

RESERVOIR CAPITAL CORP.
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
THREE MONTHS ENDED MARCH 31, 2020
(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 March 31, 2020	As at Dec 31, 2019
ASSETS		
Current assets		
Cash	\$ 216,535	\$ 692,674
Receivables (note 3)	-	181,006
Prepaid expenses and other assets	13,223	10,534
Total current assets	229,758	884,214
Non-current assets		
Equipment (note 5)	15,269	15,269
Investments (note 4)	34,165,874	32,110,031
Total non-current assets	34,181,143	32,125,300
Total assets	\$ 34,410,901	\$ 33,009,514
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 10)	\$ 721,570	\$ 1,221,791
Convertible debentures (note 7)	530,000	530,000
Current Income tax payable	-	223,923
Deferred income tax payable	495,393	227,354
Total liabilities	1,746,963	2,203,068
Equity		
Share capital (note 8)	23,905,356	23,905,356
Reserves (note 9)	9,023,469	7,097,840
Deficit	(2,437,389)	(2,240,750)
Equity attributable to shareholders	30,491,436	28,762,446
Non-controlling interest	2,172,502	2,044,000
Total equity	32,663,938	30,806,446
Total liabilities and equity	\$ 34,410,901	\$ 33,009,514

Nature of Operations and going concern (note 1)

Subsequent Events (note 12)

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

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

	Three Months Ended March 31,	
	2020	2019
Income		
Dividend income (note 4)	\$ -	\$ 442,287
Expenses		
Administrative services and office (note 10)	29,576	34,766
Consulting (note 10)	62,200	56,030
Foreign exchange loss (gain)	69,696	4,469
Interest expense	1,187	9,301
Professional fees (note 10)	10,334	11,750
Investor relations and shareholder fees	15,142	4,996
Travel and related costs	10,217	8,563
Settlement of debt (note 7)	-	9,737
	198,352	139,612
Income (loss) from operations before tax	(198,352)	302,675
Current income tax expense	-	-
Deferred income tax expense	-	(49,775)
Net income (loss) for the year	(198,352)	252,900
Net income (loss) for the year attributable to:		
Shareholders of the Company	\$ (196,639)	\$ 76,964
Non-controlling interest	(1,713)	175,936
	\$ (198,352)	\$ 252,900
Net income (loss) per share attributable to shareholders of the Company - basic and diluted	\$ (0.00)	\$ 0.00
Weighted average number of shares outstanding - basic and diluted	529,347,377	114,110,906

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

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

	Three Months Ended March 31,	
	2020	2019
Net income (loss) for the year	\$ (198,352)	\$ 252,900
Other comprehensive income (loss)		
Exchange differences arising on translation of investments in foreign operations	2,055,844	(317,982)
Deferred income tax adjustment on KPHL investment	-	49,775
Total comprehensive income (loss) for the year	\$ 1,857,492	\$ (15,307)
Total comprehensive income (loss) for the year attributable to:		
Shareholders of the Company	\$ 1,727,277	\$ (64,050)
Non-controlling interest	130,215	48,743
	\$ 1,857,492	\$ (15,307)

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

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

	Three Months Ended March 31,	
	2020	2019
Operating activities		
Net income (loss) for the year	\$ (198,352)	\$ 252,900
Adjustments for:		
Interest	-	4,347
Deferred income tax on investment in KPHL	-	49,775
Loss on settlement of debt	-	9,737
Unrealized foreign exchange effect	-	(18,886)
Changes in non-cash working capital items:		
Receivables	181,007	(138,171)
Prepaid expenses and other assets	(2,689)	(24,134)
Accounts payable and accrued liabilities	(500,221)	(49,178)
Deferred income taxes payable	44,116	-
Net cash provided by (used in) operating activities	(476,139)	86,390
Financing activities		
Dividends to non-controlling interest	-	(159,118)
Net cash used in financing activities	-	(159,118)
Net change in cash	\$ (476,139)	\$ (72,728)
Effect of foreign currencies on cash	-	8,157
Cash, beginning of period	692,674	475,354
Cash, end of period	\$ 216,535	\$ 410,783

The accompanying notes are an integral part to the unaudited condensed interim consolidated financial 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	\$ 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
Dividends declared	-	-	-	(159,118)	(159,118)
Foreign currency translation adjustment	-	(190,789)	-	(127,193)	(317,982)
Deferred income tax liability on KPHL	-	49,775	-	-	49,775
Total comprehensive loss for the year	-	-	76,964	175,936	252,900
Balance, March 31, 2019	\$ 2,394,899	\$ 8,722,684	\$ (1,758,094)	\$ 6,114,032	\$ 15,473,521
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Balance, January 1, 2019	\$ 23,905,356	\$ 7,097,840	\$ (2,240,750)	\$ 2,044,000	\$ 30,806,446
Foreign currency translation adjustment	-	1,925,629	-	130,215	2,055,844
Total income for the year	-	-	(196,639)	(1,713)	(198,352)
Balance, March 31, 2020	\$ 23,905,356	\$ 9,023,469	\$ (2,437,389)	\$ 2,172,502	\$ 32,663,938

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

Reservoir Capital Corp.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2020

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

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 4). 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 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. As at March 31, 2020, the Company has a working capital deficiency of \$1,517,205 (December 31, 2019 - \$1,318,884) 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.

