Condensed consolidated interim financial statements
(Expressed in Canadian dollars)

SOLAR ALLIANCE ENERGY INC.

(formerly Finavera Wind Energy Inc. and
Finavera Solar Energy Inc.)

June 30, 2017 and 2016

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying condensed consolidated interim financial statements of Solar Alliance Energy Inc. (the "Company") for the six month periods ended June 30, 2017 and 2016 have been prepared by and are the responsibility of the Company's management. The Company's auditors have not reviewed these condensed consolidated interim financial statements. The audit committee of the Company has reviewed these condensed consolidated interim financial statements with management and have reported to the Board of Directors. The Board has approved the condensed consolidated interim financial statements contained herein.

August 28, 2017

Signed:	*Signed:*
"Jason Bak", CEO	"Eric Knutzen", CFO

SOLAR ALLIANCE ENERGY INC.

(formerly Finavera Wind Energy Inc. and Finavera Solar Energy Inc.)

Condensed Condensed Consolidated Statements of Financial Position
(Expressed in Canadian dollars- unaudited)

	Note	June 30, 2017 (unaudited)	December 31, 2016 (audited)
Assets			
Current assets:			
Cash		$ (12,854)	$ 130,526
Receivables		940,204	84,931
Prepaid expenses		262,420	32,332
Advances to related party	9(c)	228,600	217,800
Work-in-process		11,194	203,365
		1,429,564	668,954
Non-current assets:			
Equipment	5	18,990	31,266
Goodwill	4	2,802,518	2,802,518
Other assets	6	78,612	48,552
		2,900,120	2,882,336
		$ 4,329,684	$ 3,551,290
Liabilities and Shareholders' Equity (Deficiency)			
Current liabilities:			
Accounts payable and accrued liabilities		$ 4,604,476	$ 4,572,352
Loans and borrowings	12	896,436	863,151
Customer deposits		579,007	193,455
Provisions	13	77,500	77,500
		6,157,419	5,706,458
Non-current liabilities:			
Provisions	13	101,762	101,762
		101,762	101,762
		6,259,181	5,808,220
Shareholders' equity (deficiency):			
Share capital	7	38,246,544	36,654,533
Contributed surplus		11,102,167	11,017,571
Warrants	8	1,359,294	311,654
Share subscriptions		765,933	-
Accumulated other comprehensive loss		(287,812)	(738,596)
Accumulated deficit		(53,115,623)	(49,502,092)
		(1,929,497)	(2,256,930)
		$ 4,329,684	$ 3,551,290

Going concern (note 2(a))
Contingencies and commitments (note 11)
Subsequent events (note 15)

The accompanying notes are an integral part of these condensed consolidated financial statements.

Approved on behalf of the Board:

Signed "Jason Bak" Director Signed "David Lamont" Director

SOLAR ALLIANCE ENERGY INC.

(formerly Finavera Wind Energy Inc. and Finavera Solar Energy Inc.)

Condensed consolidated Statements of Comprehensive Loss
For the six month periods ended June 30, 2017 and 2016
(Expressed in Canadian dollars)
(Unaudited)

	Note	Three months ended June 30 2017	Three months ended June 30 2016	Six months ended June 30 2017	Six months ended June 30 2016
Income:					
Revenue	14	$ 298,737	$ 1,570,255	$ 1,918,191	$ 2,814,793
Cost of goods sold		(129,078)	(1,063,753)	(1,114,771)	(1,873,767)
Gross Profit		169,659	506,502	803,420	941,026
Expenses:					
Acquisition cost		1,126,473	-	1,126,473	-
Depreciation of property and equipment	5	1,697	2,853	3,367	5,825
Bad debt		104	-	13,206	-
Consulting fee		129,388	187,761	206,812	321,700
Insurance and filing fees		45,184	38,280	105,852	108,054
Marketing and advertising		600,470	425,365	722,022	723,342
Office, rent and utilities		161,382	117,118	292,398	239,153
Payroll and benefits		553,010	384,028	916,920	793,607
Professional fees		79,262	83,829	103,399	97,983
Stock-based compensation	11	84,596	-	84,597	-
Travel		139,044	80,922	155,995	99,015
		(2,920,610)	(1,320,156)	(3,731,040)	(2,388,679)
Loss before undernoted items		(2,750,951)	(813,654)	(2,927,620)	(1,447,653)
Net finance income (costs):					
Financing fees and interest expense		(192,208)	(176,475)	(230,283)	(302,221)
Foreign exchange loss		(389,968)	114,282	(447,369)	(6,918)
Gain on forgiveness of accounts payable	15	-	1,017,187	-	1,099,769
Loss on disposal of fixed assets		-	-	(8,259)	-
Loss on sale of asset held – for –sale		--	-	-	(4,352)
Interest income		-	1	-	2
		(582,176)	954,995	(685,911)	786,280
Net Income (loss)		(3,333,127)	141,341	(3,613,531)	(661,373)
Other Comprehensive Income					
Change in accumulated foreign exchange translation adjustment		380,895	(116,931)	450,784	(56,075)
Comprehensive income		$ (2,952,232)	$ 24,410	$ (3,162,747)	$ (717,448)
Income (loss) per share – basic and diluted:					
Basic	7(a)	(0.039)	0.00	(0.045)	(0.01)
Diluted		(0.038)	0.00	(0.044)	(0.01)
Weighted average number of common shares outstanding:	7(a)				
Basic		75,906,410	55,895,286	70,601,570	53,893,586
Diluted		78,043,384	56,172,209	71,826,036	53,893,586

SOLAR ALLIANCE ENERGY INC.

