RESERVOIR CAPITAL CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED JUNE 30, 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 June 30, 2020	As at Dec 31, 2019
ASSETS		
Current assets		
Cash	**$ 1,108,968**	$ 692,674
Receivables (note 3)	**-**	181,006
Prepaid expenses and other assets	**34,723**	10,534
Total current assets	**1,143,691**	884,214
Non-current assets		
Equipment (note 5)	**15,269**	15,269
Investments (note 4)	**32,819,661**	32,110,031
Total non-current assets	**32,834,930**	32,125,300
Total assets	**$ 33,978,621**	$ 33,009,514
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 11)	**$ 818,620**	$ 1,221,791
Convertible debentures (note 7)	**-**	530,000
Current Income tax payable	**-**	223,923
Deferred income tax payable	**495,393**	227,354
Total current liabilities	**1,354,013**	2,203,068
Long-term liabilities		
Government loans payable (note 8)	**40,000**	-
Total liabilities	**1,354,013**	2,203,068
Equity		
Share capital (note 9)	**25,745,356**	23,905,356
Reserves (note 10)	**7,807,471**	7,097,840
Deficit	**(928,219)**	(2,240,750)
Equity attributable to shareholders	**32,624,608**	28,762,446
Non-controlling interest	**-**	2,044,000
Total equity	**32,624,608**	30,806,446
Total liabilities and equity	**$ 33,978,621**	$ 33,009,514

Nature of Operations and going concern (note 1)

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 June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Income				
Dividend income (note 4)	**$ 990,236**	$ -	**$ 990,236**	$ 442,287
Expenses				
Administrative services and office (note 11)	**$ 6,852**	$ 75,748	**36,428**	110,514
Consulting (note 11)	**64,253**	51,000	**126,453**	107,030
Foreign exchange loss (gain)	**(138,719)**	1,043	**(68,750)**	5,512
Interest expense	**339**	(3,675)	**1,526**	5,626
Professional fees (note 11)	**36,444**	87,061	**46,778**	98,811
Investor relations and shareholder fees	**25,547**	16,804	**40,689**	21,800
Travel and related costs	**525**	8,561	**10,742**	17,124
Settlement of debt (note 7)	**(147,600)**	-	**(147,600)**	9,737
	(152,359)	236,542	**46,266**	376,154
Income (loss) from operations before tax	**1,142,595**	(236,542)	**943,970**	66,133
Current income tax expense			**-**	-
Deferred income tax recovery	**-**	93,891	**-**	44,116
Net income (loss) for the year	**1,142,595**	(142,651)	**943,970**	110,249
Net income (loss) for the year attributable to:				
Shareholders of the Company	**$ 1,142,595**	$ (142,694)	**$ 943,970**	$ (65,730)
Non-controlling interest	**-**	43	**-**	175,979
	$ 1,142,595	$ (142,651)	**$ 943,970**	$ 110,249
Net income (loss) per share attributable to shareholders of the Company - basic and diluted	**$ 0.20**	$ (0.06)	**$ 0.17**	$ 0.05
Weighted average number of shares outstanding - basic and diluted	**5,667,540**	2,229,707	**5,480,507**	2,141,831

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

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Net income (loss) for the year	**$ 1,142,595**	$ (142,651)	**$ 943,970**	$ 110,249
Other comprehensive income (loss)				
Exchange differences arising on translation of investments in foreign operations	**(1,346,213)**	(295,470)	**709,631**	(613,452)
Fair value adjustment on FVOCI instruments	**-**	246,707	**-**	246,707
Deferred income tax adjustment on KPHL investment	**-**	(93,891)	**-**	(44,116)
Total comprehensive income (loss) for the year	**$ (203,618)**	$ (285,305)	**$ 1,653,601**	$ (300,612)
Total comprehensive income (loss) for the year attributable to:				
Shareholders of the Company	**$ (203,618)**	$ (179,482)	**$ 1,653,601**	$ (243,532)
Non-controlling interest	**-**	(105,823)	**-**	(57,080)
	$ (203,618)	$ (285,305)	**$ 1,653,601**	$ (300,612)

