
SOLAR ALLIANCE ENERGY INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
THREE MONTHS ENDED MARCH 31, 2020
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of Deveron UAS Corp. (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, 2020 | As at December 31, 2019 |
|---|----------------------------|-------------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 47,053 | \$ 45,634 |
| Accounts receivable and other assets | 272,774 | 493,643 |
| Due from related party | 288,000 | 288,000 |
| Prepaid expenses and deposits | 8,331 | 3,706 |
| Work in process | 200,072 | 426,806 |
| Total current assets | 816,230 | 1,257,789 |
| Non-current assets | | |
| Deposits (note 3) | 25,739 | 25,169 |
| Equipment (note 5) | 14,601 | 20,311 |
| Right-of-use assets (note 4) | 39,528 | 45,234 |
| Total non-current assets | 79,868 | 90,714 |
| Total assets | \$ 896,098 | \$ 1,348,503 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Trade and other payables (notes 6 and 15) | \$ 5,024,656 | \$ 5,135,192 |
| Customer deposits | 83,348 | 531,530 |
| Contingent consideration | 58,342 | 58,342 |
| Current portion of lease liability (note 7) | 43,225 | 38,862 |
| Loans and borrowing (note 8) | 804,141 | 758,857 |
| Total current liabilities | 6,013,712 | 6,522,783 |
| Non-current liabilities | | |
| Lease liability (note 7) | - | 9,715 |
| Asset retirement obligations | 101,762 | 101,762 |
| Total liabilities | 6,115,474 | 6,634,260 |
| Shareholders' deficiency | | |
| Share capital (note 9) | 43,341,877 | 43,230,210 |
| Reserves (notes 11 and 10) | 13,847,529 | 13,826,269 |
| Accumulated other comprehensive income (loss) | (411,858) | 15,902 |
| Deficit | (61,996,924) | (62,358,138) |
| Total shareholders' deficiency | (5,219,376) | (5,285,757) |
| Total liabilities and shareholders' deficiency | \$ 896,098 | \$ 1,348,503 |

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

Nature of operations and going concern (note 1)

These consolidated financial statements are approved for issue by the Board of Directors of the Company on May 27, 2020. Signed on the Company's behalf by:

"Jason Bak"
Director

"Michael Clark"
Director

Solar Alliance Energy Inc.

Condensed Interim Consolidated Statements of Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

| | Three Months Ended March 31, 2020 | Three Months Ended March 31, 2019 |
|--|--|--|
| Revenues | \$ 625,288 | \$ 213,547 |
| Cost of services | (186,291) | (104,944) |
| | 438,997 | 108,603 |
| Operating and selling expenses | | |
| Depreciation (notes 5 and 4) | 7,268 | 9,316 |
| Consulting fees | 52,917 | 114,194 |
| Insurance and filing fees | 32,007 | 21,981 |
| Marketing and advertising | 2,569 | 7,146 |
| Office, rent and utilities | 63,676 | 61,995 |
| Professional fees (note 15) | 13,738 | 36,036 |
| Salaries and benefits (note 15) | 254,062 | 180,707 |
| Share-based payments (note 11) | 49,328 | - |
| Travel and related | 2,655 | 8,897 |
| | 478,220 | 440,272 |
| Loss from operations for the period | (39,223) | (331,669) |
| Net finance income (expense) | | |
| Interest expense | (25,394) | (44,259) |
| Interest income | 7,343 | 5,400 |
| Foreign exchange | 418,488 | (32,726) |
| | 400,437 | (71,585) |
| Net income (loss) for the period | 361,214 | (403,254) |
| Other comprehensive income (loss) | | |
| Change in accumulated foreign exchange translation adjustment | (427,760) | 122,817 |
| Comprehensive income (loss) for the period | \$ (66,546) | \$ (280,437) |
| Basic and diluted income (loss) per common share | \$ (0.00) | \$ (0.00) |
| Weighted average number of common shares outstanding | 218,866,455 | 150,780,913 |

