RESERVOIR CAPITAL CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED DECEMEBER 31, 2020

GENERAL

The following Management's Discussion & Analysis ("MD&A") and the audited consolidated financial results of Reservoir Capital Corp, (the "Company" or "REO") for the year ended December 31, 2020 has been prepared by management as at November 29, 2021 and was reviewed and approved by the Audit Committee.

This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This MD&A should be read in conjunction with the Company's audited annual consolidated financial statements ("Financial Statements") for the years ended December 31, 2020 and 2019, together with the notes thereto. The Company's 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. Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars.

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.

YE 2020 HIGHLIGHTS

- The Company reported dividend income of $3,295,459;
- The Company acquired the remaining 40% interest in OLOCORP Nigeria Ltd ("OLO") through issuance of 380,000 common shares at a value of $1,520,000 and a promissory note for $200,000;
- The Company settled a promissory note payable and convertible debenture under favourable terms resulting in a gain on settlement of debt of $144,000;
- The Company completed a share consolidation at a ratio of 100:1 in August 2020;
- The Company reported an unrealized net loss on investments from currency fluctuations of $49,809.

SUBSEQUENT TO YE 2020

- On January 11, 2021, the Company entered into a convertible loan agreement with a foreign company for a total of $1,000,000. The loan will not bear interest during the first 3 weeks after disbursement and will bear an interest of 1% monthly thereafter. The loan will mature and be repayable in full six months after disbursement, and no principal or interest shall remain due after December 31, 2021. During January and February 2021, the Company received $519,620 (USD$ 448,979), which was fully paid.
- In January 2021, the Company paid $166,667 to the former shareholders of OLO, to settle the promissory note payable outstanding as of December 31, 2020.
- On January 22, 2021, the Company received an order of interim injunction from the Federal High Court of Nigeria, requesting to hold and escrow all dividends paid out by MESL to KPHL in respect of a shareholder seeking return of 3,500,000 MESL shares. As a result of the claim, dividends related to these shares are being withheld from the Company. An additional 10,610,913 shares are also subject to suspended dividend payments. As at December 31, 2020, the Company has accrued $1,186,185 in dividends receivable related to the 14,110,913 MESL shares. The Company considers the claim to be without merit and will vigorously contest the claim.
- On May 4, 2021, the Company announced that had encountered delays in completing its audited financial statements for the year ended December 31, 2020, in preparing the financial statements of the Company subsidiaries, due to the COVID-19 delays, therefore the Company applied for and was granted a Management Cease Trade Order ("MCTO") by the British Columbia Securities Commission. .
- On August 3, 2021, the Company announced his Chief Financial Officer ("CFO") resigned and a search for a new CFO was initiated by management.
- On August 4, 2021, a failure-to-file cease trade order was issued by the British Columbia Securities Commission and the Ontario Securities Commission and subsequently, trading of the Company's shares was suspended pursuant to CSE Policy 3. The suspension is considered a Regulatory Halt as defined in National Instrument 23-101 Trading Rules.

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 year ended December 31, 2020, there was no change to the ownership in MESL. The Company continues to pursue additional ownership opportunities in the entity. As of December 31, 2020, the fair market value of the investment in MESL held by the Company is $25,263,315 (2019 - $27,025,481).

North South Power Company Ltd. ("NSP")

NSP is a Nigerian company with a 630MW operating hydro capacity, comprising the 600MW Shiroro hydro power plant and the 30MW Gurara hydro power plant 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.

On April 17, 2020, the Company acquired the remaining 40% interest in OLO, which become a wholly-owned subsidiary and as a result indirectly increased its ownership interest in NSP. The acquisition of the 40% interest was considered to be capital transaction resulting in an increase to share capital for the value of the shares issued, a reduction to $nil of NCI and any difference allocated to deficit. As of December 31, 2020, the fair market value of the investment in NSP held by the Company is $2,172,288 (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 currently, 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. As a result of the global COVID-19 pandemic and associated severe liquidity shortage in the Forex market, dividends usually remitted in USD from certain of the Issuer's clean power investments in Nigeria have been received by obligation in local currency (NGN) into the Company's Nigerian-domiciled account. Furthermore, as a result of delays and regulatory complications in Nigeria, it is not currently possible to exchange or transfer these accumulating Nigerian funds into other of the Company's accounts. The Company is closely monitoring the business environment as a result to ensure minimal distribution 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.

Other than the investments in KPHL, MESL, OLO and NSP, 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 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.

