

**RESERVOIR CAPITAL CORP.**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL**  
**STATEMENTS**  
**THREE AND NINE MONTHS ENDED**  
**SEPTEMBER 30, 2020**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

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**Notice To Reader**

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

## Reservoir Capital Corp.

### Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

Unaudited

	As at September 30, 2020	As at Dec 31, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 1,110,183	\$ 692,674
Receivables (note 3)	-	181,006
Prepaid expenses and other assets	53,752	10,534
Investments (note 4)	314,230	-
<b>Total current assets</b>	<b>1,478,165</b>	<b>884,214</b>
<b>Non-current assets</b>		
Equipment (note 6)	15,269	15,269
Other investments (note 5)	32,123,678	32,110,031
<b>Total non-current assets</b>	<b>32,138,947</b>	<b>32,125,300</b>
<b>Total assets</b>	<b>\$ 33,617,112</b>	<b>\$ 33,009,514</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 12)	\$ 630,506	\$ 1,221,791
Convertible debentures (note 8)	166,667	530,000
Current Income tax payable	223,923	223,923
Deferred income tax payable	227,354	227,354
<b>Total current liabilities</b>	<b>1,248,450</b>	<b>2,203,068</b>
<b>Long-term liabilities</b>		
Government loans payable (note 9)	40,000	-
<b>Total liabilities</b>	<b>1,288,450</b>	<b>2,203,068</b>
<b>Equity</b>		
Share capital (note 10)	25,745,356	23,905,356
Reserves (note 11)	7,111,488	7,097,840
Deficit	(528,182)	(2,240,750)
<b>Equity attributable to shareholders</b>	<b>32,328,662</b>	<b>28,762,446</b>
Non-controlling interest	-	2,044,000
<b>Total equity</b>	<b>32,328,662</b>	<b>30,806,446</b>
<b>Total liabilities and equity</b>	<b>\$ 33,617,112</b>	<b>\$ 33,009,514</b>

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 September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<b>Income</b>				
Dividend income (note 4)	\$ 553,197	\$ 558,362	\$ 1,543,433	\$ 1,000,649
<b>Expenses</b>				
Administrative services and office (note 12)	\$ (26,174)	\$ 58,648	\$ 10,254	\$ 169,162
Consulting (note 12)	3,900	86,370	130,353	193,400
Interest expense	765	(1,279)	2,021	4,347
Professional fees (note 12)	44,043	30,157	90,821	128,968
Investor relations and shareholder fees	16,144	10,645	56,833	32,445
Travel and related costs	510	12,096	11,252	29,220
Net change in unrealized gain on investments (note 4)	(10,352)	-	(10,352)	-
Income from operation before other items and tax:	524,361	361,725	1,252,251	443,107
Foreign exchange loss	(157,927)	12,133	(89,177)	(6,621)
Settlement of debt (note 8)	33,333	-	180,933	(9,737)
<b>Income from operations and other items before tax</b>	<b>399,767</b>	<b>373,858</b>	<b>1,344,007</b>	<b>426,749</b>
Current income tax expense	-	-	-	-
Deferred income tax recovery	-	-	-	44,116
<b>Net income for the period</b>	<b>399,767</b>	<b>373,858</b>	<b>1,344,007</b>	<b>470,865</b>
<b>Net income for the period attributable to:</b>				
Shareholders of the Company	\$ 399,767	\$ 193,116	\$ 1,344,007	\$ 294,886
Non-controlling interest	-	180,742	-	175,979
	\$ 399,767	\$ 373,858	\$ 1,344,007	\$ 470,865
<b>Net income per share attributable to shareholders of the Company - basic and diluted</b>	<b>\$ 0.07</b>	<b>\$ 0.17</b>	<b>\$ 0.25</b>	<b>\$ 0.15</b>
<b>Weighted average number of shares outstanding - basic and diluted</b>	<b>5,667,540</b>	<b>2,229,707</b>	<b>5,480,507</b>	<b>3,044,737</b>

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

(Expressed in Canadian Dollars)

Unaudited

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<b>Net income for the period</b>	<b>\$ 399,767</b>	<b>\$ 373,858</b>	<b>\$ 1,344,007</b>	<b>\$ 470,865</b>
<b>Other comprehensive income</b>				
Exchange differences arising on translation of other investments in foreign operations	<b>723,279</b>	(255,101)	<b>13,648</b>	(262,069)
Fair value adjustment on FVOCI instruments	-	-	-	246,707
Deferred income tax adjustment on KPHL investment	-	-	-	(44,111)
<b>Total comprehensive income or the period</b>	<b>\$ 1,123,046</b>	<b>\$ 118,757</b>	<b>\$ 1,357,655</b>	<b>\$ 411,392</b>
<b>Total comprehensive income for the year attributable to:</b>				
Shareholders of the Company	<b>\$ 1,123,046</b>	<b>\$ (131,400)</b>	<b>\$ 1,357,655</b>	<b>\$ 165,998</b>
Non-controlling interest	-	250,157	-	245,394
	<b>\$ 1,123,046</b>	<b>\$ 118,757</b>	<b>\$ 1,357,655</b>	<b>\$ 411,392</b>