(formerly Finavera Wind Energy Inc. and Finavera Solar Energy Inc.)

Unaudited Condensed Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
For the six month periods ended June 30, 2017 and 2016

	Notes	2017	2016
Cash provided by (used in):			
Operating activities:			
Net income		$ (3,613,531)	$ (661,373)
Items not affecting operating cash:			
Net finance expense		85,741	302,221
Depreciation	5	3,367	5,825
Loss on disposal of assets	5	8,260	-
Stock-based compensation		84,596	-
Gain on forgiveness of debt		-	(1,099,769)
		(3,431,567)	(1,453,096)
Change in non-cash operating working capital:			
Receivables		(882,839)	(104,187)
Prepaid expenses		19,569	5,000
Work-in-process		191,452	(38,857)
Accounts payable and accrued liabilities		521,724	(1,996,328)
Security Deposit		(11,969)	-
Customer deposits		403,093	(77,897)
Net cash used in operating activities		(3,190,537)	(3,665,365)
Investing activities:			
Prepaid expenses		(250,000)	-
Sale of assets held for sale	5	-	169,588
Other deposit			12,260
Other assets		(19,814)	-
Net cash provided by investing activities		(269,814)	181,848
Financing activities:			
Issuance of capital stock		2,603,293	579,583
Share Subscription	7	765,933	127,000
Loans repaid	12	(27,500)	(622,822)
Related Parties loan received		4,700	391,500
Interest and financing fees paid		(29,355)	(89,790)
Net cash provided by (used in) financing activities		3,317,071	(385,471)
Increase / (decrease) in cash		(143,280)	(3,098,046)
Cash, beginning of period		130,426	3,272,962
Cash, end of period		$ (12,854)	$ 174,916

The accompanying notes are an integral part of these condensed consolidated financial statements.

SOLAR ALLIANCE ENERGY INC.

(formerly Finavera Wind Energy Inc. and Finavera Solar Energy Inc.)Unaudited Condensed Consolidated Statements of Changes in Shareholders' Equity Deficiency

(Expressed in Canadian dollars)
For the six month periods ended June 30, 2017 and 2016

	Note	Share capital	Contributed surplus	Warrants	Share Subscription	Accumulated OCI	Accumulated deficit	Total shareholders' equity (deficiency)
Balance, January 1, 2016		$ 36,031,974	$ 10,923,493	$ 24,861	$ -	$ (537,770)	$ (46,314,327)	$ 128,231
Comprehensive loss for the period		-	-	-	-	(56,075)	(661,373)	(717,448)
Transactions with owners, recorded directly in equity:								
Issuance of capital stock		579,583	-	-	-	-	-	579,583
Share subscription		-	-	-	127,000	-	-	127,000
Fair value of warrants issued		(248,070)	-	248,070	-	-	-	-
Warrants expired		-	18,011	(18,011)	-	-	-	-
Balance, June 30, 2016		$ 36,363,487	$ 10,941,504	$ 254,920	$ 127,000	$ (593,845)	$ (46,975,700)	$ 117,366
Comprehensive income for the period						(144,751)	(2,526,392)	(2,671,143)
Transactions with owners, recorded directly in equity:								
Issued shares		337,130	-	-	-	-	-	337,130
Share subscription					(127,000)	-	-	(127,000)
Exercise of stock options		17,500	-	-	-	-	-	17,500
Private Placement warrants		(63,584)	-	63,584	-	-	-	-
Warrants expired		-	6,850	(6,850)	-	-	-	-
Stock-based compensation		-	69,217	-	-	-	-	69,217
Balance, December 31, 2016		$ 36,654,533	$ 11,017,571	$ 311,654	$ -	$ (738,596)	$ (49,502,092)	$ (2,256,930)
Comprehensive loss for the period		-	-	-	-	450,784	(3,613,531)	(3,162,747)
Transactions with owners, recorded directly in equity:								
Issued shares		2,155,293	-	-	-	-	-	2,155,293
Share subscription					765,933	-	-	765,933
Exercise of stock options		75,000	-	-	-	-	-	75,000
Private Placement warrants		(1,068,679)	-	1,068,679	-	-	-	-
Warrants issued as finder fee		-	-	36,357	-	-	-	36,357
Warrants exercised		373,001	-	-	-	-	-	373,001
Fair value of warrants exercised		57,396		(57,396)	-	-	-	-
Stock-based compensation		-	84,596	-	-	-	-	84,596
Balance, June 30, 2017		$ 38,246,544	$ 11,102,167	$ 1,359,294	$ 765,933	$ (287,812)	$ (53,115,623)	$ (1,929,497)

1. Reporting entity and nature of operations:

Solar Alliance Energy Inc., (formerly Finavera Wind Energy Inc. and Finavera Solar Energy Inc.) (the “Company”) has been involved in renewable energy since its inception in 2005. The Company completed its transition from wind energy to solar energy by its sale of all remaining wind project interests in 2014 and acquiring 100% of the common shares of San Diego, California based Solar Alliance of America, Inc. (“Solar Alliance”) on June 24, 2015 (note 4). Solar Alliance markets, sells and installs residential rooftop solar systems primarily in the San Diego and Los Angeles, California markets. The Company changed its name from Finavera Wind Energy Inc. to Finavera Solar Energy Inc. on July 2, 2015 and then changed its name again to Solar Alliance Energy Inc. in 2016.

