SOLAR ALLIANCE ENERGY INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SOLAR ALLIANCE ENERGY INC.

Opinion

We have audited the consolidated financial statements of Solar Alliance Energy Inc. (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2021 and 2020;
- the consolidated statements of comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in shareholders' equity (deficiency) for the years then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $448,864 during the year ended December 31, 2021 and, as of that date, had an accumulated deficit of $64,311,874. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management’s Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Kevin Kwan.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

April 28, 2022

Solar Alliance Energy Inc.
Consolidated Statements of Financial Position
(All figures in Canadian Dollars)

		As at December 31, 2021		As at December 31, 2020
ASSETS				
Current assets				
Cash	**$**	**2,169,258**	$	1,877
Accounts receivable		**595,982**		73,576
Due from related party (note 19)		**-**		309,600
Prepaid expenses and deposits		**8,990**		4,610
Work in process		**700**		109,697
Inventory		**57,595**		42,618
Total current assets		**2,832,525**		541,978
Non-current assets				
Deposits (note 3)		**59,126**		25,048
Equipment (note 5)		**90,259**		5,386
Development project (note 6)		**73,724**		-
Right-of-use assets (note 4)		**-**		8,869
Total non-current assets		**223,109**		39,303
Total assets	**$**	**3,055,634**	$	581,281
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)				
Current liabilities				
Trade and other payables (notes 7 and 19)	**$**	**1,914,010**	$	4,854,741
Customer deposits		**46,424**		174,292
Contingent consideration		**29,135**		58,342
Lease liability (note 8)		**-**		10,247
Loans and borrowings (notes 9 and 19)		**-**		901,567
Total current liabilities		**1,989,569**		5,999,189
Non-current liabilities				
Asset retirement obligations (note 11)		**101,762**		101,762
Government assistance (note 10)		**60,000**		230,354
Total non-current liabilities		**161,762**		332,116
Total liabilities		**2,151,331**		6,331,305
Shareholders' equity (deficiency)				
Share capital (note 12)		**48,581,031**		43,759,202
Reserves (notes 13 and 14)		**16,081,231**		14,060,664
Accumulated other comprehensive income		**553,915**		293,120
Deficit		**(64,311,874)**		(63,863,010)
Total shareholders' equity (deficiency)		**904,303**		(5,750,024)
Total liabilities and shareholders' equity (deficiency)	**$**	**3,055,634**	$	581,281

The accompanying notes are an integral part of these consolidated financial statements.
Nature of operations and going concern (note 1)
Subsequent events (note 24)
These consolidated financial statements are approved for issue by the Board of Directors of the Company on April 28, 2022.

Signed on the Company's behalf by:

"Ken Stadlin" — Director

"Michael Clark" — Director

Solar Alliance Energy Inc.
Consolidated Statements of Comprehensive Loss
(All figures in Canadian Dollars, except per share and share information)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Revenues	**$ 3,666,383**	$ 3,500,747
Cost of sales	**(3,002,801)**	(2,586,650)
Gross profit	**663,582**	914,097
Expenses		
Depreciation (notes 4 and 5)	**27,972**	52,669
Consulting fees (note 19)	**-**	294,489
Insurance and filing fees	**7,065**	70,723
Marketing and advertising	**282,059**	29,477
Office, rent and utilities	**246,217**	208,417
Professional fees	**564,567**	206,762
Salaries and benefits (note 19)	**1,812,365**	1,063,789
Share-based payments (notes 15 and 19)	**104,993**	157,538
Travel and related	**83,814**	4,481
Bad debts	**69,002**	-
Total expenses	**3,198,054**	2,088,345
Operating loss	**(2,534,472)**	(1,174,248)
Other income		
Gain on derecognition of trade and other payables (note 7)	**1,822,504**	-
Gain on settlement of trade and other payables	**198,885**	107,839
Other income (note 10)	**232,618**	-
Total other income	**2,254,007**	107,839
Loss before finance income (expense)	**(280,465)**	(1,066,409)
Net finance income (expense)		
Interest expense	**(48,327)**	(154,022)
Interest income	**82,392**	26,917
Foreign exchange	**(202,464)**	(176,958)
Net finance (expense)	**(168,399)**	(304,063)
Net loss	**(448,864)**	(1,370,472)
Other comprehensive income		
Change in accumulated foreign exchange translation adjustment	**260,795**	277,218
Comprehensive loss	**$ (188,069)**	$ (1,093,254)
Basic and diluted loss per common share	**$ (0.00)**	$ (0.01)
Weighted average number of common shares outstanding	**269,819,601**	223,774,169

