solar alliance

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Solar Alliance Energy Inc.

Opinion

We have audited the consolidated financial statements of Solar Alliance Energy Inc. and its subsidiaries (the “Company”), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders’ deficiency for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that, as at December 31, 2018, the Company has a shareholders’ deficiency of $7,357,424 and the Company's current liabilities exceeded its current assets by $7,340,721. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The consolidated financial statements for the year ended December 31, 2017 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on May 2, 2018.

Other Information

Management is responsible for the other information. The other information comprises the information included in the management’s discussion and analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be through to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Andrew Lee.

Vancouver, Canada | *"Morgan & Company LLP"*

April 29, 2019 | Chartered Professional Accountant

MORGAN
COMPANY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

SOLAR ALLIANCE ENERGY INC.

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note		December 31, 2018		December 31, 2017
ASSETS					
Current assets					
Cash		$	77,888	$	1,179,203
Receivables			129,915		344,090
Due from related party	*15*		266,400		244,800
Prepaid expenses and deposits			12,425		205,801
Work in process			356,060		228,858
			842,688		2,202,752
Non-current assets					
Deposits	*4*		25,480		30,567
Equipment	*5*		59,579		63,056
			85,059		93,623
		$	927,747	$	2,296,375
LIABILITIES AND SHAREHOLDERS' DEFICIENCY					
Current liabilities					
Trade and other payables	*6*	$	4,960,633	$	4,338,624
Customer deposits			170,469		307,905
Contingent consideration	*12*		58,342		58,342
Loans and borrowings	*7*		2,993,965		2,121,038
Provision	*8*		-		127,500
			8,183,409		6,953,409
Provision	*8*		101,762		101,762
			8,285,171		7,055,171
Shareholders' deficiency					
Share capital	*9*		39,481,772		39,481,772
Obligation to issue shares	*21*		76,000		-
Reserve	*9*		12,919,692		12,519,049
Equity component of convertible loan	*7*		52,174		52,174
Accumulated other comprehensive income (loss)			(293,298)		167,300
Deficit			(59,593,764)		(56,979,091)
			(7,357,424)		(4,758,796)
		$	927,747	$	2,296,375
Nature of operations and going concern	*1*				
Subsequent events	*21*				

These consolidated financial statements are approved for issue by the Board of Directors of the Company on April 29, 2019.

Signed on the Company's behalf by:

"Jason Bak" Director "Michael Clark" Director

SOLAR ALLIANCE ENERGY INC.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Note		Year ended December 31, 2018		2017
Revenue		$	1,982,890	$	4,602,684
Cost of goods sold			(1,825,860)		(3,523,752)
			157,030		1,078,932
Operating and selling expenses					
Depreciation	*5*		37,445		27,640
Consulting fees			897,778		898,364
Insurance and filing fees			167,612		184,461
Marketing and advertising			59,471		239,372
Office, rent and utilities			435,529		622,123
Professional fees			261,924		455,651
Salary and benefits			807,923		2,022,606
Share-based compensation	*9*		121,643		383,545
Travel and related			58,071		257,892
			(2,847,396)		(5,091,654)
Loss before undernoted			(2,690,366)		(4,012,722)
Other income (expenses)					
Change in fair value of contingent consideration	*12*		-		(58,342)
Gain on acquisition of SASE	*12*		-		90,675
Gain on sale of equipment	*5*		4,148		-
Gain on sale of subsidiary	*10*		52,432		-
Gain on sale of wind assets	*11*		-		1,267,054
Gain on settlement of loan	*7*		-		100,605
Gain on settlement of provision	*8*		46,100		-
Gain on settlement of trade and other payables	*6*		200,259		182,170
Impairment of goodwill	*13 & 14*		-		(3,870,591)
Loss on disposal of equipment			-		(9,935)
Reversal of provision	*8*		77,500		-
			380,439		(2,298,364)
Loss from operations			(2,309,927)		(6,311,086)
Net finance income (expense)					
Interest expense	*7 & 15*		(352,802)		(272,289)
Interest income	*15*		21,600		27,000
Foreign exchange			305,456		(920,624)
			(25,746)		(1,165,913)
Loss for the year			(2,335,673)		(7,476,999)
Other comprehensive income (loss)					
Change in accumulated foreign exchange translation adjustment			(460,598)		905,896
Comprehensive loss for the year		$	(2,796,271)	$	(6,571,103)
Basic and diluted loss per common share		$	(0.02)	$	(0.09)
Weighted average number of common shares outstanding			96,323,786		82,437,061

The accompanying notes are an integral part of these Consolidated Financial Statements.

SOLAR ALLIANCE ENERGY INC.

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Note		Year ended December 31, 2018		2017
CASH FLOWS FROM (TO) OPERATING ACTIVITIES					
Loss for the year		$	(2,335,673)	$	(7,476,999)
Items not affecting cash:					
Depreciation			37,445		27,640
Share-based compensation			121,643		383,545
Change in fair value of contingent consideration			-		58,342
Gain on acquisition of SASE			-		(90,675)
Gain on sale of equipment			(4,148)		-
Gain on sale of subsidiary			(52,432)		-
Gain on sale of wind assets			-		(1,267,054)
Gain on settlement of loan			-		(100,605)
Gain on settlement of provision			(46,100)		-
Gain on settlement of trade and other payables			(200,259)		(182,170)
Impairment of goodwill			-		3,870,591
Loss on disposal of equipment			-		9,935
Reversal of provision			(77,500)		-
Net finance expense			330,798		117,049
Unrealized foreign exchange			(449,357)		957,421
			(2,675,583)		(3,692,980)
Changes in non-cash working capital items:					
Receivables			214,175		(259,159)
Prepaid expenses and deposits			193,376		(173,469)
Work in process			(127,202)		(25,493)
Trade and other payables			789,868		68,282
Customer deposits			(137,436)		114,450
Provision			(3,900)		50,000
Net cash used in operating activities			(1,746,702)		(3,918,369)
CASH FLOWS FROM (TO) INVESTING ACTIVITIES					
Acquisition of equipment	*5*		(2,592)		-
Acquisition of project pipeline	*13*		-		(1,126,473)
Acquisition of SASE	*12*		-		15,218
Deposits	*4*		5,087		22,240
Proceeds on sale of equipment	*5*		4,148		-
Proceeds on sale of subsidiary	*10*		52,432		-
Proceeds on sale of wind assets	*11*		-		1,267,054
Net cash provided by investing activities			59,075		178,039
CASH FLOWS FROM (TO) FINANCING ACTIVITIES					
Private placements	*9*		-		2,943,293
Share issue costs	*9*		-		(185,026)
Exercise of options	*9*		-		442,250
Exercise of warrants	*9*		-		373,001
Obligation to issue shares	*21*		76,000		-
Loans received	*7*		610,507		2,037,200
Loans repaid	*7*		(92,810)		(720,020)
Interest and financing fees paid	*7*		(7,385)		(101,691)
Net cash provided by financing activities			586,312		4,789,007
Change in cash during the year			(1,101,315)		1,048,677
Cash, beginning of year			1,179,203		130,526
Cash, end of year		$	77,888	$	1,179,203
Non-cash investing and financing activities					
Shares issued for finder's fees on private placements		$	-	$	20,000
Warrants issued for finder's fees on private placements			-		55,740
Shares issued for consulting fees			-		60,000
Supplementary information					
Interest paid		$	7,385	$	101,691
Income taxes paid			-		-

The accompanying notes are an integral part of these Consolidated Financial Statements.