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

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

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	<b>Nine Months Ended September 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>Operating activities</b>		
Net income for the period	<b>\$ 1,344,007</b>	<b>\$ 470,865</b>
Adjustments for:		
Interest	<b>2,021</b>	<b>4,347</b>
Settlement of debt	<b>(180,933)</b>	<b>9,737</b>
Deferred income tax on investment in KPHL	<b>-</b>	<b>(44,116)</b>
Net unrealized gain on investments	<b>(10,352)</b>	<b>-</b>
Unrealized foreign exchange effect	<b>3,509</b>	<b>5,873</b>
Changes in non-cash working capital items:		
Receivables	<b>181,006</b>	<b>300,223</b>
Prepaid expenses and other assets	<b>(43,218)</b>	<b>(6,008)</b>
Accounts payable and accrued liabilities	<b>(591,285)</b>	<b>(21,169)</b>
<b>Net cash provided by operating activities</b>	<b>704,755</b>	<b>719,752</b>
<b>Investing activities</b>		
Purchase of investments	<b>\$ (303,878)</b>	<b>\$ -</b>
<b>Net cash used in investing activities</b>	<b>(303,878)</b>	<b>-</b>
<b>Financing activities</b>		
Government loans payable	<b>\$ 40,000</b>	<b>\$ -</b>
Dividends paid	<b>-</b>	<b>(173,176)</b>
<b>Net cash used in (provided by) financing activities</b>	<b>40,000</b>	<b>(173,176)</b>
<b>Net change in cash</b>	<b>\$ 440,877</b>	<b>\$ 546,576</b>
<b>Effect of foreign currencies on cash</b>	<b>(23,368)</b>	<b>(2,862)</b>
<b>Cash, beginning of period</b>	<b>692,674</b>	<b>475,354</b>
<b>Cash, end of period</b>	<b>\$ 1,110,183</b>	<b>\$ 1,019,068</b>

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
<b>Balance, January 1, 2019</b>	<b>\$ 2,152,863</b>	<b>\$ 8,853,961</b>	<b>\$ (1,835,058)</b>	<b>\$ 6,224,407</b>	<b>\$ 15,396,173</b>
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 for the period	-	-	294,886	175,979	470,865
<b>Balance, September 30, 2019</b>	<b>\$ 21,290,856</b>	<b>\$ 8,685,895</b>	<b>\$ (1,956,002)</b>	<b>\$ 1,458,145</b>	<b>\$ 29,478,894</b>
<b>Balance, January 1, 2020</b>	<b>\$ 23,905,356</b>	<b>\$ 7,097,840</b>	<b>\$ (2,240,750)</b>	<b>\$ 2,044,000</b>	<b>\$ 30,806,446</b>
Settlement of debt	320,000	-	-	-	320,000
Acquisition of OLO	1,520,000	-	368,561	(2,044,000)	(155,439)
Foreign currency translation adjustment	-	13,648	-	-	13,648
Total comprehensive income for the period	-	-	1,344,007	-	1,344,007
<b>Balance, September 30, 2020</b>	<b>\$ 25,745,356</b>	<b>\$ 7,111,488</b>	<b>\$ (528,182)</b>	<b>\$ -</b>	<b>\$ 32,328,662</b>

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

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# Reservoir Capital Corp.

## Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended September 30, 2020

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

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### 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 investor in the securities of clean power companies and clean power assets. 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 nine months ended September 30, 2020, the Company acquired the outstanding 40% interest in OLO through issuance of shares of the Company. As a result, as at September 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 disruption to business operations.

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# Reservoir Capital Corp.

## Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended September 30, 2020

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

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### 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 September 30, 2020, the Company has a working capital deficiency of \$229,715 (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 November 26, 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.

## Reservoir Capital Corp.

### Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended September 30, 2020

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

## 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

As at September 30, 2020	Number of Units	Opening Cost	Market Value		Fair Value
			September 30, 2020	Adjustment	
Access Bank Nigeria Plc	1,408,000	\$ 33,557	\$ (878)	\$	32,679
BOC Gas Plc	514,672	7,818	(241)		7,577
Flour Mills NIG Plc	492,000	32,740	3,904		36,644
MTN Nigeria Plc	123,000	51,429	3,537		54,966
Newgold Exchange Traded Fund	2,100	61,274	2,379		63,653
Seplat Petroleum Development Company Ltd	49,034	68,043	(99)		67,944
Zenith Bank Plc	821,000	49,017	1,750		50,767
		\$ 303,878	\$ 10,352	\$	314,230

The Company has elected to irrevocably designate its investments as FVTPL. Gains and losses in respect of these investments are recognized in net income or loss, as a net change in unrealized gain or loss on investments, in the condensed interim consolidated statements of comprehensive loss.

### 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).

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## Reservoir Capital Corp.

### Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended September 30, 2020

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

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#### 4. Investments (continued)

##### Fair value hierarchy (continued)

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at September 30, 2020.