The Company trades on the TSX Venture Exchange (“TSX-V”) under the symbol “SAN”.

2. Basis of preparation:

(a) Going concern:

These condensed consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. As of June 30, 2017, the Company had a significant working capital deficiency of $4.7million (2016 - $5.0 million) and is in default on a loan payable. The remaining cash and the cash inflows from Solar Alliance operations are not currently sufficient to sustain the Company’s operations and to pay the remaining obligations when they become due. Management of the Company intends to address the working capital deficiency through a combination of revenue growth, reduced expenses, the potential sale of its remaining wind assets (note 19(a)) and injections of capital through share issuances. Subsequent to the period end the Company has completed a private placement for gross proceeds of $848,000 (note 15(b)). There can be no assurance that management’s plans will be successful or that the Company will be able to obtain the financial resources necessary.

The Company’s ability to continue as a going concern is dependent on the Company’s ability to raise debt or equity funding in the near term to fulfill its obligations and ultimately in self-generating income and cash flows from its operations. The conditions described above give rise to a material uncertainty that may cast significant doubt as to the Company’s ability to continue as a going concern. These condensed consolidated financial statements do not give effect to any adjustments that would be necessary to the carrying value of its assets and liabilities, its reported expenses, and the statement of financial position, and the classifications used, should the Company conclude that the going concern assumption is not appropriate. Such adjustments could be material.

(b) Statement of compliance:

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These condensed consolidated financial statements were authorized for issue by the Board of Directors on August 28, 2017.

2. Basis of preparation (continued):

(c) Basis of measurement:

These condensed consolidated financial statements have been prepared on the historical cost basis.

(d) Functional and presentation currency:

These condensed consolidated financial statements are presented in Canadian dollars. The functional currency of the Company is the Canadian dollar. The functional currency of Solar Alliance and the Company's Irish subsidiary, Finavera Renewables (Ireland) Limited, is the US Dollar and Euro, respectively.

(e) Use of estimates and judgements:

The preparation of the condensed consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future periods affected.

Significant areas requiring the use of judgement relate to the assessment of the Company's ability to continue as a going concern (note 2(a)), measurement of contingent consideration issued on acquisition of Solar Alliance and goodwill (note 4) and the Company's ability to utilize tax losses and the rates at which those losses will be realized. Information about significant areas requiring the use of management estimates are included in the relevant notes for the following estimates: the estimated fair value of the assets and liabilities acquired on the acquisition of Solar Alliance including the amount of contingent consideration (note 4); the measurement of goodwill impairment (note 4); and the calculation of the fair values of stock-based compensation (note 8).

(f) Acquisition of Solar Alliance:

The acquisition of Solar Alliance (note 4) was accounted for using the purchase method. The cost of the business combination was measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of Solar Alliance. Solar Alliance's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition were recognized at their fair values at the acquisition date. These financial statements include the profit or loss of Solar Alliance from June 24, 2016.

Contingent consideration was measured at fair value at the date of acquisition and classified as a liability. Contingent consideration is adjusted to at each reporting date for changes in the expected amount payable and subsequent changes are recognized in profit or loss.

3. Significant accounting policies:

The significant accounting policies that have been used in the preparation of these condensed consolidated interim financial statements are summarized in the Company's annual consolidated financial statements for the year ended December 31, 2016. All accounting policies have been applied consistently by the Company and its subsidiaries to all periods presented in these financial statements.

New accounting policies not yet adopted:

The following new accounting standards have been issued but have not been adopted by the Company for the six month period ended June 30, 2017. The Company does not expect to adopt these standards until their mandatory effective dates and is currently assessing the impact that these standards will have on its condensed consolidated financial statements.

IFRS 9 - Financial Instruments:

IFRS 9 will replace the multiple classification and measurement models of IAS 39, *Financial Instruments; Recognition and Measurement*, with a single model that has only two classifications: amortized cost and fair value. The new standard also requires a single impairment method to be used, provides additional guidance on the classification and measurement of financial liabilities and provides a new general hedge account standard. The mandatory effective date of IFRS 9 for the Company is January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

IFRS 15 - Revenue from Contracts with Customers:

IFRS 15 is effective for the Company on January 1, 2018 and earlier application is permitted. IFRS 15 will replace IAS 18, *Revenue*, and a number of related standards and interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

IFRS 16 – *Leases:*

On January 13, 2016, the IASB issued IFRS 16, *Leases*. The new standard is effective for the Company on January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, *Revenue from Contracts with Customers*, at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17, *Leases*.

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease and transitional provisions have been provided.

(Amounts expressed in Canadian dollars, unless otherwise indicated)

4. Acquisition of Solar Alliance of America, Inc.:

On June 24, 2015, the Company completed the acquisition of 100% of the common shares of Solar Alliance. Under the terms of the Share Purchase Agreement (the "SPA"), the Company issued 11,915,238 common shares of the Company on the closing date and may be required to make cash payments of up to US$4 million, less certain deductions for advances and other adjustments as defined in the SPA, comprised of up to four installments of US$1 million each, contingent on Solar Alliance achieving certain income targets during any of the fiscal quarters beginning after the closing date of the transaction and ending on or before December 31, 2017. Contingent payments are due 30 days after the end of any fiscal quarter that triggers such payment. In connection with the acquisition, the Company advanced $0.6 million (US$0.4 million) to Solar Alliance, of which $0.5 million was advanced prior to acquisition, and was used by Solar Alliance for working capital and business expansion, and US$0.4 million was paid on closing to the Vendors as an advance against the future contingent payments.