SOLAR ALLIANCE ENERGY INC.

Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Obligation to issue shares	Reserve	Equity Component of Convertible Loan	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Shareholders' Deficiency
Balance, December 31, 2017	96,323,786	$ 39,481,772	$ -	$ 12,519,049	$ 52,174	$ 167,300	$ (56,979,091)	$ (4,758,796)
Obligation to issue shares	-	-	76,000	-	-	-	-	76,000
Extension and repricing of warrants	-	-	-	279,000	-	-	(279,000)	-
Share-based compensation	-	-	-	121,643	-	-	-	121,643
Comprehensive loss for the year	-	-	-	-	-	(460,598)	(2,335,673)	(2,796,271)
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)

	Number of Shares	Share Capital	Obligation to issue shares	Reserve	Equity Component of Convertible Loan	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Shareholders' Deficiency
Balance, December 31, 2016	65,237,787	$ 36,654,533	$ -	$ 11,329,225	$ -	$ (738,596)	$ (49,502,092)	$ (2,256,930)
Private placements	22,339,331	1,954,528	-	1,048,765	-	-	-	3,003,293
Share issue costs	166,667	(240,766)	-	55,740	-	-	-	(185,026)
Exercise of stock options	4,850,000	684,334	-	(242,084)	-	-	-	442,250
Exercise of warrants	3,730,001	429,143	-	(56,142)	-	-	-	373,001
Share-based compensation	-	-	-	383,545	-	-	-	383,545
Equity Component of Convertible Loan	-	-	-	-	52,174	-	-	52,174
Comprehensive loss for the year	-	-	-	-	-	905,896	(7,476,999)	(6,571,103)
Balance, December 31, 2017	96,323,786	$ 39,481,772	$ -	$ 12,519,049	$ 52,174	$ 167,300	$ (56,979,091)	$ (4,758,796)

The accompanying notes are an integral part of these Consolidated Financial Statements.

1. NATURE OF OPERATIONS 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 Unit 1 - 15782 Marine Drive, White Rock, B.C., Canada, V4B 1E6.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Assessing the Company's ability to continue as a going concern for the foreseeable future is a matter of significant judgment. As of December 31, 2018, the Company has a working capital deficiency of $7,340,721 and a shareholders' deficiency of $7,357,424. The cash and cash inflows from Solar Alliance operations are not currently sufficient to sustain the Company's operations and to pay the Company's obligations as they become due. Management intends to address the working capital deficiency through a combination of revenue growth, reduced expenses, and injections of capital through debt and equity issuances over time. There can be no assurance that management's plans will be successful or that the Company will be able to obtain the financial resources necessary. The Company's ability to continue as a going concern is dependent on the Company's ability to raise debt or equity funding in the near term to fulfill its obligations and ultimately in self-generating income and cash flows from its operations. The conditions described above give rise to a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect any adjustments that would be necessary to the carrying value of its assets and liabilities, its reported expenses, and the statement of financial position, and the classifications used, should the Company conclude that the going concern assumption is not appropriate.

2. BASIS OF PRESENTATION

Statement of compliance

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

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.

2. BASIS OF PRESENTATION (continued)

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.

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 compensation

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

(ii) Critical accounting judgments

Determination of functional currency

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

Fair value of embedded derivatives

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

2. BASIS OF PRESENTATION (continued)

Use of accounting assumptions, estimates and judgments (continued)

(ii) Critical accounting judgments (continued)

Recovery of deferred tax assets

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

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

The Company has not recorded any deferred tax assets.

Determination of CGUs

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

Contingencies

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

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries.

Details of the Company's subsidiaries as at December 31, 2018 and 2017 are as follows.

Name of subsidiary	Place of incorporation	Principal activity	Ownership interest December 31, 2018	Ownership interest December 31, 2017
Solar Alliance Southeast, LLC	Tennessee	Operating company	100%	100%
Solar Alliance of America, Inc.	California	Operating company	100%	100%
Solar Alliance Services, Inc.	Delaware	Operating company	100%	100%
Finavera Solar Holding Inc.	Delaware	Holding company	100%	100%
Wildmare Wind Energy Corp.	BC	Dormant company	100%	100%
Wildmare Wind Energy Limited Partnership.	BC	Dormant company	85%	85%
Solar Alliance Hosting Inc.	Delaware	Holding company	0%	0%

Solar Alliance Hosting Inc. was incorporated in May 2018 and sold in November 2018 (Note 10).

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the respective functional currencies of the Company and its subsidiaries, using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate in effect at the financial statement date. Such exchange gains or losses arising from translation are recognized in profit or loss for the reporting period.

The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in the foreign currency translated at the exchange rate at the end of the period.

(ii) Translation of foreign operations for consolidation

For purposes of consolidation, the assets and liabilities of foreign operations with functional currencies other than the Canadian dollar are translated to Canadian dollars using the rate of exchange in effect at the financial statement date. Revenue and expenses of the foreign operations are translated to Canadian dollars at exchange rates at the date of the transactions with the average exchange rate for the period being used for practical purposes. Foreign currency differences resulting from translation of the accounts of foreign operations are recognized directly in other comprehensive income (loss) and are recorded in the accumulated foreign exchange translation adjustment as a separate component of shareholders' deficiency.

When a foreign operation is disposed of, the amount of the associated translation reserve is fully transferred to profit or loss.

Equipment

Equipment is recorded at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is recognized in operations on either a declining balance basis or straight-line basis over the estimated useful lives of each part of an item of equipment, the choice dependent on which most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Depreciation rates are as follows: computer equipment 20%-30%; office furniture and equipment 20% - 30%; and vehicles 30%.

An item of equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Goodwill

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the identifiable assets acquired, less liabilities assumed, based on fair values. Goodwill is allocated, at the date of acquisition, to the Company's cash generating unit that is expected to benefit from the synergies of the business combination. Goodwill arising from acquisition of subsidiaries is measured at cost less accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

(i) Financial assets

Financial assets not carried at fair value through profit or loss are assessed at each reporting date by determining whether there is objective evidence that indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

(ii) Non-financial assets

Non-financial assets, such as equipment and goodwill, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested for impairment at each reporting date.

