MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2019

(EXPRESSED IN CANADIAN DOLLARS)

The following is management's discussion and analysis ("MD&A") of the results of operations and financial condition of Solar Alliance Energy Inc. (the "Company" or "Solar Alliance") for the year ended December 31, 2019 and up to the date of this MD&A, and should be read in conjunction with the accompanying audited consolidated financial statements for the year ended December 31, 2019, together with the notes thereto (the "Financial Report").

All financial information in this MD&A is derived from the Company's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is April 29, 2020.

Description of the Business

Solar Alliance is a reporting issuer in British Columbia and Alberta and its common shares are listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol SOLR.

Solar Alliance is an energy solutions provider focused on residential, commercial and industrial solar installations. The Company operates in Tennessee, California, North/South Carolina and Kentucky and has an expanding pipeline of solar projects. Since it was founded in 2003, the Company has developed $1 billion of wind and solar projects that provide enough electricity to power 150,000 homes. Solar Alliance's passion is improving life through ingenuity, simplicity and freedom of choice. Solar Alliance reduces or eliminates customers' vulnerability to rising energy costs, offers an environmentally-friendly source of electricity generation, and provides affordable, turnkey clean energy solutions.

Solar Alliance sees long term, sustained growth occurring in the commercial solar market and the new home residential solar market. The Company has focused its resources on three business units: large scale commercial, mid-sized commercial and SunBox.

Leadership

On February 21, 2019, the Company announced the promotion of Myke Clark to the position of President and Chief Executive Officer and also his appointment to the Company's board of directors. Mr. Clark has been the Company's Chief Operating Officer since 2015. The Company also welcomed former Nevada Governor Robert Miller to the Board of Directors. Jason Bak continues as non-executive Chair and as a director, along with Anton Shihoff and Ken Stadlin.

Marketing

On August 28, 2019, the Company announced it has extended its relationship with William Shatner for a five-year term and is launching a marketing campaign featuring Mr. Shatner, one of Hollywood's most recognizable personalities. Mr. Shatner joined Solar Alliance as the Company's spokesperson in April 2017 and has provided visibility for the Company's commercial solar division. The newest campaign with Mr. Shatner will include a video marketing initiative focused on Solar Alliance's SunBox residential solar systems which include battery backup and an option for a Tesla electric vehicle charging station.

Significant shareholder

On February 11, 2019, the Company issued 92,601,416 common shares at a price of $0.03 per share to a company controlled by Tom Anderson to settle $2,778,042 of principal and interest to January 31, 2019. In exchange for agreeing to the conversion of the convertible loan ($2,291,945) and the shareholders loans ($486,097), the Company agreed to pay Mr. Anderson 100% of the net proceeds currently being held in escrow for the ultimate benefit of the Company related to the 2008 sale of the Company's Ghost Pine Wind Project.

The issue of these common shares, together with common shares already held, made Mr. Anderson a control person of the Company. Mr. Anderson has acquired the shares for investment purposes and neither he, nor the companies he controls, have any present intention to acquire further securities of the Company although Mr. Anderson may acquire or dispose of common shares of the Company in the market, privately or otherwise, as circumstances or market conditions warrant.

Mr. Anderson is a private investor and entrepreneur with extensive experience, inter alia, in the Leisure & Entertainment, Oil and Gas, Bioscience, Industrial Tools Software and Healthcare businesses. The conversion of debt from Mr. Anderson is a strong indication of support for Solar Alliance's long-term business plan in the U.S. solar industry and aligns the Company with a high net worth individual committed to Solar Alliance's long-term success.

Operational Highlights

The following highlights are from the Company's operations during the year ended December 31, 2019 and the period up to the date of this MD&A.

- **United Kingdom 2.8 MW** – On October 16, 2019, the Company announced it signed a Memorandum of Understanding with Empire Cinemas Ltd. ("Empire Cinemas"), a prominent movie theatre chain in the United Kingdom, for the development of up to 14 solar projects with an approximate capacity of 2.8 megawatts ("MW"). Empire Cinemas is the leading independently owned cinema chain in the U.K. with 14 locations and 131 screens including IMPACT® and IMAX® screens. Solar Alliance and Empire Cinemas will focus their initial efforts on Empire Birmingham Great Park. Each theatre in the Empire Cinemas chain has the rooftop capacity to support approximately 200 kilowatts ("kW") of solar. Individual project economics will be determined when a construction contract is signed, but similar sized systems typically have an approximate capital cost of US$400,000. Across fourteen potential projects, the Empire Cinemas agreement represents the largest near-term project portfolio in the Company's pipeline.

