**ANNUAL INFORMATION FORM**

**FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2020**

# SOLAR ALLIANCE ENERGY INC.

**October 26, 2021**

## TABLE OF CONTENTS

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION AND RISKS

This annual information form ("**AIF**") contains or refers to certain forward-looking information. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "may", "potential" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. All information, other than information regarding historical fact that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future is forward-looking information. Forward-looking information does not constitute historical fact but reflects the current expectations the Company has regarding future results or events based on information that is currently available. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Such forward-looking statements in this AIF speak only as of the date of this AIF. Forward-looking statements in this AIF include, but are not limited to, statements with respect to:

- the performance of the Company's business and operations;
- the intention to grow the Company's business and operations;
- the introduction and continued offering of services and product features;
- the market for the Company's products and services and competitive conditions;
- the Company's pricing and revenue models;
- the future liquidity and financial capacity;
- the treatment of the Company and its subsidiaries under government regulatory and taxation regimes;
- the Company's intellectual property;
- the Company's ability to operate in certain markets; and
- the Company's ability to monitor, assess and manage the impact of the infectious disease caused by severe acute respiratory syndrome coronavirus 2 ("**COVID-19**") pandemic.

With respect to the forward-looking information contained in this AIF, the Company has made certain assumptions regarding, among other things: (i) cash flow from the Company's operations; (ii) general economic, financial market, regulatory and political conditions in which the Company operates; (iii) consumer interest in the Company's products; (iv) competition; (v) anticipated and unanticipated costs; (vi) government regulations applicable to the Company's business and operations, and its impacts thereon; (vii) the Company's ability to obtain qualified staff, equipment, and services in a timely and cost-efficient manner; (viii) the Company's ability to conduct operations in a safe, efficient and effective manner; (ix) the Company's ability to carry out its marketing plans and their effectiveness; (x) the efficacy of the Company's security measures; and (xi) the Company's product development plans and timeframes for completion. Although the Company believes that the assumptions inherent in any forward-looking information are reasonable, forward-looking information is not a guarantee of future events or performance and, accordingly, readers are cautioned not to place undue reliance on such information due to the inherent uncertainty therein.

Risks and other factors that could cause actual results or events to differ materially those expressed in forward-looking information include, but are not limited to: general economic conditions; adverse industry events; marketing costs and the impact of marketing efforts; loss of markets; future legislative and regulatory developments involving the renewable energy industry; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; the renewable energy industry generally; income tax and regulatory matters; domestic and global economic climate; dilution; reliance on key personnel; the ability of the Company to implement its business strategies including expansion plans; competition; currency and interest rate fluctuations; protection of proprietary rights; and those risk factors discussed in this AIF. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake any obligation to update or revise any forward-looking information, except as required by law.

## INTRODUCTION

Solar Alliance Energy Inc. ("**Solar Alliance**" or the "**Company**") is an energy solutions provider specializing in commercial and utility-scale solar installations. Businesses, utilities and homeowners in Tennessee, Kentucky, North and South Carolina and throughout the Southeastern United States have benefitted from our solar systems. The Company's products and services offer an environmentally friendly way to generate electricity, and in most cases, they also reduce the electricity bills of users of the Company's products and services. Solar Alliance provides affordable turnkey clean energy solutions, and the Company's goal is to transform the solar industry through innovation, scalability and consistent profitability.

Solar Alliance's corporate strategy is to build, own and operate solar assets while also generating stable revenue through the sale and installation of solar projects to commercial and utility customers. This balanced strategy – the high growth of building for third party customers combined with recurring revenue from solar assets the Company owns – will allow Solar Alliance to deliver long term value to the Company's shareholders ("**Shareholders**") and to the Company's customers.

The Company's operations are conducted through the following primary subsidiaries:

**Solar Alliance Southeast, LLC.,** is a wholly-owned subsidiary of the Company. Solar Alliance Southeast, LLC., was incorporated in Tennessee on August 26, 2015.

**Solar Alliance Canada Inc.** is a wholly-owned subsidiary of the Company. Solar Alliance Canada Inc. was incorporated under the *Ontario Business Corporations Act* ("**OBCA**") on March 15, 2021.

Together with these subsidiaries, the Company intends to continue to generate revenue through building a stable, profitable pipeline of commercial and utility solar projects.

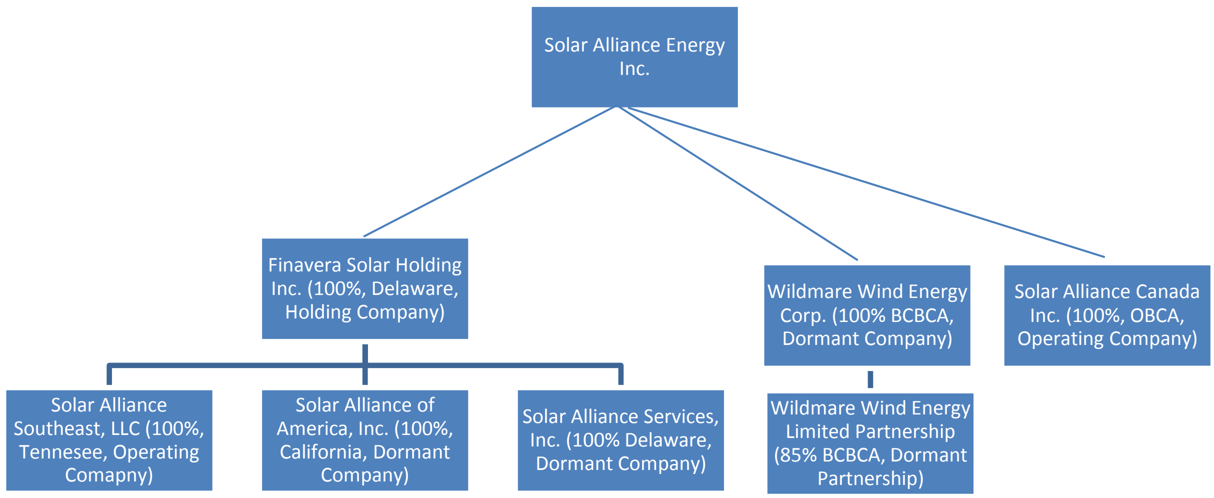
The common shares of the Company ("**Common Shares**") are listed on the TSX Venture Exchange ("**TSXV**") under the trading symbol "SOLR".

## CORPORATE STRUCTURE

### Name, Address, Incorporation, and Corporate Organizational Chart

Solar Alliance Energy Inc. is a company incorporated under the *British Columbia Business Corporations Act* ("**BCBCA**"). Its corporate headquarters are located at 82 Richmond Street East, Toronto, Ontario M5C 1P1 and its registered office is located at 620-1111 Melville Avenue, Vancouver, BC, V6E 3V6.

The following organization chart outlines the corporate structure of the Company. Ownership interest, principal activity and place of incorporation are indicated in parentheses.




## GENERAL DEVELOPMENT OF THE BUSINESS

### Three Year History

The following is a summary of the general development of the Company's business over the three most recently completed financial years:

<u>2018</u>

On March 14, 2018, the Company announced it will build a 2.4 megawatt ("**MW**") commercial solar project for a Fortune Global 500 company in the Southeast U.S. The Company will design, engineer and construct the 2.4 MW ground mount solar project. The project was the largest sold to date by Solar Alliance and is equivalent to building 480 average-sized residential solar systems. The project was competed in Q1, 2021.

On April 3, 2018, the Company announced it had completed the installation of a 182 kilowatt ("**kW**") commercial solar project on the rooftop of Precision Part Systems in Winston-Salem, North Carolina. Precision Part Systems is a full-service contract assembly facility that offers assembly, inspection and packaging services. Design and construction of the 182 kW solar array was completed by Solar Alliance's expanding commercial division. Construction of this project was completed on budget and on schedule. It is the largest rooftop solar project in the City of Winston-Salem and in Forsyth County. This was Solar Alliance's first project in the State of North Carolina.

On May 29, 2018, the Company announced it had completed the installation of a 101.2 kW solar panel array on the rooftop of the new barn at Wampler's Farm Sausage in Lenoir City, Tennessee. This marked the fourth solar system owned by Wampler's, totaling more than 680 kW of photovoltaics ("**PV**") solar panels, starting with the first 30 kW roof mount in 2009.

On June 11, 2018, the Company announced it had completed the installation of three solar projects in Kentucky in cooperation with Whayne Supply, a Caterpillar Dealer serving Kentucky, West Virginia, Southeastern Ohio and Southern Indiana.

July 25, 2018, the Company announced it had become a Select Level Generac Sales Dealership. This new relationship with Generac Power Systems Inc. rounds out Solar Alliance's line of energy independence options that includes solar PV systems, battery storage and now whole home backup generators. Through these energy options, Solar Alliance can provide their customers with resiliency, security, independence and lower cost energy.

On October 9, 2018, the Company announced it had commenced construction on the 2.4 MW ground mount commercial solar project announced on March 14, 2018.

On October 10, 2018, the Company announced it had launched "SunBox", a new product offering that provides a simple, efficient solar system specifically designed for architects, new home builders and their customers. SunBox is a standardized system consisting of two sizes of standard residential systems that include battery storage or an optional generator for whole home backup. Solar Alliance is selectively partnering with architects, developers and homebuilders that will integrate this permit-ready solar offering into their existing home designs for new construction, with the primary customer base consisting of developers building large, multi-home communities. New homeowners now can afford to add a solar system as an add on to their new home in the same way they would select individualized countertops and kitchen appliances.

On December 3, 2018, the Company announced that it had entered into a definitive agreement with a division of Onni Group for the design, procurement and construction management services for a 519 kW combined rooftop and carport solar installation at Manhattan Beach Towers, a mid-rise, multi-tenant office building owned by the Vancouver-based developer. Construction began in early April 2019 and the rooftop portion was completed in the summer of 2019. Considering the effects of COVID-19 and other design considerations, the customer is determining if it wants to proceed with the carport portion of the project.

