
SOLAR ALLIANCE ENERGY INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
THREE MONTHS ENDED MARCH 31, 2021
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of Solar Alliance Energy Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Solar Alliance Energy Inc.

Condensed Interim Consolidated Statements of Financial Position (Expressed in Canadian Dollars) (Unaudited)

	As at March 31, 2021	As at December 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,697,329	\$ 1,877
Accounts receivable	161,514	73,576
Due from related party (note 16)	315,000	309,600
Prepaid expenses and deposits	8,762	4,610
Work in process	175,507	152,315
Total current assets	5,358,112	541,978
Non-current assets		
Deposits (note 3)	23,973	25,048
Equipment (note 5)	7,491	5,386
Right-of-use assets (note 4)	-	8,869
Total non-current assets	31,464	39,303
Total assets	\$ 5,389,576	\$ 581,281
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Trade and other payables (notes 6 and 16)	\$ 4,261,349	\$ 4,854,741
Customer deposits	140,243	174,292
Contingent consideration	58,342	58,342
Current portion of lease liability (note 7)	-	10,247
Loans and borrowing (note 8)	207,761	901,567
Total current liabilities	4,667,695	5,999,189
Non-current liabilities		
Asset retirement obligations (note 9)	101,762	101,762
Government assistance	40,000	230,354
Total non-current liabilities	141,762	332,116
Total liabilities	4,809,457	6,331,305
Shareholders' equity (deficiency)		
Share capital (note 10)	48,860,077	43,759,202
Reserves (notes 11 and 12)	15,692,512	14,060,664
Accumulated other comprehensive income	359,519	293,120
Deficit	(64,331,989)	(63,863,010)
Total shareholders' equity (deficiency)	580,119	(5,750,024)
Total liabilities and shareholders' equity (deficiency)	\$ 5,389,576	\$ 581,281

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

Nature of operations and going concern (note 1)

Subsequent events (note 18)

Solar Alliance Energy Inc.

Condensed Interim Consolidated Statements of Comprehensive Loss (Expressed in Canadian Dollars) (Unaudited)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Revenues	\$ 582,223	\$ 625,288
Cost of services	(569,299)	(186,291)
	12,924	438,997
Operating and selling expenses		
Depreciation (notes 4 and 5)	11,462	7,268
Consulting fees (note 16)	-	52,917
Insurance and filing fees	135	32,007
Marketing and advertising	19,838	2,569
Office, rent and utilities	36,451	63,676
Professional fees	149,386	13,738
Salaries and benefits	332,708	254,062
Share-based payments (notes 13 and 16)	-	49,328
Travel and related	16,345	2,655
	566,325	478,220
Loss before undernoted	(553,401)	(39,223)
Other income		
Gain on settlement of trade and other payables	22,197	-
Other income	187,286	-
Other income	209,483	-
Loss from operations for the period	(343,918)	(39,223)
Net finance income (expense)		
Interest expense	(23,935)	(25,394)
Interest income	5,400	7,343
Foreign exchange	(106,526)	418,488
	(125,061)	400,437
Net (loss) income for the period	(468,979)	361,214
Other comprehensive income (loss)		
Change in accumulated foreign exchange translation adjustment	66,399	(427,760)
Comprehensive loss for the period	\$ (402,580)	\$ (66,546)
Basic and diluted (loss) income per common share	\$ (0.00)	\$ 0.00
Weighted average number of common shares outstanding	259,388,188	218,866,455

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

Solar Alliance Energy Inc.