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

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

	Year Ended December 31, 2021	Year Ended December 31, 2020
Operating activities		
Net loss	**$ (448,864)**	$ (1,370,472)
Adjustments for non-cash items:		
Depreciation	**27,972**	52,669
Share-based payments	**104,993**	157,538
Gain on derecognition of trade and other payables	**(1,822,504)**	-
Gain on settlement of trade and other payables	**(198,885)**	(107,839)
Bad debt expense	**69,002**	-
Interest on lease liability	**202**	4,892
Net finance expense	**(21,903)**	75,236
Change in fair value of contingent consideration	**(29,207)**	-
Debt forgiveness	**(185,048)**	-
Unrealized foreign exchange	**261,170**	376,930
Net changes in working capital:		
Accounts receivable	**(544,224)**	420,067
Prepaid expenses and deposits	**(38,458)**	(904)
Work in process and inventory	**94,020**	274,491
Trade and other payables	**(775,630)**	94,805
Customer deposits	**(127,868)**	(357,238)
Net cash used in operating activities	**(3,635,232)**	(379,825)
Investing activities		
Purchase of equipment	**(104,351)**	-
Acquisition of development project	**(73,724)**	-
Net cash used in investing activities	**(178,075)**	-
Financing activities		
Advances from related parties	**-**	7,230
Proceeds from common share issue	**5,752,530**	-
Share issue costs	**(657,440)**	-
Proceeds from CEBA	**20,000**	40,000
Proceeds from PPP	**-**	190,354
Proceeds from promissory notes	**-**	53,199
Proceeds from exercise of options	**591,500**	65,000
Proceeds from exercise of warrants	**1,003,629**	31,000
Lease liability payments	**(10,449)**	(44,270)
Loans repaid	**(719,082)**	(6,445)
Net cash provided by financing activities	**5,980,688**	336,068
Net change in cash	**2,167,381**	(43,757)
Cash, beginning of year	**1,877**	45,634
Cash, end of year	**$ 2,169,258**	$ 1,877

Supplemental cash flow information (note 16)

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

Solar Alliance Energy Inc.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(All figures in Canadian Dollars)

	Number of Shares	Share Capital	Reserves	Accumulated Other Comprehensive Income	Deficit	Total
December 31, 2019	**217,369,386**	**$ 43,230,210**	**$ 13,826,269**	**$ 15,902**	**$(62,358,138)**	**$ (5,285,757)**
Issuance of common shares for trade and other payables	14,124,651	375,449	-	-	-	375,449
Exercise of options	1,000,000	121,646	(56,646)	-	-	65,000
Exercise of warrants	620,000	31,897	(897)	-	-	31,000
Modification of warrants	-	-	134,400	-	(134,400)	-
Share-based payments	-	-	157,538	-	-	157,538
Comprehensive income (loss)	-	-	-	277,218	(1,370,472)	(1,093,254)
Balance, December 31, 2020	**233,114,037**	**$ 43,759,202**	**$ 14,060,664**	**$ 293,120**	**$(63,863,010)**	**$ (5,750,024)**
Issuance of common shares	13,696,500	5,752,530	-	-	-	5,752,530
Share issuance costs	-	(657,440)	-	-	-	(657,440)
Warrants granted	-	(2,582,158)	2,582,158	-	-	-
Broker warrants granted	-	(180,751)	180,751	-	-	-
Exercise of options	10,960,714	1,130,566	(491,882)	-	-	638,684
Exercise of warrants	17,213,597	1,359,082	(355,453)	-	-	1,003,629
Share-based payments	-	-	104,993	-	-	104,993
Comprehensive income (loss)	-	-	-	260,795	(448,864)	(188,069)
Balance, December 31, 2021	**274,984,848**	**$ 48,581,031**	**$ 16,081,231**	**$ 553,915**	**$(64,311,874)**	**$ 904,303**

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

1. Nature of business and going concern

Solar Alliance Energy Inc. (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 ("**United States**"). The Company's common shares are listed for trading on the TSX Venture Exchange ("**TSX-V**") under the symbol "SOLR" and on the OTCQB Venture Market in the United States under the symbol "SAENF.

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

Going concern

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

As at December 31, 2021, the Company had an accumulated deficit of $64,311,874 (2020 - $63,863,010). Comprehensive loss for the year ended December 31, 2021 was $188,069 (2020 - $1,093,254). 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. Global equity markets have experienced significant volatility. 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 and measurement

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

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of 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(d).

(b) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("**IASB**").

2. Significant accounting policies (continued)

(c) Functional and presentation currency

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

(d) Use of accounting assumptions, estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis, including the assessment of the Company's ability to continue as a going concern as discussed above in note 1. 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.

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.