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

	Six Months Ended June 30, 2020	2019
Operating activities		
Net income for the year	**$ 943,970**	$ 110,249
Adjustments for:		
Interest	**-**	4,347
Settlement of debt	**(147,600)**	9,737
Deferred income tax on investment in KPHL	**-**	(44,116)
Unrealized foreign exchange effect	**(172,232)**	(37,468)
Changes in non-cash working capital items:		
Receivables	**181,007**	303,365
Prepaid expenses and other assets	**(24,189)**	2,274
Accounts payable and accrued liabilities	**(403,171)**	(4,446)
Net cash provided by operating activities	**377,785**	343,942
Financing activities		
Government loans payable	**40,000**	-
Dividends to non-controlling interest	**-**	(160,333)
Net cash used in financing activities	**40,000**	(160,333)
Net change in cash	**$ 417,785**	$ 183,609
Effect of foreign currencies on cash	**(1,491)**	15,783
Cash, beginning of period	**692,674**	475,354
Cash, end of period	**$ 1,108,968**	$ 674,746

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	-	-	-	(160,333)	(160,333)
Acquisition of MESL	13,931,277	-	(696,564)	696,564	13,931,277
Acquisition of KPHL	4,964,680	-	280,734	(5,245,414)	-
Foreign currency translation adjustment	-	(368,058)	-	(245,394)	(613,452)
Fair value adjustment on FVOCI instruments	-	234,371	-	12,336	246,707
Deferred income tax liability on KPHL	-	(44,116)	-	-	(44,116)
Total comprehensive income (loss) for the period	-	-	(65,730)	175,979	110,249
Balance, June 30, 2019	**$ 21,290,856**	**$ 8,685,895**	**$ (2,316,618)**	**$ 1,458,145**	**$ 29,118,278**

	Share Capital	Reserves	Deficit	Non-controlling Interest	Total
Balance, January 1, 2019	**$ 23,905,356**	**$ 7,097,840**	**$ (2,240,750)**	**$ 2,044,000**	**$ 30,806,446**
Settlement of debt	320,000	-	-	-	320,000
Acquisition of OLO	1,520,000	-	368,561	(2,044,000)	(155,439)
Foreign currency translation adjustment	-	709,631	-	-	709,631
Total comprehensive income for the period	-	-	943,970	-	943,970
Balance, June 30, 2020	**$ 25,745,356**	**$ 7,807,471**	**$ (928,219)**	**$ -**	**$ 32,624,608**

The accompanying notes are an integral part to the unaudited condensed interim 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 1,581,000 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). During the three and six months ended June 30, 2020, the Company acquired the outstanding 40% interest in OLO through issuance of shares of the Company. As a result, as at June 30, 2020, OLO is a wholly-owned subsidiary of the Company. 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.

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.

1. Nature of Operations and going concern (continued)

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 June 30, 2020, the Company has a working capital deficiency of $210,322 (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.

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 August 31, 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.

(Expressed in Canadian Dollars, unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(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.

4. Investments

	MESL As at June 30, 2020	**NSP As at June 30, 2020**	**Total As at June 30, 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	**597,263**	**112,368**	**709,631**	(267,892)
Total	**$ 27,622,743**	**$ 5,196,918**	**$ 32,819,661**	$ 32,110,030

(Expressed in Canadian Dollars, unless otherwise indicated)

4. 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 1,990,182 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 June 30, 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. During the six months ended June 30, 2020, the Company obtained the remaining 40% interest in OLO; which became a wholly-owned subsidiary of the Company.. As a result of transaction, the Company no longer continues to have a non-controlling interest in any entity.