Condensed Interim Consolidated Statements of Cash Flows (Expressed in Canadian Dollars) (Unaudited)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Operating activities		
Net (loss) income for the period	\$ (468,979)	\$ 361,214
Adjustments for non-cash items:		
Depreciation	11,462	7,268
Share-based payments	-	49,328
Gain on settlement of trade and other payables	(22,197)	-
Interest on lease liability	202	10,229
Net finance expense	-	4,056
Unrealized foreign exchange	(102,192)	(534,458)
Changes in non-cash working capital items:		
Accounts receivable	(87,938)	220,869
Prepaid expenses and deposits	(3,077)	(4,625)
Work in process	(23,192)	226,734
Trade and other payables	(593,392)	110,536
Customer deposits	(34,049)	(448,182)
Net cash (used in) provided by operating activities	(1,323,352)	2,969
Investing activities		
Acquisition of equipment (note 5)	(4,792)	-
Net cash used in investing activities	(4,792)	-
Financing activities		
Proceeds from private placements	5,752,530	-
Share issue costs	(581,495)	-
Proceeds from exercise of options	611,500	-
Proceeds from exercise of warrants	950,188	-
Lease liability payments	(8,250)	(8,250)
Loans repaid	(700,877)	-
Loan received	-	6,700
Net cash provided by (used in) financing activities	6,023,596	(1,550)
Net change in cash and cash equivalents	4,695,452	1,419
Cash and cash equivalents, beginning of period	1,877	45,634
Cash and cash equivalents, end of period	\$ 4,697,329	\$ 47,053

Supplemental cash flow informaton (note 14)

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

Solar Alliance Energy Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars)

(Unaudited)

	Number of Shares	Share Capital	Reserves	Accumulated Other Comprehensive Income (loss)	Deficit	Total Shareholders' Deficiency
Balance, December 31, 2019	217,369,386	\$ 43,230,210	\$ 13,826,269	\$ 15,902	\$(62,358,138)	\$(5,285,757)
Issuance of shares for trade and other payables	2,233,333	111,667	-	-	-	111,667
Options cancelled	-	-	(28,068)	-	-	(28,068)
Share-based payments	-	-	49,328	-	-	49,328
Comprehensive income for the period	-	-	-	(427,760)	361,214	(66,546)
Balance, March 31, 2020	219,602,719	\$ 43,341,877	\$ 13,847,529	\$ (411,858)	\$(61,996,924)	\$(5,219,376)

	Number of Shares	Share Capital	Reserves	Accumulated Other Comprehensive Income	Deficit	Total Shareholders' (Deficiency) Equity
Balance, December 31, 2020	233,114,037	\$ 43,759,202	\$ 14,060,664	\$ 293,120	\$(63,863,010)	\$(5,750,024)
Private placements	13,696,500	5,752,530	-	-	-	5,752,530
Share issuance costs	-	(581,495)	-	-	-	(581,495)
Warrants granted	-	(2,582,158)	2,582,158	-	-	-
Broker warrants granted	-	(180,751)	180,751	-	-	-
Exercise of options	10,960,714	1,103,382	(491,882)	-	-	611,500
Exercise of warrants	16,144,763	1,589,367	(639,179)	-	-	950,188
Comprehensive loss for the period	-	-	-	66,399	(468,979)	(402,580)
Balance, March 31, 2021	273,916,014	\$ 48,860,077	\$ 15,692,512	\$ 359,519	\$(64,331,989)	\$ 580,119

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

Solar Alliance Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Three months ended March 31, 2021

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of business and going concern

Solar Alliance Energy Inc. ("Solar Alliance" or the "Company") is incorporated under the laws of British Columbia and is an energy solutions provider focused on residential, commercial and industrial solar installations in the United States of America. The Company's common shares are listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "SOLR".

The Company's corporate office is located at 82 Richmond Street East, Toronto, ON, M5C 1P1.

Going concern

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis which assumes the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Accordingly, it does not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern, and, therefore be required to liquidate its assets and settle its liabilities in other than the normal course of business and at amounts that may differ from those shown in these unaudited condensed interim consolidated financial statements.

As at March 31, 2021, the Company had an accumulated deficit of \$64,331,989 (December 31, 2020 - \$63,863,010). Comprehensive loss for the three months ended March 31, 2021 was \$402,580 (three months ended March 31, 2020 - \$66,546). These conditions raise material uncertainties which cast significant doubt as to whether the Company will be able to continue as a going concern should it not be able to obtain the financing necessary to fund its planned revenue growth and working capital requirements.

COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

2. Significant accounting policies

(a) Basis of presentation

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified at fair value through profit or loss. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(b) Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board and interpretations issued by International Financial Reporting Interpretations Committee. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2020.

Solar Alliance Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements For the Three months ended March 31, 2021 (Expressed in Canadian Dollars) (Unaudited)

2. Significant accounting policies (continued)

(b) *Statement of compliance (continued)*

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 28, 2021.

