RESERVOIR CAPITAL CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS – Quarterly Highlights

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020

GENERAL

The following Management's Discussion & Analysis ("MD&A") of Reservoir Capital Corp, (the "Company" or "REO") for the three and six months ended June 30, 2020 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2019. This MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual MD&A, audited annual consolidated financial statements for the years ended December 31, 2019 and 2018 and unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2020, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Information contained herein is presented as of August 31, 2020, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of REO common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Certain information and discussion included in this MD&A constitutes forward looking information. Readers are encouraged to refer to the cautionary notes contained in the section Forward-Looking Statements below.

Additional information and corporate documents may be found on SEDAR at www.sedar.com and the Company's website at www.reservoircapitalcorp.com.

FORWARD LOOKING INFORMATION

This MD&A may contain "forward looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause Reservoir's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicate herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by securities regulations.

COMPANY OVERVIEW

The Company's 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.

Reservoir is a reporting issuer in British Columbia, Alberta, and Ontario, and its common shares trade on the Canadian Securities Exchange ("CSE") under the symbol REO.

HIGHLIGHTS FOR THE PERIOD

During the three and six months ended June 30, 2020, the Company:

- The Company received in cash the dividend receivable recorded in December 31, 2019.
- The Company reported dividend income of $990,236 and decreased accounts payable from December 31, 2019 through cash payments as a result of cash dividends received during the period.
- The Company acquired the remaining 40% interest in OLOCORP Nigeria Ltd ("OLO") through issuance of shares. Subsequent to this transaction, OLO became a wholly-owned subsidiary of REO.
- The Company settled a promissory note payable and convertible debentures on favourable terms resulting in a gain on settlement of debt.
- The Company reported an unrealized gain on investment from currency fluctuations of $709,631.
- The Company completed a share consolidation at a ratio of 100:1 in August 2020, reducing the shares outstanding from 575,347,377 to 5,753,474.

OVERALL PERFORMANCE

Kainji Power Holding Limited ("KPHL")

As a result of transactions completed in 2019, KHPL became a wholly-owned subsidiary of the Company. As a result, all dividends received from investments held though KPHL including MESL are fully attributable to the Company.

Mainstream Energy Solutions Limited ("MESL")

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

During the three and six months ended June 30, 2020 there was no change to the ownership in MESL. The Company continues to pursue additional ownership opportunities in the entity. As at June 30, 2020 the fair market value of the investment in MESL held by the Company is $28,755,786 (December 31, 2019 - $27,025,390)

North South Power Company Ltd. ("NSP")

NSP is a Nigerian power generation company with 630MW operating hydro capacity, comprising the 600MW Shiroro hydro power plant and the 30MW Gurara hydro power plant, both located on the Kaduna River in Nigeria. As a result of a transaction in Q4 2019, REO became a minority shareholder of NSP through KPHL.

During the three and six months ended June 30, 2020 there was no change to the ownership in NSP by OLO. During this period, the Company increased its ownership in OLO from 60% to 100%, and as a result indirectly increased its ownership interest in NSP. There was no impact on the investment value held in the Company's investment assets due to this transaction. As at June 30, 2020 the fair market value of the investment in NSP held by the Company is $5,196,918 (December 31, 2019 - $5,084,550).

OUTLOOK

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 focus of the Company is to manage its portfolio of investments and identify new opportunities in clean power. There is no certainty that new opportunities will be identified, or that the Company will be able to raise the necessary funds to move its clean power growth strategy forward.

Prior to the 2018 acquisition of its initial stake in KPHL, the Company had no material investments and funding for operations of the business had been provided by equity private placements with third parties and from loans from directors and other insiders. Subsequent to the 2018 acquisition and the increased stake in KPHL in 2019, the business is able to rely, in part, on the flow of dividends from its investments. There is no certainty that funds from third parties or dividends will continue to be available.

NEW ACCOUNTING POLICIES

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.

NEW ACCOUNTING 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.

RESULTS OF OPERATIONS

	Three months ended	
	30-Jun-20	30-Jun-19
REVENUE	990,236	-
EXPENSES		
Administrative services and office	6,852	75,748
Consulting	64,253	51,000
Foreign exchange	(138,719)	1,043
Interest expense	339	(3,675)
Professional fees	36,444	87,061
Investor relations and shareholder fees	25,547	16,804
Travel and related costs	525	8,561
Settlement of debt	(147,600)	-
	-	-
Total Operating Expenses	(152,359)	236,542
Net income from operating activites	1,142,595	(236,542)

For the three months ended June 30, 2020, the Company recorded net income of $1,142,595 compared to a loss of $236,542 in the prior period. This is attributable to:

- dividend income in the current period of $990,236 compared to $nil in the prior period
- gain on settlement of debt of $147,600 compared to $nil in the prior period
- a decrease in operating expenses excluding foreign exchange and settlement of debt of $101,539 due to reduced travel and activity as a result of global COVID-19 lockdowns

