INTRODUCTION

This Management Discussion and Analysis ("MD&A") of Solar Alliance Energy Inc. (formerly Finavera Solar Energy Inc.), ("the Company" or "Solar Alliance"), and its consolidated financial results as at and for the six month period ended June 30, 2017 including subsequent activity up to August 28, 2017, is reported in Canadian dollars unless otherwise stated. This MD&A should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2016 which contains full disclosure of the Company's accounting policies, in accordance with International Financial Reporting Standards ("IFRS"). References herein to "the Company" or "Solar Alliance", shall, unless the context otherwise requires, mean "Solar Alliance Energy Inc." and any or all of its wholly owned subsidiaries and affiliates.

FORWARD LOOKING INFORMATION

This MD&A contains forward-looking statements about the Company's objectives, strategies, financial condition, results of operations, cash flows and businesses. These statements are "forward-looking" because they are based on current expectations, estimates, assumptions, risks and uncertainties. These forward-looking statements are typically identified by future or conditional verbs such as "outlook", "believe", "anticipate", "estimate", "project", "expect", "intend", "plan", and terms and expressions of similar import.

Such forward-looking statements are subject to a number of risks and uncertainties which include, but are not limited to: cyclical downturn, competitive pressures, dealing with business and political systems in a variety of jurisdictions, repatriation of property in other jurisdictions, payment of taxes in various jurisdictions, exposure to currency movements, inadequate or failed internal processes, people or systems or from external events, safety performance, expansion and acquisition strategy, legal and regulatory risk, extreme weather conditions and the impact of natural or other disasters, specialized skills and cost of labour increases, equipment and parts availability and reputational risk. Actual results could be materially different from expectations if known or unknown risks affect the business, or if estimates or assumptions turn out to be inaccurate. The Company does not guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place reliance on these forward-looking statements.

The Company disclaims any intention and assumes no obligation to update any forward-looking – statement, even if new information becomes available, as a result of future events or for any other reasons, except in accordance with applicable securities laws. Risks that could cause the Company's actual results to materially differ from its current expectations are also discussed in this MD&A.

NATURE OF THE BUSINESS

Solar Alliance is a sales and marketing firm that sells solar systems to residential, commercial and industrial customers in the United States and Canada. Since it was founded in 2003, the Company has developed and sold wind and solar projects that now provide enough electricity to power 150,000 homes. Solar Alliance is committed to an exceptional customer experience, effective marketing campaigns and superior lead generation in order to drive sales and generate value for shareholders. Our passion is improving life through ingenuity, simplicity and freedom of choice.

Highlights from the Company's operations during the six month period ended June 30, 2017 and the period up to the date of this MD&A include:

- In April 2017, the Company announced it has engaged Echelon Wealth Partners Inc. ("**Echelon**") as sole agent to undertake a brokered private placement financing, on a commercially reasonable and best efforts basis, of up to 31,250,000 units (each, a "Unit") at a price of $0.16 per Unit for gross proceeds to the Company of up to $5,000,000. Each Unit will consist of one common share of the Company (each, a "Common Share") and one Common Share purchase warrant (each, a "Warrant"), with each Warrant entitling the holder thereof to purchase one Common Share at a price of $0.30 per Common Share for a period of two (2) years from the closing of the Offering.

- In April 2017, the Company announced the completion of a private placement of 8,064,332 units, at an issue 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, where each whole warrant (a "Warrant") may be exercised to purchase a further common share at a price of $0.25 for a period of 3 years.

- In April 2017, the Company announced it will be working with William Shatner to promote the benefits of solar energy through an exciting public awareness campaign. Mr. Shatner will bring his unique brand of passion and humour to help promote the many benefits of solar energy. The public awareness campaign will kick off with the installation of a solar system at Mr. Shatner's Los Angeles home. Solar Alliance will kick off this exciting new solar awareness campaign with the installation of a solar system at Mr. Shatner's home in the coming weeks. The campaign will be rolled out across Solar Alliance's social media platforms, including Facebook, Twitter and Instagram.