(c) *Functional and presentation currency*

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars, which is the parent Company's functional currency. The functional currency of the Company's US subsidiaries is the US dollar.

(d) *Basis of measurement*

These unaudited condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

In the preparation of these unaudited condensed interim consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the unaudited condensed interim consolidated financial statements and the reported amount of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2(e).

(e) *Use of accounting assumptions, estimates and judgments*

The preparation of these unaudited condensed interim 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 payments

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.

Right-of-use asset and lease liability

The right of use asset and lease liability is measured by discounting the future lease payments at incremental borrowing rate. The incremental borrowing rate is an estimated rate the Company would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Solar Alliance Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements
For the Three months ended March 31, 2021
(Expressed in Canadian Dollars)
(Unaudited)

2. Significant accounting policies (continued)

(e) *Use of accounting assumptions, estimates and judgments (continued)*

(i) Critical accounting estimates (continued)

Warrants

The fair value of warrants granted 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.

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 unaudited condensed interim consolidated financial statements on the date such changes occur.

Solar Alliance Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements
For the Three months ended March 31, 2021
(Expressed in Canadian Dollars)
(Unaudited)

3. Deposits

	As at March 31, 2021	As at December 31, 2020
BC Licence of Occupation security deposits (i)	\$ 18,000	\$ 19,000
Office lease deposit	5,973	6,048
Total	\$ 23,973	\$ 25,048

(i) The Company has \$18,000 (December 31, 2020 - \$19,000) on deposit with the BC Ministry of Forests, Lands, and Natural Resource Operations in respect of its remaining licenses of occupation. The funds are being held in a non-interest-bearing trust by the Provincial Treasury.

4. Right-of-use assets

	Office space
Balance, December 31, 2020	\$ 8,869
Depreciation	(8,869)
Balance, March 31, 2021	\$ -

Office spaces are depreciated over 36 months.

5. Equipment

COST	Vehicles
Balance, December 31, 2020	\$ 104,625
Additions	4,792
Balance, March 31, 2021	\$ 109,417

ACCUMULATED DEPRECIATION

Balance, December 31, 2020	\$ 99,239
Depreciation	2,687
Balance, March 31, 2021	\$ 101,926

CARRYING AMOUNTS

Balance, December 31, 2020	\$ 5,386
Balance, March 31, 2021	\$ 7,491

Solar Alliance Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Three months ended March 31, 2021

(Expressed in Canadian Dollars)

(Unaudited)

6. Trade and other payables

	March 31, 2021	December 31, 2020
Trade and other payables in Canada (i)	\$ 2,218,347	\$ 2,160,108
Trade and other payables in the U.S.A.	1,578,602	2,025,913
Trade and other payables to related parties (note 16)	464,400	668,720
Total trade and other payables	\$ 4,261,349	\$ 4,854,741

(i) Trade and other payables in Canada include \$708,000 under dispute since 2006 which in management's opinion is not expected to ultimately be paid in full.

7. Lease liabilities

Balance, December 31, 2020	\$ 10,247
Interest expense	202
Lease payments	(8,250)
Change in foreign exchange	(2,199)
Balance, March 31, 2021	\$ -

On March 16, 2018, the Company entered into a thirty-six month lease agreement for new office space in Knoxville, Tennessee, commencing on January 1, 2019. Under the lease, the Company is required to pay a monthly base rent of US \$2,750. In addition to the base rent, the Company must pay its proportionate share of operating costs for the leased premises. The lease agreement includes an extension option for an additional thirty-six months. At the commencement date of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date (including the extension option of thirty-six months). The lease payments are discounted using an interest rate of 13.95%, which are the Company's incremental borrowing rate in Canada. Effective interest rate is 14.88%.