The Company commenced the consolidation of Solar Alliance's financial position and results of operations from June 24, 2015.

The purchase consideration, including the fair value of the estimated additional contingent consideration, was as follows:

	US$	CAD$
Cash payment	$ 400,000	$ 496,600
Shares issued (11,915,238 x $0.085)	815,783	1,012,795
Contingent consideration	1,730,000	2,147,795
Total consideration	$ 2,945,783	$ 3,657,190

(Amounts expressed in Canadian dollars, unless otherwise indicated)

4. Acquisition of Solar Alliance of America, Inc. (continued):

The allocation of the purchase consideration to the estimated fair value of the assets and liabilities of Solar Alliance acquired were as follows:

Assets (liabilities) acquired	US$	CAD$
Bank indebtedness	$ (11,576)	$ (14,371)
Accounts receivable	114,503	142,154
Property and equipment	21,731	26,981
Land and building held-for-sale	275,000	341,413
Work-in-process	28,093	34,877
Accounts payable and accrued liabilities	(1,013,215)	(1,257,907)
Customers deposits	(187,102)	(232,287)
Loans and borrowings	(640,978)	(795,774)
Net identifiable liabilities acquired	(1,413,544)	(1,754,914)
Goodwill	4,359,327	5,412,104
Net assets acquired	$ 2,945,783	$ 3,657,190

The fair value of the Company's common shares issued for the acquisition of Solar Alliance was determined using the closing market price of the Company's shares at June 24, 2015 of $0.085. The fair value of the contingent consideration was determined using management's best estimates of the amounts expected to be payable pursuant to the SPA and the expected timing of such payments discounted at a rate of 15%.

The valuation of property and equipment acquired considered quoted market prices for similar assets where available, and depreciated replacement costs when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

The goodwill is attributable to work force, brand awareness in the California market and established sales processes. None of the goodwill is deductible for tax purposes. A continuity of goodwill is as follows:

Balance, January 1, 2015	$ -
Goodwill acquired	5,412,104
Effect of foreign exchange	621,205
Balance, December 31, 2015	6,033,309
Effect of foreign exchange	(180,041)
Impairment	(3,050,750)
Balance, December 31, 2016	$ 2,802,518

4. Acquisition of Solar Alliance of America, Inc. (continued):

At December 31, 2016, the Company performed an impairment test of the goodwill associated with the Solar Alliance cash generating unit ("CGU"). The recoverable amount of the CGU was based on its fair value, determined by discounting future estimated cash flows to be generated from the the CGU. The carrying amount of the CGU was determined to be higher than its recoverable amount of $1.1 million and an impairment loss of $3.1 million was recognized in net loss for the year ended December 31, 2016.

Key assumptions used in the estimation of value included budgeted earnings before interest, taxes, depreciation and amortization ("EBITDA") for 2017 based on management's expectations of the number of installations, installation costs and expenses, EBITDA growth of 8% in 2018 and 2019 and 2% in 2020 and 2021, a terminal value growth rate of 2%, and a discount rate of 25%, reflecting a risk premium associated with the specific CGU. The cash flows were projected based on operating results and the Company's budgets, which included estimated sales volume and gross margin growth.

At December 31, 2016, the Company also assessed its estimated projected EBITDA and determined that the thresholds for the additional contingent consideration owing in relation to the Solar Alliance acquisition would not be met. As a result the contingent consideration liability, which had accreted to a balance of $3.0 million at December 31, 2016, was reversed with the reversal recorded in the statement of comprehensive income (loss).

(Amounts expressed in Canadian dollars, unless otherwise indicated)

5. Equipment:

	Automobile	Office furniture and equipment	Computer and related equipment	Total
Cost:				
Balance, January 1, 2016	$ 22,144	$ 13,811	$ 68,582	$ 104,537
Effect of foreign exchange	(1,330)	(476)	-	(1,806)
Balance, June 30, 2016	20,814	13,335	68,582	102,731
Additions	-	3,553	-	3,553
Effect of foreign exchange	669	240	-	909
Balance, December 31, 2016	$ 21,483	$ 17,128	$ 68,582	$ 107,193
Assets disposal	-	(1,841)	(65,841)	(67,682)
Effect of foreign exchange	(720)	(377)	-	(1,097)
Balance, June 30, 2017	20,763	14,910	2,741	38,414
Accumulated depreciation:				
Balance, January 1, 2016	$ 3,458	$ 5,341	$ 55,331	$ 64,130
Depreciation for the period	2,694	1,143	1,988	5,825
Effect of foreign exchange	(267)	(48)	-	(315)
Balance, June 30, 2016	5,885	6,436	57,319	69,640
Depreciation for the period	2,672	1,397	1,987	6,056
Effect of foreign exchange	236	(5)	-	231
Balance, December 31, 2016	$ 8,793	$ 7,828	$ 59,306	$ 75,927
Assets disposal	-	(1,581)	(57,841)	(59,422)
Depreciation for the period	1,892	1,284	191	3,367
Effect of foreign exchange	(347)	(101)	-	(448)
Balance, June 30, 2017	$ 10,338	$ 7,430	$ 1,656	$ 19,424
Carrying amounts:				
June 30, 2016	$ 14,929	$ 6,899	$ 11,263	$ 33,091
December 31, 2016	12,690	9,300	9,276	31,266
June 30, 2017	10,425	7,480	1,085	18,990

The land and building acquired in the Solar Alliance acquisition were held-for-sale. Accordingly, these assets were recognized at fair value less cost to sell. The fair value was based on market sales prices of similar properties. During the year ended December 31, 2015, the Company recognized a $55,360 reduction in the fair value of these assets in net income. In 2016, the Company sold the land and building for net proceeds of US$235,000 ($317,626).