- In April 2017, the Company announced it signed a Definitive Agreement for the acquisition of an experienced sales team and a pipeline of residential solar project leads from a U.S. solar company (the "Seller") based in Los Angeles, California. The Definitive Agreement allowed for the accelerated transition of the Seller's sales team to Solar Alliance. The Los Angeles sales and operations teams have been fully integrated into Solar Alliance processes and procedures and are based in the Company's new office in Torrance, California and have been actively canvassing and selling Solar Alliance residential solar contracts.

- In May 2017, the Company signed a Solar Origination Agreement (the "Agreement") with Crius Solar, LLC ("Crius Solar"), an affiliate of Crius Energy, LLC. Under the Agreement, Solar Alliance will lead efforts to identify and develop new residential solar projects in five States across the Northeast as well as Northern California for Crius Solar and partner with the full-service solar provider to bring those solar systems to installation. The expanded sales teams and markets represent revenue streams that are additive to Solar Alliance's current organic expansion plans and will provide significant geographic diversification. Solar Alliance will initially focus on markets that represent the majority of the existing retail energy customer base of Crius Solar's affiliate company, Crius Energy, LLC, including: California, Connecticut, Massachusetts, New Jersey, New York and Rhode Island.

- 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.

- 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.

The Company sees a tremendous opportunity to continue its expansion efforts in southern California through the creation of additional office locations and adoption of new sales strategies. Since acquiring Solar Alliance of America, Inc. ("SAOA"), the Company has hired an experienced, professional management team, refocused SAOA's objectives, repositioned its branding, created internal controls and financial reporting systems and entered into new agreements with key suppliers. New lead generating strategies have resulted in lower customer acquisition costs, while a new professionally trained sales team has increased sales conversion rates. The investment in these strategies has resulted in significantly higher lead generation results. The Company provides customers with flexibility and freedom of choice regarding financing options for residential solar systems. Solar Alliance markets third party loans, power purchase agreements and lease options for customers based on their individual requirements. The Company maintains relationships and agreements with several financing providers in order to diversify Company risk and provide flexibility to customers.

The Company also engages potential and previous customers on a variety of social media platforms, including Facebook, Twitter and Instagram. Internal controls instituted by the Company ensure appropriate disclosure requirements are adhered to when disseminating information via social networks. The Company primarily uses the various social media platforms as vehicles to connect with potential residential solar customers and make them aware of the benefits of residential solar.

ACQUISITION OF SOLAR ALLIANCE OF AMERICA

The Company completed its transition from the initiation and development of wind energy projects to the sales and installation of residential rooftop solar energy by acquiring 100% of the equity of San Diego, California based Solar Alliance of America, Inc. ("SAOA") on June 24, 2015. The Company then changed its name from Finavera Wind Energy Inc. to Finavera Solar Energy Inc. on July 2, 2015 and then on January 29, 2016 renamed the company Solar Alliance Energy Inc. Previously, from its inception in 2005, the Company had been developing wind energy projects in Ireland, British Columbia ("BC") and Alberta, Canada. Those projects were sold in stages ending in 2015. Throughout its wind development history, Solar Alliance brought over 360 Megawatts ("MW") of wind power projects from greenfield inception to the pre-construction phase.

On June 24, 2015, the Company completed the acquisition of 100% of the common shares of SAOA. Under the terms of the Share Purchase Agreement (the "SPA") signed on May 4, 2015, 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, in up to up to four instalments contingent on SAOA 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 and will be adjusted for certain working capital items and related future cash flows. At the end of Q2 it was unlikely that triggers for such contingent payments would be achieved. Pursuant to the acquisition, the Company advanced US $0.4 million to SAOA which was used for working capital and business expansion and US $0.4 million was paid to the Vendors as an advance against future contingent payments.

During the year ended December 31, 2015, the fair value of the estimated contingent consideration and resulting purchase price allocation as at the date of the purchase were determined as noted below. The purchase price recognizes and includes the fair value of the additional contingent consideration payable pursuant to IFRS 3, 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

The fair value of the Company's common shares issued for the acquisition of SAOA 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 at the acquisition date 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 allocation of the purchase price to the estimated fair value of the assets and liabilities of SAOA as at the date of acquisition was determined 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 purchase price of SAOA was substantially allocated to goodwill since at acquisition as the net tangible assets were negative and no material intangible assets were identified. Consumers and homeowners are very receptive to rooftop solar installations, based on issues of energy independence, green power, widespread adoption, basic economics and government incentives. This receptiveness is targeted by SAOA marketing, through generating sales leads for the Company.