Solar Alliance Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements
For the Three months ended March 31, 2021
(Expressed in Canadian Dollars)
(Unaudited)

8. Loans and borrowings

	March 31, 2021	December 31, 2020
Loan (a)	\$ 176,689	\$ 171,741
Shareholder loan (b)	-	687,664
Officer and director loans (c)	12,149	24,906
Other	18,923	17,256
Total	\$ 207,761	\$ 901,567

a) Loan

	March 31, 2021	December 31, 2020
Principal	\$ 81,738	\$ 82,758
Interest	94,951	88,983
Total	\$ 176,689	\$ 171,741

In October 2007, the Company assumed a loan from a third party to a former subsidiary that the Company previously guaranteed in the amount of US\$65,000. Interest began accruing in October 2010 at a rate of 8.5% per annum. The loan is unsecured and due on demand. During the three months ended March 31, 2021, the Company accrued interest of \$3,677 (2020 - \$3,823) and recorded a foreign exchange loss on the loan of \$1,271 (2020 - \$15,204).

b) Shareholder loan

	March 31, 2021	December 31, 2020
Principal	\$ -	\$ 569,986
Interest	-	117,678
Total	\$ -	\$ 687,664

During the three months ended March 31, 2021, a company controlled by a shareholder advanced the Company \$25,000 (three months ended March 31, 2020 - \$530,000) pursuant to unsecured promissory notes bearing interest at 15% per annum and due on demand. During the three months ended March 31, 2021, the Company recorded interest expense of \$nil (2020 - \$19,821) on the promissory notes.

During the three months ended March 31, 2021, a company controlled by a shareholder advanced the Company \$nil (December 31, 2020 - \$14,986) pursuant to unsecured promissory notes bearing interest at 15% per annum and due on demand.

In March 2021, the Company repaid \$687,664 of principal and interest in full and final settlement of the loan and all accrued interest.

Solar Alliance Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements For the Three months ended March 31, 2021 (Expressed in Canadian Dollars) (Unaudited)

8. Loans and borrowings (continued)

c) Officer and director loans

	March 31, 2021	December 31, 2020
Principal	\$ 9,700	\$ 22,913
Interest	2,449	1,993
Total	\$ 12,149	\$ 24,906

During the year ended December 31, 2019, the Chief Executive Officer of the Company advanced the Company \$3,000 pursuant to a promissory note bearing interest at 15% per annum and due August 15, 2020. During the three months ended March 31, 2021, the Company recorded interest expense of \$209 (2020 - \$112) on the promissory note.

In March 2021, the Company repaid \$13,213 of the principal amount outstanding.

During the three months ended March 31, 2021, a director of the Company advanced the Company \$nil (2020 - \$nil) pursuant to a promissory note bearing interest at 15% per annum and due in October 2020. During the three months ended March 31, 2021, the Company recorded interest expense of \$247 (2020 - \$251) on the promissory note.

9. Asset retirement obligations

The Company has recorded asset retirement obligations of \$101,762 (December 31, 2020 - \$101,762) associated with the future decommissioning of weather monitoring equipment situated on the Wildmare Wind Energy Project site.

10. Share capital

a) Authorized share capital

The authorized share capital consisted of an unlimited number of common shares without par value and 100 redeemable preferred shares.

b) Common shares issued

	Number of common shares	Amount
Balance, December 31, 2019	217,369,386	\$ 43,230,210
Issuance of shares for trade and other payables (i)	2,233,333	111,667
Balance, March 31, 2020	219,602,719	\$ 43,341,877
	Number of common shares	Amount
Balance, December 31, 2020	233,114,037	\$ 43,759,202
Private placements (ii)	13,696,500	5,752,530
Share issuance costs (ii)	-	(581,495)
Warrants granted (ii)	-	(2,762,909)
Exercise of options (iii)	10,960,714	1,103,382
Exercise of warrants (iv)	16,144,763	1,589,367
Balance, March 31, 2021	273,916,014	\$ 48,860,077

Solar Alliance Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements For the Three months ended March 31, 2021 (Expressed in Canadian Dollars) (Unaudited)

10. Share capital (continued)

b) Common shares issued (continued)

At March 31, 2021, the Company had 273,916,014 common shares issued and outstanding (March 31, 2020 – 219,602,719) and no preferred shares issued and outstanding. A summary of changes in share capital and reserves is contained on the unaudited condensed interim consolidated statements of changes in shareholders' equity (deficiency) for the three months ended March 31, 2021 and 2020.

During the three months ended March 31, 2020, the Company issued the following shares:

- i. In January 2020, the Company issued 2,233,333 common shares at a price of \$0.05 per share to two companies controlled by officers of the Company and one controlled by a former officer to settle consulting fees of \$111,667, accrued to January 31, 2020.

