balance basis
Furniture and fixtures	20% declining balance basis

All equipment is reviewed for impairment where there are indications that the carrying value may not be recoverable.

3. Reverse Acquisition by KPHL

In September 2018, the Company entered into the SPA with KMGT to acquire 60% of the issued and outstanding shares of Kainji Power Holding Limited, who held a 2.1% investment in MESL, who holds a 2.1% investment in MESL, which operates 2 hydroelectric power plants of a combined installed capacity of 922MW in Nigeria. In connection to the SPA, Reservoir issued 158,100,000 common shares of the Company to KMGT and certain KMGT shareholders and designees.

This transaction constituted a reverse asset acquisition by KPHL of Reservoir, who did not meet the definition of a business, before acquisition, under IFRS 3 Business Combinations (“IFRS 3”), and therefore the transaction was not a business combination as defined therein. The substance of the transaction was a reverse acquisition of a non-operating company. Although legally, Reservoir is regarded as the parent or continuing entity, KPHL, whose shareholders held approximately 76.6% of the voting shares of the Company immediately after the transaction, is treated as the acquirer for accounting purposes following the principles of IFRS 3. As a result, the transaction is accounted for as an asset acquisition with KPHL being identified as the acquirer and the transaction being measured at the fair value of the equity consideration deemed issued to the Reservoir’s shareholders in accordance with IFRS 2 Share-based Payments (“IFRS 2”).

Consequently, the transaction was accounted for as a continuation of the financial statements of KPHL, together with a deemed issuance of shares equivalent to the shares held by the former shareholders of the Company, and a recapitalization of the equity of KPHL. These consolidated financial statements include the completion of the reverse acquisition recorded on September 21, 2018. KPHL, the continuing entity for accounting purposes, is considered to have acquired the assets and liabilities of the Reservoir in a capital transaction. During the year ended December 31, 2019, the Company acquired 100% ownership interest in KPHL and as a result the consolidated statements of income (loss) and comprehensive income include the full results of KPHL for the year ended December 31, 2019 and 2018.

IFRS 2 applies to transactions where any entity grants equity instruments and cannot identify specifically some or all of the goods or services received in return. In accordance with IFRS 2, the amount assigned to the listing expense in the consolidated statements of income (loss) is $1,658,287, being the difference between the aggregate estimated fair value of deemed issuance shares equivalent to the shares held by the former shareholders of Reservoir and Reservoir’s share purchase warrants, less the fair value of the net assets acquired of Reservoir. The estimated fair value of the deemed issuance shares equivalent to the shares held by the former shareholders of the Reservoir was determined based on the share price of Reservoir, the publicly listed entity, on September 21, 2018.

(Expressed in Canadian Dollars, unless otherwise indicated)

3. Reverse Acquisition by KPHL (continued)

Outstanding share purchase warrants of Reservoir before acquisition have remained exercisable at their original terms, which had an estimated fair value of $44,667 on September 21, 2018 determined by the Black-Scholes options pricing model with following weighted average assumptions: (a) risk-free interest rate of 1.49%, (b) dividend yield of 0%, (c) volatility of 100%, and (d) an expected life of 0.78 years.

Consideration paid	
Common shares retained by acquire shareholders	$ 1,685,755
Share purchase warrants	44,667
	1,730,422
Net assets acquired	
Cash	$ 333,398
Receivables	6,897
Prepaid expenses	8,459
Accounts payable and accrued liabilities	(41,365)
Promissory note	(235,254)
Listing expense	1,658,287
	$ 1,730,422

As at December 31, 2018 KPHL was 40% owned by minority shareholders. As a result of the RTO in 2018, a reclassification of 40% of the components of KPHL's equity was reclassified to non-controlling interest ("NCI") on the statement of financial position as follows: share capital $311,406, reserves $5,302,209, and deficit of $257,532.

During the year ended December 31, 2019, the Company acquired the remaining 40% interest in KPHL as discussed in note 11.