(Amounts expressed in Canadian dollars, unless otherwise indicated)

6. Other assets:

This balance is comprised of the following items:

	June 30, 2017	December 31, 2016
BC License of Occupation security deposits	$ 19,000	$ 19,000
Office lease deposit	59,612	29,552
	$ 78,612	$ 48,552

The Company has $19,000 on deposit with the BC Ministry of Forests, Lands, and Natural Resource Operations in respect of its remaining licenses of occupation. The funds are being held in a non-interest bearing trust by the Provincial Treasury.

7. Share capital and other components of equity:

Share capital:

Authorized: Unlimited number of common shares with no par value; and
100 Redeemable Preferred shares

Issued: 85,240,453 common shares

	Number of common shares	Amount
Issued and outstanding common shares as at December 31, 2015	51,891,887	36,031,974
Shares issued for private placement	13,095,900	916,713
Share issued on exercise of stock options	250,000	17,500
Warrants issued for private placement	-	(311,654)
Issued and outstanding common shares as at December 31, 2016	65,237,787	$ 36,654,533
Shares issued for private placement	15,272,665	2,155,293
Share issued on exercise of stock options	1,000,000	75,000
Share issued on exercise of warrants	3,730,001	373,001
Warrants issued for private placement	-	(1,068,679)
Fair value of exercised warrants	-	57,396
Issued and outstanding common shares as at June 30, 2017	85,240,453	38,246,544

In April 2017, the Company issued 8,064,332 units at a price of $0.16 per unit for gross proceeds of $1,290,293. Each Unit is comprised of one common share and one share purchase warrant entitling the holder to purchase a common share at at price of $0.25 for a period of 3 years. The hold perid expired on August 26, 2017 in respect of the shares and warrants comprising the units and the shares issued upon any exercise of the warrants. The Company paid finder's fee of $87,319 and issued 545,747 finder's warrants in connecting with the private placement.

(Amounts expressed in Canadian dollars, unless otherwise indicated)

7. Share capital and other components of equity (continued):

In June 2017, the Company issued 7,208,333 unites at a price of $0.12 per unit for cash consideration of $865,000. Each unit consists of one common share and one common share purchase warrants, with each common share purcahses warrant entitling the holder to acquire one common share of the Company at at exercise price of $0.18 and a tem of 3 years. The Company determined the fair value of the warrants using a Black-Scholes pricing model and recoded $531,445 in warrants within equirty.

During the year ended December 31, 2016 the Company issued 13,095,900 units at a price of $0.07 per unit for cash consideration of $916,713. Each unit consists of one common share and one common share purchase warrant, with each common share purchase warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.10 per common share. The Company determined the fair value of the warrants using a Black-Scholes pricing model and recorded such amount in warrants within equity (note 8(b)), with the difference between the cash proceeds received and the value of the warrants recorded in share capital.

Of the units issued 8,944,186 were to officers of the Company, or individuals related to officers of the Company.

(a) Basic and dilutive income per share:

During the period ended June 30, 2017, 750,000 stock options and 25,184,211warrants (December 31, 2016 – 5,834,000 and 13,095,000, respectively) were not included in the determination of fully diluted income per share as they were anti-dilutive.

(b) Warrants:

Warrants are valued at the grant date fair value using the Black-Scholes pricing model on the date of grant.

The following schedule shows changes in the warrants during the recent periods:

	Number of warrants	Amount
Balance, January 1, 2015	-	$ -
Warrants issued	750,000	24,861
Balance, December 31, 2015	750,000	24,861
Warrants issued	13,095,900	311,654
Warrants expired	(750,000)	(24,861)
Balance, December 31, 2016	13,095,900	$ 311,654
Warrants issued	15,818,312	1,105,036
Warrants exercised	(3,730,001)	(57,396)
Balance, June 30, 2017	25,184,211	1,359,294

(Amounts expressed in Canadian dollars, unless otherwise indicated)

7. Share capital and other components of equity (continued):

The following assumptions were used for the valuation of the warrants granted:

	2017	2016
Risk-free interest rate	0.93%-1.1%	0.6% - 0.7%
Expected life of warrant (in years)	3	2
Volatility	114%	91%-98%
Dividend yield	N/A	nil%

At June 30, 2017, the following warrants are outstanding and exercisable:

Expiry date	Warrants outstanding	Exercise price	Contractual life (in years)
May 17, 2018	8,279,757	$ 0.10	0.88
December 9, 2018	1,086,042	0.10	1.44
April 27, 2020	8,610,079	0.25	2.83
June 13, 2020	7,208,333	0.18	2.96
	25,184,211	0.17	2.16

8. Share-based payments:

The Company has a common share Stock Option Plan (equity-settled). The Board of Directors of the Company may from time to time, at its discretion, and in accordance with the requirements of the TSX-V, grant to directors, officers and technical consultants to the Company, non-transferable options to purchase common shares, exercisable for a period of up to five years from the date of grant. There are no vesting requirements pursuant to the stock option plan. The Board may add such provisions at its discretion on a grant-by-grant basis. However, stock options granted in respect of investor relations activities must vest quarterly over a minimum one year period, pursuant to TSX-V policy.