These unaudited condensed consolidated interim 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 the IASB. These unaudited condensed consolidated interim financial statements may not include all information and note disclosures required by IFRS for annual financial statements and therefore, should be read in conjunction with the annual audited financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS.

Reservoir Capital Corp.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2020

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

2. Significant Accounting Policies

(a) 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.

The policies applied in these unaudited condensed consolidated interim financial statements are based on IFRS issued and outstanding as of July 16, 2020, the date of the Board of Directors approved the consolidated financial statements.

(b) New policies 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

The Company did not have any material impacts from the adoption of this policy.

(c) New policies not yet adopted

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.

3. Receivables

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

Reservoir Capital Corp.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2020

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

4. Investments

	MESL As at March 31, 2020	NSP As at March 31, 2020	Total As at March 31, 2020	Total As at December 31, 2019
Opening balance	\$ 27,025,480	\$ 5,084,550	\$ 32,110,030	\$ 15,027,765
Additions	-	-	-	19,015,827
Fair value adjustment	-	-	-	(1,665,670)
Effect of foreign exchange	1,730,306	325,538	2,055,844	(267,892)
Total	\$ 28,755,786	\$ 5,410,088	\$ 34,165,874	\$ 32,110,030

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 March 31, 2020, 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.

Investment in NSP

During the year ended 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. Subsequent to March 31, 2020, the Company obtained the remaining 40% interest in OLO, see subsequent events.

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	(2,040,000)
	\$ 3,060,000

Reservoir Capital Corp.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2020

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

5. Equipment

Cost	Equipment	Total
Balance - March 31, 2019	\$ -	\$ -
Additions	15,269	15,269
Balance - December 31, 2019	15,269	15,269
Balance - March 31, 2020	\$ 15,269	\$ 15,269

Accumulated Depreciation	Equipment	Total
Balance - December 31, 2019 and March 31, 2019	-	-
Balance - March 31, 2020	\$ -	\$ -

Carrying Amount	Equipment	Total
Balance - March 31, 2020	\$ 15,269	\$ 15,269
Balance - December 31, 2019	\$ 15,269	\$ 15,269

6. 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 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.

7. Convertible Debenture

As part of the acquisition of OLO (note 4), 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 March 31, 2020 the conversion feature had a nominal value.

There has been no interest accrued for the convertible debenture as of March 31, 2020. Subsequent to year end the Company settled the convertible debenture (note 12).

Reservoir Capital Corp.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2020

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

8. Share Capital

(a) Authorized share capital

Authorized share capital consists of an unlimited number of common shares without par value. As at March 31, 2020, 62,628,000 (December 31, 2019 - 73,680,000) common shares were held in escrow with an additional 15% released every six months beginning September 21, 2019.

(b) Common shares issued

	Number of Shares	Amount
Balance, January 1, 2019	206,264,424	\$ 2,152,863
Settlement of promissory note payable (i)	4,840,720	242,036
Balance, March 31, 2019	211,105,144	\$ 2,394,899
Balance, January 1, 2020	529,347,377	\$ 2,152,863
Balance, March 31, 2020	529,347,377	\$ 2,152,863

(i) 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 6).

9. Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance, January 1, 2019	7,985,582	\$ 0.39
Issued	1,000,000	0.10
Balance, March 31, 2019	8,985,582	0.36
Balance, January 1, 2020	2,851,750	\$ 0.52
Expired	(1,849,250)	0.33
Balance, March 31, 2020	1,002,500	\$ 0.75

Reservoir Capital Corp.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2020

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

9. Warrants (continued)

The Company had the following warrants outstanding at March 31, 2020:

Number of Warrants	Exercise Price	Expiry Date
1,002,500	\$0.75	November 6, 2020

10. 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):

	Three Months Ended March 31,	
	2020	2019
Consulting	\$ 62,200	\$ 25,000
Professional fees	10,334	30,000
Administrative services	25,000	25,000
	\$ 97,534	\$ 80,000

The Chief Financial Officer ("CFO") is a senior employee of Marrelli Support Services Inc. ("MSSI"). During the three months ended March 31, 2020, the Company incurred professional fees of \$10,334 (2019 - \$nil) to MSSI. As at March 31, 2020, MSSI was owed \$18,206 (December 31, 2019 - \$12,872).

Included in accounts payable and accrued liabilities at March 31, 2020 is \$138,763 (December 31, 2019 - \$88,763) owed to key management personnel and directors of the Company.

Included in accounts payable and accrued liabilities is \$133,000 due to a Director of the Company as a result of the 5% NCI buyout of KPHL during the year.

Additionally, included in accounts payable and accrued liabilities is \$252,000 due to a minority shareholder of OLO accrued as a result of the acquisition transaction of OLO.

Reservoir Capital Corp.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2020

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

11. 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 March 31, 2020 and December 31, 2019, the Company's core asset, the investment in MESL and OLO, were located in Nigeria.

12. 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 disruption 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 March 31, 2020 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.

(ii) Subsequent to March 31, 2020, 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 7) 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 10) 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.