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, 2020 | Three Months Ended March 31, 2019 |
|--|--|--|
| Operating activities | | |
| Net loss for the period | \$ 361,214 | \$ (403,254) |
| Adjustments for non-cash items: | | |
| Depreciation | 7,268 | 9,316 |
| Share-based payments | 49,328 | - |
| Interest on lease liability | 10,229 | - |
| Net finance expense | 4,056 | 38,858 |
| Unrealized foreign exchange | (534,458) | 120,413 |
| Changes in non-cash working capital items: | | |
| Receivables | 220,869 | (35,140) |
| Prepaid expenses and deposits | (4,625) | 6,576 |
| Work in process | 226,734 | 188,783 |
| Trade and other payables | 110,536 | (390,151) |
| Customer deposits | (448,182) | 262,476 |
| Net cash used in operating activities | 2,969 | (202,123) |
| Financing activities | | |
| Obligation to issue shares | - | 283,638 |
| Lease liability payments | (8,250) | - |
| Loans received | 6,700 | 200,000 |
| Loans repaid | - | (12,096) |
| Private placements | - | 39,600 |
| Share issue costs | - | (18,710) |
| Exercise of options | - | 35,000 |
| Net cash provided by (used in) financing activities | (1,550) | 527,432 |
| Net change in cash and cash equivalents | 1,419 | 325,309 |
| Cash and cash equivalents, beginning of period | 45,634 | 77,888 |
| Cash and cash equivalents, end of period | \$ 47,053 | \$ 403,197 |

Supplemental cash flow informaton (note 13)

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' Deficiency

(Expressed in Canadian Dollars)

(Unaudited)

| | Number of shares | Share Capital | Obligation to issue shares | Reserves | Equity Component of Convertible Loan | Accumulated Other Comprehensive Income (loss) | Deficit | Total Shareholders' Deficiency |
|---|---------------------|----------------------|-------------------------------|----------------------|---|--|------------------------|--------------------------------------|
| Balance, December 31, 2018 | 96,323,786 | \$ 39,481,772 | \$ 76,000 | \$ 12,919,692 | \$ 52,174 | \$ (293,298) | \$ (59,593,764) | \$ (7,357,424) |
| Obligation to issue shares | - | - | 283,638 | - | - | - | - | 283,638 |
| Issuance of shares for loans and borrowings | 92,601,416 | 2,761,827 | - | - | (52,174) | - | - | 2,709,653 |
| Issuance of shares for trade and other payables | 7,297,920 | 364,896 | - | - | - | - | - | 364,896 |
| Exercise of options | 500,000 | 65,000 | - | (30,000) | - | - | - | 35,000 |
| Private placement | 3,853,333 | 96,213 | (76,000) | 16,892 | - | - | - | 37,105 |
| Comprehensive loss for the year | - | - | - | - | - | 122,817 | (403,254) | (280,437) |
| Balance, March 31, 2019 | 200,576,455 | \$ 42,769,708 | \$ 283,638 | \$ 12,906,584 | \$ - | \$ (170,481) | \$ (59,997,018) | \$ (4,207,569) |

| | Number of shares | Share Capital | Obligation to issue shares | Reserves | Equity Component of Convertible Loan | 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 year | - | - | - | - | - | (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) |

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 Years Ended March 31, 2020 and 2019

(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 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 consolidated financial statements.

As at March 31, 2020, the Company had an accumulated deficit of \$61,996,924 (December 31, 2019 - \$62,358,138). Comprehensive loss for the three months ended March 31, 2020 was \$66,546 (three months ended March 31, 2019 - \$280,437). 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.

2. Significant accounting policies

(a) Basis of presentation

These 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 ("FVTPL"). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(b) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

(c) Functional and presentation currency

These 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 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 consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

In the preparation of these 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 consolidated financial statements and the reported amount of expenses during the period. Actual results could differ from these estimates.

Solar Alliance Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements
For the Years Ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)
(Unaudited)

2. Significant accounting policies (continued)

(e) Use of accounting assumptions, estimates and judgments

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 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.

(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.

Solar Alliance Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements For the Years Ended March 31, 2020 and 2019 (Expressed in Canadian Dollars) (Unaudited)

2. Significant accounting policies (continued)

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

(ii) Critical accounting judgments (continued)

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.