<u>2019</u>

On March 4, 2019, the Company announced that it had signed three new Channel Partner Agreements in Tennessee for the marketing and sale of Solar Alliance's SunBox product. Solar Alliance welcomed Gervais Electric, based in Nasvhille, Energy Home Basics, based in Loudon County and TerraShares, based in Morristown as channel partners. The three new channel partners joined Mike Stevens Homes on Solar Alliance's growing team of partners. This brought the total to four channel partners that have signed on as SunBox Channel Partners.

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

On March 18, 2019, the Company announced that it had signed a letter of intent with NuYen Blockchain Inc., for the design, engineering and construction management of a 3.84 MW ground and roof mount solar project in Murphysboro, Illinois.

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

On April 16, 2019, the Company announced that Truitt Electric, one of Tennessee's leading electrical companies, has become an authorized Solar Alliance SunBox channel partner. Truitt Electric provides a broad range of electrical services and maintains a large customer base that will now have access to SunBox, a complete solar solution that includes battery storage to maximize energy savings and provides an added layer of security for high performance homes.

On June 5, 2019, the Company announced it entered into a definitive agreement with BE Trilogy Solar Project LLC for construction management services for a 715 kW ground mount solar installation in Groveland, Florida. The project was completed in 2019.

On September 11, 2019, the Company announce it was awarded a contract through Kentucky Utilities Company's Business Solar Program to build a 200 kW solar system at Maker's Mark Distillery in Loretto, Kentucky. The solar facility will provide renewable energy for the bourbon producer. The project was completed on February 27, 2020. This was the second project Solar Alliance has worked on under the Business Solar Program. The first was a rooftop solar array built in 2018 for KUB's sister company, Louisville Gas and Electric Company, at the Archdiocese of Louisville's pastoral center.

On September 16, 2019, the Company announced that it is a pre-approved certified installer of EV chargers for Jaguar/Land Rover, BMW and General Motors. As a pre-approved certified installer through the Qmerit platform, Solar Alliance has direct access to EV customers of all four automakers. Jaguar/Land Rover, BMW and General Motors customers will be directed, through the automakers' sales personnel and websites, to a customer-facing website that connects EV drivers. As of the date of the announcement, Solar Alliance was the only pre-approved Qmerit certified installer for these four brands in Tennessee. This certification is in addition to the Company's approval as a Tesla accredited installer for EV chargers and significantly expands Solar Alliance's ability to take advantage of this growing market.

On October 16, 2019, the Company announced it signed a memorandum of understanding with Empire Cinemas Ltd. ("**Empire Cinemas**"), a prominent movie theatre chain in the United Kingdom, for the development of up to 14 solar projects with an approximate capacity of 2.8 MW. Empire Cinemas is the leading independently owned cinema chain in the U.K. with 14 locations and 131 screens including IMPACT® and IMAX® screens. Solar Alliance and Empire Cinemas focused their initial efforts on Empire Birmingham Great Park. Each theatre in the Empire Cinemas chain has the rooftop capacity to support approximately 200 kW of solar. The Company is assessing options with the customer given the impact that COVID-19 has had on the cinema industry. The memorandum of understanding remains in effect.

On November 20, 2019, the Company announced it had completed an 80 kW solar system for a poultry producer in Kentucky. The project was built in partnership with Whayne Supply Company, a Caterpillar dealer.

<u>2020</u>

On February 27, 2020, the Company announced it had completed construction of the 200 kW solar system at Maker's Mark Distillery in Loretto, Kentucky. Bringing renewable energy to the bourbon industry, this system will offset the energy needs required to maintain the facilities where bourbon is stored for aging.

On March 27, 2020, the Company announced it had completed the rooftop portion of the 519 kW solar system currently under construction for a division of Onni Group at Manhattan Beach Towers in California, a mid-rise, multi-tenant office building owned by the Vancouver-based developer. The rooftop portion of the system received permission to operate and is now in operation, producing renewable electricity for the office building.

On July 15, 2020, the Company launched an innovative new solar charging station for robotic lawnmowers. Powershed is a solar powered charging station for robotic lawnmowers that simplifies and improves the operation and use of robotic lawn mowers. Powershed is a novel product that facilitates cordless charging of robotic lawn movers. Solar Alliance developed the design in cooperation with a researcher from the University of Tennessee and a provisional patent application was filed with the U.S. Patent office, which provides intellectual property protection pending a full patent application. A full patent application was submitted by the Company in early 2021. The first Powershed unit has been installed at the University of Tennessee and is currently operating.

On September 15th, 2020, the Company announced it signed a Commercial License Agreement (the "**License Agreement**") with the University of Tennessee Research Foundation for the development and sales of Powershed. The License Agreement provides an exclusive, worldwide license to Solar Alliance and is a positive step towards commercialization. Commercial terms are confidential.

On November 9, 2020, the Company announced it had signed a contract to build a 500 kW solar system in Kentucky. The project is one of Solar Alliance's largest to date and began construction in 2021. The contract also included an option for the customer to select Solar Alliance to build an additional 500 kW system at the same location. That option was subsequently picked up by the customer and the full one MW project was completed in June 2021.

On December 31, 2020, the Company announced that CEO Michael Clark has been appointed Chairman of board of directors of the Company (the "**Board**").

**Anticipated Changes in the Company's Business**

Over the next 12 months, the Company intends to continue executing its business strategy of building a stable, profitable pipeline of commercial and industrial solar projects, in addition to advancing the Company's strategy of owning and operating solar projects.

**Significant Acquisitions**

The Company has not engaged in any significant acquisitions of property, equipment or shares in the most recently completed financial year, ended December 31, 2020.

## BUSINESS OF THE COMPANY

The Company will execute on its business strategy comprised of executing its core business of providing cost effective solar energy solutions for commercial and industrial buildings, applications, and projects, while simultaneously partnering with developers to install optimized solar systems on new build residential houses. The Company intends to continue to deliver renewable energy that is cheaper, cleaner and reliable. Furthermore, the Company will continue to explore avenues to leverage its expertise in providing solar energy solutions to expand its periphery offerings including EV charging systems and an innovative power station for robotic lawn mowers.

***Business Overview***

Solar Alliance is an energy solutions provider company with approximately 24 employees and consultants. The Company's mission is to provide sustainable energy solutions through PV to drastically reduce the energy costs for businesses and homeowners. As the global economy embarks on a great energy transition to renewable energy generation, Solar Alliance intends to continue to increasingly grow revenue year-over-year through sustainable energy solutions. As growth steadily continues, the Company expects to have a strong foundation of expertise and capital that will allow the Company to deploy resources on high-return growth opportunities.

***Summary of Principal Markets, Production, Products and Distribution Methods***

The Company's principal business activities revolve around commercial and industrial PVs; hence the Company does not have multiple operating segments. The Company's revenue in the last two financial years, being the years ended December 31, 2019, and 2020, was $2,203,699 and $3,500,747, respectively. All the Company's revenue in the last two financial years were derived from its operations in the United States.

The Company has multiple products and revenue streams that it foresees continued growth as there is mounting embracement of solar energy solutions. The Company's principal products are PVs, colloquially known as solar systems, which generate an electric current by absorbing photons from the sun thereby forming an electric current. This electric current, called a direct current, travels out of the solar panel to an inverter which converts the energy into the alternating current. The alternating current makes the electricity viable for use and can replace energy consumption from the central grid. The Company sells PV energy solutions to commercial and industrial customers which facilitates energy independence, environmental sustainability, and cost-saving for customers.

Solar Alliance intends to continue its strategy of generating revenue primarily through the sale and installation of commercial and industrial applications. The Company is also pursuing a strategy of building, owning and operating its own solar assets. This balanced strategy – the high growth of building for third party customers combined with recurring revenue from solar assets the Company owns – will facilitate the delivery of long-term value to the Company's customers and Shareholders. The Company is focused on the segments of the solar industry where margins are highest and where the team has demonstrated an ability to convert opportunities into growth. The Company seeks to sign several large-scale commercial projects per year, coupled with numerous mid-size commercial projects which allow for faster time cycle times and more consistent cashflow. The Company's principal revenue streams in the commercial and industrial unit are composed of four pillars: (i) commercial installation of solar projects that are intended to noticeably reduce operating costs for businesses; (ii) utility solar projects in the 1-50 MW range; (iii) microgrid solutions for large businesses and communities that include solar, battery storage and generators; and (iv) pioneering data centre solutions by being the first mover in this fast growing sector and securing market share.

Solar Alliance also intends to generate revenue in the residential space through the SunBox, its optimized residential solar system. The SunBox provides homes with clean electricity that has the potential to drastically reduce energy bills. The Company avoids the traditional sales model of door-to-door canvas teams. Instead, the Company's customer base primarily consists of developers, architects and homebuilders that will integrate this solar offering into their existing home designs for new constructions. The Company targets developers that are focused on building large, multi-home communities. Standardizing solar modules, inverters and racking systems should provide cost savings for customers and improve supply chain efficiencies for Solar Alliance. Additionally, the Company offers EV charger installations for Tesla, GM, Jaguar, BMW and Land Rover as both an option to the SunBox residential solar system and as standalone charging systems.

In the last two financial years, being the years ended December 31, 2019 and 2020, the Company has not made any sales or transfers to joint ventures in which the Company is a participant, nor has the Company made any sales or transfers to controlling Shareholders.

The Company has developed a patent pending solar powered charging station designed for robotic lawn mowers called the Powershed. The first Powershed has been installed at the University of Tennessee and is currently in operation. The Powershed is a complementary product and does not and will not impact the ability of the Company to deliver on its core business of commercial and industrial solar products.