During the three months ended March 31, 2021, the Company issued the following shares:

- ii. In February 2021, the Company completed a private placement through the issuance of 13,696,500 units at a price of \$0.42 per unit for gross proceeds of \$5,752,530. Each unit consists of one common share and one share purchase warrant with each warrant exercisable into one common share of the Company at a price of \$0.60 per share for a period of 24 months from the closing date. The securities issued pursuant to the offering have a hold period of four months from the date of closing. The Company determined the fair value of the warrants to be \$2,582,158. The warrants were valued using the Black-Scholes pricing model with the following assumptions: a risk-free interest rate of 0.22%; an expected volatility of 191.87%; an expected life of 2 year; a forfeiture rate of zero; and an expected dividend of zero. The Company paid share issue costs of \$581,495 in cash, and issued 958,755 broker warrants with a fair value of \$180,751. The broker warrants were valued using the Black-Scholes pricing model with the following assumptions: a risk-free interest rate of 0.22%; an expected volatility of 191.87%; an expected life of 2 year; a forfeiture rate of zero; and an expected dividend of zero.
- iii. During the three months ended March 31, 2021, the Company issued 10,960,714 common shares to officers of the Company on the exercise of stock options for proceeds of \$611,500.
- iv. During the three months ended March 31, 2021, the Company issued 16,144,763 common shares of the Company on the exercise of stock warrants for proceeds of \$950,188.

11. Warrants

The following table reflects the warrants issued and outstanding as of March 31, 2021:

Expiry Date	Exercise Price	Balance December 31, 2020	Granted	Exercised	Balance March 31, 2021
February 28, 2022	\$ 0.05	2,533,333	-	(2,533,333)	-
March 14, 2022	\$ 0.05	700,000	-	(700,000)	-
April 8, 2022	\$ 0.05	11,121,265	-	(10,052,431)	1,068,834
December 13, 2021	\$ 0.10	2,858,999	-	(2,858,999)	-
February 19, 2023	\$ 0.60	-	14,655,255	-	14,655,255
		17,213,597	14,655,255	(16,144,763)	15,724,089
Weighted Average exercise price	\$ 0.06	\$ 0.06	\$ 0.60	\$ (0.05)	\$ 0.60

Solar Alliance Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements
For the Three months ended March 31, 2021
(Expressed in Canadian Dollars)
(Unaudited)

12. Stock options

Details of the stock options outstanding as at March 31, 2021 are as follows:

Expiry Date	Exercise Price	Balance December 31, 2020	Exercised	Balance March 31, 2021
December 22, 2022	\$ 0.08	1,500,000	(500,000)	1,000,000
January 26, 2023	\$ 0.08	300,000	-	300,000
May 4, 2023	\$ 0.08	500,000	-	500,000
May 6, 2024	\$ 0.06	11,750,000	(7,560,714)	4,189,286
July 16, 2024	\$ 0.06	2,000,000	-	2,000,000
March 31, 2025	\$ 0.05	2,900,000	(1,100,000)	1,800,000
July 23, 2025	\$ 0.05	2,000,000	(400,000)	1,600,000
October 27, 2025	\$ 0.05	1,800,000	(1,400,000)	400,000
December 9, 2025	\$ 0.06	100,000	-	100,000
		22,850,000	(10,960,714)	11,889,286
Weighted average exercise price	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06

As of March 31, 2021, all of the stock options were exercisable. The weighted average remaining contractual life of the Company's stock options is 3.31 years (December 31, 2020 - 3.58 years).

13. Share-based payments

During the three months ended March 31, 2021, the Company granted nil stock options to directors, officers, and employees of the Company and recorded \$nil (three months ended March 31, 2020 - 2,900,000) of share-based options to directors, officers and employees of the Company and recorded \$nil (three months ended March 31, 2020 - \$49,328) of share-based payments for options that vested during the period.

