



News Release

Reservoir Capital Corp. secures 100% ownership of its hydro subsidiary

October 7, 2019

Vancouver, British Columbia (CSE: REO) - Reservoir Capital Corp. (CSE: REO) ("**REO**" or the "**Company**") is pleased to announce that it has entered into an agreement (the "**Buyout Agreement**") with its Executive Chairman, Mr. Vincent Gueneau, to acquire his 5% ownership interest in the Company's 95%-owned subsidiary Kainji Power Holding Limited ("**KPHL**"). A Special Committee of REO's Board of Directors comprising of only independent directors negotiated the terms of the Buyout Agreement and recommended the transaction to the Board. Under the Buyout Agreement, REO will pay Mr. Gueneau a consideration of approximately US\$1.2 million comprising a mix of 50% cash in instalments and 50% REO common shares, representing 13.3 million shares to be issued at C\$0.06 per share (the "**Transaction**"). In an earlier transaction (see News Release dated June 26, 2019), REO had increased its ownership in KPHL from 60% to 95%.

Mr. Lewis Reford, Chief Executive Officer, stated "KPHL is currently REO's most important subsidiary, holding our investment in Mainstream Energy Solutions Limited ("**Mainstream**"), and moving to 100% ownership confers streamlining efficiencies and clarity to the Company". Mr. Reford added, "The consideration REO paid highlights the base value we place in KPHL of approximately US\$24 million. KPHL owns approximately 4.0% of the shares of Mainstream which implies a net operating capacity of 37MW."

The Transaction is expected to close in the fourth quarter 2019. Any securities issued under the Transaction are subject to a four month hold period and restrictions on transfer under Canadian securities law and Canadian Securities Exchange policies.

The Transaction is considered to be a "related party transaction" as defined under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 in reliance on the exemptions set forth in sections 5.5(a) and 5.7(1)(a) of MI 61-101, as neither the fair market value of the Transaction, nor the fair market value of the consideration for the Transaction, insofar as it involves interested parties, exceeds 25 per cent of the Company's market capitalization.

The Transaction is expected to close within 21 days of the date hereof. The Company did not file a material change report more than 21 days before the expected closing of the Transaction as the details of the Transaction and the participation therein by related parties of the Company were not settled until shortly prior to closing and the Company wished to close on an expedited basis for sound business reasons.

Early Warning Disclosure

Prior to completion of the Transaction, Mr. Gueneau beneficially owned 36,000,000 common shares and exercised control over 88,800,000 common shares (held through Kappafrik Management DMCC (“**KMG**T”)), representing approximately 25.94% of the Company's 481,047,377 issued and outstanding shares on an undiluted basis.

Immediately after the completion of the Transaction, Mr. Gueneau will beneficially own and control a total of 135,300,000 common shares (46,500,000 common shares held in Mr. Gueneau's personal name and 88,800,000 common shares held through KMG T), representing approximately 27.37% of the Company's 494,347,377 issued and outstanding common shares on an undiluted basis.

Mr. Gueneau intends to hold his REO common shares for investment purposes. Although Mr. Gueneau does not intend to acquire further common shares of the Company at this time, he may choose to do so as market conditions warrant. A copy of the early warning report filed by Mr. Gueneau, in accordance with applicable securities laws, will be available under the profile for the Company on SEDAR (www.sedar.com). To obtain a copy of the early warning report, or for any further information, contact Lewis Reford at ceo@reservoircap.team.

About Reservoir Capital Corp.

REO's Vision & Mission is to assemble a balanced portfolio of producing and near-production clean energy assets in growing economies.

REO's strategy to achieve its Vision is to approach shareholders of privately-held quality assets and offer them diversification, liquidity and exposure to a growing portfolio assembled following a disciplined investment policy.

REO's investment policy consists of taking carefully selected minority economic interests in quality assets in key geographies, targeting regular dividend income over long periods, while offering the potential for capital gain in the medium term.

Further Information

For more information on the Company, please visit www.reservoircapitalcorp.com . Investors are cautioned that trading in the securities of REO should be considered highly speculative. Additional information on these and other factors that could affect the operations or financial results of REO are included in REO's CSE Listing Statement and most recently filed quarterly report, each of which is filed with applicable Canadian securities regulators and may be accessed through the SEDAR website (www.sedar.com). The CSE have neither approved nor disapproved the contents of this news release.

For further information, contact:

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NEITHER THE CSE NOR THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

Forward Looking Statements

Certain information set forth in this news release contains “forward-looking statements”, and “forward-looking information” under applicable securities laws. Forward-looking statements relate to future events or future performance and reflect the expectations or beliefs regarding future events of management of REO. This information and these statements, referred to herein as “forward looking statements”, are not historical facts, are made as of the date of this news release and include without limitation, statements as to management's expectations, satisfaction of all of the conditions to complete of the Transaction and anticipated timing for Mr. Gueneau to file his early warning report. These statements generally can be identified by use of forward-looking words such as “may”, “will”, “expect”, “estimate”, “anticipate”, “plans,” “intends”, “believe” or “continue” or the negative thereof or similar variations. These forward looking statements involve numerous risks and uncertainties and actual results might differ materially from results suggested in any forward-looking statements. Important factors that may cause actual results to vary include without limitation, risks relating to the timing of the closing of the Transaction, successful completion of the Transaction, the number of securities of REO that may be issued in connection with the Transaction; REO realizing on the anticipated value of the Transaction; Mr. Gueneau not filing his early warning report in time and general economic conditions or conditions in the financial markets. In making the forward looking statements in this news release, REO has applied several material assumptions, including without limitation that the acquisition of the economic interest in KPHL and MESL will generate the anticipated revenue per management's expectations, that the parties will be able to complete the Transaction subject to the terms set forth in the Buyout Agreement and that Mr. Gueneau will file his early warning report on the Company's SEDAR profile in accordance with applicable securities laws. REO does not assume any obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward looking-statements, unless and until required by applicable securities laws. Additional information identifying risks and uncertainties is contained in REO's filings with the Canadian securities regulators, which filings are available at www.sedar.com.