3. Deposits

| | As at March 31, 2020 | As at December 31, 2019 |
|--|----------------------------|-------------------------------|
| BC Licence of Occupation security deposits (i) | \$ 19,000 | \$ 19,000 |
| Office lease deposit | 6,739 | 6,169 |
| Total | \$ 25,739 | \$ 25,169 |

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

4. Right-of-use assets

| | Office space |
|----------------------------|--------------|
| Balance, January 1, 2019 | \$ 45,234 |
| Additions | - |
| Depreciation | (6,966) |
| Change in foreign exchange | 1,260 |
| Balance, March 31, 2020 | \$ 39,528 |

Office spaces are depreciated over 26 months.

Solar Alliance Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Years Ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

5. Equipment

| COST | Vehicles | Office furniture and equipment | Computer | Total |
|--|-------------------|---|-----------------|-------------------|
| Balance, December 31, 2018, 2019 and March 31, 2020 | \$ 104,625 | \$ - | \$ - | \$ 104,625 |
| ACCUMULATED DEPRECIATION | | | | |
| Balance, December 31, 2018 | \$ 45,046 | \$ - | \$ - | \$ 45,046 |
| Depreciation | 37,198 | - | - | 37,198 |
| Foreign exchange | 2,070 | - | - | 2,070 |
| Balance, December 31, 2019 | \$ 84,314 | \$ - | \$ - | \$ 84,314 |
| Depreciation | 7,105 | - | - | 7,105 |
| Foreign exchange | (1,395) | - | - | (1,395) |
| Balance, March 31, 2020 | \$ 90,024 | \$ - | \$ - | \$ 90,024 |

| CARRYING AMOUNTS | Vehicle | Office Furniture and equipment | Computer | Total |
|-----------------------------------|------------------|---|-----------------|------------------|
| Balance, December 31, 2019 | \$ 20,311 | \$ - | \$ - | \$ 20,311 |
| Balance, March 31, 2020 | \$ 14,601 | \$ - | \$ - | \$ 14,601 |

6. Trade and other payables

| | March 31, 2020 | December 31, 2019 |
|---|---------------------------|------------------------------|
| Trade and other payables in Canada (i) | \$ 2,571,532 | \$ 2,245,688 |
| Trade and other payables in the U.S.A. | 1,995,003 | 2,364,693 |
| Trade and other payables to related parties (Note 15) | 458,121 | 458,121 |
| Total amounts payable and other liabilities | \$ 5,024,656 | \$ 5,068,502 |

(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.

Solar Alliance Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements
For the Years Ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)
(Unaudited)

7. Lease liabilities

| As at March 31, | 2019 |
|---------------------------------|------------------|
| Balance, January 1, 2020 | \$ 48,577 |
| Additions | - |
| Interest expense | 1,317 |
| Lease payments | (8,250) |
| Change in foreign exchange | 1,581 |
| Balance, March 31, 2020 | \$ 43,225 |
| Allocated as: | |
| Current | \$ 43,225 |
| Long-term | - |
| Balance, March 31, 2020 | \$ 43,225 |

On August 31, 2018, the Company entered into a thirty-six month lease agreement for new office space in Chatham, Ontario, commencing on January 1, 2019. Under the lease, the Company is required to pay a monthly base rent of \$1,385. 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%.

8. Loans and Borrowings

| | March 31, 2020 | December 31, 2019 |
|--------------------------------|-------------------|----------------------|
| Convertible Loan (a) | \$ - | \$ - |
| Loan (b) | 183,722 | 164,695 |
| Related party loans (c) | - | - |
| Shareholder loan (d) | 586,002 | 566,182 |
| Officer and director loans (e) | 10,439 | 10,076 |
| Other | 23,978 | 17,904 |
| Total | \$ 804,141 | \$ 758,857 |

a) Convertible loan

| | March 31, 2020 | December 31, 2019 |
|--------------|-------------------|----------------------|
| Total | \$ - | \$ - |

Solar Alliance Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Years Ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

8. Loans and Borrowings (continued)

During the three months ended March 31, 2020, the Company recorded interest expense of \$nil (2019 - \$20,383), being accretion on the debt of \$nil (2019 - \$Nil) and interest expense of \$nil (2019 - \$20,383).