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

(Expressed in Canadian Dollars, unless otherwise indicated)

5. Equipment

Cost		**Equipment**		**Total**
Balance - December 31, 2018	$	-	$	-
Additions		15,269		15,269
Balance - December 31, 2019		15,269		**15,269**
Balance - June 30, 2020	$	15,269	**$**	**15,269**

Accumulated Depreciation		**Equipment**		**Total**
Balance - December 31, 2018 and 2019		**-**		**-**
Balance - June 30, 2020	$	-	**$**	**-**

Carrying Amount		**Equipment**		**Total**
Balance - June 30, 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 48,403 common shares and 10,000 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 had maturity terms of 12 months and accrues interest at 12% per annum. The debenture, along with a promissory note of $180,000 USD was settled for 80,000 shares of the Company and a new promissory note of $300,000. As a result of this transaction, the Company recorded a gain on settlement of debt of $147,600 in the statement of loss.

As a result, there are no outstanding convertible debentures as of June 30, 2020.

8. Government Loans Payable

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 June 30, 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. No amounts have been repaid to date.

(Expressed in Canadian Dollars, unless otherwise indicated)

9. Share Capital

(a) Authorized share capital

On August 18, 2020, the Company completed the share consolidation of its issued and outstanding common shares on the basis of 1 post-consolidation common share for every 100 pre-consolidation common shares. All applicable references to the number of shares, warrants and per share information has been restated to reflect the effect of the share consolidation, unless otherwise noted.

Authorized share capital consists of an unlimited number of common shares without par value. As at June 30, 2020, 626,280 (December 31, 2019 - 736,800,) 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	**2,062,644**	**$ 2,152,863**
Settlement of promissory note payable (i)	48,407	242,036
Acquisition of MESL (ii)	1,990,182	13,931,277
Acquisition of KPHL (iii)	709,240	4,964,680
Balance, June 30, 2019	**4,810,473**	**$ 21,290,856**
Balance, January 1, 2020	**5,293,474**	**$ 23,905,356**
Settlement of debt (v)	80,000	320,000
Acquisition of OLO (iv)	380,000	1,520,000
Balance, June 30, 2020	**5,753,474**	**$ 25,745,356**

(i) In February 2019, the Company issued 48,407 common shares valued at $242,036 and 10,000 share purchase warrants valued at $9,737 to settle a promissory note payable (note 6).

(ii) In June 2019, the Company issued 1,990,182 common shares, valued at $13,931,277, to acquire 9,950,912 MESL shares, which were then transferred to and held by KPHL.

(iii) In June 2019, the Company issued 709,240 common shares, valued at $4,964,680, to acquire 350 shares of KPHL increasing its ownership from 60% to 95%.

(iv) In April 2020, the Company acquired the remaining 40% interest in OLO in exchange for 380,000 common shares of the Company.

(v) In April 2020, the Company settled an outstanding convertible debenture and a promissory note of $180,000 USD through the issuance of 80,000 shares of the Company, and a new promissory note for $200,000.

(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, 2019	**79,856**	**$ 39.00**
Issued	10,000	10.00
Balance, June 30, 2019	**89,856**	**36.00**
Balance, January 1, 2020	**28,518**	**$ 52.00**
Expired	(18,493)	33.00
Balance, June 30, 2020	**10,025**	**$ 75.00**

The Company had the following warrants outstanding at June 30, 2020:

Number of Warrants	Exercise Price	Expiry Date
10,025	$75.00	November 6, 2020

11. 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 June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Consulting	**$ 25,000**	$ 65,000	**$ 62,200**	$ 90,000
Professional fees	**10,080**	29,500	**20,414**	49,500
Administrative services	**19,122**	-	**20,636**	-
	$ 54,202	$ 94,500	**$ 103,250**	$ 139,500

11. Related Party Balances and Transactions (continued)

The Chief Financial Officer ("CFO") is a senior employee of Marrelli Support Services Inc. ("MSSI"). During the three and six months ended June 30, 2020, the Company incurred professional fees of $10,080 and $20,414 (2019 - $nil and $nil) to MSSI. As at June 30, 2020, MSSI was owed $10,491 (December 31, 2019 - $12,872).

Included in accounts payable and accrued liabilities at June 30, 2020 is $140,763 (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 $300,000 due to a minority shareholder of the Company.

12. 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 June 30, 2020 and December 31, 2019, the Company's core asset, the investment in MESL and OLO, were located in Nigeria.