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

At December 31, 2016 the Company performed an impairment test over the goodwill associated with the SAOA 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 and an impairment loss of $3.1 million was recorded at 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 SAOA 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).

CORPORATE OUTLOOK

The Company believes that solar energy adoption is still in the early stages, and that the penetration of solar energy systems will continue to accelerate for the foreseeable future. The Company's vision is to build market share in the solar energy systems sales and installation space through:

- Organic growth through additional office openings in California and other attractive jurisdictions;
- The development of sales tools to increase the speed of deployment of solar energy systems;

- Acquisition of small to medium sized residential solar energy systems companies, as we target attractive markets with the right mix of sun, electricity costs, incentives and net metering; and
- The creation of internal financing structures that will allow Company ownership of the deployed systems and recurring revenue at attractive rates of return.
- The development and saler of larger commercial and industrial (C&I) sized solar systems with a professional sales and engineering team

The market for residential, commercial and industrial solar energy systems remains strong and is growing. In the past 10 years, both the cost of PV solar panels and other system costs have declined significantly, creating transformational change in the industry. According to the Solar Energy Industries Association, 2016 was a record-breaking year for solar, the U.S. market installed 14,762 MW of solar PV in 2016 – nearly doubling the capacity installed in 2015. For the first time ever, solar ranked as the No. 1 source of new electric generating capacity additions brought on-line on an annual basis at 39%. On average, a new megawatt of solar PV capacity came on-line every 36 minutes in the United States in 2016 and a record 22 states each added more than 100 MW of solar PV. This acceleration of growth in the solar industry is due in part to rising utility electricity rates, greater customer knowledge about the economics and ethics of clean and sustainable energy, the extension of the US federal Investment Tax Credit to 2023, and the continued reduction of PV panels and systems costs.

The size and scale of the rooftop solar market remains significant. Industry estimates indicate that less than 1% of USA residential rooftops have installed solar arrays. California has a rooftop solar installation penetration rate estimated by the solar industry at only 5%, in a market comprising about 7 million detached homes. The Company believes the rooftop solar sector is at the leading edge of a massive installation rollout in the United States over the next few years, and Solar Alliance in particular, with its industry contacts, marketing techniques and branding, offers an outstanding opportunity to capture this wave of high growth and strong cash flows through scaled expansion.

As Solar Alliance scales up its operations to profitability, working capital and expansion capital will be required in the ensuing quarters. This will be manageable as the Company has increased sales through its subsidiary and expects consistent profitability in late 2017. This, in combination with the Company's ability to access public equity markets and the potential sale of its remaining wind energy assets, will provide the necessary capital for growth.

REVIEW OF FINANCIAL RESULTS

Selected Annual Information

The following table provides a brief summary of the Company's consolidated financial operations. For more detailed information, refer to the audited consolidated financial statements for the applicable years.

	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Sales revenue	$ 5,932,233	$ 1,604,534	$ -
Gross Margin on Sales	1,659,393	430,279	-
Total gross proceeds from asset sales	325,240	10,761,408	27,167,727
Operating expenses	(4,593,842)	(3,827,512)	(1,827,919)
Net Income (loss)	(3,187,765)	5,518,024	13,301,807
Basic income (loss) per share	(0.05)	0.12	0.33
Diluted income (loss) per share	(0.05)	0.12	0.33
Total assets	3,551,290	10,211,702	499,297
Total long-term liabilities (excluding provisions)	-	1,010,104	1,475

Results of Annual Operations

In 2016, the Company had net loss of $3.2 million, compared to a net income of $5.5 million in the prior year, a decrease of $8.7 million. The 2016 net loss was comprised of operating losses of $2.9 million and net finance expenses of $0.3 million. Finance fees and interest expenses in 2016 were $0.5 million compared to $2.0 million in 2016, a decrease of $1.5 million as the result of significant borrowing in 2015 to fund the SAoA acquisition and operations while awaiting proceeds from Cloosh Valley Project sale.