***Specialized Skills and Knowledge***

Many aspects of the Company's business require specialized skills and knowledge. Such skills and knowledge include engineering, marketing, design, permitting, installation, finance, accounting, and regulatory compliance. The Company meets its needs for such specialized skills and knowledge through the expertise of its directors, officers, and employees. To the extent that additional specialized skills and knowledge are required, the Company retains outside consultants.

***Competitive Conditions***

The market for PV continues to undergo dramatic changes as renewable energy generally, and solar energy, in particular, continues to be embraced. The Company competes with several other companies, some that have resources significantly more than those of the Company.

The areas in which the Company competes include:

- **Residential.** Competition to secure market share in the new home residential market.

- **Commercial/Industrial.** Competition to secure both large-scale and mid-size PV installation projects.

- **Clients**. Competition to attract customers. The Company competes based on the low cost, utility, ease of use, performance and quality of its product offerings.

- **Talent**. Competition to attract and retain highly talented individuals.

The Company's competitors principally are other companies that sell PV for commercial, industrial and residential use, such as Silicon Ranch, SunRun and Lightwaves. While the Company inherently competes with traditional power-generation suppliers such as gas, fossil fuels, and other renewable energy sources, implementation of solar energy solutions is unique as it is a cost-effective renewable energy alternative for commercial, industrial, and residential use. Accordingly, the Company only considers other companies that sell PV to be its principal competitors.

The Company believes Solar Alliance enjoys significant competitive advantages, including:

- **Expertise:** The Solar Alliance team provides energy solutions to a variety of customers by creating value and delivering highly complex power systems in a simple, affordable process.

- **Margins.** The Company competes by focusing on the high margin sector of the solar industry, specifically projects that require significant technical expertise that are often too small for larger developers to bid on. This area within the solar industry is underserved and matches the Company's level of expertise well.

- **Uniqueness of service**. The Company provides affordable, turnkey energy solutions for new home builders and avoids the antiquated door-to-door sales strategy that has traditionally dominated the residential solar energy industry.

- **Strong management and employee team.** The Company has built a management team with extensive experience providing solar energy solutions and employs a team of experts in delivering superior service to customers.

- **Oversight.** The Company's financial statements are prepared according to IFRS and audited by Smythe LLP.

- **Advisors and industry partners.** The Company has built relationships with reputable industry partners in production, manufacturing, logistics, research and development legal and compliance.

***New Products***

The Company is consistently developing to be at the forefront of future solar energy solutions.

The Company is technology agnostic with respect to solar panels, inverters and other key components. The Company's value proposition lies in its ability to combine the right components for each individual customer/project. As such, the Company it not exposed to technology risk per se.

Notwithstanding the above, the Company has developed a patent pending solar powered charging station called the Powershed. The Powershed charging station is designed for robotic lawn mower to charge their batteries and simplify and improve their operation and use. The Powershed charging station is ideal for university campuses, corporate campuses, public parks, athletic fields and golf courses, and will eliminate emissions and reduce labour costs associated with mowing. The first Powershed unit has been installed at the University of Tennessee and is currently in operation. This is a complementary product and does not impact the ability of the Company to delivery on its core business of commercial and industrial solar.

***Components***

Solar panels use mineral and metals as components in their construction. See "*Access to Minerals and Metals*" below.

***Intellectual Property***

See "*New Products*" above.

***Energy Cycles***

The business and operations of the Company are not subject to cyclical or seasonal variations.

***Economic Dependence and Changes to Contracts***

The Company's business is not substantially dependent on any single commercial contract or group of contracts either from suppliers or contractors. It is not expected that the Company's business will be materially affected in the current financial year by the renegotiation or termination of any contracts or sub-contracts.

***Environmental Protection***

The Company did not have any environmental liabilities as at December 31, 2020, nor does the Company expect to incur any environmental liabilities in the future that will affect capital expenditure, profit or the competitive position of the Company.

***Employees***

The Company currently has 24 full-time employees and two part-time employees.

***Foreign Operations***

The Company primarily sells its products in the United States.

***Lending***

The Company does not currently have any lending operations.

## Bankruptcy

The Company is not currently subject to any bankruptcy, receivership or similar proceedings.

## Reorganizations

The Company has not undergone any material reorganization within the three most recently completed financial years, nor does the Company intend to undergo any material reorganization in the current financial year.

## Social or Environmental Policies

While the Company does not have any social or environmental policies that are fundamental to its operations, the Company's core ethos is to create environmentally sustainable energy solutions that will help reduce reliance on carbon-emitting fossil fuels.

## Risk Factors

Prospective investors in the Company's securities should carefully consider the specific and general risks described below and elsewhere in this AIF. Additional risks and uncertainties not presently known to the Company or that the Company does not currently anticipate will be material, may impair the Company's business operations and its operating results and as a result could materially impact its business, results of operations, prospects and financial condition.

***Nature of Business***

Solar Alliance is relying on the migration of energy consumption from fossil fuels to renewable energy sources. If consumer demand for renewable energy significantly subsides, the Company's growth potential could be put in jeopardy. Solar Alliance is dependent on the adoption of solar powered energy solutions. If other types of renewable energy are markedly cheaper to adopt than solar energy solutions, this would be a disincentive to widespread adoption of the Company's products. Other types of renewable energy include but are not limited to wind, hydro-electric, ocean, hydrogen, geothermal and biomass. The long-term profitability of the Company's operations will be directly related to continued adoption of solar energy solutions and widespread commercialization of its products, which may be affected by several factors outside the Company's control. Decreased demand for PV may have a material adverse effect on the Company's profitability, results of operation and financial condition.

***Financial Resources***

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further business activities, which may result in a material adverse effect on the Company's profitability, results of operation and financial condition. Solar Alliance incurs substantial expenses in the establishment and operation of its business. A significant portion of the Company's financial resources have been and will continue to be, directed to the development of its business and related activities. The Company will require new capital to grow its business and there are no assurances that capital will be available when needed, if at all. If such additional capital is raised through the issuance of additional equity, it will result in dilution to Shareholders and may result in a change of control. Furthermore, debt financing, if available and obtained, may impose restrictive covenants on the Company. If Solar Alliance does not have access to the required funds to continue the operation and development of its business and operational activities, and to the extent that generated cash flow and income is lower than expected, the Company's long-term viability may be materially and adversely affected.

***Demand for Solar Power***

The Company may be adversely affected by volatile solar energy market and industry conditions; in particular, the demand for the Company's products and services may decline. The solar energy market and industry may from time-to-time experience oversupply, which may adversely affect the Company. Oversupply conditions across the value chain can put pressure on average selling prices, resulting in lower revenue for many industry participants, including the Company. If the supply of solar systems grows faster than demand, demand and the average selling price for our products could be materially and adversely affected.

The solar power market is still at a relatively early stage of development and future demand for solar power products and services is uncertain. Market data for the solar power industry is not as readily available as for more established industries, where trends are more reliably assessed from data gathered over a longer period.

Many factors may affect the viability of solar power technology and the demand for solar power products, including:

- the cost-effectiveness, performance and reliability of solar power products and services, including the Company's solar power projects compared to conventional and other renewable energy sources and products and services;

- the availability of government subsidies and incentives to support the development of the solar power industry;

- the availability and cost of capital, including long-term debt and tax equity, for solar power projects;

- the success of other alternative energy technologies, such as wind power, hydroelectric power, geothermal power and biomass fuel;

- fluctuations in economic and market conditions that affect the viability of conventional and other renewable energy sources, such as increases or decreases in the prices of oil, gas and other fossil fuels;

- capital expenditures by end users of solar power products and services, which tend to decrease when the economy slows; and

- the availability of favorable regulation for solar power within the electric power industry and the broader energy industry.

If solar power technology is not suitable for widespread adoption or if sufficient demand for solar power products and services does not develop or takes longer to develop than anticipated, this may be a material adverse effect on the Company's profitability, results of operation and financial condition

***Unpredictability of Contract Procurement***

The Company relies on the continued procurement of contracts to sustain its revenues. The Company typically has a few large-scale projects per year, combined with several mid-sized projects that provide a steady stream of revenue. Despite the consistency of over the past number of years of the mix of large and mid-sized projects, significant fluctuations in the procurement of contracts may occur due to several factors, including decreased demand, supply chain deficiencies, unpredictability of the timing of development, and inability to find third party buyers in a timely manner, on favorable terms and conditions, or at all. If the Company does not obtain any large-scale projects or the amount of mid-sized contracts decreases substantially, this would have a material adverse effect on the Company's profitability, results of operation and financial condition.

***Competition***

The Company may face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and more product offerings than the Company. To remain competitive, the Company will require a continued high level of investment in marketing, sales and client support. The Company may not have sufficient resources to maintain marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Some of the Company's competitors and potential competitors are larger and have greater name recognition, longer operating histories, larger marketing budgets and significantly greater resources than the Company does. The Company expects competition to continue to intensify in the future as solar energy is increasingly adopted and embraced. If the Company fails to compete effectively, its business will be harmed. For these reasons, the Company may not be able to compete successfully against its current and future competitors.

Some of the Company's current and potential competitors have significantly greater resources and better competitive positions in certain markets than the Company does. These factors may allow the Company's competitors to respond more effectively to new or emerging technologies and changes in market requirements. The Company's competitors may develop products, features, or services that are like the Company's or that achieve greater market acceptance, may undertake more far-reaching and successful product development efforts or marketing campaigns, or may adopt more aggressive pricing policies. Certain competitors could use strong or dominant positions in one or more markets to gain a competitive advantage against the Company. As a result, the Company's competitors may acquire and engage users at the expense of the growth or engagement of its user base, which may negatively affect the Company's business and financial results. The Company believes that its ability to compete effectively depends upon many factors both within and beyond the Company's control, including but not limited to:

- the usefulness, ease of use, performance, and reliability of the Company's products and services compared to its competitors;

- customer service and support efforts;

- marketing and selling efforts;

- the Company's financial condition and results of operations;

- changes mandated by legislation, regulatory authorities, or litigation, some of which may have a disproportionate effect on the Company;

- acquisitions or consolidation within the Company’s industry, which may result in more formidable competitors;
- the Company’s ability to attract, retain, and motivate talented employees and consultants;
- the Company’s ability to cost-effectively manage and grow its operations; and
- the Company’s reputation and brand strength relative to that of its competitors.