2. Significant accounting policies (continued)

(d) Use of accounting assumptions, estimates and judgments (continued)

(ii) Critical accounting judgments

Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

Determination of functional currency

The functional currency of the Company and 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.

Allowances and provisions for expected credit losses

An expected credit loss provision includes possible default events of the accounts receivable over their holding period, including the consideration of the occurrence of a significant increase in credit risk. Significant financial difficulties of a customer, such as probability of bankruptcy, financial reorganization, and default or delinquency in payments are considered indicators that recovery of the accounts receivable is doubtful. The default rate is subject to significant estimate and judgment.

Trade receivables are reviewed for impairment on a case-by-case basis to identify any deterioration of credit risk since initial recognition, at which time a provision is recognized in the consolidated statements of comprehensive loss within bad debt expenses. If the credit risk has increased significantly and if the receivable is impaired, the allowances are based on lifetime expected losses. Subsequent recoveries of amounts previously provided for are credited against bad debt expenses in the consolidated statements of comprehensive loss.

Percentage of completion calculation

The Company measures the stage of completion for Engineering, Procurement and Construction ("**EPC**") projects based on the milestone payments earned to date compared to the total estimated milestone payments for the project. The estimation of milestones earned requires judgment and changes to these estimates may affect revenue, unbilled revenue, and deferred revenue.

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.

(All figures in Canadian Dollars, unless otherwise specified)

2. Significant accounting policies (continued)

(d) Use of accounting assumptions, estimates and judgments (continued)

(ii) Critical accounting judgments (continued)

Decommissioning liabilities

The Company makes a number of estimates when calculating the fair value of asset decommissioning obligations which represent the present value of future decommissioning costs for facilities. Estimates of these costs are dependent on labour and material costs, inflation rates, salvage values, discount rates, the risk specific to the obligation, and the timing of the outlays.

Determination of CGUs

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

Contingencies

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

Business combination and asset acquisition

Judgment is required to determine if the Company's acquisitions represent a business combination or an asset purchase. The assessment requires management to determine if the acquisitions acquired represented an integrated set of activities with inputs, processes and outputs. The acquisition of the solar development project was considered to be an asset acquisition.

(e) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Details of the Company's subsidiaries as at December 31, 2021 and 2020 are as follows:

Name of Subsidiary	Place of Incorporation	Principal Activity	Ownership Interest December 31, 2021	Ownership Interest December 31, 2020
Solar Alliance Southeast, LLC	Tennessee	Operating company	100%	100%
Solar Alliance of America, Inc.	California	Dormant Company	100%	100%
Solar Alliance Services, Inc.	Delaware	Dormant Company	100%	100%
Finavera Solar Holding Inc.	Delaware	Holding company	100%	100%
Wildmare Wind Energy Corp.	BC	Holding company	100%	100%
Wildmare Wind Energy Limited Partnership	BC	Operating company	85%	85%
Abundant Solar Power (VC1) LLC	New York	Operating company	100%	-
Solar Alliance Energy DevCo LLC	Delaware	Holding company	100%	-

2. Significant accounting policies (continued)

(e) Basis of consolidation (continued)

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

(f) Financial instruments

The Company's financial instruments are accounted for as follows:

Financial instruments	Category
Financial assets	
Cash and cash equivalents	FVTPL
Accounts receivable	Amortized cost
Due from related party	Amortized cost
Deposits	Amortized cost
Financial liabilities	
Trade and other liabilities	Amortized cost
Customer deposits	Amortized cost
Lease liability	Amortized cost
Loans and borrowings	Amortized cost

For amounts receivable, the Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Amounts receivable are written off when there is no legal expectation of recovery (statute of limitations period has passed).

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. The Company's cash and cash equivalents is classified as financial assets measured at FVTPL.

Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

The Company's accounts receivable, due from related party, and deposits are classified as financial assets measured at amortized cost.

Financial assets recorded at FVTOCI

FVTOCI assets are those assets which are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial assets give rise on specified dates to cash flows solely through the collection of principal and interest.

2. Significant accounting policies (continued)

(f) Financial instruments (continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's amounts payable and other payables, due to related party, customer deposits, and loans and borrowings do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

Financial liabilities recorded at FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected credit loss impairment model

The Company applies an expected credit loss impairment model, which is based on changes in credit quality since initial application.

For accounts receivable, the Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Accounts receivable are written off when there is no legal expectation of recovery.

2. Significant accounting policies (continued)

(g) Cash

Cash and cash equivalents include cash on hand, demand deposits, short-term, highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. As of December 31, 2021 and 2020, there were no cash equivalents.