- **Jaguar/Land Rover, BMW and General Motors Charger Approved Vendor** – On September 16, 2019, the Company announced that it is now a pre-approved Certified Installer of electric vehicle ("EV") chargers for Jaguar/Land Rover, BMW and General Motors. As a pre-approved Certified Installer through the Qmerit platform, Solar Alliance has direct access to electric vehicle customers of all four automakers. Jaguar/Land Rover, BMW and General Motors customers will be directed, through the automakers' sales personnel and websites, to a customer-facing website that connects EV drivers. Solar Alliance is currently the only pre-approved Qmerit Certified Installer for these four brands in Tennessee. This certification is in addition to the Company's approval as a Tesla Accredited Installer for electric vehicle chargers and significantly expands Solar Alliance's ability to take advantage of this growing market.

- **Kentucky 80 kW** – On November 20, 2019, the Company announced it had completed an 80 kW solar system for a poultry producer in Kentucky. The project was built in partnership with Whayne Supply Company, a Caterpillar dealer. The poultry producer is contracted by Perdue Farms to raise chickens which are then supplied to grocery stores, food service outlets and fast food restaurants.

- **Florida 715 kW** – On June 5, 2019, the Company announced it entered into a definitive agreement with BE Trilogy Solar Project LLC ("Trilogy") for construction management services for a 715 kW ground mount solar installation in Groveland, Florida. The energy produced from the solar project is estimated to provide 100% of the power required for the Cascades of Groveland Homeowners Association. This is the first non-utility 3rd party owned solar array that is powering a non-profit in the state of Florida. Construction on the project started in late May 2019 and is now completed.

- **Maker's Mark Distillery –** On September 11, 2019 announce was awarded a contract through Kentucky Utilities Company's Business Solar Program to build a 200 kW solar system at Maker's Mark Distillery in Loretto, Kentucky. The solar facility will provide renewable energy for the bourbon producer. The project was completed in December, 2020. This is the second project Solar Alliance has worked on under the Business Solar Program. The first was a rooftop solar array built in 2018 for KU's sister company, Louisville Gas and Electric Company, at the Archdiocese of Louisville's pastoral center.

- **Loxone Smart Home Systems** – On May 22, 2019, the Company announced it will now offer Smart Home technology solutions to its partners and clients after receiving the technical accreditation and approval to market and install the Loxone Smart Home System. Loxone is a whole home system that intelligently automates core functions of the home, including lighting, climate control, multimedia and security. Loxone technology reduces homeowner tasks, whereas most 'smart' products provide access to control more components but add complexity with rarely used functions and multiple apps. Loxone is purpose built for new construction and ideally suited for Solar Alliance's partner homebuilders and developers who are looking to distinguish their homes with reliable and effective technology features. Loxone Smart Home technology is a natural extension to our SunBox program and raises the bar on what to expect from a high performance home.

- **Tesla Charger Approved Vendor** – On March 26, 2019, the Company announced that it is now an approved Tesla charger vendor and has signed an agreement to install six Tesla charging stations combined with a solar system at a commercial project in Nashville, Tennessee. Becoming a Tesla approved vendor provides Solar Alliance customers with the opportunity to access a high-quality electric vehicle charging station installation. Offering Tesla charging stations is particularly important to Solar Alliance's new home builder and contractor clients that are constructing high performance homes. As electric vehicles begin to saturate the market, electric vehicle chargers are becoming increasingly critical to the relevance of a new home and ultimately to the resale value of a home.

- **Illinois 3.84 MW** – On March 18, 2019, the Company announced that it had signed a letter of intent with NuYen Blockchain Inc. ("NuYen") for the design, engineering and construction management of a 3.84 MW ground and roof mount solar project in Murphysboro, Illinois. The project would be the Company's largest to date and is equivalent to building 750 average-sized residential solar systems. On October 28, 2019, the Company announced it has advanced design work to include a community EV charging hub that will include Tesla EV chargers. The community EV charging hub will be powered by the on-site solar system for the data center and will provide charging access to members of the Murphysboro community. The EV charging hub will consist of at least six charging stations and will include Tesla EV chargers in addition to other brands.