The Board of Directors have resolved that the Stock Option Plan authorize the directors to grant stock options up to a maximum of 10% of the number of common shares issued and outstanding at the time of grant. The "rolling" stock option plan has been in effect since the Company was listed on the TSX-V.

On April 5, 2017, the Company granted 750,000 stock options to a consultant to promote the benefits of the Company's products, the options have a term of 5 years and an exercisable price of $0.195 per share. The fair value of the options was calculated to be $72,088, which had been recognized as stock-based compensation as the options fully vested on the grant date.

On January 15, 2017, the Company granted 250,000 stock options to the investor relation consultant, the options have a term of two years and an exercisable pirce of $0.075 per share, the fair value of the options was calculated to be $12,508, which had been recognized as stock-based compensation as the opitons fully vested on the grant date.

(Amounts expressed in Canadian dollars, unless otherwise indicated)

8. Share-based payments (continued):

During the year ended December 31, 2016, the Company granted 2,500,000 stock options to certain directors and consultants exercisable for a period of five years at a price of $0.075 per common share. The fair value of the options was calculated to be $69,217, which has been recognized as stock-based compensation as the options fully vested on the grant date.

Details of the status of the Company's stock options as at June 30, 2017 and the changes during the recent years are as follows:

	Number of options	Weighted average exercise price
Outstanding, January 1, 2015	3,596,900	$ 0.12
Granted	2,950,000	0.07
Exercised	(250,000)	0.08
Forfeited	(1,438,000)	0.13
Outstanding, December 31, 2015	4,858,900	0.09
Granted	2,500,000	0.08
Forfeited / cancelled	(1,274,900)	0.08
Exercised	(250,000)	0.07
Outstanding, December 31, 2016	5,834,000	$ 0.08
Granted	250,000	0.075
Granted	750,000	0.195
Exercised	(1,000,000)	0.075
Outstanding, June 30, 2017	5,834,000	$ 0.090

During the year ended December 31, 2016, 250,000 options with an exercise price of $0.07 per common were exercised on a cashless basis in exchange for a reduction in accounts payable otherwise owing to the option holder of $17,500.

The following table summarizes the outstanding and exercisable stock options at June 30, 2017:

Expiry date	Number of options vested and exercisable	Number of options outstanding	Weighted average exercise price	Weighted remaining contractual life (in years)
January 31, 2019	1,284,000	1,284,000	0.085	1.59
December 15, 2020	2,050,000	2,050,000	0.070	3.48
September 19, 2021	1,500,000	1,500,000	0.075	4.22
January 29, 2019	250,000	250,000	0.075	1.58
April 5, 2022	750,000	750,000	0.195	4.77
	5,834,000	5,834,000	$ 0.090	3.34

(Amounts expressed in Canadian dollars, unless otherwise indicated)

8. Share-based payments (continued):

The following assumptions were used for the valuation of the stock options granted under the Stock Option Plan:

	2017	2016
Average risk-free interest rate	0.72-0.74%	0.67%
Average expected life of option (in years)	2-2.5	2.5
Average volatility	976% - 114%	87%
Dividend yield	nil%	nil%
Weighted average fair value of options granted	$0.05-$0.12	$0.035

9. Related party transactions:

In addition to related party transactions and balances disclosed elsewhere in these condensed consolidated financial statements, the following transactions and balances occurred during the period with related parties:

(a) Amounts owing to related parties as at June 30, 2017 are $374,056 (December 31, 2016 - $334,430) in respect of fees charged by related parties, including key management personnel and expenses incurred by directors. These amounts are included in accounts payable and accrued liabilities in the statement of financial position and are non-interest bearing.

(b) The Company received a loan from an officer of the Company. The loan bears interest at 15% per annum, which is repayable two years from the date of advance, or at an earlier date at the Company's option with no penalty, and is secured by certain assets of the Company and its subsidiaries. The loan has been classified as current as the Company expects to repay the balance in 2017. During the six month period ended June 30, 2017, the Company received additional $4,700 from the related party, accrued interest of $18,312 and repaid $27,500, the balance of the loan was $246,907 (December 31, 2016 - $251,395).

(c) The sale of the certain wind projects in British Columbia in 2014 constituted the material operating assets of the Company which triggered contractual payments of $660,000 to certain officers which were accrued in accounts payable and accrued liabilities at December 31, 2015. At June 30, 2017, an amount of $270,000, plus accrued interest of $39,600 (December 31 2016 -$298,800) is payable to one officer and remains accrued in accounts payable and accrued liabilities. Interest of $10,800 was accrued on those payments during six month period ended June 30, 2017 (fiscal year 2016- $55,440).

(d) At June 30, 2017, an amount of $228,600 was due from a company controlled by an officer of the Company (2016 - $217,800), comprised of a loan of $180,000 plus accrued interest at 12% per annum.

During six month period ended June 30, 2017 interest income of $10,800 (fiscal year 2016 - $16,200) was accrued on this loan. The balance receivable is to be offset against the contractual payment described above (note 11(b)) upon settlement.

