



**INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS  
QUARTERLY HIGHLIGHTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2021**

**(EXPRESSED IN CANADIAN DOLLARS)**

SOLAR ALLIANCE ENERGY INC.  
INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS - QUARTERLY HIGHLIGHTS  
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(Expressed in Canadian Dollars)

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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 three months ended March 31, 2021 and up to the date of this MD&A, and has been prepared to provide material updates to the business operations, financial condition, liquidity and capital resources of the Company since its last management discussion and analysis for the fiscal year ended December 31, 2020 (the "Annual MD&A").

This MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Annual MD&A, audited annual consolidated financial statements of the Company for the years ended December 31, 2020, and December 31, 2019, together with the notes thereto, and unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 2021, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of May 28, 2021, unless otherwise indicated.

### 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, Kentucky, Illinois and North/South Carolina and has an expanding pipeline of solar projects. Solar Alliance's business model includes developing, owning, and operating commercial, industrial and utility solar projects in the U.S.

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.

### Operational Highlights

The following highlights are from the Company's operations during the three months ended March 31, 2021 and the period up to the date of this MD&A.

**COVID-19** – Solar Alliance remains open for business to make sure our customers receive the services and products that serve their energy needs. The Company has increased our sales and installation teams in order to meet the growing demand of customers wanting to save money on their energy bills. Solar Alliance has instituted health and safety procedures to ensure the safety of its employees, customers and the communities we operate in.

**\$5.7 million Financing Completed** – On February 18, 2021 the Company announced it had closed a marketed private placement of 13,696,500 units of the Company ("Units") at \$0.42 per Unit for gross proceeds of \$5,752,530. The net proceeds from the sale of the Units will be used to fund expansion of the Company's solar business and for working capital purposes.

**56MW Project for Green Data Center Real Estate** – On March 9, 2021 the Company signed a Solar Design Agreement ("Design Agreement") with Green Data Center Real Estate Inc. ("Green Data") to commence design and detailed feasibility analysis on an initial 56-megawatt ("MW"), US \$60 million ground and roof mount solar project (the "Project") at a hyperscale data center in Illinois. The Design Agreement details a phased approach to Project development in order to assess the potential of increasing the project size. It is anticipated the data center will have sufficient electricity demand to support a solar project up to 150 MW. Under the Agreement, Solar Alliance and Green Data will determine the feasibility of a larger second phase of the Project while simultaneously advancing

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detailed design work on the initial 56 MW phase. Final costs for both phases will be determined and negotiated as part of a final construction agreement and Notice to Proceed.

**Bridgestone Project Completed** – On March 3, 2021 Solar Alliance completed work at the 2.4 MW commercial solar project (the "Solar Project") for Bridgestone Americas Inc. ("Bridgestone"), a subsidiary of Bridgestone Corporation, in South Carolina. This is the largest solar project in the Company's history and was constructed on a confidential basis until it was fully completed and operational. The Solar Project, with a capital cost of US\$2.7 million, is powered by more than 7,000 solar modules and will generate almost 4 gigawatt hours (GWh) of electricity annually, equivalent to powering almost 600 homes and offsetting 2,829 tons of carbon dioxide emission each year. The Solar Project will also generate substantial electricity cost savings and the energy produced by the Solar Project will be used entirely to offset usage within Bridgestone's facility.

### 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, installation and project ownership space. The market for residential, commercial and industrial solar energy systems remains strong and is growing.

### Results of Operations

Revenue for the three months ended March 31, 2021 was \$582,223 compared to \$625,288 in the comparative period.

Operating and selling expenditures, excluding non-cash depreciation and share-based payments, were \$554,863 in the three months ended March 31, 2021 compared to \$421,624 in the comparative period, an increase of \$133,239, or 32%. The increase is a result of larger accounts receivables and work in progress, offset by smaller customer deposits in the Company. As well, the Company continues to cut costs at all areas, in particular at the corporate administrative level.

### Liquidity and Capital Resources

Solar Alliance began the 2021 fiscal period with \$1,877 cash. During the three months ended March 31, 2021, the Company used \$1,323,352 in operating activities, net of working capital changes, and received \$6,023,596 from financing activities, to end at March 31, 2021 with \$4,697,329 cash.

During the three months ended March 31, 2021 the Company issued 10,960,714 common shares on the exercise of stock options for proceeds of \$611,500.

During the three months ended March 31, 2021 the Company issued 16,144,763 common shares on the exercise of warrants for proceeds \$950,188.

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.

As of March 31, 2021, the Company had a working capital of \$690,417. The cash inflows from Solar Alliance operations are currently sufficient to sustain the Company's operations and to pay the Company's obligations as they become due. Management intends to continue to raise capital through a combination of revenue growth, reduced expenses, and injections of capital through debt and equity issuances. There can be no assurance that

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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 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, 2019 - \$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 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
<b>Total</b>	<b>\$ 59,166</b>	<b>\$ 90,317</b>

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.

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

	Common Shares Issued and Outstanding	Common Shares Purchase Warrants	Common Shares Purchase Options
<b>Balance at March 31, 2021</b>	<b>273,916,014</b>	<b>15,724,089</b>	<b>11,889,286</b>
Warrants exercised	1,068,834	(1,068,834)	-
<b>Balance at the date of this MD&amp;A</b>	<b>274,984,848</b>	<b>14,655,255</b>	<b>11,889,286</b>

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### **Risk Factors**

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the Company's Annual MD&A for year ended December 31, 2020, available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Disclosure of Internal Controls**

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements; and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Company uses the Venture Issuer Basic Certificate, which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of unaudited condensed interim consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS). The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Subsequent Events**

- a) 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.
- b) On May 26, 2021 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 "Abundant Project"). The construction-ready Abundant Project is permitted and is supported by a 30 year power purchase agreement. This Abundant 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.

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Construction on the Abundant 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.

- c) Subsequent to March 31, 2021, 1,068,834 warrants were exercised for an exercise price \$0.05, for gross proceeds of \$53,442.

**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: financing 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](http://www.sedar.com) and on the Company's website at [www.solaralliance.com](http://www.solaralliance.com).