(h) Equipment

Equipment is recorded at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognized in operations on either a declining balance basis or straight-line basis over the estimated useful lives of each part of an item of equipment, the choice dependent on which most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Depreciation rates are as follows:

Class of Equipment	**Depreciation rate**
Equipment	30%
Vehicles	30%

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

(i) Income taxes

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

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

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

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

2. Significant accounting policies (continued)

(j) Share-based payment transactions

The fair value of stock options granted to employees and non-employees is recognized as an expense over the vesting period with a corresponding increase in reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(k) Provision

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation.

(l) Revenue

The Company generates revenues from development and EPC of commercial and industrial solar projects and residential solar installations.

Development and EPC commercial and industrial solar projects

Revenues from EPC projects are recognized to depict the transfer of goods or services in an amount that reflects the consideration to which the Company expects to be entitled following five steps:

1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognize revenue when (or as) the Company satisfies a performance obligation.

Revenue may be earned over time as the performance obligations are satisfied or at a point in time, which is when the Company has earned a right to payment, the customer has possession of the asset and the related significant risks and rewards of ownership, and the customer has accepted the asset or service. When this occurs, a milestone payment is earned as per the EPC contract. Revenue is recognized as a percentage of completion of milestones achieved compared to total milestone payments for the project.

Residential solar installations

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

2. Significant accounting policies (continued)

(m) Loss per share

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

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

(n) Foreign currency

Foreign currency transactions

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

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

Translation of foreign operations for consolidation

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

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

(o) Impairment

Financial assets

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

Non-financial assets

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

2. Significant accounting policies (continued)

(o) Impairment (continued)

Non-financial assets (continued)

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

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

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

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

(p) Leases and right-of-use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

At the commencement date, a right-of-use asset is measured at cost, where cost comprises: (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the Company; and (d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

A lease liability is initially measured at the present value of the unpaid lease payments. Subsequently, the Company measures a lease liability by: (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments. Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

(All figures in Canadian Dollars, unless otherwise specified)

2. Significant accounting policies (continued)

(q) Inventory

Inventory is valued at lower of cost or net realizable value determined by the first-in, first-out method. Inventory primarily consists of solar panels and other materials. The Company reviews the cost of inventories against their estimated net realizable value and records write-downs if any inventories have costs in excess of their net realizable values.

(r) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity. Share issue costs incurred in advance of share subscriptions are recorded as non-current deferred assets. Share issue costs related to uncompleted share subscriptions are expensed in the period they are incurred.

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated using the relative fair value method with the fair value of the warrants determined using the Black-Scholes option pricing model.

3. Deposits

		As at December 31, 2021		As at December 31, 2020
BC License of Occupation security deposits (i)	**$**	**18,000**	$	19,000
Office lease deposit		**-**		6,048
Other prepaid deposit		**41,126**		-
Total	**$**	**59,126**	$	25,048

(i) The Company has $18,000 (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, December 31, 2021	**$**	**-**

Office spaces are depreciated over 36 months.

(All figures in Canadian Dollars, unless otherwise specified)

5. Equipment

COST		Vehicles		Equipment		Total
Balance, December 31, 2019 and 2020	**$**	**104,625**	**$**	**-**	**$**	**104,625**
Additions		74,970		29,381		104,351
Balance, December 31, 2021	**$**	**179,595**	**$**	**29,381**	**$**	**208,976**
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		14,116		4,987		19,103
Foreign exchange		375		-		375
Balance, December 31, 2021	**$**	**113,730**	**$**	**4,987**	**$**	**118,717**
CARRYING AMOUNTS						
Balance, December 31, 2020	**$**	**5,386**	**$**	**-**	**$**	**5,386**
Balance, December 31, 2021	**$**	**65,865**	**$**	**24,394**	**$**	**90,259**

6. Development Project

On November 15, 2021, the Company acquired a 298-kW solar development project in New York from Abundant Solar Power Inc. ("**Abundant**"), an arm's length party, for $73,724 (US$58,151), for solar development services including, but not limited to, site evaluation and feasibility studies, site approval and preparation costs, research and compliance with all US Regulatory rules, preliminary engineering, local zoning and permitting requirements, and providing engineering, procurement and construction services. The project assets are owned by Abundant Solar Power (VC1) LLC ("**VC1**"). The Company acquired 100% of the issued and outstanding membership interests of VC1 from Abundant, under a Membership Interest Purchase and Sale Agreement.

Under IFRS 3, "Business Combinations", VC1 does not meet the definition of a business as the gross assets are concentrated within a single class of assets, being the solar development project. As such, it is accounted for as an asset acquisition under IFRS 3.

The amounts recognized in respect of the identifiable assets acquired and liabilities assumed are set out in the table below.

Net assets (liabilities) acquired		**Amount**
Development costs	$	26,435
Inter-connection deposits		47,289
Paid by		
Cash	**$**	**73,724**

Development project is depreciated over the useful life of the resulting asset.