In February 2019, the Company issued 76,398,174 common shares valued at \$2,291,945 in full and final settlement of the convertible note and all accrued interest (Note 9).

The issuance of these common shares, along with the common shares issued in settlement of the shareholder loans (Note 8(d)), 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.

b) Loan

| | March 31, 2020 | December 31, 2019 |
|-----------|-------------------|----------------------|
| Principal | \$ 92,216 | \$ 84,422 |
| Interest | 91,506 | 80,273 |
| Total | \$ 183,722 | \$ 164,695 |

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, 2020, the Company accrued interest of \$3,823 (2019 - \$12,902) and recorded a foreign exchange gain on the loan of \$15,204 (2019 - 7,643).

c) Related party loans

| | March 31, 2020 | December 31, 2019 |
|-------|-------------------|----------------------|
| Total | \$ - | \$ - |

As at December 31, 2018, a company controlled by an officer of the Company had advanced the Company \$52,396 pursuant to unsecured promissory notes bearing interest at 15% per annum and due on demand. During the three months ended March 31, 2020, the Company recorded interest expense of \$nil (2019 - \$2,013).

In April 2019, the Company repaid \$58,739 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 Years Ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

8. Loans and Borrowings (continued)

d) Shareholder loan

| | March 31, 2020 | December 31, 2019 |
|-----------|-------------------|----------------------|
| Principal | \$ 530,000 | \$ 530,000 |
| Interest | 56,002 | 36,182 |
| Total | \$ 586,002 | \$ 566,182 |

During the three months ended March 31, 2020, a company controlled by a shareholder advanced the Company \$530,000 pursuant to unsecured promissory notes bearing interest at 15% per annum and due on demand. During the three months ended March 31, 2020, the Company recorded interest expense of \$19,820 (2019 - \$36,182) on the promissory notes.

During the year ended December 31, 2018, a company controlled by a shareholder advanced the Company \$470,000 pursuant to unsecured promissory notes bearing interest at 15% per annum and due on demand. During the year ended December 31, 2018, the Company recorded interest expense of \$10,110 on the promissory notes.

e) Officer and director loans

| | March 31, 2020 | December 31, 2019 |
|-----------|-------------------|----------------------|
| Principal | \$ 9,700 | \$ 9,700 |
| Interest | 739 | 376 |
| Total | \$ 10,439 | \$ 10,076 |

During the three months ended March 31, 2020, 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, 2020, the Company recorded interest expense of \$112 (2019 - 170) on the promissory note.

During the three months ended March 31, 2020, a director of the Company advanced the Company \$6,700 pursuant to a promissory note bearing interest at 15% per annum and due in October 2020. During the three months ended March 31, 2020, the Company recorded interest expense of \$251 (2019 - \$206) on the promissory note.

9. 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.

Solar Alliance Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements
For the Years Ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)
(Unaudited)

9. Share capital (continued)

b) Common shares issued

| | Number of common shares | Amount |
|---|-------------------------------|----------------------|
| Balance, December 31, 2018 | 96,323,786 | \$ 39,481,772 |
| Issuance of shares for loans and borrowings | 92,601,416 | 2,761,827 |
| Issuance of shares for trade and other payables | 7,297,920 | 364,896 |
| Private placement | 3,853,333 | 96,213 |
| Exercise of options | 500,000 | 65,000 |
| Balance, March 31, 2019 | 200,576,455 | \$ 42,769,708 |
| 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 |

At March 31, 2020, the Company had 219,602,719 common shares issued and outstanding (March 31, 2019 – 200,576,455) and no preferred shares issued and outstanding. A summary of changes in share capital and reserves is contained on the consolidated statements of changes in shareholders' deficiency for the years ended December 31, 2019 and 2018.

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 three companies controlled by officers of the Company to settle consulting fees of \$111,667, accrued to January 31, 2020.