In 2016, a total of $2.4 million was incurred for consulting fees and payroll and benefits costs, compared with $1.5 million in 2015, an increase of $0.9 million. This increase reflects in part that SAOA was only owned for half of the year in 2015 and also takes into account the expansion of SAOA and the staffing costs incurred in this operation.

Operating costs have increased in most areas consistent with the acquisition of SAOA and the resulting operating costs reported in the consolidated results from this subsidiary.

In 2016, the Company recorded a foreign exchange gain of $203,351 (2015- loss of $16,801) as result of the increase in value of Canadian dollar of 3% and 6% relative to the US dollar and Euro, respectively, due to certain liabilities denominated in foreign currencies.

SUMMARY OF QUARTERLY RESULTS

The following table represents selected unaudited consolidated financial information for each of the Company's past eight quarters.

	Three Month Period Ended June 30, 2017	Three Month Period Ended March 31, 2017	Three Month Period Ended December 31, 2016	Three Month Period Ended September 30, 2016
	$	$		$
Sales revenue	298,737	1,619,454	1,332,106	1,785,334
Operating expenses	(2,920,610)	(810,430)	(988,382)	(1,216,781)
Net Income (loss)	(3,333,127)	(280,404)	(1,673,930)	(852,462)
Basic loss per share	(0.039)	(0.003)	(0.03)	(0.01)
Diluted loss per share	(0.038)	(0.003)	(0.03)	(0.01)

	Three Month Period Ended June 30, 2016	Three Month Period Ended March 31, 2016	Three Month Period Ended December 31, 2015	Three Month Period Ended September 30, 2015
	$	$	$	$
Sales revenue	1,570,255	1,244,538	1,007,019	588,329
Operating expenses	(1,320,156)	(1,068,523)	(1,375,397)	(1,338,102)
Net Income (loss)	141,341	(802,714)	8,791,698	(1,386,930)
Basic loss per share	0.00	(0.02)	0.17	(0.03)
Diluted loss per share	0.00	(0.02)	0.17	(0.03)

Secondt Quarter 2017 compared to Second Quarter 2016

The Company recorded a net loss for the second quarter of 2017 (the "current quarter") of $3,333,127 compared with net income of $141,341 in the second quarter of 2016 ("Q2 2016"), a reduction of $3,474,468.

The sales and gross margin in current quarter were $298,737 and $169,659 respectively, compared with $1,570,255 and $506,502 in Q2 2016. Furthermore, the gross margin rate was increased to 57% from 32% in Q2 2017 as the result of the focus on building with multiple lower cost solar installers.

Operating expenses in the current quarter were $2,920,610 (Q2 2016 - $1,320,156), an increase of $1,600,454 mainly due to $1.1 million incurred on expanding sales teams and markets from another solar company.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, advances to related party, deposits, accounts payable, contingent consideration payable and loans and borrowings. The carrying values of the Company's cash, receivables, advances to related party, deposits, and accounts payable approximate their fair values because of their short term to maturity and/or the interest rates being charged. The carrying 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 other loans and borrowings are not estimated to differ materially from the carrying value due to the terms to maturity, loan security and the interest rates being charged. The fair value of contingent consideration payable was determined on the date of acquisition using an appropriate discount rate applied to the expected future contingent payments in respect of the acquisition of Solar Alliance.

LIQUIDITY

The Company's loss in 2016 of $3,187,765 was the main driver of the net cash deterioration for the year of $3,142,436. The Company is currently in the process of raising equity capital. Furthermore, restructuring of its SAOA business is resulting in improved gross margins. Multiple solar installers serving SAOA providing speed in building out the respective orders as well as with lower COGS are directly contributing to the improved results.

Financings:

On May 17, 2016, the Company announced the closing of the first tranche of its non-brokered private placement financing, which consisted of 8,279,757 units at a price of $0.07 per unit for gross proceeds of $579,583. Each unit was comprised of one common share and one common share purchase warrant, with each warrant being exercisable at $0.10 per common share for a two-year period.