(All figures in Canadian Dollars, unless otherwise specified)

7. Trade and other payables

		December 31, 2021		December 31, 2020
Trade and other payables in Canada	**$**	**1,252,118**	$	2,160,108
Trade and other payables in the United States		**661,892**		2,025,913
Trade and other payables to related parties (note 19)		**-**		668,720
Total trade and other payables	**$**	**1,914,010**	$	4,854,741

During 2021, the Company undertook a detailed review of the disputed trade and other payables noted above. $1,822,504 (2020 – $NIL) previously included as outstanding in trade and other payables expired by process of law and are no longer legally payable. The accounts have been derecognized from accounts payable.

8. Lease liabilities

Balance, December 31, 2019	**$**	**48,577**
Interest expense		4,892
Lease payments		(44,270)
Change in foreign exchange		1,048
Balance, December 31, 2020	**$**	**10,247**
Interest expense		202
Lease payments		(10,449)
Balance, December 31, 2021	**$**	**-**

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%.

(All figures in Canadian Dollars, unless otherwise specified)

9. Loans and borrowings

	December 31, 2021	December 31, 2020
Loan (a)	**$ -**	$ 171,741
Shareholder loan (b)	**-**	687,664
Officer and director loans (c)	**-**	24,906
Other	**-**	17,256
Total	**$ -**	$ 901,567

a) Loan

	December 31, 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 year ended December 31, 2021, the Company accrued interest of $2,624 (2020 - $13,723) and recorded a foreign exchange loss on the loan of $2,107 (2020 - $6,677). During the year ended December 31, 2021, this balance was written off as it related to a subsidiary that had been sold and the buyer had assumed the liability.

b) Shareholder loan

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

During the year ended December 31, 2021, a company controlled by a shareholder advanced the Company $NIL (2020 - $25,000) pursuant to unsecured promissory notes bearing interest at 15% per annum and due on demand. During the year ended December 31, 2021, the Company recorded interest expense of $NIL (2020 - $81,496) on the promissory notes. In March 2021, the balance was repaid in full for final settlement of the loan and all accrued interest.

During the year ended December 31, 2021, a company controlled by a shareholder advanced the Company $NIL (2020 - $14,986) pursuant to unsecured promissory notes bearing interest at 15% per annum and due on demand. During the year ended December 31, 2021, the Company recorded interest expense of $NIL (2020 - $567) on the promissory notes. In March 2021, the balance was repaid in full for final settlement of the loan and all accrued interest.

(All figures in Canadian Dollars, unless otherwise specified)

9. Loans and borrowings (continued)

c) Officer and director loans

	December 31, 2021	December 31, 2020
Principal	**$ -**	$ 22,913
Interest	**-**	1,993
Total	**$ -**	$ 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 year ended December 31, 2021, the Company recorded interest expense of $496 (2020 - $609) on the promissory note. As of December 31, 2021, the balance was repaid in full for final settlement of the loan and all accrued interest.

During the year ended December 31, 2020, a director of the Company advanced the Company $13,213 pursuant to a promissory note bearing interest at 15% per annum and due in October 2020. During the year ended December 31, 2021, the Company recorded interest expense of $NIL (2020 - $1,008) on the promissory note. As of December 31, 2021, the balance was repaid in full of final settlement of the loan and all accrued interest.

10. Government Assistance

During the year ended December 31, 2020, the Company applied for and received loan proceeds in the amount of $190,354 ("**PPP Funds**") pursuant to the Paycheck Protection Program ("**PPP**"). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act to enable small businesses to pay employees during the economic slowdown caused by COVID-19 by providing forgivable loans to qualifying businesses for up to 2.5 times their average monthly payroll costs. The amount borrowed by the Company under the PPP is eligible to be forgiven provided that (a) the Company uses the PPP Funds during the 24-week period after receipt thereof, and (b) the PPP Funds are only used to cover payroll costs (including benefits), rent, mortgage interest, and utility costs. The amount of loan forgiveness will be reduced if, among other reasons, the Company does not maintain staffing or payroll levels. Principal and interest payments on any unforgiven portion of the PPP Funds (the "**PPP Loan**") will be deferred for six months and will accrue interest at a fixed annual rate of 1%. Additionally, the PPP Loan balance will carry a two-year maturity date. There is no prepayment penalty on the PPP Loan. During the year ended December 31, 2021, this balance was forgiven and included in other income.

