
SOLAR ALLIANCE ENERGY INC.
INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS
THREE AND SIX MONTHS ENDED
JUNE 30, 2024
(UNAUDITED)

Solar Alliance Energy Inc.

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

	As at June 30, 2024	As at December 31, 2023
ASSETS		
Current assets		
Cash	\$ 60,627	\$ 702,988
Accounts receivable	391,805	730,205
Prepaid expenses and deposits	13,888	8,563
Unbilled revenue	1,065,714	135,168
Inventory	141,342	102,214
Total current assets	1,673,376	1,679,138
Non-current assets		
Deposits (note 3)	42,852	42,633
Property, plant and equipment (note 4)	65,157	80,926
Total non-current assets	108,009	123,559
Total assets	\$ 1,781,385	\$ 1,802,697
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Trade and other payables (notes 5 and 13)	\$ 3,400,011	\$ 3,595,663
Short-term loans and note payable (notes 6 and 13)	137,500	137,500
Customer deposits and deferred revenue	-	169,626
Contingent consideration	29,135	29,135
Government assistance (note 7)	60,000	60,000
Total current liabilities	3,626,646	3,991,924
Non-current liabilities		
Asset retirement obligations (note 8)	116,686	115,731
Total non-current liabilities	116,686	115,731
Total liabilities	3,743,332	4,107,655
Shareholders' deficiency		
Share capital (note 9)	48,925,635	48,581,031
Reserves (notes 10 and 11)	17,172,555	17,039,615
Accumulated other comprehensive income	809,017	945,045
Deficit	(68,869,154)	(68,870,649)
Total shareholders' deficiency	(1,961,947)	(2,304,958)
Total liabilities and shareholders' deficiency	\$ 1,781,385	\$ 1,802,697

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

Going concern (note 1)

Solar Alliance Energy Inc.

Interim Condensed Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars, except per share and share information)
(Unaudited)

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Revenue	\$ 711,532	\$ 1,454,213	\$ 2,376,389	\$ 2,428,790
Cost of sales	(504,300)	(951,052)	(1,522,694)	(2,190,827)
Gross Profit	207,232	503,161	853,695	237,963
Expenses				
Depreciation (note 4)	8,832	(8,878)	18,461	15,847
Consulting fees (note 13)	7,183	10,000	19,233	29,441
Insurance and filing fees	6,986	11,804	13,972	25,400
Marketing and advertising	15,621	43,004	23,063	81,191
Office, rent and utilities	118,009	131,312	245,227	201,760
Professional fees	149,257	110,245	73,768	402,991
Salaries and benefits (note 13)	353,918	149,532	685,863	442,278
Share-based payments (notes 12 and 13)	-	96,810	2,544	245,572
Travel and related	43,679	210,510	72,542	258,013
Total expenses	703,485	754,339	1,154,673	1,702,493
Operating loss	(496,253)	(251,178)	(300,978)	(1,464,530)
Other (expenses) income				
Other income	196,552	34,767	196,552	69,564
Loss on disposal of equipment (note 4)	-	(32,484)	-	(32,484)
Asset retirement obligation expense (note 8)	-	(925)	(955)	(1,849)
Total other income (expenses)	196,552	1,358	195,597	35,231
Net Loss before finance expense	(299,701)	(249,820)	(105,381)	(1,429,299)
Net finance income (expense)				
Interest income	(18,786)	(1,215)	(25,284)	(22,258)
Foreign exchange	118,148	10,513	132,160	(279,578)
Net finance income (expense)	99,362	9,298	106,876	(301,836)
Net income (loss)	(200,339)	(240,522)	1,495	(1,731,135)
Other comprehensive income (loss)				
Change in accumulated foreign exchange translation adjustment	(119,573)	437,833	(136,028)	866,630
Comprehensive income (loss)	\$ (319,912)	\$ 197,311	\$ (134,533)	\$ (864,505)
Basic and diluted income (loss) per common share	\$ (0.00)	\$ 0.00	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding	274,984,848	274,984,848	274,984,848	274,984,848

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

Solar Alliance Energy Inc.