On July 18, 2016, the Company announced the closing of the second tranche of its non-brokered private placement financing, which consisted of 1,814,286 units at a price of $0.07 per unit for gross proceeds of $127,000. Each unit was comprised of one common share and one common share purchase warrant, with each warrant being exercisable at $0.10 per common shares for a two-year period.

The first tranche included insider participation, consisting of $363,993 from Chairman and CEO Jason Bak and family insiders, and $35,000 from CMO Michael Clark. The second tranche included insider participation consisting of $127,000 from CFO Eric Knutzen.

On December 9, 2016, the Company announced the closing of a non-brokered private placement financing, which consisted of 3,001,857 units at a price of $0.07 per unit for gross proceeds of $210,130. Each unit was comprised of one common share and one common share purchase warrant, with each warrant being exercisable at $0.10 per common shares for a two-year period.

In April 2017, the Company announced the completion of a private placement of 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, where each warrant may be exercised at a price of $0.25 for a period of 3 years.

In June 2017, the Company announced the completion of a non-brokered private placement of $865,000, consisting of 7,208,333 Units. The Units being issued pursuant to this non-brokered closing were sold at $0.12, with each Unit comprising one (1) common share and one (1) share purchase warrant ("Warrant") with an exercise price of $0.18 and a term of 3 years.

In July 2017, the Company announced the completion of a non-brokered private placement of $560,000, consisting of 4,666,666 Units and a brokered private placement of $288,000 consisting of a further 2,400,000 Units, 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 (1) common share and one (1) share purchase warrant ("Warrant") with an exercise price of $0.18 and a term of 3 years. The non-brokered placement represents an investment of $800,000 from a former director of the Company expanding his holding to just under 10% of the issued stock. Once the former director has completed required filings with the TSX Venture Exchange, the Company will close a further 2,000,000 Units bringing the former director above the 10% insider threshold.

Going concern

As of June 30, 2017, the Company had a significant working capital deficiency of $4.7 million (December 3, 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 and injections of capital through share issuances. 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 fulfil its obligations and ultimately on generating income and cash flows from Solar Alliance. 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. The 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.

CAPITAL MANAGEMENT

The Company's primary capital management objective has been to minimize shareholder dilution through the use of debt financing. While its wind projects were being developed over the past nine years, the Company took on substantial debt, the majority of which has been repaid. Consequently, prior to the sale of its wind project interests, the Company maintained high debt levels for several years and therefore incurred additional interest costs for any and all project development delays. Finding the balance between minimizing dilution through debt and minimizing interest costs by issuing equity requires reliable estimates of key factors, such as expected development timelines and future cash flows.

The residential solar energy sector operates on relatively short sales-to-installation project lifecycles of less than two quarters, eliminating risks of significant project delays, and therefore the Company doesn't face longer term financing and holding costs as it did in the wind energy sector. Nevertheless, some of the Company's loans have relatively high financing costs and the Company's continued capital needs may motivate the Company to undertake equity financing. Capital management remains an important strategy relating to the often conflicting objectives of financing the Company's growth, minimizing shareholder dilution and maintaining a reasonable debt-to-equity ratio.

COMMITMENTS, CONTINGENCIES AND OBLIGATIONS

This section summarizes the Company's financial commitments, contingencies and obligations.

Corporate Leases:

In February 2016, the Company signed a 39 month lease for its office in San Diego.

2017	$	72,198
2018		99,314
2019		42,331

Legal Claims:

On August 28, 2014, the Company received a claim, filed in the Supreme Court of British Columbia by a lender who provided a $1.0 million loan to the Company in 2012. On May 7, 2015 the parties agreed to reduce the amount payable to $850,000, to increase the interest rate to 10% per annum as of April 10, 2015, and to repay the loan upon receipt of the €7.14 million payment from the sale of the Cloosh Project. 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.

OFF-BALANCE SHEET ARRANGEMENTS

The Company currently does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Transactions during the period with related parties as follows:

(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 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 upon settlement.

All transactions are measured at the exchange amount established and agreed upon by the related parties.

