MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2023

SOLAR ALLIANCE ENERGY INC.
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FOR THE YEAR ENDED DECEMBER 31, 2023
DATED APRIL 29, 2024
(All figures in Canadian Dollars)

The following is management's discussion and analysis ("**MD&A**") of the results of operations and financial condition of Solar Alliance Energy Inc. (the **"Company**" or **"Solar Alliance**") for the year ended December 31, 2023 and up to the date of this MD&A, and should be read in conjunction with the accompanying audited consolidated financial statements for the fiscal years ended December 31, 2023 and 2022, together with the notes thereto.

All financial information in this MD&A is derived from the company's financial statements prepared in accordance with International Financial Reporting Standards ("**IFRS**") and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is April 29, 2024.

Description of the Business

Solar Alliance is a reporting issuer in British Columbia and Alberta and its common shares are listed for trading on the TSX Venture Exchange ("**TSX-V**") under the symbol "SOLR" and on the OTC in the United States under the symbol "SAENF".

Solar Alliance is executing on a unique, hybrid strategy that combines solar system sales to businesses and utilities. The technical and operational expertise the Company has developed provide the foundation for sustained growth across the solar project value chain from design, engineering, installation, ownership and operations/maintenance. With a U.S. base of operations in Tennessee, Solar Alliance provides services to customers in several Southeast U.S. states.

Solar Alliance has built a strong reputation & brand recognition in the Southeast U.S commercial solar region. As a first mover in the market, we combine the stability of an operating business with exposure to a vast addressable market.

Solar Alliance's passion is improving life through ingenuity, simplicity and freedom of choice. Solar Alliance reduces or eliminates customers' vulnerability to rising energy costs, offers an environmentally friendly source of electricity generation, and provides affordable, turnkey clean energy solutions.

Leadership

On February 23, 2023, the Company announced the board of directors has approved the appointment of Christina Wu as Chief Financial Officer ("CFO") of the Company, effective March 10, 2023. The current CFO, Rob Roberti, will step down from his role and move to a newly constituted Advisory Board position role, which has been created to support strategic growth initiatives moving forward. Mr. Roberti's move is effective March 10, 2023.

Operational Highlights

The following highlights are from the Company's operations during the year ended December 31, 2023 and the period up to the date of this MD&A.

The Company continues to target larger customers for third-party solar system sales and installations, specifically for utility and commercial customers. Solar Alliance's strategy is to design, engineer and install commercial solar systems ranging in size up to several megawatts. This shift in focus to larger projects during 2022 has resulted in revenue growth that the Company expects to continue through 2024.

The Company has managed the backlog to a level that potentially allows for the rapid conversion to revenue while still maintaining our highest standards of execution. Solar Alliance is confident this solar project backlog, combined with a robust sales funnel, provides a strong foundation for 2024.

Solar Alliance continues to see increased demand for commercial solar projects, and remains focused on larger, higher margin commercial solar projects to support growth. In addition to executing on larger projects, the Company is experiencing strong demand for solar projects for small and medium-sized businesses in rural communities.

(All figures in Canadian Dollars)

A key component for small businesses wanting to reduce utility costs are Rural Energy for America Program ("REAP") grants and loans from the United States Department of Agriculture ("USDA"). Supported by funding from the U.S. Inflation Reduction Act, REAP promotes lower energy costs and resilience while opening new income opportunities for the rural small businesses and agri-businesses the USDA serves.

Solar Alliance has dedicated sales resources to supporting the increased demand created by the REAP program and has signed several small and medium-sized projects as a result. These projects are in addition to the sales funnel of larger projects the Company continues to pursue.

In British Columbia, Canada, the utility BC Hydro formally launched the 2024 Call for Power on April 3, 2024. The Company has maintained a legacy wind project in the province and will be reviewing the RFP and any opportunities to participate.

Selected Annual Information

	Year Ended December 31, 2023	**Year Ended December 31, 2022**	**Year Ended December 31, 2021**
Statement of Loss			
Revenue	7,473,937	4,825,984	3,666,383
Net loss	(1,811,861)	(2,746,914)	(448,864)
Net loss per share	(0.00)	(0.00)	(0.00)
Financial Position			
Total assets	1,802,697	3,698,119	3,055,634
Long-term debt	115,731	348,199	161,762
Dividends	nil	nil	nil

Trends

Solar Alliance is focused on a the rapidly growing commercial, small utility and community solar sectors in the United States, where the recently adopted Inflation Reduction Act (IRA) will help the U.S. solar market grow 40% over baseline projections through 2027. That is equal to 62 gigawatts (GW) of additional solar capacity, according to new forecasts in the U.S. Solar Market Insight Q3 2022 report by the Solar Energy Industries Association (SEIA) and Wood Mackenzie. Cumulative solar installations across all market segments will nearly triple in size, growing from 129 GW today to 336 GW by 2027. Solar accounted for 39% of all new electricity-generating capacity added to the US grid in the first half of 2022.