There is increasing competition in the renewable energy sector in general, and the solar energy subsector given the market potential. The ability of the Company to successfully compete depends on continuing to develop and produce products that the Company can sell at competitive rates.

***Dividends***

To date, the Company has not paid any dividends on its outstanding securities and the Company does not expect to do so in the foreseeable future. Any decision to pay dividends on will be made by the Board and will depend upon the Company’s future earnings, its cash flows, its financial conditions, and other relevant factors discussed herein.

***Market for Securities***

Solar Alliance Shares are listed on the TSXV; however, there can be no assurance that an active and liquid market for Solar Alliance Shares will be maintained. The market price for Solar Alliance Shares could be subject to wide fluctuations. Factors such as government regulation, interest rates, share price movements of Solar Alliance’s peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of Solar Alliance.

***Financing Availability***

Market events and conditions, including disruption in the Canadian, United States and international financial markets and other financial systems and the deterioration of Canadian, United States and global economic and financial market conditions, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on the Company’s ability to receive additional financing. Tight credit markets could depress demand or prices for solar energy products and services. Current and future conditions in the domestic and global economies remain uncertain. As a result, it is difficult to estimate the level of growth or contraction for the economy. It is even more difficult to estimate growth or contraction in various parts, sectors and regions of the economy, including the market areas in which the Company intends to offer its products.

Furthermore, cost of capital affects both the demand and price of solar power systems. A high cost of capital may materially reduce the internal rate of return for solar power projects and therefore put downward pressure on the prices of both solar systems and solar modules, which typically comprise a major part of the cost of solar power projects.

Moreover, access to financing continues to be negatively impacted by COVID-19. As such, the Company may be subject to counterparty risk and liquidity risk. The Company will be exposed to various counterparty risks including, but not limited to: (i) through financial institutions that hold the Company’s cash; (ii) through companies that have payables to the Company; and (iii) through Company’s insurance providers. The Company will also be exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future, and, if obtained, on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company’s operations could be adversely impacted, and the trading price of Solar Alliance Shares could be adversely affected.

***Political Regulatory Risks***

Any changes in government policy may result in changes to laws affecting ownership of assets, monetary policies, energy incentives, taxation, rates of exchange, labour relations, and the environment. The possibility that future governments may adopt substantially different policies, which may extend to reducing incentives for adoption of solar energy products, cannot be ruled out. If governments revise, reduce or eliminate subsidies and economic incentives for solar energy, this could cause demand to decline. The Company is optimistic about U.S. President Joe Biden's proposal for a 10-year extension of the investment tax credit ("**ITC**") and an expanded direct pay ITC for solar projects, however a reversion of the proposal may inhibit the Company's growth prospects. Political decisions and stances that are contradictive to the Company's interests may have a material adverse effect on the Company's profitability, results of operation and financial condition.

***Exposure and Sensitivity to Macro-Economic Conditions***

The demand for solar power products and services is influenced by macroeconomic factors, such as global economic conditions, demand for electricity, supply and prices of other energy products, such as oil, coal and natural gas, as well as government regulations and policies concerning the electric utility industry, the solar and other alternative energy industries and the environment. In addition, reductions in oil and coal prices may reduce the demand for and the prices of solar power products and services. The Company's growth and profitability depend on the demand for and the prices of solar power products and services. Factors such as macro-economic conditions are and will be beyond the control of the Company, and if the Company experiences negative market and industry conditions and demand for solar energy projects and solar energy products and services weakens as a result, there may be a material adverse effect on the Company's profitability, results of operation and financial condition.

***Risks Related to Regulation by Governmental Authorities***

The activities of the Company may be subject to regulation by governmental authorities wherever its business is conducted. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals could have a material adverse effect on the business, results of operations and financial condition of the Company. Failure to follow regulatory requirements will have a detrimental impact on the business. Timing and nature of changes in legislation cannot be predicted and could irreparably harm the business.

***Reliance on Management and Key Personnel***

The Company has a small senior management group and is dependent upon the continued availability and commitment of its key management, whose contributions to immediate and future operations of the Company are significant. The loss of any such members could negatively affect business operations. The Company's future growth and its ability to develop depends, to a significant extent, on its ability to attract, train, and retain highly qualified personnel. The Company will rely on a limited number of key employees, consultants and members of senior management and there is no assurance that the Company will be able to retain such key employees, consultants, and senior management. The loss of one or more of such key employees, consultants, or members of senior management, if not replaced, could have a material adverse effect on the Company's business, financial condition and prospects, which may negatively impact the value of the Company. If the Company is unable to hire and retain additional qualified personnel in the future to develop its business, then its financial condition and operating results could be adversely affected, which may negatively impact the value of the Company's investments. The Company does not plan to maintain, key-person insurance on the lives of any of their key personnel.

***COVID-19 Global Pandemic***

Since December 31, 2019, the outbreak of COVID-19 has led governments worldwide to enact emergency measures to combat the spread of the virus. These measures, which include, among other things, the implementation of travel bans, self-imposed quarantine periods and social distancing, have cause material disruption to businesses globally, resulting in an economic slowdown. Such events may result in a period of business disruption, and in reduced operations, any of which could have a material adverse impact on the Company's result of operations, financial condition and the market and trading price of the Company's securities.

As of the date of this AIF, the duration and immediate and eventual impact of the COVID-19 pandemic remains unknown. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company. While the outbreak of COVID-19 has not caused significant disruptions to the Company's business, it may yet cause disruptions to the Company's business and operations plans. Such disruptions may result from (i) restrictions that governments and communities impose to address the COVID-19 global pandemic; (ii) restrictions that the Company and its contractors and subcontractors impose to ensure the safety of employees and others; (iii) shortages of employees and/or unavailability of contractors and subcontractors; (iv) interruption of supplies from third-parties upon which the Company relies; and/or (v) inability to raise capital due to the economic uncertainty caused by COVID-19. Further, it is presently not possible to predict the extent or durations of these disruptions. These disruptions may have a material adverse effect on the Company's business, financial condition and results of operations, which could be rapid and unexpected. These disruptions may severely impact the Company's ability to carry out its business plans.

***Concentration Risk***

The business of the Company is to design, sell, build and potentially own solar energy systems exclusively. Given the concentration of the Company's exposure to the solar energy sector, the Company will be more susceptible to adverse economic or regulatory occurrences affecting the renewable energy sector generally, and specifically affecting the solar energy sector. The Company's operations are currently completely focused on solar energy solutions, and if the solar energy sector experiences a downturn, a material adverse effect on the Company's profitability, results of operation and financial condition may result.

***Laws and Regulations***

The propensity for customer adoption of the Company's products is subject to environmental laws and regulations promulgated and administered by governments where the Company operates. These laws and regulations may provide incentives for adoption of renewable energy generally or solar energy in particular. Any changes to these laws, regulations and policies may present technical, regulatory and economic barriers to the purchase and use of solar energy solutions, which may significantly reduce demand for the Company's products and services or otherwise adversely affect the Company's financial performance. These laws and regulations include energy regulations, export and import restrictions, tax laws and regulations, environmental regulations, labor laws and other government requirements, approvals, permits and licenses. The market for solar power products is heavily influenced by national, state and local government regulations and policies, and these regulations could deter further investment in research and development of alternative energy sources as well as customer purchases of solar power products, which could result in a significant reduction in the potential demand for the Company's products. The introduction or repeal of certain laws or regulations may have a material adverse effect on the Company's profitability, results of operation and financial condition.

***Negative Public or Community Response***

Negative public or community response to solar energy solutions could adversely affect the ability of the Company to influence customer adoption of the Company's products. Negative public sentiment may be directed towards a contempt for the aesthetics of solar energy products. This type of negative response could lead to legal, public relations and other challenges that impede the ability of the Company to install its products in commercial and/or residential spaces. An increase in opposition to the installation solar energy products could have a material adverse effect on the Company's profitability, results of operation and financial condition.

***Increased Hardware Costs***

Increases in the price of components that are used in solar panels will have a direct correlation to higher costs for PV equipment. Elevated prices may occur due to various reasons including increases in the price of hardgoods, greater shipping and transportation cost, higher import tariffs. This may have the potential to influence clients to choose an alternative power generation solution. If solar panels become prohibitively expensive, an incentive for customer adoption of the Company's energy solutions may be diminished. Furthermore, if the cost of the Company's products become relatively expensive compared to other renewable energy or non-renewable energy alternatives, this may have a material adverse effect on the Company's profitability, results of operation and financial condition.

***Risks Related to Insurance of the Company's Operations***

The Company maintains insurance policies, covering usual and customary risks associated with its business, with credit-worthy insurance carriers. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the Company. While the Company believes its operations have or will have adequate insurance, such insurance will be subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were more than policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

The Company also from time to time relies on the insurance policies of the customers of the Company to cover losses as a result of force majeure, natural disasters, terrorist attacks or sabotage, among other things. While the Company performs a review of all the insurance policies it relies on, a significant uninsured loss or a loss that significantly exceeds the limits of the relied upon insurance policies or the failure to renew such insurance policies on similar or favourable terms could have a material adverse effect on the Company's interests.

***Acquisition Risk***

If appropriate opportunities present themselves, the Company may invest in businesses, technologies, services or products that the Company believes will add value to its existing offerings. There can be no assurance that the Company will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions with its current business. The process of integrating an acquired business, technology, service or product into the Company may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of the Company's business. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Company's business, results of operations and financial condition. Any such future acquisitions of other businesses, technologies, services or products might require the Company to obtain additional equity or debt financing, which might not be available on terms favourable to the Company, or at all, and such financing, if available, might be dilutive.