For impairment testing purposes, the assets are grouped together into the smallest group of assets, or CGU's, that generate cash inflows from continuing operations that are largely independent of the cash inflows of other assets or CGU's. Goodwill arising from a business acquisition is allocated to CGU's that are expected to benefit from the synergies of the acquisition.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset Fair value less costs to sell is defined as the estimated price that would be received on the sale of the asset in an orderly transaction between market participants at the measurement date.

An impairment loss is recognized if the carrying amount of an asset or the CGU exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGUs are first allocated to reduce goodwill and then to reduce the carrying amounts of other assets in the CGU on a pro rata basis.

Impairment losses in respect of goodwill are not reversed. For other assets, impairment losses are reversed if there has been a change in facts and circumstances that led to the impairment and the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue

Effective January 1, 2018, IFRS 15 Revenue from Contracts with Customers ("IFRS 15") replaced IAS 18 Revenue ("IAS 18") and a number of related standards and interpretations. IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

There was no material impact to the Company's consolidated financial statement as a result of transitioning to IFRS 15.

The Company generates revenues from development and engineering, procurement and construction ("EPC") commercial and industrial solar projects and residential solar installations.

(i) Development and EPC commercial and industrial solar projects

Revenues from EPC projects is recognized, when the amount of revenue can be reliably measured, when the significant risks and rewards of ownership of the products or services have passed to the buyer and the Company has the right to be compensated.

(ii) Residential solar installations

Revenue is recognized when earned which is the date that an installed solar system passes the final inspection by the appropriate authorities. Until that time any funds received in advance of revenue recognition are recognized as customer deposits in the statement of financial position and any costs incurred related to the project are deferred as work in progress.

Financial instruments

IFRS 9 Financial Instruments ("IFRS 9") replaced IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") and all previous versions of IFRS 9. There was no material impact to the Company's consolidated financial statements as a result of transitioning to IFRS 9 on January 1, 2018.

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or at fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income, or (iii) at fair value through profit or loss.

Amortized cost

Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Fair value through other comprehensive income ("FVTOCI")

Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI.

This classification includes certain equity instruments where IFRS 9 allows an entity to make an irrevocable election to classify the equity instruments, on an instrument-by-instrument basis, that would otherwise be measured at FVTPL to present subsequent changes in FVTOCI.

Fair value through profit or loss ("FVTPL")

Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. This category includes debt instruments whose cash flow characteristics are not SPPI or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell the financial asset.

Consistent with IAS 39, financial liabilities under IFRS 9 are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost.

The following table summarizes the classification of the Company's financial instruments under IAS 39 and IFRS 9:

	IAS 39	IFRS 9
Financial assets		
Cash	FVTPL	FVTPL
Receivables	Loans and receivables	Amortized cost
Due from related party	Loans and receivables	Amortized cost
Deposits	Loans and receivables	Amortized cost
Financial liabilities		
Trade and other payables	Other financial liabilities	Amortized cost
Customer deposits	Other financial liabilities	Amortized cost
Loans and borrowings	Other financial liabilities	Amortized cost

Employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in reserve, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service conditions at the vesting date.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Finance income and expense

Finance income comprises interest income on funds invested.

Finance expense comprise interest expense on loans and borrowings and unwinding of discounts on contingent consideration and provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that the tax arises from a transaction which is recognized directly in equity or in other comprehensive income or directly in shareholder's deficiency.

Current tax is the expected tax payable or recoverable on the taxable income or loss for a period. Current liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is assets and liabilities are recognized for temporary differences which are differences between the carrying amounts of an asset or liabilities in the consolidated statements of financial position and its tax base, the carry-forward of unused tax losses and unused tax credits. Deferred tax assets and liabilities are measured at the tax rate that are expected to apply when the asset or liability is expected to be realized or settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. The Company reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of part or all of these deferred tax assets to be utilized. Such reduction is reversed to the extent that it becomes probable that sufficient taxable income will be available.

Income (loss) per share

The Company presents basic and diluted income (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for any shares held by the Company. Diluted loss per share is calculated by dividing the earnings (loss) by the weighted average number of common shares outstanding assuming that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

In the Company's case, diluted loss per share is the same as basic loss per share, as the effect of outstanding share options on loss per share would be anti-dilutive.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

New standards, interpretations and amendments not yet effective

Certain new standards, amendments to standards and interpretations are not yet effective as of December 31, 2018 and have not been applied in preparing these consolidated financial statements.

IFRS 16 – Leases

On January 13, 2016, the IASB issued IFRS 16, Leases. The new standard is effective for the Company on January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, Revenue from Contracts with Customers, at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17, Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease and transitional provisions have been provided.

The introduction of IFRS 16 is not expected to have a significant impact on the Company's financial statements.

(Expressed in Canadian dollars)

4. DEPOSITS

	December 31, 2018	December 31, 2017
BC License of Occupation security deposits *	$ 19,000	$ 19,000
Office lease deposit	6,480	11,567
Total	$ 25,480	$ 30,567

* 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.

5. EQUIPMENT

	Vehicles	Office furniture and equipment	Computer	Total
Cost				
At December 31, 2016	$ 21,483	$ 17,128	$ 68,582	$ 107,193
Additions	71,202	-	-	71,202
Disposals	(21,483)	-	-	(21,483)
Write-off	-	(13,091)	(65,841)	(78,932)
Foreign exchange	(1,922)	-	-	(1,922)
At December 31, 2017	69,280	4,037	2,741	76,058
Additions	31,426	-	-	31,426
Disposals	(3,485)	-	-	(3,485)
Write-off	-	(4,037)	(2,741)	(6,778)
Foreign exchange	7,404	-	-	7,404
At December 31, 2018	$ 104,625	$ -	$ -	$ 104,625
Accumulated depreciation				
At December 31, 2016	$ 8,793	$ 7,828	$ 59,306	$ 75,927
Depreciation	9,064	9,300	9,276	27,640
Disposals	(11,548)	-	-	(11,548)
Write-off	-	(13,091)	(65,841)	(78,932)
Foreign exchange	(85)	-	-	(85)
At December 31, 2017	6,224	4,037	2,741	13,002
Depreciation	37,445	-	-	37,445
Disposals	(3,485)	-	-	(3,485)
Write-off	-	(4,037)	(2,741)	(6,778)
Foreign exchange	4,862	-	-	4,862
At December 31, 2018	$ 45,046	$ -	$ -	$ 45,046
Carrying amounts				
At December 31, 2017	$ 63,056	$ -	$ -	$ 63,056
At December 31, 2018	$ 59,579	$ -	$ -	$ 59,579

(Expressed in Canadian dollars)

5. EQUIPMENT (continued)

During the year ended December 31, 2018, the Company wrote-off fully depreciated equipment of $6,778.