On August 16th, 2022, President Biden signed the IRA into law. The legislation provides long-term tax credits and incentives for solar energy projects and technologies. For the U.S. solar industry, the legislation gives the industry the most long-term certainty for federal tax credits it has ever had. The industry will have ten years of certainty between the extensions of the current investment tax credit (ITC) and production tax credit (PTC). Also, for the first time, the U.S. solar industry will have access to production tax credits and an investment tax credit for domestic manufacturing across the solar value chain.

(All figures in Canadian Dollars)

Solar Alliance is also assessing opportunities in Canada, following the release of the Federal government's 2022 Fall Economic Statement, which proposes a refundable tax credit equal to 30 per cent of the capital cost of investments in solar and storage projects. The tax credit, which is similar in nature to the U.S. ITC, was confirmed as part of the 2023 Budget. The Company believes the tax credit may generate substantial opportunities in the Canadian solar industry.

Results of Operations

Revenue for the three months ended December 31, 2023 was $2,634,422 compared to $444,539 in the comparative period.

Operating and selling expenditures, excluding non-cash depreciation and share-based payments, were $717,935 in the three months ended December 31, 2023 compared to $1,061,380 in the comparative period, an decrease of $343,445. The decrease is mainly attributable to a reduction in salaries and benefits, consulting fees, and professional fees.

Revenue for the year ended December 31, 2023 was $7,473,937 compared to $4,825,984 in the comparative period.

Operating and selling expenditures, excluding non-cash depreciation and share-based payments, were $2,712,908 in the year ended December 31, 2023 compared to $3,599,583 in the comparative period, a decrease of $886,675. The decrease is mainly attributable to a decrease in salaries and benefits, which related to the projects being completed during the period, and offset by the increase in professional fees and consulting fees.

The year-over-year increase in revenue is due primarily to the Company's transition to larger revenue projects and increase sales and installations capabilities. The Company's diligent focus on managing project costs has resulted in strong gross margins and a gross profit of $1,074,768.

Summary of Quarterly Results

	Three Month Period Ended December 31, 2023	**Three Month Period Ended September 30, 2023**	**Three Month Period Ended June 30, 2023**	**Three Month Period Ended March 31, 2023**
	$	$	$	$
Revenue	2,634,422	2,410,725	1,454,213	974,577
Net income (loss)	(1,682,371)	665,789	197,311	(992,590)
Net loss per share	(0.00)	0.00	0.00	0.00

	Three Month Period Ended December 31, 2022	**Three Month Period Ended September 30, 2022**	**Three Month Period Ended June 30, 2022**	**Three Month Period Ended March 31, 2022**
	$	$	$	$
Revenue	444,539	2,753,628	964,548	663,269
Net loss	(1,016,974)	(606,248)	(440,918)	(682,774)
Net loss per share	(0.01)	0.00	0.00	0.00

(All figures in Canadian Dollars)

Liquidity and Capital Resources

Solar Alliance began the 2023 fiscal year with $650,061 cash. During the year ended December 31, 2023, the Company received $97,325 in operating activities, net of working capital changes, received $83,102 in investing activities and used $127,500 from financing activities, to end December 31, 2023 with $702,988 cash.

As at December 31, 2023, the Company had a working capital deficiency of $2,312,786 compared to a working capital deficient of $3,103,859 at December 31, 2022. The cash inflows from Solar Alliance operations are currently not sufficient to sustain the Company's operations and to pay the Company's obligations as they become due. Management intends to continue to raise capital through a combination of revenue growth, reduced expenses, and injections of capital through debt and equity issuances. There can be no assurance that management's plans will be successful or that the Company will be able to obtain the financial resources necessary. The Company's ability to continue as a going concern is dependent on the Company's ability to raise debt or equity funding in the near term to fulfill its obligations and ultimately in self-generating income and cash flows from its operations. The conditions described above give rise to a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern.

Related Party Transactions

The following transactions and balances with related parties occurred during the year ended December 31, 2023:

1. Included in trade and other payables as at December 31, 2023 is $289,000 (December 31, 2022 - $265,703) due to current and former officers and directors and a significant shareholder of the Company for consulting fees, salaries and benefits and expense reimbursements.
2. Included in short-term loans as at December 31, 2023 is $137,500 (December 31, 2022 - $250,000) due to a current director of the Company.
3. Included in interest expense as at December 31, 2023 is $40,997 (December 31, 2022 - $25,989) due to a current director of the Company.
4. Included in professional fees as at December 31, 2023 is $13,946 (December 31, 2022 - $nil) to Marrelli Support Services Inc., a company which the CFO is related to. As of December 31, 2023, the company owed $3,492 which is included in trade and other payables.