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 paid to key management personnel, 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

INVESTOR RELATIONS

In January 2017, the Company announced it has retained Pinnacle Capital Markets Ltd. ("Pinnacle"), a Toronto based firm led by Spyros Karellas, to develop and provide investor relations services for the Company. Pinnacle has been engaged to refine and execute an investor relations strategy that will enhance and expand the Company's exposure with the Canadian and international investment community. Primary responsibility for relationships and communications with shareholders and investors is with the CEO and the CMO.

PROPOSED TRANSACTIONS

With respect to proposed transactions as defined by National Instrument 51-102F1 (1.11) involving asset dispositions or business acquisitions or dispositions, the Company's senior management or Board of Directors has determined that it is probable that one event involving the restructuring of one of its entities is likely. In relation to this restructuring the Company has announced it has signed a Letter of Intent for the sale of certain British Columbia wind energy and other assets for approximately $1,350,000 through a plan of arrangement. The wind asset sale includes the sale of a 15% interest in the Wildmare Wind Energy project, a 100% interest in other assorted development stage wind assets in British Columbia, and certain other assets. The wind asset sale and plan of arrangement does not involve the Company's solar assets. This restructuring is expected to result in approximately $1.3 million in additional capital to be raised in 2017. No other such proposed transactions are known or expected as at the date of this MD&A.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There were no changes in accounting policies or adoption of new accounting standards during the period ended June 30, 2017 that materially affected the Company's consolidated financial statements.

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2017. Many of these updates are not applicable or consequential to the Company and have been excluded from the discussion below. 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 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.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This discussion and analysis is based on the Company's consolidated financial statements, which have been prepared in accordance with IFRS. The preparation of the consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Management bases its estimates on historical experience and on various other assumptions considered reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the reported amounts of revenue and expenses.

The following accounting policies require us to make judgments and estimates:

Asset retirement obligations

The Company recognizes a provision for asset retirement obligations ("AROs") in the period in which it incurs a legal or constructive obligation associated with the acquisition, construction, development and/or normal use of its assets. The Company concurrently recognizes a corresponding increase in the carrying amount of the related asset which is amortized over the life of the asset. the Company has recorded AROs in respect of the weather towers installed on its Wildmare Wind Project.

Stock-based compensation

The Company grants stock options to directors, employees and consultants of the Company as an element of compensation. The cost of the service received as consideration is measured based on an estimate of fair value at the date of grant. The grant-date fair value is recognized as compensation expense over the related service period with a corresponding increase in contributed surplus. On exercise of stock options, consideration received together with the compensation expense previously recorded to contribute surplus is credited to share capital. The Company uses either the Black-Scholes option pricing model or the fair value of the goods or services received to estimate the fair value of each stock option. Use of the Black-Scholes option pricing model requires the Company to make assumptions, changes of which could materially affect estimates. The most significant assumptions used are the instrument's expected life, discount rate and share price volatility.

Other provisions

The Company recognizes other provisions from time to time when it is probable that a future cash outflow may occur. Such estimates are based on management's estimate of the most likely outcome of the contingency and estimated cash outflows.

Deferred Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method of tax allocation, deferred income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of the assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes. Deferred income tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the substantive enactment date. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. The evaluation of the recoverability of tax assets requires use of forecasted taxable income and the amount recognized, if any, is affected by assumptions of tax rates expected to apply at the time the benefits of these assets are expected to be realized.

Contingent consideration

The fair valuation of expected future earn-out payments related to the acquisition of SAOA is recorded as part of the purchase price as required under IFRS and the Company must model appropriate discount rates, estimate future cash flows and apportion earnings probabilities in order to estimate the fair value. The contingent consideration is revalued at each reporting period, with any difference applied to earnings.

Goodwill

Goodwill related to the acquisition of SAOA is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the net fair value of the identifiable assets acquired. Estimates regarding the fair value of the net identifiable assets acquired and the estimate of the contingent consideration included in the purchase price therefore affect the initial measurement of goodwill. Goodwill is not amortized but rather is tested for impairment annually, and such test requires estimation of the value in use of the estimated cash generating unit to which the goodwill has been allocated.