All transactions with related parties are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

(Amounts expressed in Canadian dollars, unless otherwise indicated)

9. Related party transactions (continued):

In addition to their salaries, from time to time the Company also provides non-cash benefits to directors and executive officers, including share based compensation. Compensation charged by key management personnel including the Chief Executive Officer, President, Chief Financial Officer, Chief Marketing Officer and the Board of Directors is set out below:

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Consulting fee	$ 114,090	$ 161,470	$228,180	$ 277,900
Wages and Benefits	127,983	-	253,967	-
	$ 242,073	$ 161,470	$ 482,147	$ 277,900

10. Segmented Information:

	United States	Ireland	Canada	Total
As at and for the six months Ended June 30, 2017:				
Segment total assets	$ 3,795,486	$ 6,436	$ 527,762	$ 4,329,684
Non-current assets	2,874,815	-	25,305	3,900,120
Total revenue	1,918,191	-	-	1,918,191
Net Income (loss)	(2,441,924)	-	(1,171,607)	(3,613,531)

	United States	Ireland	Canada	Total
As at and for the six months Ended June 30, 2016:				
Segment total assets	$ 6,172,356	$ 28,982	$ 348,685	$ 6,550,023
Non-current assets	5,691,277	-	36,037	5,727,314
Total revenue	2,814,793	-	-	2,814,793
Net loss	(959,251)	(34,591)	332,469	(661,373)

At June 30 2017, non-current assets in the United States includes goodwill of $2,802,518 (2016 - $5,671,048).

11. Contingencies and commitments:

(a) The Company is subject to payments under various equipment leases and an office lease agreement with the following commitments remaining:

2017	$ 47,234
2018	96,829
2019	41,272

(Amounts expressed in Canadian dollars, unless otherwise indicated)

11. Contingencies and commitments (continued):

(b) The Company was the subject of a judgment of $600,000 from a lawsuit that arose after the Company's acquisition in 2007 of the Three Hills Wind Projects ("Three Hills"), comprised of the Ghost Pine and Lone Pine Wind Projects in Alberta, Canada. As at December 31, 2015, the Company had accrued for this amount including interest of $129,283 in accounts payable and accrued liabilities. This amount was paid in full in 2016.

In 2008, the Company sold its Ghost Pine Wind Project and $1,000,000 of the proceeds was held back, and remains held back, as a result of the legal action described above. The amount of the holdback will be reduced by the cumulative amount of legal fees incurred by the purchaser. The Company may be liable for additional legal costs. The timing and additional cost of settling the dispute cannot be reasonably estimated, and accordingly, the net additional proceeds or any costs associated with its collection have not been recorded.

12. Loans and borrowings:

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortized cost. For more information about the Company's exposure to interest rate, foreign currency and liquidity risk, refer to note 14.

The balance including accrued interest is comprised of:

		June 30, 2017	December 31, 2016
Loan	(a)	$ 133,630	$ 132,627
Demand loan	(b)	515,899	479,129
Related party loan	(c)	246,907	251,395
		$ 896,436	$ 863,151

(a) The Company guaranteed a loan from a third party to a former subsidiary in the amount of US$65,000 on October 12, 2007. Interest began accruing on October 12, 2010, at a rate of 8.5% per annum. The loan is unsecured and payable on demand.

(Amounts expressed in Canadian dollars, unless otherwise indicated)

12. Loans and borrowings (continued):

(b) During 2012, the Company issued an unsecured promissory note for $1,000,000 bearing interest at 1.0% per annum that was payable on September 30, 2012. On August 28, 2014, the Company received a claim filed in the Supreme Court of British Columbia seeking to enforce payment of this note. On May 7, 2015, the parties entered into an agreement whereby the loan was to be fully settled by paying $850,000 at the time the Company receives the proceeds due in respect of the 2010 sale of the Cloosh Project, with interest accruing at 5% per annum from January 1, 2015 to March 31, 2015, and 10% per annum thereafter. On February 12, 2016, the payment terms were amended and required the Company to make a payment of $200,000 on February 15, 2016 and $100,000 of the first day of each month thereafter until fully repaid. The Company paid $500,000 in principal and interest during the year ended December 31, 2016. The Company is in default of the amended payment terms at December 31, 2016 as no payment has been made since May 2016. As a result the interest rate from May 2016 is 15% per annum and the balance is payable on demand.

(c) The Company received a loan from an officer of the Company. The loan bears interest at 15% per annum, which is repayable two years from the date of advance, or at an earlier date at the Company's option with no penalty, and is secured by certain assets of the Company and its subsidiaries. The loan has been classified as current as the Company expects to repay the balance in 2017. During the six month period ended June 30, 2017, the Company received additional $4,200 from the related party, accrued interest of $18,312 and repaid $27,500 (December 31, 2016 - $251,395).

13. Provisions:

The Company has recognized the following provisions at June 30, 2017 and December 31, 2016:

	June 30, 2017	December 31, 2016
Asset retirement obligations	$ 101,762	$ 101,762
Other provisions	77,500	77,500
	179,262	179,262
Less current portion	77,500	77,500
	$ 101,762	$ 101,762

The Company has recorded asset retirement obligations associated with the future decommissioning of weather monitoring equipment situated on the former Wildmare Wind Energy Project site.