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 year ended December 31, 2023 and 2022 were as follows:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Salaries and benefits	**246,471**	369,667
Share-based payments	**120,489**	346,818
Total	**$ 366,960**	$ 716,485

Outstanding share data as at the date of this MD&A

	Common Shares Issued and Outstanding	Common Shares Purchase Warrants	Common Shares Purchase Options
Balance at December 31, 2023	**274,984,848**	**300,000**	**18,914,286**
Balance at the date of this MD&A	**274,984,848**	**300,000**	**18,914,286**

Legal Claims

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

Risk management

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

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

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

Credit risk

Credit risk is the risk that a counterparty to a financial asset will default, resulting in non-collectability and arises mainly from its cash, receivables, and deposits. Cash is held with credit-worthy Canadian and United States financial institutions and receivables are primarily related to sales. The Company has assessed the credit risk of these instruments to be negligible. The Company had $133,802 (2022 - $73,715) as an expected credit loss allowance at December 31, 2023 and incurred $9,109 (2022 - $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 short term loans as all of these liabilities are due within the next 12 months.

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.

1. 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, 2023, 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.

2. Currency risk

The Company has net monetary liabilities denominated in United States dollars, totaling approximately US$505,279 at December 31, 2023, 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 $50,528.

Market Risk

The pandemic and resulting economic impact have created significant volatility in financial and commodity markets. The pandemic could result in a global recessionary environment with continued market volatility, which may continue to impact our financial condition.

Climate Change

Global climate change continues to attract considerable public, scientific and regulatory attention. Governments and regulatory bodies at the international, national, regional and local levels have introduced or may introduce legislative changes to respond to the potential impacts of climate change. Additional government action to regulate climate change, including regulations on carbon emissions and energy use, could increase direct and indirect costs to the Company's operations and may have a material adverse impact on the Company.

Based on risk assessments conducted by the Company, climate change is not an immediate material risk faced by the Company. However, as time goes on, it will likely have an impact on how the Company conducts its business.

Public Company Obligations

The Company's business is subject to evolving corporate governance and public disclosure regulations that have increased both the Company's compliance costs and the risk of non-compliance, which could have a material adverse impact on the Company's share price.

The Company is subject to changing rules and regulations promulgated by a number of governmental and self-regulated organizations, including the Canadian Securities Administrators, the TSX-V, and the International Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity creating many new requirements. The Company's efforts to comply with rules and obligations could result in increased general and administration expenses and a diversion of management time and attention from revenue-generating activities.

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements, and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("**NI 52-109**"), the Company uses the Venture Issuer Basic Certificate, which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

1. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

2. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS). The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Additional Information

Additional information concerning the Company is available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.solaralliance.com.

Cautionary Note Regarding Forward Looking Information

This MD&A may include or incorporate by reference certain statements or disclosures that constitute "forward-looking information" under applicable securities laws. All information, other than statements of historical fact, included or incorporated by reference in this MD&A that addresses activities, events or developments that Solar Alliance or its management expects or anticipates will or may occur in the future constitute forward-looking information. Forward-looking information is provided through statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur or continue. These forward-looking statements are based on certain assumptions and analyses made by Solar Alliance and its management in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances.

This MD&A contains forward-looking statements about the Company's objectives, strategies, financial condition, results of operations, cash flows and businesses. These statements are "forward-looking" because they are based on current expectations, estimates, assumptions, risks and uncertainties. These forward-looking statements are typically identified by future or conditional verbs such as "outlook", "believe", "anticipate", "estimate", "project", "expect", "intend", "plan", and terms and expressions of similar import.

Such forward-looking statements are subject to a number of risks and uncertainties which include, but are not limited to financing risk, market demand, electricity pricing, regulatory policy, supplier risk, installation risk, competitor risk, safety risk, customer service risk, and fraud and cyber risks. Actual results could be materially different from expectations if known or unknown risks affect the business, or if estimates or assumptions turn out to be inaccurate. The Company does not guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place reliance on these forward-looking statements.

Forward-looking statements are based on the beliefs, estimates and opinions of Solar Alliance's management on the date the statements are made. Unless otherwise required by law, Solar Alliance expressly disclaims any intention and assumes no obligation to update or revise any forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change, whether as a result of new information, future events or otherwise, and Solar Alliance does not have any policies or procedures in place concerning the updating of forward-looking information other than those required under applicable securities laws. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information.

Additional Information

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