RISK FACTORS

The sales of residential solar systems and development of wind energy projects is subject to numerous risks, both known and unknown, any of which could significantly or adversely impact the Company's financial position, the development and sale of such projects, and results of operations.

Financing risks

The Company has obligations and liabilities. Loans obtained by the Company increase the level of financial risk to the Company. If the Company does not or is not able to comply with any debt covenants, lenders may demand repayment and enforce their security against the Company's assets which may adversely affect the Company's operations. In addition, the Company's ability to raise capital depends in part upon conditions in the capital markets at the time. The Company cannot be certain that it will be able to raise additional capital if and when it needs to.

The Company has incurred operating losses since inception. At June 30, 2017, the Company had a working capital deficiency of $4.7 million (December 31, 2016 - $5.0million) and had an accumulated deficit of $52.0 million (December 31, 2016 - $49.5 million).

Solar Alliance's ability to continue as a going concern is largely dependent on the execution of its core growth strategy, on the growth of SAOA, and the Company's ability to raise additional debt or equity financing as required to fulfill its obligations. 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. The 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.

Market demand for solar energy

Key factors that may affect the demand for solar energy systems include:

- existence of government incentives to support the solar industry;
- regulatory and utility policies regarding the interconnection of solar energy systems to the utility grid;
- natural market changes in the price of gas, oil and electricity;
- performance characteristics of solar energy systems compared with conventional and other renewable energy alternatives;
- availability of financing with acceptable terms;
- general market interest rates and availability of credit; and
- deregulation of the electric power industry and the broader energy industry.

Electricity pricing

A drop in the retail price of conventional electricity or non-solar renewable energy sources may impair sales revenues given that the demand for solar energy systems depends in part on the price of conventional electricity, which affects the return on investment resulting from the purchase of the solar energy systems. Variations in economic, environmental and market conditions that impact the prices of conventional and non-solar renewable energy sources could cause the demand for solar energy systems to decline, which would have a negative impact on the Company.

Regulatory Policy

Existing rules, regulations and policies in respect of electricity pricing and interconnection of private-public electricity systems, and potential changes to these regulations and policies, may reduce the acceptance and desire to adopt or invest in solar energy systems, which would negatively impact the development of the solar energy industry.

The market for solar energy systems is significantly affected by governmental regulations concerning the electric utility industry, as well as the industry's own regulations. All these regulations and policies affect electricity pricing and system interconnection issues, and specify standards, technical requirements and compliance. While such policies can be adverse for the Company, it is recognized that significant government policy in the solar industry is generally intended to bring about its growth and development. Consequently, the reduction, termination or expiry of governmental economic incentives for solar energy systems could reduce the demand for them.

The installation of solar energy systems is subject to compliance and regulation under local by-laws, construction, zoning and fire codes, environmental protection regulation, utility interconnection requirements for net-metering; and other rules and regulations. New government regulations or utility policies especially in the fast growing solar energy sector are unpredictable and may cause delays or a reduction of demand for solar energy systems.

Supplier Risk

A substantial portion of the solar photovoltaic modules used in the United States are sourced from foreign suppliers and rules and conditions affecting international trade can have an adverse effect on the supply of solar photovoltaic modules and their cost. Tariffs on imported supplies affect pricing. Work slowdowns, strikes, weather and shipping may all affect the availability of modules and system components. Fortunately, as the industry grows, more suppliers emerge and competition increases, which gives the Company more supplier alternatives, serving to reduce these risks.

Installation

The solar installation process involves a number of key risks, as follows:

- Shortages of materials or skilled labor;
- Scheduling, engineering, environmental or structural problems;
- Natural disasters, weather, fires, and other casualty losses or delays;
- Permitting and licensing delays;
- changes to installation plans;
- Subcontractor performance issues; and
- Costs in excess of plans and budgets due to changes in labor, materials or other factors, often due to changes in project specifications.