The expansion or development of the business, including through acquisitions, increased product offerings or other strategic growth opportunities, may cause disruptions in the Company's business, which may have an adverse effect on the Company's business, operations or financial results.

The Company may seek to expand and develop its business, including through acquisitions, increased product offerings, or other strategic growth opportunities. In the ordinary course of business, the Company may review, analyze, and evaluate various potential transactions or other activities in which it may engage. Such transactions or activities could cause disruptions in, increase risk or otherwise negatively impact its business. Among other things, such transactions and activities may:

- disrupt the Company's business relationships with its customers, depending on the nature of or counterparty to such transactions and activities;
- direct the time or attention of management away from other business operations;
- fail to achieve revenue or margin targets, operational synergies or other benefits contemplated;
- increase operational risk or volatility in the Company's business; and/or
- result in current or prospective employees experiencing uncertainty about their future roles with the Company, which might adversely affect the Company's ability to retain or attract key managers or other employees.

***Risks related to volatility of share price, absence of dividends and fluctuation of operating results.***

Market prices for the securities of renewable energy companies have recently been highly volatile. Factors such as fluctuation of the Company's operating results, announcements of technological innovations, patents or new commercial products by the Company or competitors, macro-economic and political conditions, and other factors could have a significant effect on the share price or trading volumes for Solar Alliance Shares. The Company has not paid dividends to date and does not expect to pay dividends in the foreseeable future.

***Execution Risk***

The Company's product development, installation and project execution activities may not be successful, for reasons including but not limited to not receiving required permits, property rights, transmission arrangements, inadequate financing and delays on installation, which could prevent a project from commencing or continuing as scheduled, all of which could increase costs, delay or cancel projects. Furthermore, there is no guarantee the Company will execute its strategy relating to the marketing, distribution and sale of the Company's solar energy products. All the aforesaid could have a material adverse effect on the Company's profitability, results of operation and financial condition.

***Contractual Risk***

The Company is a party to various contracts, and it is always possible that the other contracting parties may not fully perform their obligations. Any dereliction of contractual duties could and may have a material adverse effect on the Company's ability to generate revenue.

***Construction Risk***

The Company may construct and install solar systems and inadvertently damage the property during installation. The Company carries appropriate insurance, however, property damage or liability for property damage that is not adequately covered by the Company's insurance may result in the Company being liable for costs that would reduce the profitability of that particular contract. Substantial property damage could result in liability or litigation that could have a material adverse effect on the Company's profitability, results of operation and financial condition.

***Profitability***

There is no assurance that the Company will earn profits in the future, or that profitability will be sustained. There is no assurance that future revenues will be sufficient to generate the funds required to continue the Company's operations, portfolio, and marketing activities. If the Company does not have sufficient capital to fund its operations, it may be required to dispose of certain assets, reduce its marketing efforts or forego certain business development strategies, which could adversely affect an investment in the Company.

***Reporting Issuer Risk***

As a reporting issuer, the Company is subject to reporting requirements under applicable laws and TSXV Exchange Policies. Compliance with these requirements increases legal and financial compliance costs, make some activities more difficult, time consuming or costly, and increases demand on existing systems and resources. Among other things, the Company is required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. To maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Company's business and results of operations. The Company may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses. Continuing as a reporting issuer may make it more expensive to maintain director and officer liability insurance. This factor could also make it more difficult for the Company to retain qualified directors and executive officers.

***Risks related to conflicts of interest***

Certain of the directors and officers of the Company may be involved with or may become directors and officers of other companies and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies.

***Access to Minerals and Metals***

Access to certain minerals and metals are vital for the Company's products. PV typically require some of the following critical metals such as tellurium, cadmium, indium, gallium, titanium dioxide, selenium, silica and silver. A drastic reduction in the supply or availability of the minerals and metals that are part of the componentry of the Company's products may diminish the ability of the Company to develop, manufacture or obtain products at scale. Supply and availability of the minerals and metals required for solar energy products can be affected not only by mining production and shortages, but from the entire supply chain, including transportation and manufacturing concerns. Furthermore, many rare earth metals are concentrated in a few countries, and political decisions to restrict the export of such metals can inhibit the ability of the Company to obtain components necessary for the manufacture and operation of its products. The potential for the resulting reduced supply componentry could have a material adverse effect on the Company's profitability, results of operation and financial condition.

***Natural Disasters and Other Catastrophic Events***

There can be no assurance that in the event of an earthquake, hurricane, tornado, tsunami, typhoon, terrorist attack, act of war or other natural, manmade or technical catastrophe, all or some parts of the manufacturing facilitates or infrastructure systems of the Company's or the Company's affiliates will not be disrupted. The occurrence of a significant event which disrupts the ability of the Company to produce or sell its products for an extended period could have a material adverse effect on the Company's profitability, results of operation and financial condition.

***Currency Risk***

The Company's operations and revenue will be incurred primarily in US Dollars. Depending on whether the Company operates profitably, currency fluctuations may affect future cash flow which the Company may realize. The Company may have financial risk exposure to varying degrees relating to the currency risk and volatility of each of the countries in which it operates. If income is generated in currency besides the US Dollar, there may be a material adverse effect on the Company's revenue.

***Interest Rate Risk***

The Company may consider obtaining financing in the future by accessing the debt markets. Amounts payable in respect of interest and principal on debt to be incurred by the Company will affect its net cash flow and profitability. Any increase in such payments will result in a corresponding increase in the cash out flow of the Company that must be applied to debt service. In the event of such an increase, there can be no assurance that net cash flow derived from the Company's operations will be sufficient to cover its future financial obligations or that additional funds will otherwise be able to be obtained. If the Company becomes unable to pay its debt service charges or otherwise commits an event of default such as bankruptcy, the lender may foreclose on or sell all or some of the Company's assets, which may have a material adverse effect on the Company's profitability, results of operation and financial condition.

***Operations in Foreign Jurisdictions***

The Company's interests may be exposed to various degree of political, economic and other risks and uncertainties in a foreign jurisdiction. In particular, the Company's business objectives may be affected by the local and governing political and economic developments including and not limited to: expropriation of property including intellectual property rights, invalidation of government orders, permits or agreements to operate, political unrest, labour disputes, limitations on repatriation of earnings, limitation on foreign ownership, inability to obtain or delays in obtaining necessary approvals, licenses, permits, or authorizations, government participation, royalties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies.

The Company's investments may also be adversely affected by the laws and policies of Canada and the United States affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with a business interest of the Company in an international jurisdiction, the Company may be subject to the exclusive jurisdiction of foreign courts and may not be successful in subjecting foreign persons to the jurisdiction of the Company's choice or enforcing judgment in other jurisdictions. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, regulated exchange activities in international jurisdictions involving the Company or a subsidiary could be substantially affected by factors beyond the Company's control, and which could have a material adverse effect on the Company.

***Taxation Risks***

The Company's activities will generally be taxable in the jurisdictions in which it operates. Changes to taxation laws in Canada, the United States or any of the countries in which the Company operates from time to time could materially affect the Company's profitability. No assurance can be given that new taxation rules will not be enacted or that existing rules will not be applied in a manner that could materially affect in the Company's profits and it may result in a material adverse effect on the Company's profitability, results of operations and financial condition.

Legislation may be proposed, both domestically and internationally, that could add a tax or reduce tax incentives. If such proposals were to become law, they could have a negative impact on the solar energy industry and on the value of the Company. In addition to proposed tax changes that could affect the Company, changes in tax laws, regulations or policies against corporations could result in the Company paying higher taxes, which would in turn reduce net income

***Risks Related to Value of Securities***

The value of Solar Alliance Shares may be reduced for several reasons, many of which are outside the control of the Company, including but not limited to:

- general economic and political conditions in Canada, the United States and globally;
- governmental regulation of the environment, renewable and non-renewable energy sources, incentives for solar energy product, and the energy industry as a whole;
- failure to subdue the COVID-19 pandemic;
- failure to achieve desired outcomes by the Company;
- failure to obtain industry partner and other third-party consents and approvals, when required;
- stock market volatility and market conditions;
- competition for, among other things, capital, and skilled personnel;
- the need to obtain required approvals from regulatory authorities;
- revenue and operating results failing to meet expectations in any particular period;
- investor perception of the solar energy sector and renewable energy industries;
- limited trading volume of Solar Alliance Shares;
- announcements relating to the Company's business or the businesses of the Company's competitor's; and
- the Company's ability or inability to raise additional funds.

***Litigation Risks***
The Company and/or its directors and officers may be subject to a variety of civil or other legal proceedings, with or without merit. From time to time in the ordinary course of its business, the Company may become involved in various legal proceedings, including commercial, employment and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. If the Company is unable to resolve these disputes favourably, it may have a material adverse effect on the financial performance of the Company. Even if the Company is involved in litigation and wins, such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Litigation may also create a negative perception of the Company's brand. Litigation could result in substantial costs and damages and divert the Company's management's attention and resources. Any decision resulting from any such litigation that is adverse to the Company could have a negative impact on the Company's financial position.

***Going Concern Risk***

The Company's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations may be dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable investments at an indeterminate time in the future. There can be no assurance that the Company will be successful in completing an equity or debt financing or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

***Economic environment and global economic risk***

The Company's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently, impact the Company's sales and profitability. Any economic slowdown and downturn of global capital markets could make the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by the ongoing global economic risks. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company. If uncertain market conditions persist, The Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of Solar Alliance Shares on the TSXV.

***Third Party Risk***

To grow its business, the Company anticipates that it will continue to depend on relationships with third parties, such as developers, distributors, designers, and installers. Identifying partners, and negotiating and documenting relationships with them, requires significant time and resources. The Company's competitors may be more effective in providing incentives to third parties to favour their products or services. In addition, acquisitions of the Company's partners by its competitors could result in a decrease in the number of current and potential customers, distribution channels, sales channels, and suppliers.