- **O&M Contract** – On March 13, 2019, the Company announced it had been awarded an Operations and Maintenance ("O&M") contract with the Knoxville Utilities Board for the utility's solar facilities. The O&M contract is for a term of 3 years plus an option for an additional 2 years and provides an additional stable, recurring revenue stream to the Company. The contract includes the installation of a monitoring system, preventative maintenance and any repair work required.

- **California 519 kW** – On December 3, 2018, the Company announced that it had entered into a definitive agreement with a division of Onni Group ("Onni") for the design, procurement and construction management services for a 519 kW combined rooftop and carport solar installation at Manhattan Beach Towers, a mid-rise, multi-tenant office building owned by the Vancouver-based developer. Construction began in early April 2019 and the rooftop portion of the system was completed in Q1, 2020.

- **SunBox** – On October 10, 2018, the Company announced it had launched "SunBox", a new product offering that provides a simple, efficient solar system specifically designed for architects, new home builders and their customers. SunBox is a standardized system consisting of two sizes of standard residential systems that include battery storage or an optional generator for whole home backup. Solar Alliance is selectively partnering with architects, developers and homebuilders that will integrate this permit-ready solar offering into their existing home designs for new construction, with the primary customer base consisting of developers building large, multi-home communities. New homeowners will now have the ability to affordably add a solar system as an add on to their new home in the same way they would select individualized countertops and kitchen appliances. This program represents a new sales channel for Solar Alliance and will result in higher margins and lower customer acquisition costs than the traditional retrofit sales model. Standardizing solar modules, inverters and racking systems should provide cost savings for customers and improve supply chain efficiencies for Solar Alliance.

  On March 4, 2019, the Company announced that it had signed three new Channel Partner Agreements in Tennessee for the marketing and sale of Solar Alliance's SunBox product. Solar Alliance is pleased to welcome Gervais Electric, based in Nashville, Energy Home Basics, based in Loudon County and TerraShares, based in Morristown. The three new channel partners join Mike Stevens Homes on Solar Alliances growing team of partners. There are now a total of four channel partners that have signed on as SunBox Channel Partners and sales are beginning to flow as customers learn about the benefits of the SunBox product.

  On April 16, 2019, the Company announced that Truitt Electric, one of Tennessee's leading electrical companies, has become an authorized Solar Alliance SunBox Channel Partner. Truitt Electric provides a broad range of electrical services and maintains are large customer base that will now have access to SunBox, a complete solar solution that includes battery storage to maximize energy savings and provide an added layer of security for high performance homes. SunBox comes in two standard residential systems sizes with options such as a generator for whole home backup and a Tesla EV charger.

- **Southeast USA 2.4 MW** – On October 9, 2018, the Company announced it had commenced construction on the 2.4 MW ground mount commercial solar project announced on March 14, 2018. The project, being constructed for a Fortune Global 500 company, is the largest sold to date by Solar Alliance and is equivalent to building 400 residential solar systems. For commercial reasons, the identity of the Fortune Global 500 customer is not being released until the project's completion. The project is substantially complete pending commissioning.

Selected Annual Information

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
	$	$	$
Statement of Loss:			
Revenues	2,203,699	1,982,890	4,602,684
Net income (loss)	(2,764,374)	(2,335,673)	(7,476,999)
Net income (loss) per share	(0.01)	(0.02)	(0.09)
Financial Position:			
Total assets	1,348,503	927,747	2,296,375
Long-term debt	nil	nil	nil
Dividends	nil	nil	nil

Trends

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 continue to build market share in the solar energy systems sales and installation space. The market for residential, commercial and industrial solar energy systems remains strong and is growing.

According to the latest Renewable Energy Industry Outlook from Deloitte, the fundamental drivers of solar industry growth are poised to continue in 2019, supported by three trends coming into sharper focus that are likely to shape renewable growth in the coming year. Those trends include emerging policies that support renewable growth, expanding investor interest in the sector, and advancing technologies that boost solar energy's value to the grid, asset owners, and customers. The Deloitte report notes that increasing customer demand for renewable energy across almost all market segments continues to expand opportunities. While the current US administration is not focused on decarbonization, states, cities, communities, and businesses with increasingly ambitious sustainability goals are driving renewable growth.