	Six months ended	
	30-Jun-20	30-Jun-19
REVENUE	990,236	442,287
EXPENSES		
Administrative services and office	36,428	110,514
Consulting	126,453	107,030
Foreign exchange	(68,750)	5,512
Interest expense	1,526	5,626
Professional fees	46,778	98,811
Investor relations and shareholder fees	40,689	21,800
Travel and related costs	10,742	17,124
Settlement of debt	(147,600)	9,737
	-	-
Total Operating Expenses	46,266	376,154
Net income from operating activites	943,970	66,133

For the six months ended June 30, 2020, the Company recorded net income of $943,970 compared to $66,133 in the prior period. This is attributable to:

- dividend income in the current period of $990,236 compared to $442,287 in the prior period
- gain on settlement of debt of $147,600 compared to a loss on settlement of $9,737 in the prior period
- a decrease in operating expenses excluding foreign exchange and settlement of debt of $98,289 due to reduced travel and activity as a result of global COVID-19 lockdowns

The Company reported comprehensive income for the six months ended June 30, 2020 of $1,653,601 compared to a compressive loss of $300,612 in the prior period. Due to a strong United States Dollar average rate, a large unrealized foreign exchange gain was reported through comprehensive income in the period.

The comprehensive income represents gains from unrealized market gains as well as foreign exchange gains in the investments held by the Company, as an attempt to liquidate any portion of the assets may not result in the same realized income for the Company.

TRANSACTIONS WITH RELATED PARTIES

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.

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

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, and consulting expenses respectively in the Statement of Income (Loss):

	Three Months Ended 30-Jun				Six Months Ended 30-Jun			
	2020		2019		2020		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	$	-

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.

CONVERTIBLE DEBENTURES

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 (post-consolidation shares) of the Company and a new promissory note of $300,000.

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

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

During the six months ended June 30, 2020, the Company incurred a net income of $943,970, (six months ended June 30, 2019 - loss of $110,249). As at June 30, 2020, the Company has incurred losses since inception totaling $928,219 (December 31, 2019 - $2,240,750).
The Company has cash flow from operations of $377,785 as a result of previously reported cash dividends received in the period, a large cash dividend received and lower operating costs in the period. The Company has a net increase in cash of $417,785 as a result of these transactions, and a government loan of $40,000 obtained during the period.

In order to continue as a going concern, the Company may require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations.

Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

GOVERNMENT LOAN RECEIVABLE

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.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

SHARE CAPITAL TRANSACTIONS

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.

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

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 (post-consolidation shares) of the Company, and a new promissory note for $200,000.

As of the date of this MD&A, the Company had 5,753,474 common shares (post-consolidation shares) issued and outstanding. There were 10,025 share purchase warrants outstanding which will expire on November 6, 2020.

RISKS AND UNCERTAINTIES

In addition to the usual risks associated with an investment in a business at an early stage of development, management and the directors of the Company believe that, in particular, the following risk factors should be considered. It should be noted that the list is not exhaustive and that other risk factors may apply. An investment in the Company may not be suitable for all investors.

Competition

The Company will compete with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition of investments as well as for the recruitment and retention of qualified employees.

Financing risks

In order to continue as a going concern and to meet its corporate objectives, which primarily comprise of obtaining and developing its renewable energy projects, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be required to delay or postpone further development of its projects with the possible result of loss of such properties and ultimately, the Company may be unable to meet its obligations as they come due. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheet. The Company’s annual consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Share price fluctuations

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage companies such as the Company, have experienced wide fluctuations in price which have not necessarily been related to operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur.

Insurance and uninsured risks

Through its investment interests in operating companies, the Company may be subject to a number of risks and hazards in general, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in the damage to the Company's investment's property or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability. Although the Company's investments may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company's investments may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increasing costs, have a material adverse effect on the Company's and its investments' results and a decline in the value of the securities of the Company.

Conflicts of interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. If such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Foreign country and political risk

The Company is subject to certain risks, including currency fluctuations and possible political or economic instability, which may result in the impairment or loss of investments. Any changes in regulations or shifts in political attitudes are beyond the control of the Company and may adversely affect its business. The Company's equity financings are sourced in Canadian dollars but for the most part it incurs its expenditures in local currencies. At this time there are no currency hedges in place.

Foreign currency price risk

The Company's dividends are paid in USD and Nigerian Naira but earned exclusively in Nigerian Naira ("NGN"). As a result of the global COVID-19 pandemic, dividends usually remitted in USD from certain of the Issuer's clean power investments in Nigeria are expected to be received in local currency instead, due to liquidity restrictions in the foreign exchange market.

The exposure of the Company is its receivables and large portions of its cash balances which are denominated in USD and NGN. Consequently, the Company is exposed to the risk that the exchange rates relative to the Company's functional currency may change drastically in a manner which has a material effect on the carrying amount of its receivables and cash.

The Company actively monitors the available cash balances along with the currency price risks associated with cash and receivables denominated in non-functional currencies.

Environmental risks and hazards

The activities of the Company's investments may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the operations of the Company's investments. Environmental hazards may exist on properties in which the Company holds indirect interests which are unknown to the Company at present.