4. Receivables

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

5. Investments

Investments

	MESL As at December 31, 2019	**NSP As at December 31, 2019**	**Total As at December 31, 2019**	**Total As at December 30, 2018**
Opening balance	**$ 15,027,765**	**$ -**	**$ 15,027,765**	$ 13,246,112
Additions	**13,931,277**	**5,084,550**	**19,015,827**	-
Fair value adjustment	**(1,665,670)**	**-**	**(1,665,670)**	639,971
Effect of foreign exchange	**(267,982)**	**-**	**(267,892)**	1,141,682
Total	**$ 27,025,390**	**$ 5,084,550**	**$ 32,110,030**	$ 15,027,765

(Expressed in Canadian Dollars, unless otherwise indicated)

5. Investments (continued)

Investment in MESL

In December 2017, KPHL acquired 8,443,333 shares of MESL, representing a 2.1% ownership interest, for US$2. MESL operates 2 hydroelectric power plants of a combined installed capacity of 922MW 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 valued at $13,931,277 to acquire 9,950,912 shares of MESL, which were then transferred to and held by KPHL. As at December 31, 2019, the Company held 20,082,911 shares of MESL, representing a 4% ownership interest, as a result of the Company buying out the remaining 5% NCI in KPHL resulting in additional indirect minority interest in MESL.

As at December 31, 2019, the carrying amount of this investment was adjusted to its fair value of $27,025,480 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$0.75 (December 31 2018 - C$1/US$0.73).

For the year ended December 31, 2019, the Company recorded $1,756,521 (2018 $375,653) of dividend income from MESL.

Investment in NSP

On December 31, 2019 the Company acquired 3,000,000 shares in OLO representing a 60% controlling ownership interest. OLO owns 7,297,297 shares in NSP representing less than 2% investment.

The following table summarizes the purchase consideration as well as assets acquired and liabilities assumed on the acquisition of OLO which have been recorded at their relative fair value:

Common shares	$ 1,750,000
Cash ($600,000USD) paid or accrued	780,000
Convertible debenture	530,000
	3,060,000

The allocation of purchase price is as follows:

Cash	$ 181
Equipment (note 6)	15,269
Investment in NSP	5,084,550
Non-controlling interest (note 11)	(2,040,000)
	$ 3,060,000

(Expressed in Canadian Dollars, unless otherwise indicated)

6. Equipment

Cost		Equipment		Total
Balance - December 31, 2018 and 2017		**-**		**-**
Additions		-		-
Acquired from OLO (note 5)		15,269		15,269
Balance - December 31, 2019	**$**	**15,269**	**$**	**15,269**

Accumulated Depreciation		Equipment		Total
Balance - December 31, 2019, 2018 and 2017	**$**	**-**	**$**	**-**

Carrying Amount		Equipment		Total
Balance - December 31, 2019	**$**	**15,269**	**$**	**15,269**
Balance - December 31, 2018	**$**	**-**	**$**	**-**

7. Promissory Note Payable

As part of the RTO from the acquisition of KPHL (note 2), 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 year ended December 31, 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.

8. Convertible Debenture

As part of the acquisition of OLO (note 5), the Company issued a convertible debenture to OLO for $530,000. The debenture has maturity terms of 12 months and accrues interest at 12% per annum. The debenture is convertible partially or entirely at any time within the maturity period by the holder at the greater of: the midpoint between the 30-day volume weighted average price on the date of conversion and $0.07 per share; and the lowest allowable conversion price permitted by the Canadian Securities Exchange.

The convertible debenture includes both a host debt instrument and a derivative conversion feature which is carried at fair value. As of the date of the issuance of the convertible debenture and December 31, 2019 the conversion feature had a nominal value.

There has been no interest accrued for the convertible debenture as of December 31, 2019. Subsequent to year end the Company settled the convertible debenture (note 18).

(Expressed in Canadian Dollars, unless otherwise indicated)

9. Share Capital

(a) Authorized share capital

Authorized share capital consists of an unlimited number of common shares without par value. As at December 31, 2019, 73,680,000 (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

	Number of Shares	Amount
Balance, January 1, 2018	**48,164,424**	**$ 778,514**
Acquisition of KPHL (i)	158,100,000	1,685,755
Reclassification to NCI on reverse acquisition	-	(311,406)
Balance, December 31, 2018	**206,264,424**	**$ 2,152,863**
Balance, January 1, 2019	**206,264,424**	**$ 2,152,863**
Settlement of promissory note payable (ii)	4,840,720	242,036
Acquisition of MESL (iii)	199,018,240	13,931,277
Acquisition of KPHL (iv, v)	84,223,993	5,829,180
Acquisition of OLO (vi)	35,000,000	1,750,000
Balance, December 31, 2019	**529,347,377**	**$ 23,905,356**

(i) In September 2018, the Company issued 158,100,000 common shares valued at $1,685,755 to acquire 60% ownership interest in KPHL (note 3).