10. Warrants

The following table reflects the warrants issued and outstanding as of March 31, 2020:

| Expiry Date | Exercise Price | Balance December 31 2019 | Granted | Exercised | Expired | Balance March 31, 2020 |
|---------------------------------|----------------|--------------------------------|---------|-----------|---------|------------------------------|
| February 28, 2022 | \$ 0.05 | 2,783,333 | - | - | - | 2,783,333 |
| March 14, 2022 | \$ 0.05 | 1,070,000 | - | - | - | 1,070,000 |
| April 8, 2022 | \$ 0.05 | 11,121,265 | - | - | - | 11,121,265 |
| April 25, 2020 | \$ 0.18 | 8,064,332 | - | - | - | 8,064,332 |
| April 25, 2020 | \$ 0.25 | 545,747 | - | - | - | 545,747 |
| May 9, 2020 | \$ 0.10 | 6,506,900 | - | - | - | 6,506,900 |
| June 27, 2020 | \$ 0.18 | 7,608,333 | - | - | - | 7,608,333 |
| July 6, 2020 | \$ 0.18 | 7,258,666 | - | - | - | 7,258,666 |
| August 22, 2020 | \$ 0.07 | 2,405,000 | - | - | - | 2,405,000 |
| December 13, 2020 | \$ 0.10 | 2,858,999 | - | - | - | 2,858,999 |
| | \$ 1.21 | 50,222,575 | - | - | - | 50,222,575 |
| Weighted Average exercise price | \$ 0.12 | \$ - | \$ - | \$ - | \$ - | \$ 0.12 |

As of March 31, 2020, the weighted average remaining contractual life of the Company's warrants is 0.41 years (2019 - 0.41 years).

Solar Alliance Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the Years Ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

11. Stock options

The Company has a common share Stock Option Plan (equity-settled). The Board of Directors of the Company may from time to time, at its discretion, and in accordance with the requirements of the TSX-V, grant to directors, officers and technical consultants to the Company, non-transferable options to purchase common shares, exercisable for a period of up to five years from the date of grant. There are no vesting requirements pursuant to the stock option plan. The Board may add such provisions at its discretion on a grant-by-grant basis. However, stock options granted in respect of investor relations activities must vest quarterly over a minimum one-year period, pursuant to TSX-V policy. The Board of Directors have resolved that the Stock Option Plan authorize the directors to grant stock options up to a maximum of 10% of the number of common shares issued and outstanding at the time of grant. The "rolling" stock option plan has been in effect since the Company was listed on the TSX-V.

Details of the stock options outstanding as at March 31, 2020 are as follows:

| Expiry Date | Exercise Price | Balance December 31 2019 | Granted | Exercised | Expired/ Cancelled | Balance March 31, 2020 |
|---------------------------------|----------------|--------------------------------|-----------|-----------|-----------------------|------------------------------|
| December 15, 2020 | \$ 0.07 | 1,000,000 | - | - | - | 1,000,000 |
| June 17, 2021 | \$ 0.06 | 500,000 | - | - | - | 500,000 |
| November 30, 2021 | \$ 0.08 | 500,000 | - | - | (500,000) | - |
| December 22, 2022 | \$ 0.08 | 1,500,000 | - | - | - | 1,500,000 |
| January 26, 2023 | \$ 0.08 | 600,000 | - | - | (300,000) | 300,000 |
| February 1, 2023 | \$ 0.08 | 500,000 | - | - | - | 500,000 |
| May 4, 2023 | \$ 0.08 | 500,000 | - | - | - | 500,000 |
| May 6, 2024 | \$ 0.06 | 12,250,000 | - | - | - | 12,250,000 |
| July 16, 2024 | \$ 0.06 | 2,000,000 | - | - | - | 2,000,000 |
| March 31, 2025 | \$ 0.05 | - | 2,900,000 | - | - | 2,900,000 |
| | \$ - | 19,350,000 | 2,900,000 | - | (800,000) | 21,450,000 |
| Weighted Average exercise price | \$ 0.09 | \$ 0.05 | | \$ 0.07 | \$ 0.08 | \$ 0.06 |

As of March 31, 2020, all of the stock options were exercisable. The weighted average remaining contractual life of the Company's stock options is 2.62 years (2019 - 3.85 years).