During the year ended December 31, 2021, the Company received a loan of $20,000 (2020 - $40,000), in connection with COVID-19 Government-sponsored Canada Emergency Business Account ("**CEBA**") program. The CEBA loan is non-interest bearing and matures on December 31, 2022. $20,000 of the total received of $60,000 is forgivable if the full loan is repaid before the maturity date, otherwise the full amount will revert to an interest-bearing loan with interest at 5% per annum. On January 12, 2022, the Canadian Government announced the CEBA loan forgiveness repayment date will be extended to December 31, 2023 for eligible CEBA loan holders in good standing.

11. Asset retirement obligations

The Company has recorded asset retirement obligations of $101,762 (2020 - $101,762) associated with the future decommissioning of weather monitoring equipment situated on the Wildmare Wind Energy Project site, expected to be incurred during 2022.

12. 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

At December 31, 2021, the Company had 274,984,848 common shares issued and outstanding (2020 - 233,114,037) and no preferred shares issued and outstanding. A summary of changes in share capital and reserves is contained on the consolidated statements of changes in shareholders' equity (deficiency) for the years ended December 31, 2021 and 2020.

During the year ended December 31, 2020, the Company issued the following shares:

i. In January 2020, the Company issued 2,233,333 common shares at a price of $0.05 per share to 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.
iii. In October 2020, the Company issued 7,433,858 common shares at a price of $0.035 per share to two companies controlled by officers of the Company, one controlled by a former officer, three directors and a third party to settle debts of $260,185, accrued to March 31, 2020.
iv. In December 2020, the Company issued 1,000,000 common shares to officers of the Company on the exercise of stock options for proceeds of $65,000.
v. In December 2020, the Company issued 620,000 common shares of the Company on the exercise of stock.
vi. In December 2020, the Company issued 620,000 common shares of the Company on the exercise of stock warrants for proceeds of $31,000.

During the year ended December 31, 2021, the Company issued the following shares:

i. 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 $657,440 in cash and issued 958,755 broker warrants (with the same terms as the 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.

ii. During the year ended December 31, 2021, the Company issued 10,960,714 common shares of the Company on the exercise of stock options for proceeds of $591,500.

iii. During the year ended December 31, 2021, the Company issued 17,213,597 common shares of the Company on the exercise of stock warrants for proceeds of $1,003,629.

(All figures in Canadian Dollars, unless otherwise specified)

13. Warrants

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

Expiry Date	Exercise Price	Balance December 31, 2019	Granted	Exercised	Expired	Balance December 31, 2020
February 28, 2022	$ 0.05	2,783,333	-	(250,000)	-	2,533,333
March 14, 2022	$ 0.05	1,070,000	-	(370,000)	-	700,000
April 8, 2022	$ 0.05	11,121,265	-	-	-	11,121,265
April 25, 2020	$ 0.18	8,064,332	-	-	(8,064,332)	-
April 25, 2020	$ 0.25	545,747	-	-	(545,747)	-
May 9, 2020	$ 0.10	6,506,900	-	-	(6,506,900)	-
June 27, 2020	$ 0.18	7,608,333	-	-	(7,608,333)	-
July 6, 2020	$ 0.18	7,258,666	-	-	(7,258,666)	-
August 22, 2020	$ 0.07	2,405,000	-	-	(2,405,000)	-
December 13,2021	$ 0.10	2,858,999	-	-	-	2,858,999
		50,222,575	-	(620,000)	(32,388,978)	17,213,597
Weighted Average exercise price		$ 0.12		$ 0.05	$ 0.14	$ 0.06

The following table reflects the warrants issued and outstanding as of December 31, 2021, or exercised during the year ended December 31, 2021:

Expiry Date	Exercise Price	Balance December 31, 2020	Granted	Exercised	Balance December 31, 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

(All figures in Canadian Dollars, unless otherwise specified)

14. Stock options

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

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

Expiry Date	Exercise Price	Balance December 31, 2019	Granted	Exercised	Expired/ Cancelled	Balance December 31, 2020
December 15, 2020	$ 0.07	1,000,000	-	(500,000)	(500,000)	-
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	-	(500,000)	-	11,750,000
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
October 27, 2025	$ 0.05	-	1,800,000	-	-	1,800,000
December 9, 2025	$ 0.05	-	100,000	-	-	100,000
		19,350,000	6,800,000	(1,000,000)	(2,300,000)	22,850,000
Weighted average exercise price		$ 0.06	$ 0.05	$ 0.06	$ 0.08	$ 0.06

(All figures in Canadian Dollars, unless otherwise specified)

14. Stock options (continued)

Details of the stock options outstanding as at December 31, 2021 are as follows:

Expiry Date	Exercise Price	Balance December 31, 2020	Granted	Exercised	Expired/ Cancelled	Balance December 31, 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
November 23, 2026	$ 0.18	-	1,000,000	-	-	1,000,000
		22,850,000	2,050,000	(10,960,714)	-	13,939,286
Weighted average exercise price		$ 0.06	$ 0.20	$ 0.06	$ -	$ 0.08

As of December 31, 2021, the weighted average remaining contractual life of the Company's stock options is 2.88 years (2020 - 3.58 years).