If the Company is unsuccessful in establishing or maintaining its relationships with third parties, its ability to compete in the marketplace or to grow its revenue could be impaired, and its operating results, and ultimately, the Company's operating results, may suffer. Even if the Company is successful in retaining third party relationships, the Company cannot assure investors that these relationships will result in increased revenue or profitability for the Company. Furthermore, if the Company's partners fail to perform as expected, the reputation of the Company and its subsidiaries may be harmed, and its business and operating results could be adversely affected, and ultimately, the Company may have to write-off certain assets.

***Malicious Actor Risk***

Misconduct by employees of the Company or its subsidiaries and/or agents could include hiding unauthorized activities, improper or unauthorized activities on behalf of customers or improper use or unauthorized disclosure of confidential information. Misconduct could subject the Company to financial losses or regulatory sanctions and seriously harm its reputation. It is not always possible to deter misconduct, and the precautions the Company takes to prevent and detect this activity may not be effective in all cases. The employees and agents of the Company or its subsidiaries may commit errors that could subject it to financial claims for negligence, as well as regulatory actions, which may impact the value of the Company.

***Risk of Technological Change***

To remain competitive, the Company must continue to enhance and improve the responsiveness, functionality and features of its products and technology. The pace at which the solar energy industry is growing may coincide with technological changes and new product offerings could render the Company's existing operations and products archaic. There can be no assurance the Company will successfully implement new technologies and products to meet industry standards and if unable to adapt in a timely matter, the business of the Company could be materially affected. Furthermore, there is a risk that PV or their components may generate less electricity over time then expected. This may negatively affect the Company's ability to retain and procure clients.

The failure of the Company to use, maintain and update proper technological systems may negatively impact the Company's ability to: conduct business with their clients, including delivering services and solutions; manage their inventory and accounts receivable; purchase, sell, ship and invoice their products and services efficiently and on a timely basis; and maintain their cost-efficient operation model while expanding their business in revenue and in scale. This may in turn negatively impact the operations and revenue of the Company. There can be no assurance that new and unforeseeable technology, will not disrupt the existing state of technology and that the existing technology of the Company will not become archaic.

***Use and Storage of Personal Information and Compliance with Privacy Laws***

The Company may receive, store and process personal information and other customer data including, addresses, telephone numbers, and information relating to financial transactions. As a result, the Company must comply with the privacy laws of the relevant jurisdictions relating to the collection, use, disclosure, storage, and safeguarding of personal information. Any failure or perceived failure by the Company privacy-related obligations to customers or other third parties, privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other customer data, may result in governmental enforcement actions, fines, or litigation, which could adversely affect the value of the Company.

***Availability of Solar Energy and Other Natural Variables***

The Company's business is inherently exposed to factors beyond the control of the Company, namely the availability of energy derived from the sun to make the Company's products viable. If a catastrophic event were to occur in which harnessing energy from the sun is no longer possible or financially viable, it may render the Company and its products obsolete. A shift in weather or climate patterns may reduce the absorption of photons via solar panels, which would decrease the amount of energy that a solar panel generates. Reduced availability of the sun's energy for an extended period and other changes in natural variables of regulations could have a material adverse effect on the Company's profitability, results of operation and financial condition.

***Protection of IP***

The future success of certain segments of the Company's business depends upon the intellectual property rights acquired through research and development and acquisitions of intellectual property. Although the Company will seek to protect its proprietary rights through, for example, trademark registrations and patent applications, its actions may be inadequate to protect any proprietary rights or to prevent others from claiming violations of their proprietary rights. There can be no assurance that other companies are not investing or developing other technologies that are similar or identical to the technologies that may be developed by the Company. If the protection of proprietary rights is inadequate to prevent unauthorized use or appropriation by third parties, the value of some of the Company's products may be diminished. Any of these events could have an adverse effect on the Company business and financial results.

If third party patents or patent applications contain claims infringed by the Company's products and these claims are valid, the Company may be unable to obtain licenses to these patents at a reasonable cost, if at all, and may also be unable to develop or obtain alternative technology. If such licenses cannot be obtained at a reasonable cost, the business could be significantly impacted. Further, the enforceability of the patents owned by the Company may be challenged and the Company's patents could be partially or wholly invalidated following challenges by third parties.

The Company cannot assure Shareholders that its activities will not infringe on patents, trademarks or other intellectual property rights owned by others. If the Company is required to defend itself against intellectual property rights claims, it may spend a significant time and effort and incur significant litigation costs, regardless of whether such claims have merit. If the Company is found to have infringed on the patents, trademarks or other intellectual property rights of others, the Company may also be subject to substantial claims for damages or a requirement to cease the use of such disputed intellectual property, which could have an adverse effect on the Company's revenue. Such litigation or claims and the consequences that could follow could distract management of the Company from the ordinary operation of its business and could increase costs of doing business, resulting in a negative impact on the business, financial condition or results of the Company.

## DIVIDENDS OR DISTRIBUTIONS

To date, the Company has not paid any dividends on its outstanding securities and does not expect to do so in the foreseeable future. Any decision to pay dividends on Solar Alliance Shares will be made by the Board.

## CAPITAL STRUCTURE

### *Common Shares*

The capital structure of the Company is as follows:

| Designation of Security | Number Authorized | Number outstanding |
|---|---|---|
| Common Shares | Unlimited | 274,984,848 |

The Shareholders are entitled to receive notice of and to attend all meetings of Shareholders and shall have one vote for each Common Share held at all meetings of Shareholders. Shareholders are entitled to (a) receive any dividends as and when declared by the Board out of the assets of the Company properly applicable to the payment of dividends, in such amount and in such form as the Board may from time to time determine, and (b) receive the remaining property of the Company (after payment of all outstanding debts) in the event of any liquidation, dissolution or winding-up of the Company. There are no special rights or restrictions attached to the Common Shares. The Shareholders have no pre-emptive, subscription, redemption or conversion rights. Other than as provided for in this AIF, there are no provisions restricting the issuance of Common Shares or any other material restrictions.

### *Options*

The Company currently has in place a rolling stock option plan (the "**Option Plan**") pursuant to which the Company may grant incentive stock options to directors, officers, employees, and consultants of the Company or any of its affiliates. The Option Plan was last approved by Shareholders at the annual general meeting of the Company on February 10th, 2021.

The Option Plan allows for the reservation of a maximum of 10% of the issued and outstanding Common Shares at the time of the stock option grant. As of the date hereof there is an aggregate of 12,939,286 Common Shares acquirable upon exercise of outstanding stock options of the Company ("**Options**"), of which 11,889,286 are fully vested and exercisable. Under TSXV Exchange Policy, all such rolling stock option plans which set the number of Common Shares issuable under the plan at a maximum of 10% of the issued and outstanding Common Shares must be approved and ratified by Shareholders on an annual basis.

The purpose of the Option Plan is to allow the Company to grant Options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of the Company. The granting of such Options is intended to align the interests of such persons with that of Shareholders. Options will be exercisable over periods of up to ten years as determined by the Board and are required to have an exercise price no less than the closing market price of the Common Shares prevailing on the day that the Option is granted less a discount of up to 25%, the amount of the discount varying with market price in accordance with the TSXV Exchange Policies. Pursuant to the Option Plan, the Board may from time to time authorize the issue of Options to directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries. The Option Plan contains no vesting requirements, but permits the Board to specify a vesting schedule in its discretion. The Option Plan provides that on the occurrence of certain "substitution events" (including certain reorganizations, amalgamations, mergers or business combinations and takeover bids), all outstanding options will vest.

## MARKET FOR SECURITIES

The Company trades on the TSXV, under the ticker symbol "SOLR".

The following table represents the high and low trading prices and trading volume for the Common Shares on the TSXV, on a monthly basis during its financial year ended December 31, 2020 and up to the date of this AIF.

| | Price Range | | |
|---|---|---|---|
| **Month** | **High (CAD$)** | **Low (CAD $)** | **Volume** |
| January, 2020 | $0.04 | $0.03 | 2,458,889 |
| February, 2020 | $0.05 | $0.03 | 4,534,568 |
| March, 2020 | $0.04 | $0.02 | 6,025,067 |
| April, 2020 | $0.03 | $0.02 | 4,629,943 |
| May, 2020 | $0.03 | $0.02 | 2,817,705 |
| June, 2020 | $0.03 | $0.02 | 2,373,089 |
| July, 2020 | $0.04 | $0.02 | 5,171,214 |
| August, 2020 | $0.04 | $0.03 | 4,482,875 |
| September, 2020 | $0.04 | $0.02 | 4,909,744 |
| October, 2020 | $0.04 | $0.03 | 11,108,126 |
| November, 2020 | $0.06 | $0.03 | 32,169,521 |
| December, 2020 | $0.11 | $0.04 | 40,263,680 |
| January, 2021 | $0.66 | $0.13 | 182,249,852 |
| February, 2021 | $0.81 | $0.46 | 74,786,131 |
| March, 2021 | $0.57 | $0.33 | 36,797,335 |
| April, 2021 | $0.45 | $0.25 | 34,587,172 |
| May, 2021 | $0.39 | $0.28 | 14,480,764 |
| June, 2021 | $0.33 | $0.25 | 13,809,606 |
| July, 2021 | $0.29 | $0.22 | 8,518,531 |
| August, 2021 | $0.28 | $0.20 | 11,318,947 |
| September, 2021 | $0.23 | $0.18 | 5,224,668 |
| October 1, 2021 – October 25, 2021 | $0.24 | $0.16 | 12,964,123 |

Note: Trading data derived from www.marketwatch.com

## PRIOR SALES

During the year ended December 31, 2020 and up to the date of this AIF, the Company issued the following securities, which are convertible into Common Shares but are not listed or quoted on a marketplace:

| Date of Issue | Type of Securities | Number of Securities | Issue or Exercise Price per Security (CDN$) |
|---|---|---|---|
| March 31, 2020 | Options | 2,900,000 | $0.05 |
| July 23, 2020 | Options | 2,000,000 | $0.05 |
| October 27, 2020 | Options | 1,800,000 | $0.05 |
| December 9, 2020 | Options | 100,000 | $0.06 |
| February 19, 2021 | Warrants | 14,655,255 | $0.60 |
| September 13, 2021 | Options | 1,050,000 | $0.22 |

## ESCROWED SECURITIES

As of the date hereof, none of the Common Shares are held in escrow or are subject to contractual restrictions on transfer.