14. Financial instrument risk management:

Overview:

The Company is exposed to a number of risks arising from its use of financial instruments. The Company is or may be subject to certain risks including credit risk, liquidity risk, interest rate risk, and currency risk.

14. Financial instrument risk management (continued):

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Financial instrument risk management strategies may expose the Company to further gains or losses, but serve to stabilize future cash flows, reduce the volatility of operating results, and increase overall financial strength.

Individual risks and the Company's approach to managing such risks are discussed as below.

Credit risk:

Credit risk is the risk that a counterparty to a financial asset will default, resulting in non-collectability and arises mainly from its cash, receivables, advance to related party and its deposits. The carrying amount of these assets of $1,222,924 as at June 30, 2017 (December 31, 2016 - $481,809) representing the Company's exposure to credit risk. Cash is held with credit-worthy Canadian and United States financial institutions, receivables are primarily related to sales, and the loan to related party is expected to be offset against previously accrued obligations owing to the related party. The Company has assessed the credit risk of these instruments to be negligible. The Company did not have an allowance for doubtful accounts at June 30, 2017 and December 31, 2016 nor did it incur any material bad debt expenses during the years then ended.

Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations. The Company is subject to liquidity risk from its accounts payable and accrued liabilities, contingent consideration and loans and borrowings. The Company currently has a significant working capital deficiency and has no credit facility with a financial institution (see note 2(a)).

Market risk:

Market risk is the risk to the Company of adverse financial impacts due to changes in the fair value or future cash flows of financial instruments primarily as a result of fluctuations in interest rates and foreign exchange rates.

(a) Interest rate risk:

The Company's interest rate risk on loans and borrowings has been mitigated by fixing interest rates at the inception of the loans. At June 30, 2017 and December 31, 2016, the Company had no material debt subject to floating interest rates.

The Company's interest income from cash and restricted cash is also subject to interest rate risk, but such risk is not considered material based on the balances on hand and the Company's expectation of interest rates in the foreseeable future.

(b) Currency risk:

The Company has net monetary liabilities denominated in United States dollars, totaling approximately US$213,000 and €500,000 at June 30, 2017, and is therefore subject to currency risk. The Company does not currently use any derivative instruments to reduce its exposure to fluctuations in foreign currency exchange rates. An increase (decrease) in the US dollar and Euro exchange rates of 10% relative to the Canadian dollar would decrease (increase) net loss by approximately $27,000 and $71,000, respectively.

14. Financial instrument risk management (continued):

(c) Capital management:

The Company's capital is comprised of shareholders' equity (deficiency) and loans and borrowings. The Company's overall objective has been to maintain sufficient capital to enable the Company to continue as a going concern and allow it to develop or dispose of certain wind project interests. The corporate objective has been to utilize debt financing to minimize shareholder dilution, and depending on terms, to issue equity securities as a means of raising capital. Market conditions impact the ability of the Company to maintain a balance between debt and equity (see also note 2(a)). At June 30, 2017, the Company is not subject to any specific externally imposed capital requirements. The Company's capital management strategy has not changed during 2017.

Fair values:

Financial instruments measured at fair value or for which fair value is disclosed are categorized within a three-tier fair value hierarchy, which prioritizes the inputs in measuring fair value of financial instruments, as follows:

- Level 1: quoted prices (unadjusted) in active markets or identical assets or liabilities;
- Level 2: valuation techniques using 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).

As at June 30, 2017 and December 31, 2016, the Company does not have any financial instruments measured at fair value. The fair values disclosed below for loans and borrowings is classified as Level 2.

The carrying values of the Company's cash, receivables, deposits, accounts payable and customer deposits approximate their fair values because of their short term to maturity and/or the interest rates being charged. The fair value of the Company's loans and borrowings that are payable on demand, or that are past due, approximate their carrying value due to their short-term to maturity. The fair value of the Company's other loans and borrowings is estimated to not differ materially from the carrying value due to the terms to maturity, loan security and the interest rates being charged.

15. Subsequent events:

a) On July 7 2017, the Company announced it has closed a non-brokered private placement of $560,000, consisting of a further 4,666,666 unites and a brokered private placement of $288,000 consisting of a further 2,400,000 Unites, for a total of 7,066,666 units. The Units being issued pursuant to the non-brokered and brokered closing were sold at $0.12 with each unit comprising one common share and one share purchase warrants with an exericsie price of $0.18 and a term of 3 years.

15. Subsequent events (continue):

b) In July 2017, the Company signed a Letter of Intent ("LOI") with Thompson Machinery Commerce Corporation ("Thompson Machinery") to acquire Aries Solar, LLC ("Aries"), an established Tennessee commercial solar company that is licensed to operate in four Southeast U.S. states. Pursuant to the LOI, Solar Alliance will acquire all of the assets of Aries, including a pipeline of commercial projects with a potential revenue of ~US $18,000,000 (unaudited). The Aries team consists of experienced commercial solar project developers and technical staff that will enhance Solar Alliance's ability to increase commercial project deal flow across the Company's operations in California, the Northeast U.S. and the Southeast U.S. The Company anticipates this acquisition will materially increase revenues and net income at Solar Alliance.

c) In August 2017, the Company signed an agreement for the design and construction of an approximately US$3,500,000 commercial solar project in Los Angeles. The project, which marks the second commercial-scale solar project for Solar Alliance, consists of a rooftop solar installation and a carport solar installation at a Los Angeles mid-rise, multi-tenant office building.