USE OF ESTIMATES AND JUDGEMENTS

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

Valuation of investments in MESL and NSP

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

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

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

DISCLOSURE OF INTERNAL CONTROLS

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that (i) the Financial Statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the Financial Statements, and (ii) the Financial Statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented. In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

SELECTED ANNUAL INFORMATION

SUMMARY OF SELECT ANNUAL INFORMATION			
	2020	2019	2018
Income	3,295,459	1,756,521	375,894
Operating expenses	616,649	924,515	1,905,908
Net income (loss)	1,965,264	380,729	(1,302,660)
Basic and diluted income (loss)	0.35	0.11	(0.01)
Total assets	30,603,665	33,009,514	15,817,994

During the year ended December 31, 2020 the Company received significant dividend income from MESL resulting in net income of $1,965,264 as compared to the prior year end where a net income of $380,729 was reported. This is because during December 31, 2020 year end the Company received an increase in dividend income of $1,538,938 and decrease in operating expenses of $307,866, mainly due to decrease in general and administrative expenses of $70,064, consulting expenses of $22,858, professional fees of $33,666, investor relations and shareholder fees of $65,454, and gain of settlement of debt of $153,737. In the current year the ownership of NSP through OLO increased as well as an increased direct ownership of NSP.

In the December 31, 2019 year end, the company have higher expenses in investor relations and shareholder fees of 135,211 and administrative services and office of $174,902. Other expenditures in the year were consistent with expectations from growth in the Company.

QUARTERLY FINANCIAL INFORMATION

SUMMARY OF SELECT QUARTERLY INFORMATION				
	2020			
	December 31	September 30	June 30	March 31
Income	1,752,026	553,197	990,236	-
Operating expenses	417,226	153,430	(152,359)	198,352
Net income (loss) for the period	621,254	399,767	1,142,595	(198,352)
Basic and diluted income (loss) per share	0.11	0.07	0.20	(0.00)
	2019			
	December 31	September 30	June 30	March 31
Income	755,872	558,362	-	442,287
Operating expenses	186,636	361,725	236,542	139,612
Net income (loss) for the period	(59,262)	373,858	(236,542)	302,675
Basic and diluted income (loss) per share	(0.01)	0.17	(0.06)	0.00

For the three months ended December 31, 2020, the Company reported income of $1,752,026 compared to $755,872 in the comparative prior period. The increase in revenue is a result of the Company increasing its ownership in MESL through direct acquisition as well as the buyout of the non-controlling interest in KPHL during December 2019. As a result, significant dividends declared by MESL in the year were fully attributable to the shareholders of the Company.

For the three months ended December 31, 2020, the Company reported operating expenses of $417,226 as compared to $186,636 in the comparative prior period. The increase is mainly related to increase in administrative service and office of $88,844, unrealized revaluation net loss on investment of $60,161 and decrease in consulting, management and directors fees of $26,516, investor relations and shareholders fees of $ 89,842, travel and related costs of $10,015 and increase in foreign exchange gain of $21,396.

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 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):

	Year ended December 31	
	2020	**2019**
Management consulting and directors fees	$ 220,000	$ 233,673
Administrative services	$ 66,273	$ 90,014

The Chief Financial Officer ("CFO") is a senior employee of Marrelli Support Services Inc. ("MSSI"). During the year ended December 31, 2020, the Company incurred professional fees of $47,338 (2019 - $18,902) to MSSI. As of December 31, 2020, MSSI was owed $30,184 (2019 - $12,872).

During the year ended December 31, 2019, the Company paid $69,000 as consulting fees to a corporation connected to the former CFO.

Included in accounts payable and accrued liabilities at December 31, 2020 is $226,250 (2019 - $88,763) owed to key management personnel and directors of the Company.

Included in accounts payable and accrued liabilities as of December 31, 2020 is $146,372 (2019 - $399,000) due to a Director of the Company as a result of the 5% NCI buyout of KPHL during the year ended December 31, 20219, and a dividend accrued of $18,935 (USD$ 14,858) in accordance with 5% NCI buyout of KPHL agreement.

Additionally, included in accounts payable and accrued liabilities at December 31, 2020 is $Nil (2019 - $476,821) due to a former minority shareholder of OLO accrued as a result of the acquisition of OLO.

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

CONVERTIBLE DEBENTURES AND PROMISSORY NOTE

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 accrued interest at 12% per annum. On April 11, 2021, the debenture, was settled for 80,000 shares valued at $320,000 of the Company and a new promissory note for $200,000. As a result of this transaction, the Company recorded a gain on settlement of debt of $10,000.

On April 17, 2020, the Company issued a promissory note for $100,000 to settle the last remaining cash payment balance of $234,000 (USD$180,000) for the initial 60% ownership interest in OLO acquired in December 31, 2019. As a result of this transaction, the Company recorded a gain on settlement of debt of $134,000. In July 2020, the Company repaid the balance of the promissory note.