Results of Operations

In 2019, the Company's gross profit was $173,541 compared to $157,030 in 2018 and the loss for the year was $2,764,374 compared to $2,335,673 in 2018. The increase in gross profit is primarily related to a change in operations where the current year is primarily commercial operations in the eastern USA while the prior year was primarily residential operations in California. The increase in overall loss is similarly related to the change in operations as well as administrative cost cutting measures implemented by management made throughout fiscal 2019.

Cost of goods sold in 2019 represented 92% of revenue compared to 92% in the prior period. The Company expects the gross profit margins to improve upon the levels achieved in 2018.

Operating and selling expenditures, excluding non-cash depreciation and share-based compensation, were $1,709,200 in 2019 compared to $2,688,308 in 2018, a decrease of 36%.

During the year ended December 31, 2019, the Company paid or accrued interest expense of $113,259 (2018 - $352,802) related primarily to interest on a $2,000,000 convertible loan as well as on trade and other payables and loans outstanding.

Summary of quarterly results

	Three Month Period Ended December 31, 2019	Three Month Period Ended September 30, 2019	Three Month Period Ended June 30, 2019	Three Month Period Ended March 31, 2019
	$	$	$	$
Revenue	915,147	388,132	686,873	213,547
Net loss	(630,710)	(545,322)	(1,185,088)	(403,254)
Net loss per share, basic and diluted	(0.01)	(0.00)	(0.01)	(0.00)

	Three Month Period Ended December 31, 2018	Three Month Period Ended September 30, 2018	Three Month Period Ended June 30, 2018	Three Month Period Ended March 31, 2018
	$	$	$	$
Revenue	8,778*	652,544	511,633	809,935
Net loss	(279,901)	(582,907)	(870,406)	(602,459)
Net loss per share, basic and diluted	(0.00)	(0.00)	(0.01)	(0.01)

* low due to year-end adjustments

Fourth Quarter 2019

The Company began the quarter with $38,477 cash. In the fourth quarter the Company expended $979,106 on operations, net of working capital changes, received $493,488 from private placements, and received $470,069 from loans, net of amounts repaid, to end the quarter and the year with $45,634 cash.

Liquidity and Capital Resources

Solar Alliance began the year with $77,888 cash. During the year ended December 31, 2019, the Company spent $979,106 on operating activities, net of working capital changes, received $nil from investing activities, and received $933,568 from financing activities, to end at December 31, 2019 with $45,634 cash.

In February 2019, the Company issued 92,601,416 common shares at a price of $0.03 per share to a company controlled by a shareholder to settle $2,778,042 of principal and interest to January 31, 2019.

In February 2019, the Company issued 7,297,920 common shares at a price of $0.05 per share to three companies controlled by officers of the Company to settle consulting fees of $364,896 accrued to January 31, 2019.

In March 2019, the Company issued 500,000 common shares on the exercise of stock options for proceeds of $35,000.

In February, March and April 2019, the Company completed, in three tranches, a non-brokered private placement through the issuance 14,974,598 units at a price of $0.03 per unit for gross proceeds of $449,238 ($76,000 of which was received in 2018).

In August 2019, the Company completed a non-brokered private placement through the issuance of

2,405,000 units at a price of $0.05 per unit for gross proceeds of $120,250.

In August 2019, the Company issued 3,266,666 common shares to two companies controlled by officers of the Company to settle consulting fees of $163,333 accrued to July 31, 2019.

As of December 31, the Company had a working capital deficiency of $5,198,304. The cash and cash inflows from Solar Alliance operations are not currently sufficient to sustain the Company's operations and to pay the Company's obligations as they become due. Management intends to address the working capital deficiency through a combination of revenue growth, reduced expenses, and injections of capital through debt and equity 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 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.

Related Party Transactions

The following transactions and balances occurred during the year ended December 31, 2019 with related parties:

(a) As at December 31, 2019, an amount of $288,000 (2018 - $266,400) is due from a company controlled by an officer of the Company, comprised of principal of $180,000 (2018 - $180,000) and accrued interest of $108,000 (2018 - $86,400). During the year ended December 31, 2019, the Company accrued interest income of $21,600 (2018 - $21,600). The principal amount accrues interest at 12% per annum. The balance receivable is to be offset against the contractual payment described below upon settlement.

