
SOLAR ALLIANCE ENERGY INC.
INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS
SEPTEMBER 30, 2021
(UNAUDITED)

Solar Alliance Energy Inc.

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

	As at September 30, 2021	As at December 31, 2020
ASSETS		
Current assets		
Cash	\$ 3,165,889	\$ 1,877
Accounts receivable	129,188	73,576
Due from related party (note 16)	-	309,600
Prepaid expenses and deposits	38,622	4,610
Work in process	223,008	109,697
Inventory	95,253	42,618
Total current assets	3,651,960	541,978
Non-current assets		
Deposits (note 3)	24,052	25,048
Equipment (note 5)	98,342	5,386
Right-of-use assets (note 4)	-	8,869
Total non-current assets	122,394	39,303
Total assets	\$ 3,774,354	\$ 581,281
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Trade and other payables (notes 6 and 16)	\$ 3,643,935	\$ 4,854,741
Customer deposits	261,300	174,292
Contingent consideration	58,342	58,342
Lease liability (note 7)	-	10,247
Loans and borrowing (notes 8 and 16)	18,601	901,567
Total current liabilities	3,982,178	5,999,189
Non-current liabilities		
Asset retirement obligations (note 9)	101,762	101,762
Government assistance	40,000	230,354
Total non-current liabilities	141,762	332,116
Total liabilities	4,123,940	6,331,305
Shareholders' deficiency		
Share capital (note 10)	48,896,382	43,759,202
Reserves (notes 11 and 12)	15,693,786	14,060,664
Accumulated other comprehensive income	473,546	293,120
Deficit	(65,413,300)	(63,863,010)
Total shareholders' deficiency	(349,586)	(5,750,024)
Total liabilities and shareholders' deficiency	\$ 3,774,354	\$ 581,281

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

Solar Alliance Energy Inc.

Interim Condensed Consolidated Statements of Comprehensive Loss

(All figures in Canadian Dollars)

(Unaudited)

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Revenues	\$ 252,352	\$ 530,385	\$ 2,255,460	\$ 2,517,610
Cost of services	(186,986)	(295,473)	(1,825,806)	(1,753,348)
	65,366	234,912	429,654	764,262
Operating and selling expenses				
Depreciation (notes 4 and 5)	5,533	11,975	20,425	41,002
Consulting fees (note 16)	-	70,000	-	234,355
Insurance and filing fees	888	12,310	1,158	58,875
Marketing and advertising	46,802	5,172	216,336	15,139
Office, rent and utilities	64,113	44,020	187,419	156,551
Professional fees	127,965	86,559	450,332	117,034
Salaries and benefits (note 16)	522,369	302,547	1,278,094	779,109
Share-based payments (notes 13 and 16)	12,899	54,262	12,899	103,590
Travel and related	34,279	1,430	63,472	4,505
	814,848	588,275	2,230,135	1,510,160
Loss before undernoted	(749,482)	(353,363)	(1,800,481)	(745,898)
Other income				
Gain on settlement of trade and other payables	-	-	22,197	33,500
Other income (note 8)	13,594	-	200,880	-
Write-off of payables (note 8)	-	-	176,688	-
Other income	13,594	-	399,765	33,500
Loss from operations for the period	(735,888)	(353,363)	(1,400,716)	(712,398)
Net finance income (expense)				
Interest expense	(1,526)	(58,177)	(37,875)	(112,104)
Interest income	745	7,228	78,625	20,834
Foreign exchange	107,094	(99,919)	(190,324)	122,474
	106,313	(150,868)	(149,574)	31,204
Net loss for the period	(629,575)	(504,231)	(1,550,290)	(681,194)
Other comprehensive income (loss)				
Change in accumulated foreign exchange translation adjustment	13,906	150,277	180,426	(25,579)
Comprehensive loss for the period	\$ (615,669)	\$ (353,954)	\$ (1,369,864)	\$ (706,773)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding	274,984,848	224,060,179	269,819,601	221,386,434

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

Solar Alliance Energy Inc.
Interim Condensed Consolidated Statements of Cash Flows
(All figures in Canadian Dollars)
(Unaudited)