During the year ended December 31, 2018, the Company sold fully depreciated equipment for proceeds of $4,148 and accordingly recorded a gain on sale of equipment of $4,148.

6. TRADE AND OTHER PAYABLES

	December 31, 2018	December 31, 2017
Trade and other payables in Canada *	$ 2,031,015	$ 1,844,028
Trade and other payables in the U.S.A.	2,075,697	1,723,604
Trade and other payables to related parties (Note 15)	853,921	770,992
Total	$ 4,960,633	$ 4,338,624

* Trade and other payables in Canada includes $708,000 under dispute since 2006 which in management's opinion is not expected to ultimately be paid in full

During the year ended December 31, 2018, the Company settled trade and other payables of $278,432 (2017 - $441,400) through the payment of $78,173 (2017 - $259,230) and accordingly recorded a gain on settlement of trade and other payables of $200,259 (2017 - $182,170).

7. LOANS AND BORROWINGS

	December 31, 2018	December 31, 2017
Convertible loan (a)	$ 2,271,562	$ 1,986,250
Loan (b)	159,436	134,788
Related party loans (c)	56,726	-
Shareholder loan (d)	480,110	-
Other	26,131	-
Total	$ 2,993,965	$ 2,121,038

a) Convertible loan

	December 31, 2018	December 31, 2017
Principal	$ 1,947,826	$ 1,947,826
Interest	271,562	31,562
Accretion	52,174	6,862
December 31, 2018	$ 2,271,562	$ 1,986,250

(Expressed in Canadian dollars)

7. LOANS AND BORROWINGS (continued)

a) Convertible loan (continued)

In November 2017, the Company entered into a convertible loan agreement with a company controlled by a shareholder for $2,000,000. The loan had a term of one year and bore interest at a rate of 12% per annum. The Company allocated an equity component of this debt hosted derivative instrument of $52,174 with the balance of $1,947,826 allocated as the debt component that was accreted by the charge of interest at the rate of 15% per annum being the interest rate of a comparable debt without a conversion feature.

In November 2018, the Company and the shareholder reached agreement on settlement of the convertible loan and agreed that interest would continue to accrue until settled. In February 2019, the convertible note and accrued interest was settled in full through the issuance of common shares of the Company (Note 21).

During the year ended December 31, 2018, the Company recorded interest expense of $285,312 (2017 - $38,424), being accretion on the debt of $45,312 (2017 - $6,862) and interest expense of $240,000 (2017 - $31,562).

b) Loan

	December 31, 2018	December 31, 2017
Principal	$ 88,673	$ 81,543
Interest	70,763	53,245
Total	$ 159,436	$ 134,788

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 year ended December 31, 2018, the Company accrued interest of $12,861 (2017 - $10,873) and recorded a foreign exchange loss on the loan of $11,787 (2017 - $8,712).

c) Related party loans

	December 31, 2018	December 31, 2017
Principal	$ 52,396	$ -
Interest	4,330	-
Total	$ 56,726	$ -

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

In March and April 2019, the Company repaid a total of $58,758 of principal and interest in full and final settlement of the debt (Note 21).

(Expressed in Canadian dollars)

7. LOANS AND BORROWINGS (continued)

d) Shareholder loan

	December 31, 2018	December 31, 2017
Principal	$ 470,000	$ -
Interest	10,110	-
Total	$ 480,110	$ -

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.

In February 2019, the shareholder loan and accrued interest was settled in full through the issuance of common shares of the Company (Note 21).

e) Demand loan

During 2012, the Company issued an unsecured promissory note for $1,000,000 bearing interest at 1.0% per annum that was payable on September 30, 2012. On August 28, 2014, the Company received a claim filed in the Supreme Court of British Columbia seeking to enforce payment of this note. On May 7, 2015, the parties entered into an agreement whereby the loan was to be fully settled by paying $850,000 at the time the Company receives the proceeds due in respect of the 2010 sale of the Cloosh Project, with interest accruing at 5% per annum from January 1, 2015 to March 31, 2015, and 10% per annum thereafter. On February 12, 2016, the payment terms were amended and required the Company to make a payment of $200,000 on February 15, 2016 and $100,000 of the first day of each month thereafter until fully repaid. The Company paid $500,000 in principal and interest during the year ended December 31, 2016. The Company was in default of the amended payment terms at December 31, 2016 as no payments had been paid since May 2016. As a result, the interest rate from May 2016 was increased to 15% per annum and the balance was payable on demand.

During the year ended December 31, 2017, the Company accrued interest of $71,476 and paid $450,000 in full and final settlement of the loan and accordingly recorded a gain on settlement of $100,605.

(Expressed in Canadian dollars)

8. PROVISIONS

		December 31, 2018		December 31, 2017
Asset retirement obligations (a)	$	101,762	$	101,762
Provision (b)		-		77,500
Provisions (c)		-		50,000
		101,762		229,262
Less current portion		-		(127,500)
Total	$	101,762	$	101,762

a) Asset retirement obligation

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

b) Provision

In 2011, the Company recorded a provision in relation to renounced exploration for flow-through shares issued. During the year ended December 31, 2018, the Company reversed this provision being now satisfied it is no longer appropriate.

c) Provision

During the year ended December 31, 2017, the Company recorded a provision in relation to the potential outcome of certain litigation. During the year ended December 31, 2018, the Company settled the litigation through the payment of $3,900 and accordingly recorded a gain on settlement of provision of $46,100.

9. SHARE CAPITAL

a) Authorized share capital

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

b) Issued share capital

At December 31, 2018, the Company had 96,323,786 common shares issued and outstanding (2017 – 96,323,786) 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 equity (deficiency) for the year ended December 31, 2018 and 2017.

During the year ended December 31, 2018, the Company did not issue any common shares.

9. SHARE CAPITAL (continued)

b) Issued share capital (continued)

During the year ended December 31, 2017, the Company issued the following shares:

i) In April 2017, the Company issued 8,064,332 units at a price of $0.16 per unit for gross proceeds of $1,290,293. Each unit consists of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $0.25 for a period of 3 years. The Company determined the fair value of the warrants to be $454,320. Subsequent to December 31, 2017, the Company amended the exercise price of these warrant to $0.18 to bring them in line with the exercise price of the share purchase warrants included in the June 2017 private placement.

The Company paid finder's fees of $87,319 in cash and issued 545,747 finder's warrants valued at $30,746 in connection with the private placement.