(ii) In February 2019, the Company issued 4,840,720 common shares valued at $242,036 and 1,000,000 share purchase warrants valued at $9,737 to settle a promissory note payable (note 7).

(iii) 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 (note 5 and 11).

(iv) 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% (note 5 and 11).

(v) In December 2019, the Company issued 13,300,000 common shares valued at $864,500, to acquire the remaining 5% interest of KPHL from a Director of the Company. As a result of this transaction, KPHL became a wholly-owned subsidiary of the Company (note 5 and 11).

(vi) In December 2019, the Company issued 35,000,000 common shares valued at $1,750,000 along with cash and a convertible debentures, to acquire a 60% ownership interest in OLO (note 5 and 11).

(Expressed in Canadian Dollars, unless otherwise indicated)

10. Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance, January 1, 2018	**-**	**$ -**
Issued in acquisition of KPHL	11,985,582	0.28
Expired	(4,000,000)	0.06
Balance, December 31, 2018	**7,985,582**	**0.39**
Issued in acquisition of KPHL	1,000,000	0.10
Expired	(6,133,832)	0.20
Balance, December 31, 2019	**2,851,750**	**$ 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 December 31, 2019:

Number of Warrants	Exercise Price	Expiry Date
498,500	$0.60	January 21, 2020 (1)
350,750	$0.60	February 6, 2020 (1)
1,000,000	$0.10	February 15, 2020 (1)
1,002,500	$0.75	November 6, 2020
2,851,750		

(1) - these warrants expired subsequent to year end.

Escrow Shares
The Company has escrowed shares totaling 73,680,000 (2018 - 110,520,000) to be released semi-annually over the period to September, 2021.

11. Non-controlling Interest

KPHL

In June 2019, the Company issued 70,923,993 common shares valued at $4,964,680 to acquire an additional 35% ownership interest in KPHL, which had became a 95%-owned subsidiary of the Company and 5%-owned by minority shareholders, resulting in an allocation of $5,245,414 from the NCI to the Company's share capital and deficit. In November 2019, the Company acquired the remaining 5% ownership in KPHL from a Director of the Company resulting in KPHL becoming a wholly-owned subsidiary of the Company as of December 31, 2019.

To acquire the remaining 5% interest in KPHL, the Company issued 13,300,000 shares valued at $864,500 of the Company with a fair value of $0.045 and a cash payment of $600,000 USD ($798,000) of which $399,000 is outstanding as of December 31, 2019. As a result of the transaction an additional $1,496,789 was re-allocated from the Company's NCI to the Company's share capital and deficit.

As of December 31, 2019, KPHL is a wholly-owned subsidiary of the Company. During the year ended December 31, 2019, $204,880 of income was attributable to NCI.

(Expressed in Canadian Dollars, unless otherwise indicated)

11. Non-controlling Interest (continued)

OLO

On December 31, 2019 the Company acquiring a 60% majority interest in OLO resulting in a 40% interest owned by arms-length minority shareholders. On the date of acquisition, the purchase price equation (see note 5) resulted in $2,040,000 being allocated to the NCI. As the transaction occurred at the close of business on December 31, 2019, the Company had no share of net loss from OLO to allocate in the Company's comprehensive statement of income for December 31, 2019.

The following table summarizes the financial information of the NCI interest held during the year ended December 31, 2019 and 2018.

	KPHL 2019	KPHL 2018	OLO 2019	OLO 2018
Total assets	$ -	$ 15,575,859	$ 5,100,000	$ -
Total liabilities	-	(242,196)	-	-
Net income	1,018,223	365,253	-	-
Total comprehensive income	43,846	2,170,810	-	-

12. Related Party Balances and Transactions

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 years being presented.