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Operating activities		
Net loss for the period	\$ (1,550,290)	\$ (681,194)
Adjustments for non-cash items:		
Depreciation	20,425	41,002
Share-based payments	12,899	103,590
Write-off of payables	(176,688)	-
Gain on settlement of trade and other payables	(22,197)	(33,500)
Interest on lease liability	202	70,555
Net finance expense	4,247	-
Unrealized foreign exchange	(7,751)	(46,096)
Changes in non-cash working capital items:		
Accounts receivable	(55,612)	256,514
Prepaid expenses and deposits	(33,016)	2,624
Work in process and inventory	(165,946)	303,293
Trade and other payables	(623,718)	349,596
Customer deposits	87,008	(395,781)
Net cash used by operating activities	(2,510,437)	(29,397)
Investing activities		
Acquisition of equipment (note 5)	(104,870)	-
Net cash used by investing activities	(104,870)	-
Financing activities		
Proceeds from private placements	5,752,530	-
Share issue costs	(581,495)	-
Proceeds from exercise of options	611,500	-
Proceeds from exercise of warrants	974,868	-
Lease liability payments	(8,250)	(24,750)
Loans repaid	(969,834)	46,686
Net cash provided by financing activities	5,779,319	21,936
Net change in cash	3,164,012	(7,461)
Cash, beginning of period	1,877	45,634
Cash, end of period	\$ 3,165,889	\$ 38,173

Supplemental cash flow information (note 14)

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

Solar Alliance Energy Inc.

Interim Condensed Consolidated Statements of Changes in Shareholders' Deficiency

(All figures in Canadian Dollars, except number of shares)

(Unaudited)

	Number of Shares	Share Capital	Reserves	Accumulated Other Comprehensive Income (loss)	Deficit	Total Shareholders' Deficiency
Balance, December 31, 2019	217,369,386	\$ 43,230,210	\$ 13,826,269	\$ 15,902	\$(62,358,138)	\$ (5,285,757)
Issuance of shares for trade and other payables	6,690,793	189,604	-	-	-	189,604
Warrants cancelled	-	-	(1,294,691)	-	1,294,691	-
Share-based payments	-	-	103,590	-	-	103,590
Comprehensive loss for the period	-	-	-	(25,579)	(681,194)	(706,773)
Balance, September 30, 2020	224,060,179	\$ 43,419,814	\$ 12,635,168	\$ (9,677)	\$(61,744,641)	\$ (5,699,336)

	Number of Shares	Share Capital	Reserves	Accumulated Other Comprehensive Income (loss)	Deficit	Total Shareholders' Deficiency
Balance, December 31, 2020	233,114,037	\$ 43,759,202	\$ 14,060,664	\$ 293,120	\$(63,863,010)	\$ (5,750,024)
Private placements	13,696,500	5,752,530	-	-	-	5,752,530
Share issuance costs	-	(581,495)	-	-	-	(581,495)
Warrants granted	-	(2,582,158)	2,582,158	-	-	-
Broker warrants granted	-	(180,751)	180,751	-	-	-
Exercise of options	10,960,714	1,103,382	(491,882)	-	-	611,500
Exercise of warrants	17,213,597	1,625,672	(650,804)	-	-	974,868
Comprehensive income (loss) for the period	-	-	-	180,426	(1,550,290)	(1,369,864)
Balance, September 30, 2021	274,984,848	\$ 48,896,382	\$ 15,680,887	\$ 473,546	\$(65,413,300)	\$ (349,586)

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

Solar Alliance Energy Inc.

Notes to Interim Condensed Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2021
(All figures in Canadian Dollars, unless otherwise specified)
(Unaudited)

1. Nature of business and going concern

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

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

Going concern

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

As at September 30, 2021, the Company had an accumulated deficit of \$65,305,269 (December 31, 2020 - \$63,863,010). Comprehensive loss for the nine months ended September 30, 2021 was \$1,261,833 (nine months ended September 30, 2020 - \$706,773). These conditions raise material uncertainties which cast significant doubt as to whether the Company will be able to continue as a going concern should it not be able to obtain the financing necessary to fund its planned revenue growth and working capital requirements.

COVID-19

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

2. Significant accounting policies

(a) Basis of presentation

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

(b) Statement of compliance

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

Solar Alliance Energy Inc.

Notes to Interim Condensed Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2021 (All figures in Canadian Dollars, unless otherwise specified) (Unaudited)

2. Significant accounting policies (continued)

(b) *Statement of compliance (continued)*

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 23, 2021.