## DIRECTORS AND OFFICERS

The following table sets out, for each of the Company's directors and executive officers, the person's name, province and country of residence, positions with the Company, principal occupation, and, if a director, the date upon which the person became a director. Each director will hold office until the next annual meeting of the Company unless his or her office is earlier vacated:

| Name, Municipality of Residence, Position at the Company | Principal Occupation During Last Five Years(1) | Director or Officer Since | Number of Securities Held | Percentage of Class Held or Controlled(2) |
|---|---|---|---|---|
| Michael Clark(7)<br>*Toronto, Canada*<br>Director, Chairman & Chief Executive Officer | Chief Marketing Officer of the Company from December 1, 2017 to April 27, 2018. Chief Operating Officer of the Company from April 27, 2018 to February 15, 2019. President and Chief Executive Officer of the Company since February 15, 2019. | February 15, 2019 | 11,960,459(6) Common Shares | 4.35% |
| Rob Roberti(10)(11)<br>*Toronto, Canada*<br>Chief Financial Officer | Principal of Verde Finance Inc. from April 18, 2016 to June 22, 2018.<br>Chief Financial Officer of Cordelio Power Inc. from June 25, 2018 to September 3, 2021.<br>Chief Financial Officer of the Company since September 13, 2021. | September 13, 2021 | Nil Common Shares | Nil |
| Bob Miller(3)(4)<br>*Nevada, USA*<br>Director | Owner Business to Business or Government consultant since 2005. Governor of the State of Nevada from 1989 to 1999. | July 16, 2019 | 97,143 Common Shares | 0.04% |
| Anton Shihoff(3)(4)(8)<br>*Dublin, Ireland* | Director and Partner of Altostrata Energy Limited, a privately held investment company specialising in clean technology. | May 4, 2018 | 1,020,000 Common Shares | 0.37% |

| Name, Municipality of Residence, Position at the Company | Principal Occupation During Last Five Years(1) | Director or Officer Since | Number of Securities Held | Percentage of Class Held or Controlled(2) |
|---|---|---|---|---|
| Director | | | | |
| Ken Stadlin(3)(4)(9)<br>*Maryland, USA*<br>Director | President and Chief Executive Officer of Kenergy Solar Inc., a Washington, D.C. based solar sales and installation company. | December 1, 2017 | 709,543 Common Shares | 0.26% |
| Brian Timmons<br>*London, UK*<br>Director(13)(14) | Director and CFO of IMS Maxims to March 2020.<br>Director and CFO of Reset Health from April 2020 to present.<br>Chairman of Ormonde Mining PLC from September 2021 to present. | September 13, 2021 | 285,000 Common Shares | 0.10% |
| Monique Hutchins(12)<br>*Toronto, Canada*<br>Corporate Secretary | Director of Business Development & Marketing, and Corporate Secretary at Independent Review Inc. from November 2010 to February 2019.<br>Managing Director of DSA Corporate Services Inc. from February 2019 to present. | February 1, 2020 | 2,000 Common Shares | <0.01% |
| Christina Yuen-Ling Wu(10)<br>*Toronto, Canada*<br>Former Chief Financial Officer | Accounting technician of Henderson Partners LLP from July 2012 to October 2016.<br>Senior Associate of RSM Canada from October 2016 to September 2019.<br>Senior Financial Analyst of Marrelli Support Services Inc. from September 2019 to present. | February 1, 2020 – September 13, 2021 | Nil Common Shares | Nil |

Notes:

(1) The information as to principal occupation, business or employment and shares beneficially owned or controlled is not within the knowledge of the Company and has been furnished by the respective individuals.

(2) Based on 274,984,848 issued and outstanding Common Shares.

(3) Members of the Audit Committee.

(4) Members of the Compensation Committee.

(5) Members of the Nominating and Corporate Governance Committee.

(6) 3,836,500 Common Shares are owned by Mr. Clark directly and 8,123,959 Common Shares are owned by Clark Public Affairs, Ltd., a private corporation wholly owned by Mr. Clark. Mr. Clark owns 3,600,000 Options.

(7) Mr. Miller owns 2,000,000 Options.

(8) Mr. Shihoff owns 1,714,286 Options.

(9) Mr. Stadlin owns 850,000 Options.

(10) Ms. Wu resigned on as CFO on September 13, 2021 and was replaced by Mr. Roberti.

(11) Mr. Roberti owns 1,000,000 Options.

(12) Ms. Hutchins owns 50,000 Options.

(12) 75,000 Common Shares are owned by Mr. Timmons direction and 210,000 are owned by BT Pension Fund, a fund wholly owned by Mr. Timmons. Mr. Timmons owns 375,000 Options.

(13) Mr. Timmons was appointed to the Board on September 13, 2021

## Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as set out below, no director or officer of the Company is, as at the date hereof, or has been, within the previous 10 years, a director, chief executive officer or chief financial officer, of any company that:

- while that person was acting in the capacity was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

- was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued after the director ceased to be a director, chief executive officer or chief financial officer of such company and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

- within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Other than as set out below, no director of the Company (or any personal holding company of any such individual):

- is at the date hereof, or has been within the previous 10 years, a director or executive officer of any corporation that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver manager or trustee appointed to hold its assets; or

- has, within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets such individual.

- No director or officer of the Company (or any personal holding company of any such individual) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

**Conflicts of Interest**

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests that they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict is required to disclose his interest and abstain from voting on such matter. The director in a conflict must recuse him or herself from the part of the meeting that pertains to the conflict if so requested by all other members of the Board.

Directors and officers of the Company also serve as directors and/or officers of other companies and may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm’s length negotiations, but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Company which arise under corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Company. All conflicts of interest will be resolved in accordance with the BCBCA. Any transactions with officers and directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to the Company and, depending upon the magnitude of the transactions and the absence of any disinterested Board members, may be submitted to Shareholders for their approval.

Except as disclosed in this AIF, to the best of the Company’s knowledge, there are no known existing or potential conflicts of interest among the Company, directors and officers or other members of management of the Company or of any proposed promoter, director, officer or other member of management as a result of their outside business interests, except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies. As of the date hereof, to the best of the Company's knowledge, there are no actual or potential conflicts of interest involving the directors or officers of the Company.

Related party transactions during each reporting period are detailed in the Company's Management Discussion & Analysis for the relevant period.

## AUDIT COMMITTEE INFORMATION

The Audit Committee oversees the accounting and financial reporting practices and procedures of the Company and the audits of the Company's financial statements. The principal responsibilities of the Audit Committee are: (i) overseeing the quality and integrity of the internal controls and accounting procedures of the Company, including review of the Company's procedures for internal control with the Company's auditor and chief financial officer; (ii) reviewing and assessing the quality and integrity of the Company's annual and quarterly financial statements and related management discussion and analysis, as well as all other material continuous AIFs; (iii) monitoring compliance with legal and regulatory requirements related to financial reporting; (iv) reviewing and approving the engagement of the auditor of the Company and independent audit fees; (v) reviewing the qualifications, performance and independence of the auditor of the Company, considering the auditor's recommendations and managing the relationship with the auditor, including meeting with the auditor as required in connection with the audit services provided to the Company; (vi) assessing the Company's financial and accounting personnel; (vii) reviewing the Company's risk management procedures; (viii) reviewing any significant transactions outside the Company's ordinary course of business and any pending litigation involving the Company; and (ix) examining improprieties or suspected improprieties with respect to accounting and other matters that affect financial reporting.

### Audit Committee Charter

The full text of the charter of the Audit Committee is attached as Schedule "B" to this AIF.

### Composition of the Audit Committee

The Audit Committee of the Company is comprised of Ken Stadlin (chair), Anton Shihoff, and Bob Miller. All members of the Audit Committee are "independent" within the meaning of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). In addition, each Audit Committee member is "financially literate", within the meaning of NI 52-110 and possess education or experience that is relevant for the performance of their responsibilities as Audit Committee members.

All members of the Audit Committee have experience reviewing financial statements and dealing with related accounting and auditing issues. Set out below is a description of the education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member:

*Ken Stadlin*

Mr. Stadlin is Founder, President, and CEO of Kenergy Solar Inc., a solar installer that has established a leading position in the residential and commercial sectors in the mid-Atlantic region. As CEO, Mr. Stadlin is familiar with analyzing financial statements and their accounting principles used in reading and preparing financial statements. As a former member of the board of directors for Maryland DC Virginia Solar Energy Industries Association (MDV-SEIA), Mr. Stadlin played an active role in ongoing policy developments in the Maryland and Washington, D.C. markets. Mr. Stadlin served as Chairman of the DC Policy Committee for MDV-SEIA. Mr. Stadlin obtained a Bachelor of Arts degree from the University of Virginia and obtained a Master of Business Administration from the University of Maryland.

*Anton Shihoff*

Mr. Shihoff is a founding partner of Altostrata - environmental impact investment company, and presently is advisor to, or sits on the board of several environmental technology companies. Mr. Shihoff has extensive public and private financial markets experience, working financing structures for a wide variety of top-tier investment funds and banks, corporations as well as governmental investment agencies. As a director of Altostrata, Mr. Shihoff has experience with the review and understanding of the accounting principles relevant to renewable energy companies and interpreting and assessing the financial statements and renewable energy companies. Mr. Shihoff has been involved in the development and analysis of internal controls and procedures for financial reporting.