The warrants and the finder's warrants were valued using the Black-Scholes pricing model with the following assumptions: a risk-free interest rate of 0.83%; an expected volatility of 110%; an expected life of 3 years; a forfeiture rate of zero; and an expected dividend of zero.

ii) In June 2017, the Company issued 7,208,333 units at a price of $0.12 per unit for gross proceeds of $865,000. Each unit consists of one common share and one common share purchase warrant entitling the holder to acquire one common share at a price of $0.18 for a period of 3 years. The Company determined the fair value of the warrants to be $312,235.

The Company paid finder's fees of $48,000 in cash and issued 400,000 finder's warrants valued at $17,326 in connection with the private placement. The Company also paid cash share issue costs of $21,067.

The warrants and the finder's warrants were valued using the Black-Scholes pricing model with the following assumptions: a risk-free interest rate of 1.04%; an expected volatility of 108%; an expected life of 3 years; a forfeiture rate of zero; and an expected dividend of zero.

iii) In July 2017, the Company issued 7,066,666 units at a price of $0.12 per unit for gross proceeds of $848,000. Each unit consists of one common share and one common share purchase warrant entitling the holder to acquire one common share at a price of price of $0.18 for a period of 3 years. The Company determined the fair value of the warrants to be $282,210.

The Company paid finder's fees of $10,000 in cash, issued 166,667 finder's shares valued at $20,000, and issued 192,000 finder's warrants valued at $7,668 in connection with the private placement. The Company also paid cash share issue costs of $18,640.

The warrants and the finder's warrants were valued using the Black-Scholes pricing model with the following assumptions: a risk-free interest rate of 1.24%; an expected volatility of 106%; an expected life of 3 years; a forfeiture rate of zero; and an expected dividend of zero.

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

b) Issued share capital (continued)

iv) During the year ended December 31, 2017, the Company issued 4,850,000 common shares on the exercise of stock options for proceeds of $442,250.

v) During the year ended December 31, 2017, the Company issued 3,730,001 common shares on the exercise of common share purchase warrants for proceeds of $373,001.

c) Warrants

The continuity of warrants for the year ended December 31, 2018 is as follows:

Expiry date	Exercise price	Balance, December 31, 2017	Granted	Exercised	Expired	Balance, December 31, 2018
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
December 13, 2020	$0.10	2,858,999	-	-	-	2,858,999
		32,842,977	-	-	-	32,842,977
Weighted average exercise price		$ 0.16	$ -	$ -	$ -	$ 0.16

In April 2018, the Company amended the expiry date of 6,506,900 outstanding common share purchase warrants from May 9, 2018 to May 9, 2020. All other terms and conditions of the warrants remain unchanged. The Company recorded the incremental difference of $212,000 as a capital transaction based on the fair value of these warrants immediately prior to and after the modification. These warrants were valued immediately prior to the subsequent extension using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 1.91%; an expected volatility of 106%; an expected life of 0.07 years; a forfeiture rate of zero; and an expected dividend of zero. These warrants were valued subsequent to the subsequent extension using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 1.91%; an expected volatility of 106%; an expected life of 2.07 years; a forfeiture rate of zero; and an expected dividend of zero.

In April 2018, the Company amended the exercise price of 8,064,332 outstanding common share purchase warrants from $0.25 to $0.18 per share. All other terms and conditions of the warrants remain unchanged. The Company recorded the incremental difference of $39,000 as a capital transaction based on the fair value of these warrants immediately prior to and after the modification. These warrants were valued immediately prior and subsequent to the subsequent extension using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 1.91%; an expected volatility of 106%; an expected life of 2.04 years; a forfeiture rate of zero; and an expected dividend of zero.

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

c) Warrants (continued)

In December 2018, the Company amended the expiry date of 2,858,999 outstanding common share purchase warrants from December 13, 2018 to December 13, 2020. All other terms and conditions of the warrants remain unchanged. The Company recorded the incremental difference of $28,000 as a capital transaction based on the fair value of these warrants immediately prior to and after the modification. These warrants were valued immediately prior to the subsequent extension using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 2.04%; an expected volatility of 97%; an expected life of 0 years; a forfeiture rate of zero; and an expected dividend of zero. These warrants were valued subsequent to the subsequent extension using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 2.04%; an expected volatility of 97%; an expected life of 2.01 years; a forfeiture rate of zero; and an expected dividend of zero.

The continuity of warrants for the year ended December 31, 2017 is as follows:

Expiry date	Exercise price	Balance, December 31, 2016	Granted	Exercised	Expired	Balance, December 31, 2017
May 9, 2018	$0.10	8,279,758	-	(1,772,858)	-	6,506,900
July 19, 2018	$0.10	1,814,285	-	(1,814,285)	-	-
December 13, 2018	$0.10	3,001,857	-	(142,858)	-	2,858,999
April 25, 2020	$0.25	-	8,610,079	-	-	8,610,079
June 27, 2020	$0.18	-	7,608,333	-	-	7,608,333
July 6, 2020	$0.18	-	7,258,666	-	-	7,258,666
		13,095,900	23,477,078	(3,730,001)	-	32,842,977
Weighted average exercise price		$ 0.10	$ 0.21	$ 0.10	$ -	$ 0.18

d) 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.

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

d) Stock options (continued)

The continuity of stock options for the year ended December 31, 2018 is as follows:

Expiry date	Exercise price	Balance, December 31, 2017	Granted	Exercised	Expired	Balance, December 31, 2018
January 23, 2019	$0.10	250,000	-	-	-	250,000
January 31, 2019	$0.085	1,284,000	-	-	-	1,284,000
December 15, 2020	$0.07	1,500,000	-	-	-	1,500,000
November 30, 2021	$0.075	500,000	-	-	-	500,000
April 5, 2022	$0.195	750,000	-	-	-	750,000
July 5, 2022	$0.105	500,000	-	-	-	500,000
December 22, 2022	$0.08	2,500,000	-	-	(1,000,000)	1,500,000
January 26, 2023	$0.08	-	775,000	-	(25,000)	750,000
February 1, 2023	$0.08	-	500,000	-	-	500,000
May 4, 2023	$0.08	-	500,000	-	-	500,000
		7,284,000	1,775,000	-	(1,025,000)	8,034,000
Weighted average exercise price		$ 0.09	$ 0.08	$ -	$ 0.08	$ 0.09

As at December 31, 2018, all of the stock options were exercisable.