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,110,183	\$ -	\$ -	\$ 1,110,183
Investments	314,230	-	-	314,230
Other investments (See note 5)	-	-	32,123,678	32,123,678
	<b>\$ 1,424,413</b>	<b>\$ -</b>	<b>\$ 32,123,678</b>	<b>\$ 33,548,091</b>

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
Cash and cash equivalents	\$ 692,674	\$ -	\$ -	\$ 692,674
Investments	-	-	-	-
Other investments (See note 5)	-	-	32,110,031	32,110,031
	<b>\$ 692,674</b>	<b>\$ -</b>	<b>\$ 32,110,031</b>	<b>\$ 32,802,705</b>

#### 5. Other investments

	MESL As at September 30, 2020	NSP As at September 30, 2020	Total As at September 30, 2020	Total As at December 31, 2019
Opening balance	\$ 27,025,480	\$ 5,084,550	\$ 32,110,030	\$ 15,027,766
Additions	-	-	-	19,015,827
Fair value adjustment	-	-	-	(1,665,670)
Effect of foreign exchange	11,486	2,162	13,648	(267,892)
Total	<b>\$ 27,036,966</b>	<b>\$ 5,086,712</b>	<b>\$ 32,123,678</b>	<b>\$ 32,110,031</b>

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## Reservoir Capital Corp.

### Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended September 30, 2020

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

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#### 5. Other 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 September 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 nine months ended September 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:

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

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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)
	<b>\$ 3,060,000</b>

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## Reservoir Capital Corp.

### Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended September 30, 2020

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

#### 6. Equipment

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

Accumulated Depreciation	Equipment	Total
Balance - December 31, 2018 and 2019	-	-
Balance - September 30, 2020	\$ -	\$ -

Carrying Amount	Equipment	Total
Balance - September 30, 2020	\$ 15,269	\$ 15,269
Balance - December 31, 2019	\$ 15,269	\$ 15,269

#### 7. 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.

#### 8. Convertible Debenture

As part of the acquisition of OLO, 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 income (loss).

In July 2020, the company signed a promissory notes settlement agreement with OLO to settle CAD\$ 33,333 and agreed to repay the remaining balance of \$166,667 until either another agreement is reached or the Company secures hard currency inflow from its investments. As a result, the Company recorded a gain of settlement of debt of \$33,333 included in the statements of income (loss).

#### 9. 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 September 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.

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## Reservoir Capital Corp.

### Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended September 30, 2020

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

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#### 10. 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 September 30, 2020, 626,280 (December 31, 2019 - 736,800,) common shares were held in escrow with an additional 15% released every nine months beginning September 21, 2019.

(b) Common shares issued

	Number of Shares	Amount
<b>Balance, January 1, 2019</b>	<b>2,062,644</b>	<b>\$ 2,152,863</b>
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
<b>Balance, September 30, 2019</b>	<b>4,810,473</b>	<b>\$ 21,290,856</b>
<b>Balance, January 1, 2020</b>	<b>5,293,474</b>	<b>\$ 23,905,356</b>
Settlement of debt (v)	80,000	320,000
Acquisition of OLO (iv)	380,000	1,520,000
<b>Balance, September 30, 2020</b>	<b>5,753,474</b>	<b>\$ 25,745,356</b>

(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 7).

(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.

## Reservoir Capital Corp.

### Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended September 30, 2020

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

#### 11. Warrants

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

	Number of Warrants	Weighted Average Exercise Price
<b>Balance, January 1, 2019</b>	<b>79,856</b>	<b>\$ 39.00</b>
Issued	10,000	10.00
<b>Balance, September 30, 2019</b>	<b>89,856</b>	<b>36.00</b>
<b>Balance, January 1, 2020</b>	<b>-</b>	<b>\$ 52.00</b>
Expired	(18,493)	33.00
<b>Balance, September 30, 2020</b>	<b>(18,493)</b>	<b>\$ 75.00</b>

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

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

#### 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):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Consulting	\$ 13,650	\$ 5,000	\$ 45,850	\$ 70,000
Professional fees	49,586	25,500	70,000	75,000
Administrative services	16,170	10,083	36,806	15,537
	<b>\$ 79,406</b>	<b>\$ 40,583</b>	<b>\$ 152,656</b>	<b>\$ 160,537</b>

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## **Reservoir Capital Corp.**

### **Notes to Condensed Interim Consolidated Financial Statements**

**Three and Nine months Ended September 30, 2020**

**(Expressed in Canadian Dollars, unless otherwise indicated)**

**Unaudited**

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#### **12. 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 nine months ended September 30, 2020, the Company incurred administrative services of \$16,170 and \$36,806 (2019 - \$10,083 and \$15,537) to MSSI. As at September 30, 2020, MSSI was owed \$18,523 (December 31, 2019 - \$12,872).

Included in accounts payable and accrued liabilities at September 30, 2020 is \$99,345 (December 31, 2019 - \$88,763) owed to key management personnel and directors of the Company.

#### **13. Segmented Information**

The Company operates in a single segment, being acquisition and investment in renewable energy interests. In addition, the Company has corporate activities, which include the evaluation and acquisition of new investments, treasury and finance, regulatory reporting, and corporate administration. As at September 30, 2020 and December 31, 2019, the Company's core asset, the investments and the other investment in MESL and OLO, were located in Nigeria.