In July 2020, the Company issued another promissory note for $200,000. In July 2020, the Company paid $33,333 of the promissory note, and reached a settlement to defer payment on the $166,667 balance remaining. The new promissory note was paid out subsequent to December 31, 2020.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quotes 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).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company’s financial instruments consist of cash, restricted cash, receivables, investments, other investments, accounts payable and accrued liabilities, promissory note payable, and convertible debentures.

Fair values

The Company's cash is comprised primarily of current deposits held with a Canadian and foreign chartered bank. The fair value of cash and funds held in trust approximate their carrying value due to their short-term nature.

The Company's risk exposure and the impact on the financial instruments are summarized below:

Credit Risk

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. All of the Company’s financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company is exposed to liquidity risk.

The Company had cash at December 31, 2020 of $64,147 (USD $54,208) and restricted cash of $1,411,690 denominated in NGN (cash 2019 – USD $690.988). As at December 31, 2020, the Company had accounts payable and accrued liabilities, promissory note, convertible debentures and current and deferred income tax payable of $1,909,214 (2019 - $2,203,068).

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

Foreign exchange risk
The Company's dividends are paid in USD and NGN, but earned in Nigerian Naira. Accordingly, a 10% change between the Naira and the USD would change the dividend income by approximately $315,000 assuming no changes to dividends paid.

The exposure of the Company is its receivable which are denominated in NGN and cash are partially denominated in USD, and restricted cash which are denominated in NGN. Consequently, the Company is exposed to the risk that the exchange rates relative to the USD may change in a manner which has a material effect on the carrying amount of its receivables and cash and restricted cash. Based on the exposure, as at December 31, 2020, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the USD or NGN against the Canadian dollar would result in a nominal change with respect to USD and an increase/decrease of approximately $145,000, with respect to NGN in the Company's pre-tax income or loss.

As at December 31, 2020, cash held in USD was $54,208 and restricted cash in NGN was $1,411,690 (2019 - USD $690,988 and NGN $nil).

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

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2020, the Company had working capital of $1,248,144 (2019 working capital deficit – $1,318,854).

The Company has cash flow from operations of $1,418,327 as a result of a large cash dividend received in NGN presented as restricted cash of $1,411,690 and lower operating costs in the period. The Company has a net increase in cash of $852,035 mainly due to cash used in investing of $472,959 and a government loan of $40,000 obtained during the year as well as repayment of promissory note of $133,333.

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.

CAPITAL RISK MANAGEMENT

The Company manages its capital with the following objectives:

(a) to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and

(b) to maximize shareholder return through enhancing share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis. The Company manages capital through its financial and operational forecasting processes.

The Company reviews its working capital and forecasts its future cash flow requirements based on operating expenditures and other investing and financing activities. The forecast is updated based on activities related to the Company's strategies pan.

The Company's capital management objectives, policies and processes have remained unchanged during the three and twelve months ended December 31, 2020. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2 of the Canadian Securities Exchange (CSE). As of December 31, 2020, the Company is compliant with Policy 2 of the CSE.

GOVERNMENT LOAN 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 an interest free loan program. 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.

CONTINGENCY

On January 22, 2021, the Company received an order of interim injunction from the Federal High Court of Nigeria, requesting to hold and escrow all dividends paid out by MESL to KPHL in respect of a shareholder seeking return of 3,500,000 MESL shares. As a result of the claim, dividends related to these shares are being withheld from the Company. An additional 10,610,913 shares are also subject to suspended dividend payments. As at December 31, 2020, the Company has accrued $1,186,185 in dividends receivable related to the 14,110,913 MESL shares. The Company considers the claim to be without merit and will vigorously contest the claim.

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 common shares of the Company value at $1,520,000.

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.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had 5,753,474 common shares issued and outstanding.

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.

COVID-19

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 including a reduction in hydro-electric power use. 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.

An outbreak of infectious disease, a pandemic or a similar public health threat, such as the COVID-19 outbreak, or a fear of any of the foregoing, could adversely impact the Company by causing operating, supply chain and project development delays and disruptions, and increased costs to the Company. Further, such pandemics and diseases represent a serious threat to maintaining a skilled workforce in the mining industry and are a major health-care challenge for the Company. There can be no assurance that the Company's personnel will not be impacted by these pandemic diseases and related travel restrictions and the Company may ultimately see its workforce productivity reduced or incur increased medical costs / insurance premiums as a result of these health risks. Furthermore, the Company's operations and activities may be suspended or restricted due to government mandated actions.

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. Currently there are no currency hedges in place.

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.

Government Regulation

The activities of the Company's investments may be subject subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, safety, toxic substances, land use, water use, land claims of local people and other matters. Although the Company's operations activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit the Company's operation.