(b) Included in trade and other payables as at December 31, 2019 is $423,900 (2018 - $399,600) due to an officer of the Company, comprised of principal of $270,000 (2018 - $270,000) and accrued interest of $153,900 (2018 - $129,600). This amount relates to a contractual payment resulting from the sale of certain wind projects in British Columbia in 2014 which constituted the material operating assets of the Company and triggered the contractual payment. During the year ended December 31, 2018, the Company accrued interest expense of $24,300 (2018 - $32,400). The principal amount accrues interest at 12% per annum.

(c) Included in trade and other payables as at December 31, 2019 is $458,121 (2018 - $454,321) due to current and former officers and directors and a significant shareholder of the Company for consulting fees, salaries and benefits and expense reimbursements.

(d) Included in prepaid expenses as at December 31, 2019 is $nil (2018 - $4,500) advanced to an officer of the Company for future travel expenses.

During the year ended December 31, 2018, two companies controlled by officers of the Company advanced the Company $140,507 pursuant to unsecured promissory notes bearing interest at 15% per annum and due on demand. During the year ended December 31, 2018, the Company repaid $90,143 of principal and interest and recorded interest expense of $6,362. In March and April 2019, the Company repaid $58,758 of principal and interest in full and final settlement of the debt.

Key management includes members of the Board of Directors, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid or accrued to key management personnel during the years ended December 31, 2019 and 2018 were as follows:

	Year ended December 31, 2019	2018
Consulitng fees	**$ 391,694**	$ 630,960
Salaries and benefits	**-**	37,500
Share-based payments	**629,672**	65,050
Total	**$ 1,021,366**	$ 733,510

During the year ended December 31, 2019, the Company settled consulting fees of 528,229 through the issuance of common shares of the Company.

Outstanding share data as at the date of this MD&A

	Common Shares Issued and Outstanding	Common Share Purchase Warrants	Common Share Purchase Options
Balance at December 31, 2019	217,369,386	50,222,575	19,350,000
Issuance of shares to settle debt	-	-	-
Issuance of shares to settle trade and other payables	2,233,333	-	-
Expiry of warrants	-	(8,610,079)	-
Exercise of options	-	-	-
Grant of options	-	-	2,900,000
Balance at the date of this MD&A	219,602,719	41,612,496	22,250,000

Legal Claims

Due to the nature of the Company's operations, various legal, tax, environmental, and regulatory matters are outstanding from time to time. By their nature, contingencies will only be resolved when one or more events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcomes of future events. While the outcomes of these matters are uncertain, based upon the information currently available, the Company does not believe that these matters in aggregate will have a material adverse effect on its consolidated financial statements. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of these changes in its consolidated financial statements in the appropriate period relative to when such changes occur.

The Company was the subject of a judgment of $600,000 plus accrued interest from a lawsuit that arose after the Company's acquisition in 2007 of the Three Hills Wind Projects, comprised of the Ghost Pine and Lone Pine Wind Projects in Alberta, Canada. In 2016, the Company paid $729,232 to comply with this judgement. 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 may be reduced by the amount of legal fees incurred by the purchaser in the aforementioned lawsuit. As the legal action is now settled, in 2017 the Company asked for release of the $1,000,000 held back, however the purchaser has refused. The Company is currently evaluating its options about how best to proceed to recover the amount held back. The timing and additional costs of settling this matter cannot be reasonably estimated, and accordingly, neither the amount held back or any costs associated with its collection have been recorded in the financial statements. Subsequent to year-end, the Company agreed to pay a shareholder 100% of the net proceeds ultimately recovered.

Critical accounting estimates

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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 the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Share-based compensation

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model which incorporates market data, and which involves uncertainty and subjectivity in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in the subjective input assumptions can materially affect the fair value estimate.

(ii) Critical accounting judgments

Determination of functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Management has determined that the functional currency of the parent Company is the Canadian dollar. The functional currency of the Company's US subsidiaries is the US dollar.

Fair value of embedded derivatives

The terms and conditions of financial liabilities may contain embedded derivatives that may or may not require embedded derivatives to be split apart and accounted for as a stand-alone derivative. These determinations require judgment. The Company considered the terms and conditions of the convertible loan and determined the value of the embedded derivative was $52,174.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

Determination of CGUs

A cash generating unit ("CGU") is defined as the lowest grouping of integrated assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The allocation of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared infrastructures, and the way in which management monitors the operations.

Contingencies

Due to the nature of the Company's operations, various legal, tax, environmental, regulatory, and business acquisition consideration matters are outstanding from time to time. In the event that management's estimates of the future resolution of these matters changes, the Company will recognize the effects of the changes in its consolidated financial statements on the date such changes occur.