The continuity of stock options for the year ended December 31, 2017 is as follows:

Expiry date	Exercise price	Balance, December 31, 2016	Granted	Exercised	Expired	Balance, December 31, 2017
January 31, 2019	$0.085	1,284,000	-	-	-	1,284,000
December 15, 2020	$0.07	2,050,000	-	(500,000)	(50,000)	1,500,000
September 19, 2021	$0.075	2,000,000	-	(750,000)	(1,250,000)	-
November 30, 2021	$0.075	500,000	-	-	-	500,000
January 23, 2019	$0.10	-	250,000	-	-	250,000
April 5, 2022	$0.195	-	750,000	-	-	750,000
July 5, 2022	$0.105	-	500,000	-	-	500,000
August 4, 2022	$0.120	-	1,800,000	(1,800,000)	-	-
October 26, 2022	$0.075	-	1,800,000	(1,800,000)	-	-
December 22, 2022	$0.08	-	2,500,000	-	-	2,500,000
		5,834,000	7,600,000	(4,850,000)	(1,300,000)	7,284,000
Weighted average exercise price		$ 0.08	$ 0.10	$ 0.09	$ 0.08	$ 0.09

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

e) Share-based compensation

During the year ended December 31, 2018, the Company granted 1,775,000 stock options to directors, officers, and employees of the Company and recorded $121,643 of share-based compensation for options that vested during the year.

The options granted in 2018 were valued using the Black-Scholes pricing model. A summary of assumptions used are as follows:

Grant date	Expiry date	Number granted	Exercise price	Fair value vested	Fair value un-vested	Risk free interest rate	Expected volatility	Expected life in years
26-Jan-18	26-Jan-23	775,000	$ 0.08	$ 36,350	$ -	2.06%	100%	5
1-Feb-18	1-Feb-23	500,000	$ 0.08	$ 21,334	$ -	2.14%	100%	5
4-May-18	4-May-23	500,000	$ 0.08	$ 23,472	$ -	2.14%	100%	5
		1,775,000		$ 81,156	$ -			

* note in all cases forfeiture and dividend rates are zero

During the year ended December 31, 2017, the Company granted 7,600,000 stock options to directors, officers, and consultants of the Company and recorded $383,545 of share-based compensation for options that vested during the year.

The options granted in 2017 were valued using the Black-Scholes pricing model. A summary of assumptions used are as follows:

Grant date	Expiry date	Number granted	Exercise price	Fair value vested	Fair value un-vested	Risk free interest rate	Expected volatility	Expected life in years
23-Jan-17	23-Jan-19	250,000	$ 0.08	$ 9,743	$ -	0.74%	97%	1
5-Apr-17	5-Apr-22	750,000	$ 0.20	$ 70,539	$ -	0.72%	112%	2.5
5-Jul-17	5-Jul-22	500,000	$ 0.11	$ 32,875	$ -	1.15%	111%	2.5
4-Aug-17	4-Aug-22	1,800,000	$ 0.12	$ 111,450	$ -	1.24%	109%	2.5
26-Oct-17	26-Oct-22	1,800,000	$ 0.08	$ 74,384	$ -	1.45%	106%	2.5
22-Dec-17	22-Dec-22	2,500,000	$ 0.08	$ 41,889	$ 40,486	1.49%	106%	2.5
		7,600,000		$ 340,880	$ 40,486			

* note in all cases forfeiture and dividend rates are zero

10. SALE OF SUBSIDIARY

In November 2018, the Company sold its 100% owned subsidiary, Solar Alliance Hosting Inc. (“SA Hosting”), for $52,432 (US$40,000) to NuYen Blockchain Inc. (“NuYen”), a private company of which an officer of the Company is a director and shareholder. SA Hosting holds a warehouse facility in Murphysboro, Illinois (“the “Murphysboro Facility”) which was acquired for a nominal cost in June 2018.

In addition:

- SA Hosting will grant the Company, or a subsidiary of the Company, a 2% net profits interest in any blockchain mining operations conducted at the Murphysboro Facility payable to the Company within 60 days of the end of each calendar quarter;
- NuYen will undertake to fund the cost to construct and install a 1 MW solar project on the Murphysboro Facility with the Company being awarded the contract to install that 1 MW solar project; and
- The Company will continue to be allowed to develop a 1-4 MW solar project on-site and bid the project into the Illinois RFPs or commercial brown/field program. NuYen, through its ownership of SA Hosting, or a third party designated by NuYen, would be the owner of the project, with power supplied to NuYen’s operations at the Murphysboro Facility at the lowest possible cost, with any excess power being offered to the Murphysboro community via a community solar project.

During the year ended December 31, 2018, the Company recorded a gain on sale of subsidiary of $52,432 in related to this transaction.

11. SALE OF WIND ASSETS

On December 14, 2017, the Company completed an arrangement agreement made September 2017 among Solar Alliance Energy Inc. (“Old Solar”), 1134370 B.C. Ltd. (the “Company”, “New Solar” since renamed Solar Alliance Energy Inc.) Concord Green Energy Inc. (“Concord Green”), Finavera Solar Holdings, Inc., Finavera Renewables (Ireland) Limited, Wildmare Wind Energy Limited Partnership (“Wildmare”) and Bullmoose Wind Energy Limited Partnership (“Bullmoose”).

Upon receipt of shareholder and regulatory approval, on December 14, 2017, the Company closed the arrangement agreement under a plan of arrangement which saw the Company transfer its business to New Solar with the same assets and liabilities, shareholders, name, board and management. All the common shares, options, and warrants of Old Solar were converted into common shares, options and warrants of the Company.

Since the transfer of assets from Old Solar to New Solar resulted in no significant change in the Company’s ownership interests, its acquisition is accounted for as a continuity-of-interests maintaining the carrying value of Old Solar’s assets and liabilities. Accordingly, these consolidated financial statements have been prepared to reflect the financial position and results of operations and cash flows as if Old Solar and New Solar had been the same since their inception.

Shares in the Company began trading on the TSX-V under the ticker symbol “SOLR” on December 14, 2017. Prior to that the shares of Old Solar traded on the TSX-V under the ticker symbol “SAN”.

Concurrent with the arrangement agreement, the Company received $1,400,000 in cash from Concord Green for the sale of certain wind assets, being 15% of its interest in Wildmare and all of its interest in Bullmoose, as well as certain tax attributes. The Company incurred and deducted legal, tax and other expenditures of $132,946 from the $1,400,000 received to record a net gain on sale of wind assets of $1,267,054.

(Expressed in Canadian dollars)

12. ACQUISITION OF SOLAR ALLIANCE SOUTHEAST

On November 7, 2017, the Company completed the acquisition of Aries Solar, LLC (“Aries”), an established commercial and industrial solar company that is licensed to operate in four Southeast US states. Aries changed its named to Solar Alliance Southeast, LLC (“SASE”) on closing.

In consideration, the seller vendor is entitled to a payment of 20% of earnings before income tax depreciation and amortization (“EBITDA”) on the existing SASE prospective project pipeline listed in the agreement up to a maximum of US$1,000,000 until November 7, 2022. EBIDTA for each prospective project will be determined using project-based accounting and calculating for allocation overhead by project. Projects signed by SASE after November 7, 2017 are not subject to the EBITDA allocation.