Interim Condensed Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Operating activities		
Net income (loss)	\$ 1,495	\$ (1,731,135)
Adjustments for non-cash items:		
Depreciation	18,461	15,847
Share-based payments	2,544	245,572
Asset retirement obligation expense	955	1,849
Loss on disposal of equipment	-	(32,484)
Net finance expense	15,000	(10,786)
Unrealized foreign exchange	36,280	532,659
Net changes in working capital:		
Accounts receivable	338,400	(276,673)
Prepaid expenses and deposits	(5,544)	(6,998)
Work in process and inventory	(969,674)	(367,408)
Trade and other payables	(210,652)	1,458,887
Customer deposits and deferred revenue	(169,626)	(399,069)
Restricted cash	-	471,331
Net cash used in operating activities	(942,361)	(98,408)
Investing activities		
Purchase of property, plant and equipment	-	(908)
Net cash used in investing activities	-	(908)
Financing activities		
Proceeds from short-term loans	100,000	-
Proceeds from common share issue	200,000	-
Loans repaid	-	(265,000)
Net cash provided by (used in) financing activities	300,000	(265,000)
Net change in cash	(642,361)	(364,316)
Cash, beginning of period	702,988	650,061
Cash, end of period	\$ 60,627	\$ 285,745

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

Solar Alliance Energy Inc.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars)

(Unaudited)

	Number of Shares	Share Capital	Reserves	Accumulated Other Comprehensive Income	Deficit	Total Shareholders' Deficiency
December 31, 2022	274,984,848	\$ 48,581,031	\$ 16,751,461	\$ 287,117	\$(67,058,788)	\$ (1,439,179)
Share-based payments	-	-	245,572	-	-	245,572
Foreign currency translation	-	-	-	866,630	-	866,630
Comprehensive loss	-	-	-	-	(1,731,135)	(1,731,135)
Balance, June 30, 2023	274,984,848	\$ 48,581,031	\$ 16,997,033	\$ 1,153,747	\$(68,789,923)	\$ (2,058,112)

	Number of Shares	Share Capital	Reserves	Accumulated Other Comprehensive Income	Deficit	Total Shareholders' Deficiency
Balance, December 31, 2023	274,984,848	\$ 48,581,031	\$ 17,039,615	\$ 945,045	\$(68,870,649)	\$ (2,304,958)
Issuance of shares for loans and borrowings	5,209,090	275,000	-	-	-	275,000
Issuance of common shares	4,000,000	200,000	-	-	-	200,000
Warrants granted	-	(130,396)	130,396	-	-	-
Share-based payments	-	-	2,544	-	-	2,544
Foreign currency translation	-	-	-	(136,028)	-	(136,028)
Comprehensive income	-	-	-	-	1,495	1,495
Balance, June 30, 2024	284,193,938	\$ 48,925,635	\$ 17,172,555	\$ 809,017	\$(68,869,154)	\$ (1,961,947)

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

Solar Alliance Energy Inc.

Notes to Interim Condensed Consolidated Financial Statements For the Three and Six Months Ended June 30, 2024 (Expressed in Canadian Dollars, unless otherwise specified) (Unaudited)

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 and industrial 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 OTC 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.

1.1 Going concern

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

The Company's strategy to mitigate these risks and uncertainties is to execute its business plan focused on increased revenue growth from its commercial and utility installation division, improving overall gross profit, managing operating expenses and working capital requirements as required, and securing additional financing through equity or debt investments.

As at June 30, 2024, the Company had an accumulated deficit of \$68,869,154, comprehensive loss for the six months ended June 30, 2024 was \$(134,533), and negative cash flow from operations of \$942,361. The Company is dependent on generating cash flow from its operations and obtaining equity or debt financing to fund its planned revenue growth and working capital requirements. Such financing may not be available when required, or on terms acceptable to the Company. These conditions raise material uncertainties which cast significant doubt as to whether the Company will be able to continue as a going concern.

2. Material accounting policies

2.1 Basis of presentation and measurement

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

In the preparation of these unaudited interim condensed consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the unaudited interim condensed consolidated financial statements and the reported amount of income and expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2.4.