Adoption of new standards, interpretations and amendments

The Company adopted the requirements of IFRS 16 – Leases ("IFRS 16") as of January 1, 2019. IFRS 16 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. The Company does not have any applicable leases and therefore the introduction of IFRS 16 did not have any impact on the Company's financial statements.

Financial Instruments and risk management

Financial Instruments

Financial instruments are classified into one of the following categories: FVTPL; FVTOCI; or at amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instruments	Category	December 31, 2019	December 31, 2018
Cash	FVTPL	45,634	77,888
Receivables	Amortized cost	493,643	129,915
Due from related party	Amortized cost	288,000	266,400
Deposits	Amortized cost	25,169	25,480
Trade and other payables	Amortized cost	5,068,502	4,960,633
Customer deposits	Amortized cost	531,530	170,469
Loans and borrowings	Amortized cost	758,857	2,993,965

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The carrying values of the Company's cash, receivables, due from related party, deposits, trade and other payables and customer deposits approximate their fair values because of their short term to maturity and/or the interest rates being charged. These financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost. The carrying values of the Company's loans and borrowings that are payable on demand approximate their fair values due to their short-term to maturity.

Risk management

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.

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, and deposits. Cash is held with credit-worthy Canadian and United States financial institutions and receivables are primarily related to sales. The Company has assessed the credit risk of these instruments to be negligible. The Company did not have an allowance for doubtful accounts at December 31, 2019 nor did it incur any material bad debt expenses during the year then ended.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that there is sufficient capital in order to meet short-term business requirements. The Company is subject to liquidity risk from its trade and other payables and loans and borrowings as all of these liabilities are due within the next 12 months. The Company currently has a significant working capital deficiency as described in Note 1.

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 December 31, 2019, the Company had no material debt subject to floating interest rates.

The Company's interest income from 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$2,200,000 at December 31, 2019, 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 exchange rate of 10% relative to the Canadian dollar would decrease (increase) net loss by approximately $220,000.

Cautionary Note regarding Forward looking information

This MD&A may include or incorporate by reference certain statements or disclosures that constitute "forward-looking information" under applicable securities laws. All information, other than statements of historical fact, included or incorporated by reference in this MD&A that addresses activities, events or developments that Solar Alliance or its management expects or anticipates will or may occur in the future constitute forward-looking information. Forward-looking information is provided through statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur or continue. These forward-looking statements are based on certain assumptions and analyses made by Solar Alliance and its management in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances.

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: finaning risk, market demand, electricity pricing, regulatory policy, supplier risk, installation risk, competitor risk, safety risk, customer service risk, and fraud and cyber risks. 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.

Forward-looking statements are based on the beliefs, estimates and opinions of Solar Alliance's management on the date the statements are made. Unless otherwise required by law, Solar Alliance expressly disclaims any intention and assumes no obligation to update or revise any forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should

change, whether as a result of new information, future events or otherwise, and Solar Alliance does not have any policies or procedures in place concerning the updating of forward-looking information other than those required under applicable securities laws. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information.

Additional information

Additional information relating to the Company is available for viewing on SEDAR at www.sedar.com and on the Company's website at www.solaralliance.com.

Subsequent Events

In January 2020, the Company issued 2,233,333 common shares, at a price of $0.05 share, to two companies controlled by officers of the Company to settle consulting fees of $111,667.

On March 31, 2020, the Company issued 2,900,000 stock options, at an exercise price of $0.05 per option, with an expiry date of five years of the grant date.

On April 24, 2020, the Company entered into a settlement agreement (the "Debt Settlement Agreement") with Clark Public Affairs, Ltd ("Clark") to fully settle an aggregate of $54,999 (the "Debt Settlement") of unpaid consulting fees recorded in the books of the Company for the three months ended March 31, 2020 by the issue of an aggregate of 2,199,960 common shares at $0.025 per share as allowed by the temporary relief bulletin issued by the Toronto Stock Exchange on April 8, 2020.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. To date, Solar Alliance continues to install solar systems and has not laid off any staff. Solar Alliance is currently deemed an essential business by the state of Tennessee and will continue to remain operational. Solar Alliance will comply with all government directives and is taking steps to ensure the safety of our employees and customers. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operating subsidiaries in future periods.