(c) *Functional and presentation currency*

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

(d) *Basis of measurement*

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

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

The preparation of these unaudited interim condensed consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) *Critical accounting estimates*

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next fiscal year and are, but are not limited to, the following:

Share-based payments

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

Right-of-use asset and lease liability

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

Solar Alliance Energy Inc.

Notes to Interim Condensed Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2021
(All figures in Canadian Dollars, unless otherwise specified)
(Unaudited)

2. Significant accounting policies (continued)

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

(i) Critical accounting estimates (continued)

Warrants

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

(ii) Critical accounting judgments

Determination of functional currency

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

Recovery of deferred tax assets

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

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

The Company has not recorded any deferred tax assets.

Determination of CGUs

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

Contingencies

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

Solar Alliance Energy Inc.

Notes to Interim Condensed Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2021
(All figures in Canadian Dollars, unless otherwise specified)
(Unaudited)

2. Significant accounting policies (continued)

(f) *New accounting standard adoption*

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded.

(g) *Recent accounting pronouncement*

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2022. Many are not applicable or do not have a significant impact to the Company and have been excluded.

3. Deposits

	As at September 30, 2021	As at December 31, 2020
BC Licence of Occupation security deposits (i)	\$ 18,000	\$ 19,000
Office lease deposit	6,052	6,048
Total	\$ 24,052	\$ 25,048

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

4. Right-of-use assets

	Office space
Balance, December 31, 2019	\$ 45,234
Depreciation	(37,377)
Change in foreign exchange	1,012
Balance, December 31, 2020	\$ 8,869
Depreciation	(8,869)
Balance, September 30, 2021	\$ -

Office spaces are depreciated over 36 months.

Solar Alliance Energy Inc.

Notes to Interim Condensed Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2021
(All figures in Canadian Dollars, unless otherwise specified)
(Unaudited)

5. Equipment

COST	Vehicles	Equipment	Total
Balance, December 31, 2019 and 2020	\$ 104,625	\$ -	\$ 104,625
Additions	75,343	29,527	104,870
Balance, September 30, 2021	\$ 179,968	\$ 29,527	\$ 209,495

ACCUMULATED DEPRECIATION

Balance, December 31, 2019	\$ 84,314	\$ -	\$ 84,314
Depreciation	14,525		14,525
Foreign exchange	400		400
Balance, December 31, 2020	\$ 99,239	\$ -	\$ 99,239
Depreciation	9,005	2,551	11,556
Foreign exchange	358	-	358
Balance, September 30, 2021	\$ 108,602	\$ 2,551	\$ 111,153

CARRYING AMOUNTS

Balance, December 31, 2020	\$ 5,386	\$ -	\$ 5,386
Balance, September 30, 2021	\$ 71,366	\$ 26,976	\$ 98,342

6. Trade and other payables

	September 30, 2021	December 31, 2020
Trade and other payables in Canada (i)	\$ 2,101,619	\$ 2,160,108
Trade and other payables in the U.S.A. (ii)	1,542,316	2,025,913
Trade and other payables to related parties (note 16)	-	668,720
Total trade and other payables	\$ 3,643,935	\$ 4,854,741

(i) Trade and other payables in Canada include \$1,857,338 in historical amounts under dispute since before 2015. The Company is assessing the appropriate legal avenues to resolve these amounts.

(ii) Trade and other payables in the U.S.A. include \$1,380,080 related to two non-operating subsidiaries of the Company. These trade payables are historic and are not connected to the Company's current operating subsidiary in Tennessee. The Company is assessing the appropriate legal avenues to resolve these amounts.

7. Lease liabilities

Balance, January 1, 2020	\$ 48,577
Interest expense	4,892
Lease payments	(44,270)
Change in foreign exchange	1,048
Balance, December 31, 2020	\$ 10,247
Interest expense	202
Lease payments	(10,449)
Balance, September 30, 2021	\$ -

Solar Alliance Energy Inc.