2.2 Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by International Accounting Standards Board ("**IASB**") and interpretations issued by International Financial Reporting Interpretations Committee ("**IFRIC**").

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of the Company on August 29, 2024.

Solar Alliance Energy Inc.

Notes to Interim Condensed Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2024

(Expressed in Canadian Dollars, unless otherwise specified)

(Unaudited)

2. Material accounting policies (continued)

2.3 Functional and presentation currency

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

2.4 Use of Accounting Assumptions, Estimates and Judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis, 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.

2.4.1 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:

(a) *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.

(b) *Percentage of completion calculation*

The Company measures the stage of completion for Engineering, Procurement and Construction ("**EPC**") projects based on percentage of contract value delivered to customers, most usually by reference to invoices issued in accordance with project milestones achieved, unless otherwise appropriate. The estimation of total estimated costs requires judgment and changes to these estimates may affect revenue, unbilled revenue, and deferred revenue.

2.4.2 Critical Accounting Judgments

(a) *Going Concern*

The assessment of whether the going concern assumption is appropriate requires management to consider 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.

(b) *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.

Solar Alliance Energy Inc.

Notes to Interim Condensed Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2024
(Expressed in Canadian Dollars, unless otherwise specified)
(Unaudited)

2. Material accounting policies (continued)

2.4 Use of Accounting Assumptions, Estimates and Judgments (continued)

2.4.2 Critical Accounting Judgments (continued)

(c) 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.

(d) Contingencies

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

3. Deposits

	As at June 30, 2024	As at December 31, 2023
BC Licence of Occupation security deposits (i)	\$ 18,000	\$ 18,000
Other prepaid deposit	24,852	24,633
Total	\$ 42,852	\$ 42,633

(i) The Company has \$18,000 (December 31, 2023 - \$18,000) 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. Property, plant and equipment

The following table illustrates movements in the Company's property, plant and equipment cost balance by category:

COST	Solar facilities ⁽²⁾	Other equipment ⁽¹⁾	Total
Balance, December 31, 2022	\$ 1,882,700	\$ 219,944	\$ 2,102,644
Additions	-	10,761	10,761
Disposals	(1,882,700)	-	(1,882,700)
Foreign exchange	-	36,928	36,928
Balance, December 31, 2023	\$ -	\$ 267,633	\$ 267,633
Foreign exchange	-	2,692	2,692
Balance, June 30, 2024	\$ -	\$ 270,325	\$ 270,325

Solar Alliance Energy Inc.

Notes to Interim Condensed Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2024
(Expressed in Canadian Dollars, unless otherwise specified)
(Unaudited)

4. Property, plant and equipment (continued)

The following table illustrates movements in the Company's accumulated depreciation balance by category:

ACCUMULATED DEPRECIATION	Solar facilities ⁽²⁾	Other equipment ⁽¹⁾	Total
Balance, December 31, 2022	\$ -	\$ 149,888	\$ 149,888
Depreciation	-	36,819	36,819
Balance, December 31, 2023	\$ -	\$ 186,707	\$ 186,707
Depreciation	-	18,461	18,461
Balance, June 30, 2024	\$ -	\$ 205,168	\$ 205,168

CARRYING AMOUNTS

Balance, December 31, 2023	\$ -	\$ 80,926	\$ 80,926
Balance, June 30, 2024	\$ -	\$ 65,157	\$ 65,157

⁽¹⁾ Other equipment includes vehicles, office equipment, furniture and fixtures, computers, and computer software.

⁽²⁾ On June 21, 2023 the Company sold a 67% interest in the two solar projects in New York. On December 6, 2023, the Company sold the remaining 33% interest in VC1 and UC1.

5. Trade and other payables

	June 30, 2024	December 31, 2023
Trade and other payables in Canada	\$ 1,245,819	\$ 1,313,289
Trade and other payables in the United States	2,154,192	2,282,374
Total trade and other payables	\$ 3,400,011	\$ 3,595,663

6. Short-term loans and note payable

In February 2024, the Company closed an unsecured short-term loan for \$100,000, which was due to a related party (note 13). The term of the loan is one year from the date of each advance and bears interest at 15% per annum. During the six months ended June 30, 2024, the Company repaid the loan and interest by way of a shares for debt agreement announced on June 17, 2024. Interest expense of \$15,000 was recorded in Q2, 2024 (2023 - \$nil).