*Bob Miller*

Robert (Bob) Miller is the former Governor of Nevada and has served as a director of several public companies. As governor, Mr. Miller oversaw over thirty diverse departments and hundreds of operating divisions. After his time as governor, he was a senior partner at the law firm of Jones Vargas from 1999-2009. Mr. Miller chaired or co-chaired numerous committees within the National Governors' Association, including its chairmanship from 1996-1997. Mr. Miller's vast breadth of experience overseeing public entitles has necessitated his involvement in analyzing and reviewing finances and has given him a deep understanding of internal controls that an organization must have in place. Mr. Miller obtained a juris doctorate degree from Loyola Law School.

**Exemption for Venture Issuers**

Pursuant to Section 6.1 of NI 52-110, the Company is exempt from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

**Audit Committee Oversight**

At no time since the commencement of the Corporation's financial year ended December 31, 2020, was a recommendation of the Audit Committee to nominate or compensate an external auditor (currently, Smythe LLP) not adopted by the Board.

**Pre-Approval Policies and Procedures**

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and where applicable by the Audit Committee, on a case-by-case basis.

**External Auditor Service Fees**

| | Year Ended December 31, 2020 | Year Ended December 31, 2019 |
|---|---|---|
| Audit fees | $52,000 | $45,000 |
| Audit related fees(1) | Nil | Nil |
| Tax fees(2) | $3,000 | $17,250 |
| All other fees | Nil | Nil |
| Total fees: | $55,000 | $62,250 |

Notes:
(1) This amount represents fees related to the audit or review of the Company's financial statements not reported under 'Audit Fees'
(2) Aggregate fees billed for professional services rendered by the Company's auditor for tax compliance, tax advice and tax planning.

## PROMOTERS

The Company does not currently have any promoters, nor has it had any promoters during the past two most recently completed financial years.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not currently a party to any actual or pending legal proceedings or regulatory actions which would materially affect the Company, nor is the Company currently contemplating any legal proceedings, which are material to its business or of which any of its assets are likely to be subject. Furthermore, the Company is not aware of any such proceeding known to be contemplated or threatened which would materially affect the Company.

While the Company is not contemplating any legal proceedings, nor is the Company aware of are pending legal proceedings or regulatory actions, the possibility exists that the Company may become party to litigation or other adversary proceedings, with or without merit, in several jurisdictions. The cost of defending such claims may take away from management time and effort and if determined adversely to the Company, may have a material and adverse effect on its cash flows, results of operation and financial condition.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described in this AIF, no director, executive officer, person or company that beneficially owns, or controls, or directs, directly or indirectly, more than 10% of the Common Shares or any associate or affiliate of any such person or company, has or had any material interest, direct or indirect, in any transaction either within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

## TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1.

## MATERIAL CONTRACTS

Except for contracts entered in the ordinary course of business, the Company did not enter into any material contracts within the last financial year, or before the last financial year, which is still in effect and that can reasonably be regarded as potentially material.

## INTERESTS OF EXPERTS

***Names of Experts***

Smythe LLP, 1700 – 475 Howe Street, Vancouver, British Columbia, V6C 2B3, prepared the auditor’s report for the audited financial statements of the Company for the year ended December 31, 2020. Morgan & Company LLP prepared the auditor’s report for the audited financial statements of the Company for the year ended December 31, 2019. Morgan & Company LLP merged with Smythe LLP on August 1, 2020.

Dennis Peterson, of Peterson McVicar LLP, serves as counsel to the Company.

Daniel Spitzer, of Hodgson Russ LLP, serves as counsel to the Company.

Sameer Kamboj, of Owen Bird Law Corporation, serves as counsel to the Company.

***Interest of Experts***

None of the persons listed in the above “*Name of Experts*” section have any registered or beneficial interests in the Company.

## ADDITIONAL INFORMATION

Additional financial information is provided in the Company’s audited annual financial statements and the management’s discussion and analysis for its most recently completed financial year. Other additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of securities of the Company and securities authorized for issuance under equity compensation plans, may be found in the management information circular of the Company for its most recent meeting of Shareholders. These documents and other additional information relating to the Company may be found on SEDAR at www.sedar.com

## SCHEDULE "A" – GLOSSARY

"**AIF**" means this annual information form of the Company for the financial year ended December 31, 2020;

"**BCBCA**" means the British Columbia *Business Corporations Act*, or its successor legislation and the regulations made thereunder;

"**Board**" means the board of directors of the Company;

"**Common Share**" means a common share of the Company;

"**Company**" means Solar Alliance Energy Inc. (TSXV: SOLR);

"**COVID-19**" means the infectious disease caused by severe acute respiratory syndrome coronavirus 2;

"**Empire Cinemas**" means Empire Cinemas Ltd.;

"**EV**" means electric vehicle;

"**ITC**" means the investment tax credit that has been proposed to be extended by U.S President Joe Biden;

"**KUB**" means the Knoxville Utilities Board;

"**kW**" means kilowatt;

"**License Agreement**" means the commercial license agreement between the Company and the University of Tennessee Research Foundation, as announced on September 15, 2020;

"**MW**" means megawatt;

"**NI 52-110**" means National Instrument 52-110 – Audit Committees;

"**O&M Contract**" means the Operations and Maintenance Contract between the Company and KUP, as announced on March 13, 2019;

"**OBCA**" means the Ontario *Business Corporations Act*, or its successor legislation and the regulations made thereunder;

"**Option Plan**" means the Company's 10% rolling stock option plan;

"**Options**" means the options that are issued or issuable under the Company's Option Plan;

"**PV**" means photovoltaics, the conversion of light into electricity using semiconducting materials that exhibit the photovoltaic effect, which can be commercially utilized for electricity generation. Photovoltaics is colloquially known as solar panels;

"**Shareholder**" means a holder of Common Shares;

"**Solar Alliance**" means Solar Alliance Energy Inc.;

"**Solar Alliance Shares**" means the Common Shares of the Company;

"**TSXV**" means the TSX Venture Exchange; and

"**TSXV Exchange Policies**" means the policies of the TSXV that are in place from time to time.

## SCHEDULE "B" - AUDIT COMMITTEE CHARTER

## SOLAR ALLIANCE ENERGY INC.

Audit Committee Charter

### 1.0 Purpose of the Committee

1.1 The Audit Committee represents the Board in discharging its responsibility relating to the accounting, reporting and financial practices of the Company and its subsidiaries, and has general responsibility for oversight of internal controls, accounting and auditing activities and legal compliance of the Company and its subsidiaries.

### 2.0 Members of the Committee

2.1 The Audit Committee shall consist of no less than three Directors, the majority of whom shall be "independent" as defined under National Instrument 52-110. The members of the Committee shall be selected annually by the Board and shall serve at the pleasure of the Board.

2.2 At least one Member of the Audit Committee must be "financially literate" as defined under National Instrument 52-110, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

### 3.0 Meeting Requirements

3.1 The Committee will, where possible, meet on a regular basis at least once every quarter, and will hold special meetings as it deems necessary or appropriate in its judgment. Meetings may be held in person or telephonically and shall be at such times and places as the Committee determines. Without meeting, the Committee may act by unanimous written consent of all members which shall constitute a meeting for the purposes of this charter.

3.2 A majority of the members of the Committee shall constitute a quorum.

### 4.0 Duties and Responsibilities

The Audit Committee's function is one of oversight only and shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and conditions or the responsibilities of the external auditors relating to the audit or review of financial statements. Specifically, the Audit Committee will:

(a) have the authority with respect to the appointment, retention or discharge of the independent public accountants as auditors of the Company (the "**auditors**") who perform the annual audit in accordance with applicable securities laws, and who shall be ultimately accountable to the Board through the Audit Committee;

(b) review with the auditors the scope of the audit and the results of the annual audit examination by the auditors, including any reports of the auditors prepared in connection with the annual audit;

(c) review information, including written statements from the auditors, concerning any relationships between the auditors and the Company or any other relationships that may adversely affect the independence of the auditors and assess the independence of the auditors;

(d) review and discuss with management and the auditors the Company's audited financial statements and accompanying Management's Discussion and Analysis of Financial Conditions ("**MD&A**"), including a discussion with the auditors of their judgments as to the quality of the Company's accounting principles and report on them to the Board;

(e) review and discuss with management the Company's interim financial statements and interim MD&A and report on them to the Board;

(f) pre-approve all auditing services and non-audit services provided to the Company by the auditors to the extent and in the manner required by applicable law or regulation. In no circumstances shall the auditors provide any non-audit services to the Company that are prohibited by applicable law or regulation;

(g) evaluate the external auditor's performance for the preceding fiscal year, reviewing their fees and making recommendations to the Board;

(h) periodically review the adequacy of the Company's internal controls and ensure that such internal controls are effective;

(i) review changes in the accounting policies of the Company and accounting and financial reporting proposals that are provided by the auditors that may have a significant impact on the Company's financial reports, and report on them to the Board;

(j) oversee and annually review the Company's Code of Business Conduct and Ethics;

(k) approve material contracts where the Board of Directors determines that it has a conflict;

(l) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding the audit or other accounting matters;

(m) where unanimously considered necessary by the Audit Committee, engage independent counsel and/or other advisors at the Company's expense to advise on material issues affecting the Company which the Audit Committee considers are not appropriate for the full Board;

(n) satisfy itself that management has put into place procedures that facilitate compliance with the provisions of applicable securities laws and regulation relating to insider trading, continuous disclosure and financial reporting;

(o) review and monitor the adequacy and effectiveness of the Company's whistleblower policy and approve any changes to made thereto;

(p) review and monitor all related party transactions which may be entered into by the Company; and

(q) periodically review the adequacy of its charter and recommending any changes thereto to the Board.

## 5.0 Miscellaneous

5.1 Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.