Notes to Interim Condensed Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2021
(All figures in Canadian Dollars, unless otherwise specified)
(Unaudited)

7. Lease liabilities (continued)

On March 16, 2018, the Company entered into a 36-month lease agreement for new office space in Knoxville, Tennessee, commencing on January 1, 2019. Under the lease, the Company is required to pay a monthly base rent of US \$2,750. In addition to the base rent, the Company must pay its proportionate share of operating costs for the leased premises. The lease agreement includes an extension option for an additional 36 months. At the commencement date of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date (including the extension option of 36 months). The lease payments are discounted using an interest rate of 13.95%, which is the Company's incremental borrowing rate in Canada. Effective interest rate is 14.88%.

8. Loans and borrowings

	September 30, 2021	December 31, 2020
Loan (a)	\$ -	\$ 171,741
Shareholder loan (b)	-	687,664
Officer and director loans (c)	4,213	24,906
Other	14,388	17,256
Total	\$ 18,601	\$ 901,567

a) Loan

	September 30, 2021	December 31, 2020
Principal	\$ -	\$ 82,758
Interest	-	88,983
Total	\$ -	\$ 171,741

In October 2007, the Company assumed a loan from a third party to a former subsidiary that the Company previously guaranteed in the amount of US \$65,000. Interest began accruing in October 2010 at a rate of 8.5% per annum. The loan is unsecured and due on demand. During the nine months ended September 30, 2021, the Company accrued interest of \$2,624 (2020 - \$7,345) and recorded a foreign exchange loss on the loan of \$2,107 (2020 - \$8,116). During the nine months ended September 30, 2021, this balance was written off.

b) Shareholder loan

	September 30, 2021	December 31, 2020
Principal	\$ -	\$ 569,986
Interest	-	117,678
Total	\$ -	\$ 687,664

During the nine months ended September 30, 2021, a company controlled by a shareholder advanced the Company \$25,000 (nine months ended September 30, 2020 - \$530,000) pursuant to unsecured promissory notes bearing interest at 15% per annum and due on demand. During the nine months ended September 30, 2021, the Company recorded interest expense of \$NIL (2020 - \$59,947) on the promissory notes. In March 2021, the balance was repaid in full and final settlement of the loan and all accrued interest.

Solar Alliance Energy Inc.

Notes to Interim Condensed Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2021
(All figures in Canadian Dollars, unless otherwise specified)
(Unaudited)

8. Loans and borrowings (continued)

b) Shareholder loan (continued)

During the nine months ended September 30, 2021, a company controlled by a shareholder advanced the Company \$NIL (December 31, 2020 - \$14,986) pursuant to unsecured promissory notes bearing interest at 15% per annum and due on demand..

In March 2021, the balance was repaid in full and final settlement of the loan and all accrued interest.

c) Officer and director loans

	September 30, 2021	December 31, 2020
Principal	\$ 3,000	\$ 22,913
Interest	1,213	1,993
Total	\$ 4,213	\$ 24,906

During the year ended December 31, 2019, the Chief Executive Officer of the Company advanced the Company \$3,000 pursuant to a promissory note bearing interest at 15% per annum and due August 15, 2020. During the nine months ended September 30, 2021, the Company recorded interest expense of \$434 (2020 - \$338) on the promissory note.

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

9. Asset retirement obligations

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

10. Share capital

a) Authorized share capital

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

b) Common shares issued

	Number of common shares	Amount
Balance, December 31, 2019	217,369,386	\$ 43,230,210
Issuance of shares for trade and other payables (i)(ii)	6,690,793	189,604
Balance, September 30, 2020	224,060,179	\$ 43,419,814

Solar Alliance Energy Inc.

Notes to Interim Condensed Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2021
(All figures in Canadian Dollars, unless otherwise specified)
(Unaudited)

10. Share capital (continued)

b) Common shares issued (continued)

	Number of common shares	Amount
Balance, December 31, 2020	233,114,037	\$ 43,759,202
Private placements (iii)	13,696,500	5,752,530
Share issuance costs (iii)	-	(581,495)
Warrants granted (iii)	-	(2,762,909)
Exercise of options (iv)	10,960,714	1,103,382
Exercise of warrants (v)	17,213,597	1,625,672
Balance, September 30, 2021	274,984,848	\$ 48,896,382

At September 30, 2021, the Company had 274,984,848 common shares issued and outstanding (September 30, 2020 – 224,060,179) and no preferred shares issued and outstanding. A summary of changes in share capital and reserves is contained on the unaudited interim condensed consolidated statements of changes in shareholders' deficiency for the nine months ended September 30, 2021 and 2020.