In June 2023, the Company closed an unsecured short-term construction loan for a total capacity of \$137,500, which was due to a related party (note 13). The term of the loan is one year from the date of each advance and bears interest at 15% per annum. The company is in the process of renegotiating the terms of the short-term loan with the lender. During the six months ended June 30, 2024, the Company repaid \$nil and recorded interest expense of \$10,284 (2023 - \$nil).

7. Government Assistance

During the year ended December 31, 2021, the Company applied for and received loan proceeds in the amount of \$20,000 in connection with COVID-19 Government-sponsored Canada Emergency Business Account ("CEBA") program, for a total CEBA loan of \$60,000. The CEBA loan bears interest at 5% per annum and is due on December 31, 2026.

Solar Alliance Energy Inc.

Notes to Interim Condensed Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2024
(Expressed in Canadian Dollars, unless otherwise specified)
(Unaudited)

8. Asset retirement obligations

	June 30, 2024	December 31, 2023
Asset retirement obligations	\$ 115,731	\$ 112,034
Provisions made during the period	\$ 955	\$ 3,697
Total asset retirement obligation	\$ 116,686	\$ 115,731

The Company has recorded asset retirement obligations of \$116,686 (December 31, 2023 - \$115,731) associated with the future decommissioning of weather monitoring equipment situated on the Wildmare Wind Energy Project site.

9. Share capital

9.1 Authorized share capital

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

9.2 Common shares issued

	Number of common shares	Amount
Balance, December 31, 2022 and June 30, 2023, December 31, 2023	274,984,848	\$ 48,581,031
Issuance of shares for loans and borrowings (i)(ii)	5,209,090	275,000
Private placements (iii)	4,000,000	200,000
Warrants granted (iii)	-	(130,396)
Balance, June 30, 2024	284,193,938	\$ 48,925,635

At June 30, 2024, the Company had 284,193,938 common shares issued and outstanding (December 31, 2023 – 274,984,848) and no preferred shares issued and outstanding. A summary of changes in share capital and reserves is contained on the unaudited interim condensed consolidated statements of changes in shareholders' deficiency for the six months ended June 30, 2024 and 2023.

During the six months ended June 30, 2024, the Company issued the following shares:

- On June 17, 2024, the Company issued 2,909,090 common shares at a price of \$0.055 per share to settle debts of \$160,000.
- On June 17, 2024, the Company issued 2,300,000 common shares at a price of \$0.05 per share to settle debts of \$115,000.

Solar Alliance Energy Inc.

Notes to Interim Condensed Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2024
(Expressed in Canadian Dollars, unless otherwise specified)
(Unaudited)

9. Share capital (continued)

9.2 Common shares issued (continued)

iii. On June 27, 2024, the Company completed a private placement through the issuance of 4,000,000 units at a price of \$0.05 per unit for gross proceeds of \$200,000. 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 \$0.07 per share for a period of 36 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 \$130,396. The warrants were valued using the Black-Scholes pricing model with the following assumptions: a risk-free interest rate of 3.86%; an expected volatility of 116.63%; an expected life of three years; a forfeiture rate of zero and an expected dividend of zero.

10. Warrants

	Number of warrants	Weighted average exercise price (\$)
Balance, December 31, 2022	14,955,255	0.60
Expired	(14,655,255)	0.60
Balance, June 30, 2023	300,000	0.08
Balance, December 31, 2023	300,000	0.08
Issued for private placements (note 9(b)(iii))	4,000,000	0.07
Balance, June 30, 2024	4,300,000	0.07

The following table reflects the warrants issued and outstanding as of June 30, 2023:

Expiry Date	Exercise Price	Balance December 31, 2022	Granted	Exercised	Expired	Balance June 30, 2023
February 19, 2023	\$ 0.60	14,655,255	-	-	(14,655,255)	-
December 29, 2027	\$ 0.08	300,000	-	-	-	300,000
		14,955,255	-	-	(14,655,255)	300,000
Weighted Average exercise price	\$ 0.60	\$ -	\$ -	\$ -	\$ 0.60	\$ 0.08