Compensation of key management personnel of the Company

The remuneration of key management personnel and directors for the years presented was as follows and has been included in administrative services and office, professional fees and consulting expenses respectively in the Statement of Income (Loss):

	Year Ended December 31, 2019	Year Ended December 31, 2018
Consulting	**$ 100,000**	$ 85,000
Professional fees	**110,000**	20,000
Administrative services	**90,014**	-
	$ 300,014	$ 105,000

The Chief Financial Officer ("CFO") is a senior employee of Marrelli Support Services Inc. ("MSSI"). During the year ended December 31, 2019, the Company incurred professional fees of $18,902 (2018 - $nil). As at December 31, 2019, MSSI was owed $12,872.

During the year ended December 31, 2019, the Company paid $69,000 (2018 - $120,000) to a corporation connected to the former CFO.

Included in accounts payable and accrued liabilities at December 31, 2019 is $88,763 owed to key management personnel and directors of the Company (December 31, 2018 - $123,744).

12. Related Party Balances and Transactions (continued)

Included in accounts payable and accrued liabilities is $399,000 due to a Director of the Company as a result of the 5% NCI buyout of KPHL during the year. See note 11.

Additionally, included in accounts payable and accrued liabilities is $476,821 due to a minority shareholder of OLO accrued as a result of the acquisition transaction of OLO. See note 5.

During the year ended December 31, 2019 the Company issued shares valued at $864,500, paid or accrued $798,000 to a directors of the Company to acquire a 5% interest in KPHL. See note 9.

13. Supplemental Cash Flow Disclosure

During the year ended December 31, 2019, the Company:

- issued 4,840,720 common shares, valued at $242,036 for settlement of a promissory note (see note 7).
- issued 199,018,240 common shares, valued at $13,931,277 for the acquisition of shares in MESL (see note 5).
- issued 84,223,993 common shares, valued at $5,829,180 for the acquisition of shares in KPHL during the year resulting in KPHL becoming a wholly-owned subsidiary of the Company (see note 11). In connection with this transaction the Company reclassified deficit of $115,023 and NCI of $6,742,203.
- issued 35,000,000 common shares, valued at $1,750,000 for the acquisition of a majority interest in OLO (see note 5). In connection with this transaction, the Company reclassified $2,040,000 to NCI representing the interest in OLO not attributable to shareholders, issued a convertible promissory note of $530,000 and recorded payables of $339,000 as part of the acquisition.
- recorded a fair value adjustment of $1,665,670 on investment in MESL and related currency translation adjustment of $267,982.

During the year ended December 31, 2018, the Company:

- issued 158,000,000 common shares, valued at $1,685,755, and 11,985,582 share purchase warrants, valued at $44,667, and incurred listing expense of $1,658,287 to complete the reverse acquisition and acquire net assets of $72,135 (note 3);
- reclassified share capital of $311,406, reserve of $5,302,209, and deficit of $257,532 to NCI of KPHL on the RTO note 3); and
- recorded a fair value adjustment of $639,971 on investment in MESL and related currency translation adjustment of $1,141,682

14. 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 December 31, 2019, the Company’s core asset, the investment in MESL and OLO, were located in Nigeria.

15. Capital Risk Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of its properties. The capital of the Company consists of share capital, warrants, reserves and deficit. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

16. Financial Instruments

The Company’s financial instruments consist of cash, accounts payable and accrued liabilities, promissory note payable, convertible debentures and due to related parties. The fair values of these financial instruments approximate their carrying values because of their current nature.

Credit Risk
The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of bank deposits which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote.

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 monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. All of the Company’s financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company is exposed to liquidity risk.

Interest rate risk
The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management considers interest rate risk to be minimal.

Foreign exchange risk
The Company's dividends are paid in USD but earned in Nigerian Naira. Accordingly, a 10% change between the Naira and the USD would change the dividend income by approximately $173,000 assuming no changes to dividends paid.

The exposure of the Company is its receivable which are denominated in USD and cash and cash equivalents which are partially denominated in USD. Consequently, the Company is exposed to the risk that the exchange rates relative to the USD may change in a manner which has a material effect on the carrying amount of its receivables and cash and cash equivalents. Based on the exposure, as at December 31, 2019, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the USD against the Canadian dollar would result in an increase/decrease of approximately $70,000 in the Company’s pre-tax income or loss.