During the nine months ended September 30, 2020, the Company issued the following shares:

- i. In January 2020, the Company issued 2,233,333 common shares at a price of \$0.05 per share to two companies controlled by officers of the Company and one controlled by a former officer to settle consulting fees of \$111,667, accrued to January 31, 2020.
- ii. In May 2020, the Company issued 4,457,460 common shares at a price of \$0.025 per share to settle debts of \$111,437, accrued to October 13, 2020.

During the nine months ended September 30, 2021, the Company issued the following shares:

- iii. In February 2021, the Company completed a private placement through the issuance of 13,696,500 units at a price of \$0.42 per unit for gross proceeds of \$5,752,530. Each unit consists of one common share and one share purchase warrant with each warrant exercisable into one common share of the Company at a price of \$0.60 per share for a period of 24 months from the closing date. The securities issued pursuant to the offering have a hold period of four months from the date of closing. The Company determined the fair value of the warrants to be \$2,582,158. The warrants were valued using the Black-Scholes pricing model with the following assumptions: a risk-free interest rate of 0.22%; an expected volatility of 191.87%; an expected life of two years; a forfeiture rate of zero; and an expected dividend of zero. The Company paid share issue costs of \$581,495 in cash, and issued 958,755 broker warrants with a fair value of \$180,751. The broker warrants were valued using the Black-Scholes pricing model with the following assumptions: a risk-free interest rate of 0.22%; an expected volatility of 191.87%; an expected life of two years; a forfeiture rate of zero; and an expected dividend of zero.
- iv. During the nine months ended September 30, 2021, the Company issued 10,960,714 common shares of the Company on the exercise of stock options for proceeds of \$611,500.
- v. During the nine months ended September 30, 2021, the Company issued 17,213,597 common shares of the Company on the exercise of stock warrants for proceeds of \$974,868.

Solar Alliance Energy Inc.

Notes to Interim Condensed Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2021
(All figures in Canadian Dollars, unless otherwise specified)
(Unaudited)

11. Warrants

The following table reflects the warrants issued and outstanding as of September 30, 2021:

Expiry Date	Exercise Price	Balance December 31, 2020	Granted	Exercised	Balance September 30, 2021
December 13, 2021	\$ 0.10	2,858,999	-	(2,858,999)	-
February 28, 2022	\$ 0.05	2,533,333	-	(2,533,333)	-
March 14, 2022	\$ 0.05	700,000	-	(700,000)	-
April 8, 2022	\$ 0.05	11,121,265	-	(11,121,265)	-
February 19, 2023	\$ 0.60	-	14,655,255	-	14,655,255
		17,213,597	14,655,255	(17,213,597)	14,655,255
Weighted Average exercise price		\$ 0.06	\$ 0.60	\$ (0.06)	\$ 0.60

As of September 30, 2021, the weighted average remaining contractual life of the Company's warrants is 1.20 years (2020 - 1.40 years).

The following table reflects the warrants issued and outstanding as of September 30, 2020:

Expiry Date	Exercise Price	Balance December 31, 2019	Granted	Expired	Balance September 30, 2020
April 25, 2020	\$ 0.60	8,064,332	-	(8,064,332)	-
April 25, 2020	\$ 0.18	545,747	-	(545,747)	-
May 9, 2020	\$ 0.10	6,506,900	-	(6,506,900)	-
June 27, 2020	\$ 0.18	7,608,333	-	(7,608,333)	-
July 6, 2020	\$ 0.18	7,258,666	-	(7,258,666)	-
August 22, 2020	\$ 0.07	2,405,000	-	(2,405,000)	-
December 13, 2021(ii)	\$ 0.10	2,858,999	-	-	2,858,999
February 28, 2022 (i)	\$ 0.05	2,783,333	-	-	2,783,333
March 14, 2022 (i)	\$ 0.05	1,070,000	-	-	1,070,000
April 8, 2022 (i)	\$ 0.05	11,121,265	-	-	11,121,265
		50,222,575	-	(32,388,978)	17,833,597
Weighted Average exercise price		\$ 0.12	\$ -	\$ -	\$ 0.06

Solar Alliance Energy Inc.