The following table reflects the warrants issued and outstanding as of June 30, 2024:

Expiry Date	Exercise Price	Balance December 31, 2023	Granted	Exercised	Expired	Balance June 30, 2024
July 27, 2027	\$ 0.07	-	4,000,000	-	-	4,000,000
December 29, 2027	\$ 0.08	300,000	-	-	-	300,000
		300,000	4,000,000	-	-	4,300,000
Weighted Average exercise price	\$ 0.08	\$ 0.07	\$ -	\$ -	\$ -	\$ 0.07

Solar Alliance Energy Inc.

Notes to Interim Condensed Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2024

(Expressed in Canadian Dollars, unless otherwise specified)

(Unaudited)

11. 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 June 30, 2023 are as follows:

Expiry Date	Exercise Price	Balance December 31, 2022	Granted	Exercised	Expired/ Cancelled	Balance June 30, 2023				
May 4, 2023	\$ 0.08	500,000	-	-	(500,000)	-				
May 6, 2023	\$ 0.06	-	-	-	-	-				
May 6, 2024	\$ 0.06	4,189,286	-	-	-	4,189,286				
July 16, 2024	\$ 0.06	2,000,000	-	-	-	2,000,000				
December 22, 2024	\$ 0.08	1,000,000	-	-	-	1,000,000				
January 26, 2025	\$ 0.08	300,000	-	-	-	300,000				
March 31, 2025	\$ 0.05	1,800,000	-	-	-	1,800,000				
July 23, 2025	\$ 0.05	1,600,000	-	-	-	1,600,000				
October 27, 2025	\$ 0.05	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				
August 5, 2027	\$ 0.09	4,475,000	-	-	-	4,475,000				
September 26, 2027	\$ 0.11	100,000	-	-	-	100,000				
February 23, 2028	\$ 0.08	-	900,000	-	-	900,000				
		18,514,286	900,000	-	(500,000)	18,914,286				
Weighted average exercise price	\$	0.08	\$	0.08	\$	-	\$	-	\$	0.08

Solar Alliance Energy Inc.

Notes to Interim Condensed Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2024
(Expressed in Canadian Dollars, unless otherwise specified)
(Unaudited)

11. Stock options (continued)

Details of the stock options outstanding as at June 30, 2024 are as follows:

Expiry Date	Exercise Price	Balance December 31, 2023	Granted	Exercised	Expired/ Cancelled	Balance June 30, 2024
May 6, 2024	\$ 0.06	4,189,286	-	-	(4,189,286)	-
July 16, 2024	\$ 0.06	2,000,000	-	-	-	2,000,000
December 22, 2024	\$ 0.08	1,000,000	-	-	-	1,000,000
January 26, 2025	\$ 0.08	300,000	-	-	-	300,000
March 31, 2025	\$ 0.05	1,800,000	-	-	-	1,800,000
July 23, 2025	\$ 0.05	1,600,000	-	-	-	1,600,000
October 27, 2025	\$ 0.05	400,000	-	-	-	400,000
December 9, 2025	\$ 0.06	100,000	-	-	-	100,000
September 13, 2026	\$ 0.22	1,050,000	-	-	(1,000,000)	50,000
November 23, 2026	\$ 0.18	1,000,000	-	-	-	1,000,000
August 5, 2027	\$ 0.09	4,475,000	-	-	(1,250,000)	3,225,000
September 26, 2027	\$ 0.11	100,000	-	-	-	100,000
February 23, 2028	\$ 0.08	900,000	-	-	(200,000)	700,000
		18,914,286	-	-	(6,639,286)	12,275,000
Weighted average exercise price	\$ 0.08	\$ -	\$ -	\$ -	\$ 0.05	\$ 0.08

As of June 30, 2024, the weighted average remaining contractual life of the Company's stock options is 1.50 years (December 31, 2023 - 2.18 years).