The transaction has been accounted for as the acquisition of a business with the results of operations consolidated with those of the Company effective November 7, 2017.

The preliminary fair values of the assets acquired in the acquisition of SASE as at November 7, 2017 are as follows:

Net assets received		
Cash	$	15,218
Deposits		4,255
Equipment		71,202
Gain on acquisition	$	90,675

At acquisition, management determined the fair value of the contingent consideration to be $Nil.

As a result of a significant contract being entered into in December 2017, the fair value of the contingent consideration was determined to be $58,342 as at December 31, 2017. The contingent consideration was determined using management’s best estimates of the amounts expected to be payable pursuant to the agreement and the expected timing of such payments.

As at December 31, 2018, the significant contract was not yet completed and accordingly management has not amended the contingent consideration as at December 31, 2018.

13. ACQUISITION OF RESIDENTIAL SOLAR PROJECT OPPORTUNITIES

On April 25, 2017, the Company, through Solar Alliance Services, Inc. (“SAS”) completed the acquisition of a pipeline of residential solar project opportunities from a US solar company based in Los Angeles, California (the "Seller") to compliment the Company’s existing residential business (Note 14). The terms included the hiring of the Seller's team of employees.

In consideration, the Company paid the Seller $1,099,787 (US$824,242) in cash and issued the Seller two promissory notes for US$2,000,000 each. The terms of the two promissory notes are as follows:

i) Prior to any further payments to the Seller, the Company will be repaid working capital advanced to SAS from 100% of SAS’s EBITDA. The Company agreed to fund up to US$1,500,000 in working capital to SAS and SAS will be entitled to retain 100% of EBITDA until it has recovered two times working capital plus an agreed upon return on that working capital.

ii) Next, pursuant to the first promissory note for US$2,000,000, the Seller shall be paid 50% of SAS’s EBITDA, conditional upon EBITDA being greater than an amount that is 6% of SAS’s gross revenue, until the Seller has been paid US$2,000,000. The Company and SAS shall not be liable to pay the Seller any amount pursuant to the first promissory note after April 25, 2020.

iii) Next, pursuant to the second promissory note for US$2,000,000, the Seller shall be paid 50% of SAS’s EBITDA, conditional to EBITDA being greater than an amount that is 6% of SAS’s gross revenue, however, the Seller shall not be entitled to any payment of the second note until both the first note shall have been paid in full, and SAS shall have generated annual gross revenues of at least US$50,000,000 in any fiscal year. The Company and SAS’s shall not be liable to pay the Seller any amount pursuant to the second promissory note after April 25, 2020.

The transaction has been accounted for as the acquisition of a business.

The Company does not expect to be in a position to have to pay the first or second promissory notes and accordingly has not included these contingent payments in its preliminary purchase price at acquisition or as at December 31, 2017 and 2018.

The Company allocated the purchase price of $1,099,787 on a preliminary basis to goodwill on acquisition. The goodwill was attributable to work force, brand awareness in the California market and established sales processes.

Impairment

At December 31, 2017, based on declining residential revenues and the Company’s current plan to transition away from the “door-to-door” sales process into a digital platform based sales model, as well as the uncertainty of the timing of implementing these changes, the Company determined the value of goodwill to be $Nil. Accordingly, the Company recorded an impairment loss of $1,068,073 in the statement of loss and comprehensive loss for the year ended December 31, 2017.

14. ACQUISITION OF SOLAR ALLIANCE OF AMERICA

In June 2015, the Company completed the acquisition Solar Alliance of America, Inc. ("SAoA") for cash, common shares of the Company, and certain future contingent payments. The terms of these contingent payments expired on December 31, 2017. No amounts were paid in connection with the terms of these contingent payments.

The Company recorded goodwill of $5,412,104 on this transaction in 2015 which was attributable to work force, brand awareness in the California market and established sales processes in the residential sales business.

In 2016, the Company recorded an impairment loss of $3,050,750.

At December 31, 2017, based on declining residential revenues and the Company's plan to transition away from the "door-to-door" sales process into a digital platform based sales model, as well as the uncertainty of the timing of implementing these changes, the Company determined the value of goodwill to be $Nil. Accordingly, the Company recorded an impairment loss of $2,802,518 in the statement of loss and comprehensive loss for the year ended December 31, 2017.

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, 2018 with related parties:

(a) As at December 31, 2018, an amount of $266,400 (2017 - $244,800) is due from a company controlled by an officer of the Company, comprised of principal of $180,000 (2017 - $180,000) and accrued interest of $90,900 (2017 - $64,800). During the year ended December 31, 2018, the Company accrued interest income of $21,600 (2017 - $27,000). The principal amount accrues interest at 12% per annum. The balance receivable is to be offset against the contractual payment described below upon settlement.

(b) Included in trade and other payables as at December 31, 2018 is $399,600 (2017 - $367,200) due to an officer of the Company, comprised of principal of $270,000 (2017 - $270,000) and accrued interest of $129,600 (2017 - $97,200). This amount relates to a contractual payment resulting from the sale of certain wind projects in British Columbia in 2014 which constituted the material operating assets of the Company and triggered the contractual payment. During the year ended December 31, 2018, the Company accrued interest expense of $32,400 (2017 - $68,400). The principal amount accrues interest at 12% per annum.

(c) Included in trade and other payables as at December 31, 2018 is $454,321 (2017 - $403,792) due to current and former officers and directors of the Company for consulting fees, salaries and benefits and expense reimbursements.

(d) Included in prepaid expenses as at December 31, 2018 is $4,500 (2017 - $Nil) advanced to an officer of the Company for future travel expenses.

(Expressed in Canadian dollars)

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 years ended December 31, 2018 and 2017 were as follows:

	Year ended December 31, 2018	2017
Consulting fees	$ 630,960	$ 491,360
Salaries and benefits	37,500	393,699
Share-based compensation	65,050	41,889
	$ 733,510	$ 926,948

In February 2019, the Company settled consulting fees of $364,896 accrued to January 31, 2019 through the issuance of common shares of the Company (Note 21).

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:

	U.S.A.	Canada	Total
As at and for the year ended December 31, 2018			
Total assets	$ 590,958	$ 336,789	$ 927,747
Non-current assets	66,059	19,000	85,059
Total revenue	1,982,890	-	1,982,890
Net loss	(898,494)	(1,437,179)	(2,335,673)

	U.S.A.	Canada	Total
As at and for the year ended December 31, 2017			
Total assets	$ 839,186	$ 1,457,189	$ 2,296,375
Non-current assets	74,623	19,000	93,623
Total revenue	4,602,684	-	4,602,684
Net loss	(5,792,224)	(1,684,775)	(7,476,999)

The Company has recorded revenue of $954,831 from one major project, representing 48% of total revenue (2017 revenue of $1,932,390 from one major project representing 42%).