Notes to Interim Condensed Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2021
(All figures in Canadian Dollars, unless otherwise specified)
(Unaudited)

12. Stock options

Details of the stock options outstanding as at September 30, 2021 are as follows:

Expiry Date	Exercise Price	Balance December 31, 2020	Granted	Exercised	Expired/ Cancelled	Balance September 30, 2021
December 22, 2022	\$ 0.08	1,500,000	-	(500,000)	-	1,000,000
January 26, 2023	\$ 0.08	300,000	-	-	-	300,000
May 4, 2023	\$ 0.08	500,000	-	-	-	500,000
May 6, 2024	\$ 0.06	11,750,000	-	(7,560,714)	-	4,189,286
July 16, 2024	\$ 0.06	2,000,000	-	-	-	2,000,000
March 31, 2025	\$ 0.05	2,900,000	-	(1,100,000)	-	1,800,000
July 23, 2025	\$ 0.05	2,000,000	-	(400,000)	-	1,600,000
October 27, 2025	\$ 0.05	1,800,000	-	(1,400,000)	-	400,000
December 9, 2025	\$ 0.06	100,000	-	-	-	100,000
September 13, 2026	\$ 0.22	-	1,050,000	-	-	1,050,000
		22,850,000	1,050,000	(10,960,714)	-	12,939,286
Weighted average exercise price	\$ 0.06		\$ 0.22	\$ 0.06	\$ -	\$ 0.07

As of September 30, 2021, the weighted average remaining contractual life of the Company's stock options is 2.98 years (December 31, 2020 - 3.58 years).

Details of the stock options outstanding as at September 30, 2020 are as follows:

Expiry Date	Exercise Price	Balance December 31, 2019	Granted	Exercised	Expired/ Cancelled	Balance September 30, 2020
December 15, 2020	\$ 0.07	1,000,000	-	-	-	1,000,000
June 17, 2021	\$ 0.06	500,000	-	-	-	500,000
November 30, 2021	\$ 0.08	500,000	-	-	(500,000)	-
December 22, 2022	\$ 0.08	1,500,000	-	-	-	1,500,000
January 26, 2023	\$ 0.08	600,000	-	-	(300,000)	300,000
February 1, 2023	\$ 0.08	500,000	-	-	(500,000)	-
May 4, 2023	\$ 0.08	500,000	-	-	-	500,000
May 6, 2024	\$ 0.06	12,250,000	-	-	-	12,250,000
July 16, 2024	\$ 0.06	2,000,000	-	-	-	2,000,000
March 31, 2025	\$ 0.05	-	2,900,000	-	-	2,900,000
July 23, 2025	\$ 0.05	-	2,000,000	-	-	2,000,000
		19,350,000	4,900,000	-	(1,300,000)	22,950,000
Weighted average exercise price	\$ 0.06		\$ 0.05	\$ -	\$ 0.08	\$ 0.06

13. Share-based payments

On March 31, 2020, the Company granted an aggregate of 2,900,000 stock options to employees and directors at an exercise price of \$0.05 per share, exercisable for a period of five years. The options vest immediately. The estimated fair value of these options at the grant date was \$49,328 using the Black-Scholes valuation model. During the three and nine months ended September 30, 2021, \$NIL was expensed (three and nine months ended September 30, 2020 - \$49,328). The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

Solar Alliance Energy Inc.

Notes to Interim Condensed Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2021
(All figures in Canadian Dollars, unless otherwise specified)
(Unaudited)

13. Share-based payments (continued)

- Risk free rate: 1.34%;
- Expected life: 5.0 years;
- Expected volatility: 147% based on historical 5-year trends;
- Forfeiture rate: NIL;
- Expected dividend yield: 0%; and
- Weighted average share price: \$0.02.

On July 23, 2020, the Company granted an aggregate of 2,000,000 stock options to a consultant and a director of the Company at an exercise price of \$0.05 per share, exercisable for a period of five years. The options vested immediately. The estimated fair value of these options at the grant date was \$54,262 using the Black-Scholes valuation model. During the three and nine months ended September 30, 2021, \$NIL was expensed (three and nine months ended September 30, 2020 - \$54,262). The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

- Risk free rate: 0.35%;
- Expected life: 5.0 years;
- Expected volatility: 154% based on historical 5 year trends;
- Forfeiture rate: NIL;
- Expected dividend yield: 0%; and
- Weighted average share price: \$0.03.