12. Share-based payments

During the six months ended June 30, 2024, the Company granted nil stock options to directors, officers, and employees of the Company (2023 - 900,000) and recorded \$2,544 (2023 - \$245,572) of share-based payments for options that vested during the period. The compensation expense was based on the fair value of each stock option on the date of the grant using the Black-Scholes option pricing model.

The Company made the following option grants during 2023:

- On February 23, 2023, the Company granted 900,000 stock options to directors, officers and employees of the Company with each option exercisable into one common share of the Company at an exercise price of \$0.08 per share until February 23, 2028. A fair value of \$68,770 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.08; dividend yield - 0%; expected volatility - 176.05%; risk-free interest rate - 3.50%; and an expected life - 5 years. The options vested a quarter after three months from the date of grant, a quarter after six months from the date of grant, a quarter after nine months from the date of grant and a quarter after twelve months from the date of grant.

13. Related party transactions and balances

In addition to related party transactions and balances disclosed elsewhere in these unaudited interim condensed consolidated financial statements, the following are transactions that occurred during the six months ended June 30, 2024 and balances as at June 30, 2024 with related parties:

Solar Alliance Energy Inc.

Notes to Interim Condensed Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2024

(Expressed in Canadian Dollars, unless otherwise specified)

(Unaudited)

13. Related party transactions and balances (continued)

- Included in trade and other payables as at June 30, 2024 is \$277,000 (December 31, 2023 - \$289,000) due to current and former officers and directors and a significant shareholder of the Company for consulting fees, salaries and benefits and expense reimbursements.
- Included in short-term loans (note 6) as at June 30, 2024 is \$137,500 (December 31, 2023 - \$137,500) due to current directors of the Company.
- Included in interest expense as at June 30, 2024 is \$10,284 (June 30, 2023 - \$37,151) due to current directors of the Company.
- Included in professional fees as at June 30, 2024 is \$48,781 (June 30, 2023 - \$20,510) to Marrelli Support Services Inc., a company which the CFO is related to. As of June 30, 2024, the company owed \$29,078 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 three and six months ended June 30, 2024 and 2023 were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Salaries and benefits	\$ 83,333	\$ 62,500	\$ 125,000	\$ 121,472
Share-based payments	-	41,552	1,413	101,980
Total	\$ 83,333	\$ 104,052	\$ 126,413	\$ 223,452

14. Segmented information

The Company identified the operating segments as outlined in the table below based on the nature of operations and asset class. Geographical segment information is provided by country of operation.

The Company identified the operating segments as Solar EPC and Solar generation from solar facilities. During the six months ended June 30, 2024 and 2023, all of the Company's revenues and cost of goods sold related to its solar EPC segment. As of June 30, 2024 and December 31, 2023, the Company's assets and non-current assets related to each of the segments:

	June 30, 2024	December 31, 2023
As at June 30, 2024		
Solar EPC		
Total assets	\$ 1,589,055	\$ 1,670,528
Total liabilities	2,154,192	2,452,000
Corporate		
Total assets	192,330	132,169
Total liabilities	1,589,140	1,655,655
Total		
Total assets	1,781,385	1,802,697
Total liabilities	3,743,332	4,107,655

Solar Alliance Energy Inc.

Notes to Interim Condensed Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2024

(Expressed in Canadian Dollars, unless otherwise specified)

(Unaudited)

14. Segmented information (continued)

Operating segment	United States	Canada	Total
For the six months ended June 30, 2024			
Total revenue	2,376,389	-	2,376,389
Non-current assets (as at June 30, 2024)	71,658	36,351	108,009
For the six months ended June 30, 2023			
Total revenue	2,428,790	-	2,428,790
Non-current assets (as at December 31, 2023)	87,208	36,351	123,559

During the six months ended June 30, 2024 the Company had three (six months ended June 30, 2023 - three) customers that individually accounted for more than 10% of consolidated revenue.

15. Subsequent events

- a) On July 19, 2024, the Company closed the second tranche of its non-brokered private placement. An aggregate of 9,000,000 Units were sold under the second tranche for gross proceeds of \$450,000.
- b) On July 31, 2024, the Company closed the third and final tranche of its non-brokered private placement. An aggregate of 1,000,000 Units were sold under the second tranche for gross proceeds of \$50,000.