14. Supplemental cash flow information

For the three months ended March 31,	2021	2020
Non-cash investing and financing activities		
Shares issued for trade and other payables	\$ (581,495)	\$ 111,667
Non-cash investing and financing activities	\$ (581,495)	\$ 111,667

15. Settlement income

During the three months ended March 31, 2021, the Company and a third party negotiated a settlement agreement related to a legal claim against the Company, pursuant to which the third party agreed to make a payment of \$22,197 (US \$17,500) on a set timeline.

Solar Alliance Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements For the Three months ended March 31, 2021 (Expressed in Canadian Dollars) (Unaudited)

16. Related party transactions and balances

In addition to related party transactions and balances disclosed elsewhere in these unaudited condensed interim consolidated financial statements, the following transactions and balances occurred during the three months ended March 31, 2021 with related parties:

- a) As at March 31, 2021, an amount of \$315,000 (December 31, 2020 - \$309,600) is due from a company controlled by an officer of the Company, comprised of principal of \$180,000 (December 31, 2020 - \$180,000) and accrued interest of \$135,000 (December 31, 2020 - \$129,600). During the three months ended March 31, 2021, the Company accrued interest income of \$5,400 (three months ended March 31, 2020 - \$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 March 31, 2021 is \$464,400 (December 31, 2020 - \$456,300) due to an officer of the Company, comprised of principal of \$270,000 (December 31, 2020 - \$270,000) and accrued interest of \$194,400 (December 31, 2020 - \$186,300). 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 three months ended March 31, 2021, the Company accrued interest expense of \$8,100 (three months ended March 31, 2020 - \$8,100). The principal amount accrues interest at 12% per annum.
- c) Included in trade and other payables as at March 31, 2021 is \$247,434 (December 31, 2020 - \$668,720) due to current and former officers and directors and a significant shareholder of the Company for consulting fees, salaries and benefits and expense reimbursements.

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 three months ended March 31, 2021 and 2020 were as follows:

	Three months ended March 31,	
	2021	2020
Consulting fees	\$ -	\$ 52,917
Salaries and benefits	59,166	-
Share-based payments	-	37,400
Total	\$ 59,166	\$ 90,317

During the three months ended March 31, 2021, the Company settled consulting fees of \$nil (three months ended March 31, 2020 - \$111,667) through the issuance of common shares of the Company (note 10).

17. Segmented information

Operating segments are based on the information about the components of the entity that management uses to make decisions about operating matters. The Company and its subsidiaries engage in one main business activity being the residential, commercial and industrial solar business, hence operating segment information is not provided. Geographical segment information is provided by country of operation as follows:

Solar Alliance Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Three months ended March 31, 2021

(Expressed in Canadian Dollars)

(Unaudited)

17. Segmented information (continued)

Operating segment	USA	Canada	Total
As at and for the three months ended March 31, 2021			
Total assets	\$ 842,402	\$ 4,547,174	\$ 5,389,576
Non-current assets	13,464	18,000	31,464
Total revenues	582,223	-	582,223
Net loss	191,194	(660,173)	(468,979)

Operating segment	USA	Canada	Total
As at December 31, 2020			
Total assets	\$ 261,070	\$ 320,211	\$ 581,281
Non-current assets	20,303	19,000	39,303
For the three months ended March 31, 2020			
Total revenue	625,288	-	625,288
Net income	(85,275)	446,489	361,214

18. Subsequent events

- On April 14, 2021 the Company completed the installation of two solar projects at two Lexington, Kentucky fire stations in the first step of what the Company plans to be further inroads into the first responder market.
- On May 26, the Company announced it had signed a binding Letter of Intent with Abundant Solar Power Inc. ("Abundant") to build, own and operate a 350 kilowatt solar project in New York State (the "Project"). The construction-ready Project is permitted and is supported by a 30 year power purchase agreement. This Project will be the first solar project in the Company's portfolio of operating solar assets and will generate a recurring revenue stream over its 30 year life. Solar Alliance anticipates signing an Engineering, Procurement and Construction contract with Abundant. Construction on the Project is expected to commence this summer and is anticipated to be in operation by the end of 2021. The net capital cost for the project is expected to be approximately US \$525,000 and will be financed by Solar Alliance either through equity or a combination of debt and equity.
- Subsequent to March 31, 2021, 1,068,834 warrants were exercised for an exercise price \$0.05, for gross proceeds of \$53,442.