On September 17, 2021, the Company granted an aggregate of 1,050,000 stock options to two officers of the Company at an exercise price of \$0.22 per share, exercisable for a period of five years. The options vest: 300,000 on March 13, 2022; 125,000 on June 30, 2022; 125,000 on September 30, 2022; 125,000 on December 31, 2022; 125,000 on March 31, 2023; 125,000 on June 30, 2023; and 125,000 on September 30, 2023. The estimated fair value of these options at the grant date was \$214,160 using the Black-Scholes valuation model. During the three and nine months ended September 30, 2021, \$12,899 was expensed (three and nine months ended September 30, 2020, \$NIL). The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model areas follows:

- Risk free rate: 0.82%;
- Expected life: 5.0 years;
- Expected volatility: 178% based on historical 5 year trends;
- Forfeiture rate: NIL;
- Expected dividend yield: 0%; and
- Weighted average share price: \$0.22.

During the nine months ended September 30, 2021, the Company granted 1,050,000 stock options to directors, officers, and employees of the Company (nine months ended September 30, 2020 - 4,900,000) and recorded \$12,899 (nine months ended September 30, 2020 - \$103,590) of share-based payments for options that vested during the period.

14. Supplemental cash flow information

For the nine months ended September 30,	2021	2020
Non-cash investing and financing activities		
Shares issued for trade and other payables	\$ -	\$ 189,604
Non-cash investing and financing activities	\$ -	\$ 189,604

Solar Alliance Energy Inc.

Notes to Interim Condensed Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2021 (All figures in Canadian Dollars, unless otherwise specified) (Unaudited)

15. Settlement income

During the nine months ended September 30, 2021, the Company and a third party negotiated a settlement agreement related to a legal claim against the Company, pursuant to which the third party agreed to make a payment of \$22,197 (US \$17,500) on a set timeline.

16. Related party transactions and balances

In addition to related party transactions and balances disclosed elsewhere in these unaudited interim condensed consolidated financial statements, the following transactions and balances occurred during the nine months ended September 30, 2021 with related parties:

- As at September 30, 2021, an amount of \$NIL (December 31, 2020 - \$309,600) was due from a company controlled by an officer of the Company (December 31, 2020 - \$180,000). This balance was repaid in full, April 2021.
- Included in trade and other payables as at September 30, 2021 is \$Nil (December 31, 2020 - \$456,300) due to an officer of the Company. This amount relates to a contractual payment resulting from the sale of certain wind projects in British Columbia in 2014 which constituted the material operating assets of the Company and triggered the contractual payment. The principal amount accrued interest at 12% per annum. This balance was repaid in full, April 2021.
- Included in trade and other payables as at September 30, 2021 is \$12,799 (December 31, 2020 - \$668,720) due to current and former officers and directors and a significant shareholder of the Company for consulting fees, salaries and benefits and expense reimbursements.

Key management includes members of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid or accrued to key management personnel during the nine months ended September 30, 2021 and 2020 were as follows:

	Three months ended September 30, 2021		Nine months ended September 30, 2020	
	2021	2020	2021	2020
Consulting fees	\$ -	\$ 62,500	\$ -	\$ 226,855
Salaries and benefits	68,123	-	237,506	-
Share-based payments	-	42,824	-	80,224
Total	\$ 68,123	\$ 105,324	\$ 237,506	\$ 307,079

During the nine months ended September 30, 2021, the Company settled consulting fees of \$NIL (nine months ended September 30, 2020 - \$223,104) through the issuance of common shares of the Company (note 10).

Solar Alliance Energy Inc.

Notes to Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2021

(All figures in Canadian Dollars, unless otherwise specified)

(Unaudited)

17. Segmented information

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

Operating segment	USA	Canada	Total
As at and for the nine months ended September 30, 2021			
Total assets	\$ 744,501	\$ 3,029,853	\$ 3,774,354
Non-current assets	76,721	45,673	122,394
Total revenues	2,255,460	-	2,255,460
Net loss	(857,235)	(585,024)	(1,442,259)

Operating segment	USA	Canada	Total
As at December 31, 2020			
Total assets	\$ 261,070	\$ 320,211	\$ 581,281
Non-current assets	20,303	19,000	39,303
For the nine months ended September 30, 2020			
Total revenue	2,517,610	-	2,517,610
Net income	(410,045)	(271,149)	(681,194)