Competitor Risk

The solar energy system installation business is highly competitive with low barriers to entry. The Company competes in the California market with significantly larger companies as well as a large number of relatively small solar installers and system developers. Those larger companies have greater resources than the Company. The Company's brand may not be known as well as our competitors' brands. Competition in the solar energy system installation market may increase in the future as a result of low barriers to entry. Increased industry competition could result in reductions in price, margins, market share and greater competition for qualified personnel. The Company's operations would be adversely affected if it is unable to compete.

However, it is noted that smaller companies such as Solar Alliance can benefit from certain operating efficiencies and having lower overhead, which could enable them to compete more effectively on price.

Safety Risk

The installation and ongoing operation of solar energy systems involves significant safety risks. Solar energy systems generate electricity, which is inherently dangerous. Installation of these systems adds risks of falling from rooftops, personal injuries on the job, and other risks typical of construction projects. The Company takes steps to ensure safety remains a top priority, and maintains appropriate insurance coverage for the business. It may nevertheless be exposed to losses arising from personal injuries or property damage relating to the Company's installations.

Customer Service Risk

The Company is exposed to the risk of claims from customers in relation to their expectations, our performance, and general risks and liabilities associated with placing our employees and technicians in or on the customers' property including possible claims of errors and omissions, harassment, theft of customer property, criminal activity and other claims. Such claims could damage the Company's reputation and adversely affect sales. The Company is also exposed to the risk of negative social media comments being posted on-line.

Wind Energy risks:

Although the Company has sold all of its material wind energy projects, it is still holds 100% of the Wildmare and Bullmoose Wind Energy Projects. The Company therefore is subject to certain wind energy risks. Project development and construction assumptions, including financing assumptions, involve significant risks which careful evaluation, experience, knowledge and risk management may not, in some cases, eliminate.

Fraud and Cyber Risks

The Company regularly reassesses its risks of fraud. Frauds may be perpetrated by suppliers, customers, employees, competitors, foreign entities, other third parties and includes evolving cyber security frauds such as false billings, impersonations, phishing attacks and other internet based threats which may be economically and socially motivated. The purpose may be purely for monetary gain but an increasing number of global corporate threats are coming from social media and hacktivists. Mitigation actions and procedures include the use of Codes of Conduct and non-disclosure agreements, segregation of duties, authorizations policies, communications policies, reconciliations, IT security policies and password and other data access controls, and embracing of social media in its engagement with customers and it has set high standards of customer service, knowing that a happy customer is positive for social media.

Solar Alliance and its subsidiaries have mitigated cyber security risks through appropriate systems backup and access protection policies. The small size of the organization allows for additional human interaction for approvals, verifications and authorizations. While no entity can be fully secured against cyber security threats, the Company and its IT providers have taken prudent, responsible and appropriate measures to both mitigate such risks and facilitate an effective response.

CONTROLS, PROCEDURES AND CERTIFICATIONS

Management is committed to delivering timely and accurate disclosure of all material information. Disclosure controls and procedures ensure that reporting requirements are satisfied and that material information is disclosed in a timely manner. Due to the limitation on the ability of the officers to design and implement cost-effective policies for disclosure controls and procedures and internal control over financial reporting, the officers are not making representations that such controls and procedures would identify and allow for reporting material information on a timely basis, nor are they representing that such procedures are in place that provide reasonable assurance regarding the reliability of financial reporting. However, as permitted for TSX Venture issuers, the CEO and CFO individually have certified that after reviewing the consolidated financial statements for the period ended June 30, 2017 and this MD&A of the Company, there are no material misstatements or omissions, and the filing materially presents the consolidated financial position and consolidated results of operations and cash flows for the period ended June 30, 2017 and all material subsequent activity up to August 28, 2017.

OUTSTANDING SHARE DATA

As of the date of this report, the Company had the following outstanding securities:

Common shares- issued and outstanding	92,307,119
Warrants	32,250,877
Stock options	5,834,000
Total fully diluted shares outstanding	130,391,996

ADDITIONAL INFORMATION

The Company is listed on the TSX Venture Exchange trading under the symbol "SAN" and is a reporting issuer in British Columbia and Alberta. Additional information relating to the Company may be obtained or viewed from the System for Electronic Data Analysis and Retrieval (SEDAR) website at www.sedar.com and on the Company's website at www.solaralliance.com.