As at December 31, 2019, cash held in USD was $690,988 (2018 - $248,673).

Commodity price risk
The Company is exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the economics of development of the Company’s hydro electric energy properties' profitability.

Fair value hierarchy

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Expressed in Canadian Dollars, unless otherwise indicated)

16. Financial Instruments (continued)

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2019.

	Level 1	Level 2	Level 3	Total
Investments	$ -	$ -	$ 32,110,031	**$ 32,110,031**

The carrying value of cash, receivables, accounts payable and accrued liabilities, due to related parties, and promissory notes payable, and convertible debt approximated their fair value because of the short-term nature of these instruments.

The fair value of the Company's investment in MESL was determined based on unobservable inputs using a DCF method and thereby classified with Level 3 of the fair value hierarchy. The significant unobservable inputs used in the fair value measurement and quantitative analysis are as follows:

	Significant unobservable inputs	Weighted average range	1% increase	1% decrease
December 31, 2018	WACC	12.2%	$ (453,012)	$ 379,812
	Lack of marketability	20.0%	(150,280)	150,280
December 31, 2019	WACC	12.2%	$ (551,043)	$ 616,643
	Lack of marketability	20.0%	(270,255)	270,255

The fair value of the Company's investment in NSP was determined based on the purchase consideration on the acquisition of OLO as it was acquired at year-end.

(Expressed in Canadian Dollars, unless otherwise indicated)

17. Income Taxes

A reconciliation of income taxes of statutory rates is as follows:

Year Ended December 31,	**2019**	**2018**
Income (loss) before income taxes	**$ 832,006**	$ (1,530,014)
Statutory rate	**0%**	0%
Impact of foreign statutory tax rates on earnings of subsidiaries	**(982,930)**	(64,540)
True-up of prior year estimate	**2,165,183**	-
Items not deductible for tax purposes	**1,225,724**	48,690
Change in unrecognized deductible temporary differences	**-**	1,959,542
Reverse acquisition	**-**	(2,171,046)
Losses not recognized	**(1,956,700)**	-
Current income taxe expense	**223,923**	-
Deferred income tax expense (recovery)	**227,354**	$ (227,354)
Income taxes	**$ 451,277**	$ -

The significant components of the Company's unrecorded deferred tax assets are as follows:

Year Ended December 31,	**2019**	**2018**
Non-capital loss carryforward	**-**	1,948,861
Share issuance costs	**2,842**	4,997
Unrecognized deferred income tax assets	**2,842**	1,953,858

18. Subsequent Events

(i) Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. The Company is closely monitoring the business environment as a result to ensure minimal distribution to business operations.

The Government of Canada announced several funding relief measures to aid companies impacted by the COVID-19 pandemic. One of the measures announced by the Government of Canada is a interest free loan program. Subsequent to year end the Company received a $40,000 loan issued through the Company's financial institution and guaranteed by the Government of Canada. The loan must be used for financing ordinary business activities of the Company and is interest free until December 31, 2022. If the loan is repaid in full by December 31, 2022 a 25% forgiveness is automatically provided. If the Company fails to repay the full loan by December 31, 2022 the loan will automatically extend for an additional 3 years with an interest rate of 5% per annum.

18. Subsequent Events (continued)

(ii) Subsequent to December 31, 2019, the Company entered into a share sale and purchase agreement (the "Agreement") with OLO and its shareholder Eric Olo ("EOLO"), pursuant to which the Company acquired the remaining 40% interest in OLO which became a wholly-owned subsidiary of the Company.

As per the agreement and amendments, REO acquired the remaining 40% interest in OLO in exchange for 37,000,000 common shares of the Company. Furthermore, forming part of the Agreement, EOLO's existing convertible loan note of $530,000 (note 8) was settled by issuing of 8,000,000 common shares of the Company to EOLO's beneficiaries and a promissory note of $200,000. In addition, EOLO's remaining amounts due in cash (note 12) of approximately US$180,000 was settled by issuing a promissory note of $100,000. Lastly, EOLO was issued an additional 1,000,000 common shares of the Company as a special bonus upon the final consummation of the transaction giving 100% ownership of OLO to the Company.