(Expressed in Canadian dollars)

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

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

Financial Instrument	Category	December 31, 2018	December 31, 2017
Cash	FVTPL	$ 77,888	$ 1,179,203
Receivables	Amortized cost	129,915	344,090
Due from related party	Amortized cost	266,400	244,800
Deposits	Amortized cost	25,480	30,567
Trade and other payables	Amortized cost	4,960,633	4,338,624
Customer deposits	Amortized cost	170,469	307,905
Loans and borrowings	Amortized cost	2,993,965	2,121,038

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

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

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

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

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

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Risk management

The Company is exposed to a number of risks arising from its use of financial instruments. The Company is or may be subject to certain risks including credit risk, liquidity risk, interest rate risk, and currency risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Financial instrument risk management strategies may expose the Company to further gains or losses, but serve to stabilize future cash flows, reduce the volatility of operating results, and increase overall financial strength.

Individual risks and the Company's approach to managing such risks are discussed as below.

Credit risk

Credit risk is the risk that a counterparty to a financial asset will default, resulting in non-collectability and arises mainly from its cash, receivables, and deposits. Cash is held with credit-worthy Canadian and United States financial institutions and receivables are primarily related to sales. The Company has assessed the credit risk of these instruments to be negligible. The Company did not have an allowance for doubtful accounts at December 31, 2018 nor did it incur any material bad debt expenses during the year then ended.

Liquidity risk

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

Market risk

Market risk is the risk to the Company of adverse financial impacts due to changes in the fair value or future cash flows of financial instruments primarily as a result of fluctuations in interest rates and foreign exchange rates.

(a) Interest rate risk

The Company's interest rate risk on loans and borrowings has been mitigated by fixing interest rates at the inception of the loans. At December 31, 2018, the Company had no material debt subject to floating interest rates.

The Company's interest income from cash is also subject to interest rate risk, but such risk is not considered material based on the balances on hand and the Company's expectation of interest rates in the foreseeable future.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Risk management (continued)

Market risk (continued)

(b) Currency risk

The Company has net monetary liabilities denominated in United States dollars, totaling approximately US$1,600,000 at December 31, 2018, and is therefore subject to currency risk. The Company does not currently use any derivative instruments to reduce its exposure to fluctuations in foreign currency exchange rates. An increase (decrease) in the US dollar exchange rate of 10% relative to the Canadian dollar would decrease (increase) net loss by approximately $224,000.

18. CAPITAL MANAGEMENT

The Company's capital is comprised of shareholders' equity (deficiency) and loans and borrowings. The Company's overall objective has been to maintain sufficient capital to enable the Company to continue as a going concern and allow it to develop or dispose of certain wind project interests. The corporate objective has been to utilize debt financing to minimize shareholder dilution, and depending on terms, to issue equity securities as a means of raising capital. Market conditions impact the ability of the Company to maintain a balance between debt and equity (Note 1). The Company is not subject to any externally imposed capital requirements and the Company's overall strategy with respect to capital management remains unchanged from the year ended December 31, 2018.

19. CONTINGENCIES

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

The Company was the subject of a judgment of $600,000 plus accrued interest from a lawsuit that arose after the Company's acquisition in 2007 of the Three Hills Wind Projects, comprised of the Ghost Pine and Lone Pine Wind Projects in Alberta, Canada. In 2016, the Company paid $729,232 to comply with this judgement. In 2008, the Company sold its Ghost Pine Wind Project and $1,000,000 of the proceeds was held back, and remains held back, as a result of the legal action described above. The amount of the holdback may be reduced by the amount of legal fees incurred by the purchaser in the aforementioned lawsuit. As the legal action is now settled, in 2017 the Company asked for release of the $1,000,000 held back, however the purchaser has refused. The Company is currently evaluating its options about how best to proceed to recover the amount held back. The timing and additional costs of settling this matter cannot be reasonably estimated, and accordingly, neither the amount held back or any costs associated with its collection have been recorded in the financial statements. Subsequent to year-end, the Company agreed to pay a shareholder 100% of the net proceeds ultimately recovered (Note 21(b)).

(Expressed in Canadian dollars)

20. INCOME TAXES

The provision for income taxes differs from the expected amount calculated by applying the combined Federal and Provincial corporate income tax rates to the Company's loss before taxes. This difference results from the following items:

	For the year ended December 31, 2018	2017
Loss for the year	$ (2,335,673)	$ (7,476,999)
Statutory tax rate	27.00%	26.00%
Income tax recovery computed at statutory rates	$ (631,000)	$ (1,944,000)
Change in fair value of contingent consideration	-	15,000
Gain on acquisition of SASE	-	(24,000)
Gain on sale of wind assets	-	(329,000)
Impairment of goodwill	-	1,006,000
Other	631,000	1,276,000
Income tax expense	$ -	$ -

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2018	2017
Non-capital losses carried forward	$ 6,140,000	$ 4,934,000
Project development costs and equipment	484,000	484,000
Other deductible temporary differences	1,480,000	1,480,000
	$ 8,104,000	$ 6,898,000

These tax assets have not been recognized as the Company has no history of earning profits or taxable income. Accordingly, the Company concluded that it was not probable that the benefits associated with these tax assets would be realized.

21. SUBSEQUENT EVENTS

Subsequent to December 31, 2018, the Company completed the following transactions:

a) In January 2019, 1,534,000 stock options expired unexercised.

b) In February 2019, the Company issued 92,601,416 common shares at a price of $0.03 per share to a company controlled by a shareholder to settle $2,778,042 of principal and interest to January 31, 2019 (Note 7(a) and 7(d)).

   In exchange for agreeing to the conversion of the convertible note and loans, the Company has agreed to pay the shareholder 100% of the net proceeds currently being held in escrow for the ultimate benefit of the Company related to the 2008 sale of the Company's Ghost Pine Wind Project (Note 19).

c) In February 2019, the Company issued 7,297,920 common shares at a price of $0.05 per share to three companies controlled by officers of the Company to settle consulting fees of $364,896 accrued to January 31, 2019 (Note 15).

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

e) In March and April 2019, the Company repaid a total of $58,758 of principal and interest to a company controlled by an officer of the Company in full and final settlement of the loan outstanding (Note 7(c)).

f) In March and April 2019, the Company completed, in three tranches, a non-brokered private placement through the issuance of 14,974,598 units at a price of $0.03 per unit for gross proceeds of $449,238 ($76,000 of which was received in fiscal 2018 and recorded as an obligation to issue shares as at December 31, 2018). 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 $0.05 per share for a period of one year from the date of issue.