12. Share-based payments

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

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13. Supplemental cash flow information

| For the three months ended March 31, | 2020 | 2019 |
|---|------------|--------------|
| Non-cash investing and financing activities | | |
| Shares issued for loans and borrowings | \$ - | \$ 2,778,042 |
| Shares issued for trade and other payables | \$ 111,667 | \$ 364,896 |
| Valuation of warrants issued in private placements | \$ - | \$ 16,892 |
| Allocation of reserve on exercise of stock options | \$ - | \$ 30,000 |
| Recognition of right-of-use asset and lease liability | \$ - | \$ - |
| Non-cash investing and financing activities | \$ 111,667 | \$ 3,189,830 |
| Supplemental Information | | |
| Interest paid | \$ - | \$ 6,126 |
| Income taxes paid | \$ - | \$ - |

14. Sale of assets to Ghost Pine Windfarm

In August 29, 2008, the Company had entered into an Asset Purchase Agreement ("ASA") with Ghost Pine Windfarm LP ("Ghost") pertaining to the sale of certain assets. During the three months ended March 31, 2020, the Company had received the final proceeds from this APA in the amount of \$199,062.

15. Related party transactions and balances

In addition to related party transactions and balances disclosed elsewhere in these consolidated financial statements, the following transactions and balances occurred during the year ended December 31, 2019 with related parties:

- As at March 31, 2020, an amount of \$288,000 (December 31, 2019 - \$288,000) is due from a company controlled by an officer of the Company, comprised of principal of \$180,000 (December 31, 2019 - \$180,000) and accrued interest of \$108,000 (December 31, 2019 - \$108,000). During the three months ended March 31, 2020, the Company accrued interest income of \$21,600 (2019 - \$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.
- Included in trade and other payables as at March 31, 2020 is \$423,900 (December 31, 2019 - \$423,900) due to an officer of the Company, comprised of principal of \$270,000 (December 31, 2019 - \$270,000) and accrued interest of \$153,900 (December 31, 2019 - \$153,900). 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, 2020, the Company accrued interest expense of \$24,300 (December 31, 2019 - \$24,300). The principal amount accrues interest at 12% per annum.
- Included in trade and other payables as at March 31, 2020 is \$458,121 (December 31, 2019 - \$458,121) due to current and former officers and directors and a significant shareholder of the Company for consulting fees, salaries and benefits and expense reimbursements.
- Included in prepaid expenses as at March 31, 2020 is \$nil (December 31, 2019 - \$nil) advanced to an officer of the Company for future travel expenses.

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15. Related party transactions and balances (continued)

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, 2020 and 2019 were as follows:

| | Year ended March 31, | |
|-----------------------|----------------------|-------------------|
| | 2020 | 2019 |
| Consulting fees | \$ 52,917 | \$ 114,194 |
| Salaries and benefits | - | - |
| Share-based payments | 37,400 | - |
| Total | \$ 90,317 | \$ 114,194 |

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

16. 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:

| Operating segment | USA | Canada | Total |
|--|------------|------------|--------------|
| As at and for the year ended March 31, 2020 | | | |
| Total assets | \$ 561,634 | \$ 334,464 | \$ 896,098 |
| Non-current assets | 60,868 | 19,000 | 79,868 |
| Total revenues | 625,288 | - | 625,288 |
| Net loss | (85,275) | 446,489 | 361,214 |
| As at and for the year ended March 31, 2019 | | | |
| Total assets | \$ 419,676 | \$ 667,844 | \$ 1,087,520 |
| Non-current assets | 55,342 | 19,000 | 74,342 |
| Total revenue | 213,547 | - | 213,547 |
| Net Loss | (135,978) | (267,276) | (403,254) |

17. Subsequent events

- 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.
- On May 6, 2020, the Company entered into a settlement agreement (the "Debt Settlement Agreement") with certain directors to fully settle an aggregate of up to \$56,437 (the "Debt Settlement 2") of unpaid consulting fees recorded in the books of the Company by the issue of up to an aggregate of 2,257,500 common shares at \$0.025 per share as allowed by the temporary relief bulletin issued by the Toronto Stock Exchange on April 8, 2020.

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17. Subsequent events (continued)

- c) 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. 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.