15. 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 year ended December 31, 2020, $49,328 was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

- Risk free rate: 1.34%;
- Expected life: 5.0 years;
- Expected volatility: 147% based on historical five-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 year ended December 31, 2020, $54,262 was expensed. 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 five-year trends;
- Forfeiture rate: NIL;
- Expected dividend yield: 0%; and
- Weighted average share price: $0.03.

15. Share-based payments (continued)

On October 27, 2020, the Company granted an aggregate of 1,800,000 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 $48,915 using the Black-Scholes valuation model. During the year ended December 31, 2020, $48,915 was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

- Risk free rate: 0.37%;
- Expected life: 5.0 years;
- Expected volatility: 154% based on historical five-year trends;
- Forfeiture rate: NIL;
- Expected dividend yield: 0%; and
- Weighted average share price: $0.03.

On December 9, 2020, the Company granted an aggregate of 100,000 stock options to a consultant of the Company at an exercise price of $0.06 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 $5,033 using the Black-Scholes valuation model. During the year ended December 31, 2020, $5,033 was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

- Risk free rate: 0.47%;
- Expected life: 5.0 years;
- Expected volatility: 155% based on historical five-year trends;
- Forfeiture rate: NIL;
- Expected dividend yield: 0%; and
- Weighted average share price: $0.06.

On September 13, 2021, the Company granted an aggregate of 1,050,000 stock options to two directors 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 year ended December 31, 2021, $82,704 was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

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

On November 23, 2021, the Company granted an aggregate of 1,000,000 stock options to a director of the Company at an exercise price of $0.175 per share, exercisable for a period of five years. The options vest: 125,000 on March 31, 2022; 250,000 on May 23, 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; and 125,000 on June 30, 2023. The estimated fair value of these options at the grant date was $176,855 using the Black-Scholes valuation model. During the year ended December 31, 2021, $22,289 was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

- Risk free rate: 1.58%;
- Expected life: 5.0 years;
- Expected volatility: 178% based on historical five-year trends;
- Forfeiture rate: NIL;
- Expected dividend yield: 0%; and
- Weighted average share price: $0.19.

(All figures in Canadian Dollars, unless otherwise specified)

15. Share-based payments (continued)

During the year ended December 31, 2021, the Company granted 2,050,000 stock options to directors, officers, and employees of the Company (2020 - 6,800,000) and recorded $104,993 (2020 - $157,538) of share-based payments for options that vested during the period.

16. Supplemental cash flow information

For the year ended December 31,	2021	2020
Non-cash investing and financing activities		
Shares issued for trade and other payables	$ -	$ 375,449
Non-cash investing and financing activities	**$ -**	$ 375,449

	2021	2020
Interest received	**$ 82,392**	$ 26,917
Interest paid	**$ 48,327**	$ 154,022

17. Income tax

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

	2021	2020
Loss for the year	**$ (448,864)**	$ (1,370,472)
Statutory tax rate	**27%**	27%
Income tax recovery computed at statutory rates	**(121,000)**	(370,000)
Items not deductible for tax purposes	**28,000**	59,000
Change in estimates and other	**(364,000)**	(662,000)
Change in deferred tax assets not recognized	**457,000**	973,000
Deferred income tax recovery	**$ -**	$ -

(All figures in Canadian Dollars, unless otherwise specified)

17. Income tax (continued)

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

	December 31, 2021	2020
Non-capital losses carried forward	**$ 3,369,000**	$ 3,030,000
Project development costs and equipment	**102,000**	125,000
Other deductible temporary differences	**399,000**	399,000
Share issue costs	**144,000**	3,000
Unrecognized deferred tax assets	**$ 4,014,000**	$ 3,557,000

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

As at December 31, 2021, the Company has the unclaimed non-capital losses that expire as follows:

Year	
2035	$ 1,168,000
2036	1,521,000
2037	2,770,000
2038	2,568,000
2039	2,037,000
2040	1,155,000
2041	1,248,000
	$ 12,467,000

18. Settlement income

During the year ended December 31, 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.

19. Related party transactions and balances

In addition to related party transactions and balances disclosed elsewhere in these consolidated financial statements, the following transactions and balances occurred during the year ended December 31, 2021 with related parties:

a) As at December 31, 2021, an amount of $NIL (2020 - $309,600) was due from a company controlled by an officer of the Company. This balance was repaid in full, April 2021.
b) Included in trade and other payables as at December 31, 2021 is $NIL (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.
c) Included in trade and other payables as at December 31, 2021 is $254,301 (2020 - $668,720), non-interest bearing, due to current and former officers and directors and a significant shareholder of the Company for consulting fees, salaries and benefits and expense reimbursements. These amounts are non-interest bearing with no fixed terms of repayment.

