# INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

## QUARTERLY HIGHLIGHTS

## FOR THE THREE MONTHS ENDED MARCH 31, 2025

## (CANADIAN DOLLARS)

The following interim Management Discussion & Analysis ("**Interim MD&A**") of Solar Alliance Energy Inc. (the "**Company**" or "**Solar Alliance**") for the three months ended March 31, 2025 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management Discussion & Analysis ("**Annual MD&A**") for the fiscal year ended December 31, 2024. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Annual MD&A, audited annual consolidated financial statements of the Company for the years ended December 31, 2024, and December 31, 2023, together with the notes thereto, and unaudited interim condensed consolidated financial statements of the Company for the three months ended March 31, 2025, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited interim condensed consolidated financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("**IASB**") and interpretations of the IFRS Interpretations Committee. The unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of May 30, 2024, unless otherwise indicated.

**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 targets commercial and industrial customers for third-party solar system sales and installations. Solar Alliance's strategy is to design, engineer and install commercial solar systems ranging in size up to several megawatts. The technical and operational expertise the Company has developed provides the foundation for sustained growth across the solar project value chain from design, engineering, installation, and potentially 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.

**Operational Highlights**

The following highlights are from the Company's operations during the three months ended March 31, 2025 and the period up to the date of this Interim MD&A.

Solar Alliance continues to see increased demand for commercial solar projects, and remains focused on larger, higher margin commercial solar projects to support growth. This has resulted in several development opportunities that to date have not contracted despite market uncertainty along with the change in US administration

Production activity during this period was highlighted by the continued construction of a 1.5 MW project in Kentucky. Severe weather and corresponding delays negatively impacted the first quarter's productivity and gave rise to the incurring of a higher proportion of costs than corresponding revenues.

The company, meanwhile, in dealing with these challenges, maintained positive relations with vendors, clients and developers, generated much goodwill and is well positioned to complete work in the coming period.

**Trends**

Solar Alliance is focused on a growing commercial, small utility and community solar sectors in the United States. Though there has been uncertainty surrounding the US administration's intent toward solar PV incentives, there is still significant opportunity in our target range and there may indeed be opportunities to reduce cost, incentivize adoption and leverage savings from decreased demand if certain incentives were to disappear.

**Results of Operations**

Revenue for the three months ended March 31, 2025 was $835,609 compared to $1,604,326 in the comparative period.

**(Note: Quarter 1 2024 was restated as noted in the 2024 MD&A)**

Operating and selling expenditures, excluding non-cash depreciation and share-based payments, were $419,555 in the three months ended March 31, 2025 compared to $439,015 in the comparative period, a decrease of $19,460. The decrease is mainly attributable to a decrease in professional fees.

The Company reported an operating loss of $470,548 in three months ended March 31, 2025 compared to operating income of $134,744 in the comparative period. Net loss for the three months ended March 31, 2025 was $474,277 compared to Net Income of $141,303 in the comparative period.

**Liquidity and Capital Resources**

Solar Alliance began the 2025 fiscal year with $9,697 cash. During the three months ended March 31, 2025, the Company generated $191,264 in operating activities, net of working capital changes, received $nil in investing activities and received $nil from financing activities, to end March 31, 2025 with $13,111 cash.

During the three months ended March 31, 2025, the Company generated a working capital surplus of $654,988 compared to a working capital deficiency of $938,344 in three months ended March 31, 2024. Notwithstanding this the current level of cash inflows from Solar Alliance operations are not sufficient to sustain the Company's operations and meet the Company's obligations as they arise. Management intends to generate cashflow from competitive engagement in profitable projects, of sufficient scale to fund meaningful growth and, where appropriate in terms of the Company's strategic development, through injections of capital from 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 necessary financial resources. The Company's ability to continue as a going concern is dependent on the Company's ability to secure profitable projects of scale and where appropriate to raise debt or equity funding towards achieving self-generating income and cash flow from its operations. These conditions, however, 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 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 three months ended March 31, 2025 and balances as at March 31, 2025 with related parties:

- Included in trade and other payables as at March 31, 2024 is $635,664 (December 31, 2024 - $415,000) due to current and former officers and directors and a significant shareholder of the Company for consulting fees, salaries and benefits and expense reimbursements.

(All figures in Canadian Dollars)

- Included in short-term loans (note 6) as at March 31, 2025 is $137,500 (December 31, 2024 - $137,500) due to current directors of the Company.
- Included in interest expense in quarter to March 31, 2025 is $5,068 (March 31, 2024 - $6,498) due to current directors of the Company.
- Included in professional fees in quarter to March 31, 2025 is $25,491 (March 31, 2024 - $4,500) to Marrelli Support Services Inc., a company to which the former CFO is related. As at March 31, 2025, the company had been invoiced, net of payments, a total of $42,095 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 months ended March 31, 2025 and 2024 were as follows:

| | Three months ended March 31, 2025 | 2024 |
|---|---|---|
| Salaries and benefits | **54,734** | 41,667 |
| Share-based payments | **-** | 1,413 |
| Total | **$ 54,734** | $ 43,080 |

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

| | Common Shares Issued and Outstanding | Common Shares Purchase Warrants | Common Shares Purchase Options |
|---|---|---|---|
| **Balance at March 31, 2025** | **295,193,938** | **300,000** | **9,275,000** |
| **Balance at the date of this Interim MD&A** | **295,193,938** | **300,000** | **9,275,000** |

***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 $26,077 (December 31, 2024 - $26,077) as an expected credit loss allowance at March 31, 2025 and incurred $nil (2024 - $nil) bad debt expenses during the year 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 March 31, 2025, 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$1,530,986 at March 31, 2025, 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 $220,094.

**Risk Factors**

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the Company's Annual MD&A for year ended December 31, 2024, available on SEDAR+ at www.sedarplus.ca.

**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 unaudited interim condensed 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 unaudited interim condensed consolidated financial statements, and (ii) the unaudited interim condensed 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 unaudited interim condensed 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 added risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

**Cautionary Note Regarding Forward Looking Information**

This Interim 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 Interim 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 Interim 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**

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