(All figures in Canadian Dollars, unless otherwise specified)

19. Related party transactions and balances (continued)

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 years ended December 31, 2021 and 2020 were as follows:

	Year ended December 31, 2021	2020
Consulting fees	**$ 53,065**	$ 318,695
Salaries and benefits	**355,992**	-
Share-based payments	**82,704**	129,160
Total	**$ 491,761**	$ 447,855

During the year ended December 31, 2021, the Company settled consulting fees of $NIL (2020 - $284,409) through the issuance of common shares of the Company (note 12).

20. 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	**United States**	**Canada**	**Total**
As at December 31, 2021			
Total assets	$ 1,005,297	$ 2,050,337	$ 3,055,634
Non-current assets	120,896	102,213	223,109
For the year ended December 31, 2021			
Total revenues	3,666,383	-	3,666,383
Net loss	(591,093)	164,518	(426,575)

Operating segment	**United States**	**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 year ended December 31, 2020			
Total revenue	3,500,747	-	3,500,747
Net income	(710,299)	(660,173)	(1,370,472)

During the year ended December 31, 2020, the Company recorded revenue of $925,368 from one major project, representing 26% of total revenue.

21. Financial instruments and risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

21. Financial instruments and risk factors (continued)

Credit risk

Credit risk is the risk that a counterparty to a financial asset will default, resulting in non-collectability and arises mainly from its cash, receivables, and deposits. Cash is held with credit-worthy Canadian and United States financial institutions and receivables are primarily related to sales. The Company has assessed the credit risk of these instruments to be negligible. The Company had $69,002 (2020 - $NIL) as an allowance for doubtful accounts at December 31, 2021 and incurred $69,002 (2020 - $NIL) bad debt expenses during the year then ended.

Liquidity risk

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

Market risk

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

a. Interest rate risk

The Company’s interest rate risk on loans and borrowings has been mitigated by fixing interest rates at the inception of the loans. At December 31, 2021, the Company had no material debt subject to floating interest rates.

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

b. Foreign currency risk

The Company has net monetary liabilities denominated in United States dollars, totaling approximately US$924,099 at December 31, 2021 and is therefore subject to currency risk. The Company does not currently use any derivative instruments to reduce its exposure to fluctuations in foreign currency exchange rates. An increase (decrease) in the US dollar exchange rate of 10% relative to the Canadian dollar would decrease (increase) net loss by approximately $92,410.

22. Fair value measurements

Fair value is the price that would be received to dispose of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

(All figures in Canadian Dollars, unless otherwise specified)

22. Fair value measurements (continued)

(a) Assets and liabilities measured at fair value on a recurring basis:

As at December 31, 2021	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Aggregate fair value
Cash	$ 2,169,258	$ -	$ -	$ 2,169,258
As at December 31, 2020				
Cash	$ 1,877	$ -	$ -	$ 1,877

(b) Categories of financial instruments:

As at December 31,	2021	2020
	Carrying amount	Carrying amount
Financial assets:		
Cash	**$ 2,169,258**	$ 1,877
Accounts receivable	**595,982**	73,576
	$ 2,765,240	$ 75,453
Financial liabilities:		
Trade and other payables	**$ 1,914,010**	$ 4,854,741
	$ 1,914,010	$ 4,854,741

The Company has not offset financial assets with financial liabilities.

The carrying value of the Company's accounts receivable, trade and other payables and due from related party is close to fair value due to their short-term maturity.

23. Capital management

The Company’s capital is comprised of shareholders’ equity (deficiency) and loans and borrowings. The Company’s overall objective has been to maintain sufficient capital to enable the Company to continue as a going concern and allow it to develop or dispose of certain renewable energy project interests. The corporate objective has been to utilize debt financing to minimize shareholder dilution, and depending on terms, to issue equity securities as a means of raising capital. Market conditions impact the ability of the Company to maintain a balance between debt and equity (note 1). The Company is not subject to any externally imposed capital requirements and the Company’s overall strategy with respect to capital management remains unchanged from the year ended December 31, 2021.

24. Subsequent events

(a) On January 24, 2022, the Company announced that it had qualified for trading on the OTCQB Venture Market in the United States operated by the OTC Markets Group Inc., and the Company's common shares will commence trading as of January 24, 2022.

(b) On February 2, 2022, the Company announced it had completed the acquisition of a 389-kW project in New York State from Abundant Solar Power Inc.