



**INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS  
QUARTERLY HIGHLIGHTS**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30,  
2025**

**(CANADIAN DOLLARS)**

SOLAR ALLIANCE ENERGY INC.  
INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS - QUARTERLY HIGHLIGHTS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025  
DATED DECEMBER 01 2025  
(All figures in Canadian Dollars)

The following interim Management Discussion & Analysis ("**Interim MD&A**") of Solar Alliance Energy Inc. (the "**Company**" or "**Solar Alliance**") for the three and nine months ended September 30, 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 condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2025, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim 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 condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of December 01 2025, 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 and nine months ended September 30, 2025 and the period up to the date of this Interim MD&A.

### **Industry and Corporate Update**

#### **Industry Background through 2025**

The commercial solar industry has shifted significantly over the past 8 to 10 months, with the passage of US legislation signed into law earlier in July effectively eliminating the ITC incentives beyond December 2027 (for other than certain limited circumstances).

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This legislation, however, combined with the subsequent IRS Notice of August 15, 2025 ended a period of extreme uncertainty and kick started a renewed demand for solar systems as renewable energy seekers look to claim the ITC incentives while they remain..

Longer term, notwithstanding the above, the fundamentals for growth in solar energy demand remain very compelling for the following reasons.

- The capital costs of solar energy installation has fallen by 84%<sup>1</sup> over the past 15 years, shifting solar energy from being the most expensive to the lowest cost source of energy generation
  - The speed at which solar generation can be constructed, relative to the available alternatives, is such that in excess of 80%<sup>2</sup> of new generation capacity in 2024, and to date in 2025 was accounted for by solar and solar storage deployments;
  - The prospect of substantially higher growth in electricity demand, over the next 5 to 10 years, from the proliferation of datacenters and adoption AI seems likely to place upward pressure on electricity prices.
- and
- The delays likely to arise in the coming onstream of alternative sources of power supply – viz natural gas pipelines are operating at significant capacity constraints<sup>3</sup> and much evidence suggests that the nuclear alternative, also, will take some years to come onstream<sup>4</sup>;

### **Corporate Operational Highlights – Significant demand emerges from September**

#### **Background through 2025.**

For most of the current year, into September 2025, extreme uncertainty hung over the renewable energy sector, as referenced above. During this period there was no clarity on the availability of the fiscal incentives, and no firm basis for corporate board decision-making on new projects. Little or no new business was won by the Company during this period.

Through the last three months, however, up to end November, there has been a sea change in the solar energy market sentiment as the small to medium sized companies, which represent SOLR's target market, began to look again at taking on solar projects - while the tax incentives were still available but now destined to be removed over the next 2 years.

The Company is now prospective solar energy off-takers and generators in relation to a significant near term project development pipeline of projects. The conversion to contracted projects of this pipeline would generate, over the next 12 months, a substantial quantum of revenues, profitability and cashflows.

#### **In the Short Term - Liquidity Constraint versus New Project Opportunity**

Meanwhile, the sharp reduction in the level of activity in the solar industry through 2025 up to September had an impact on the Company's finances. The nature of Solar Alliance's cash flow, comprises relatively large, milestone payments, payable over the life of the project. This pattern, combined with the lower level of sales activity through most of 2025 caused some liquidity pressure.

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<sup>1</sup> REUTERS March 11 025

<sup>2</sup> Lazards LCOE Report June 2025 Slide 14

<sup>3</sup> POWERING AI WITH AMERICAN ENERGY: NATURAL GAS

<sup>4</sup> The [World Nuclear Association](#) Report - August 2024

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**New contracts & Business Development Pipeline**

Meanwhile, the Company, over the past three months, has generated significant interest in a number of prospective new projects and has built a strong pipeline.

This pipeline is the consequence of:-

- 1) the renewed momentum in the solar sector which has emerged since September 2025
- 2) the quality and reputation of the SASE solutions offered to customers and
- 3) the cost competitiveness of SASE's solar project capex pricing.

There can be no certainty that the pipeline projects under negotiation will be converted into contracted project execution.

The directors have carefully considered the factors relating to the Company's performance, operating results, and the potential business development pipeline projects, and believe that there is sufficient quality in these projects to enable the Company to generate higher revenues in the near term and to effect a meaningful strengthening in the Company's financial standing.

**Longer term Outlook**

Looking forward, however, the Company's purposeful transition to larger commercial solar projects development efforts now includes assessment of specific regional requests for proposals for solar projects, where Solar Alliance believes it has a competitive advantage as a result of its installation experience and regional brand awareness in its targeted niche market, 1-5MW scale C&I projects. Solar Alliance continues to see increased demand for such commercial solar projects, and remains focused on such larger projects, which it believes is an underserved market offering the Company substantial growth opportunity. Recent focus on AI based energy requirements and the cost implications of increased electricity demand are generating increased interest in onsite power generation - where solar and solar + storage solutions are well suited.

The board and management team is also intent on pursuing serious longer term initiatives to serve the needs of our marketplace after the ITC incentives are gone. In this regard the Company believes it is very strongly placed to address the energy challenges that the C&I and community solar energy providers will likely face in a new era when it is likely that increased demand and potentially much higher energy prices become increasingly evident.

The company is looking to reach out to potential partners, and potential consolidation partners to position itself as a compelling, cost effective, microgrid energy solutions provider in the future . The Company believes the emerging energy industry will present massive opportunity for the Company's know-how and experience.

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## Results of Operations

Revenue for the three and nine months ended September 30, 2025 was \$656,919 and \$2,342,063 compared to \$945,303 and \$3,321,692 in the comparative period.

Operating and selling expenditures, excluding non-cash depreciation and share-based payments, were \$526,199 and \$1,492,655 in the three and nine months ended September 30, 2025 compared to \$586,087 and \$1,719,755 in the comparative period, a decrease of \$59,888 and \$227,100 in the three and nine months ended September 30, 2025 accordingly. The decrease is mainly attributable to a decrease in travelling, office and utilities expenses.

The Company reported an operating loss of \$455,125 and \$1,108,380 in the three nine months ended September 30, 2025 compared to operating losses of \$150,771 and \$451,749 in the comparative periods accordingly. Net loss for the three months ended September 30, 2025 was \$473,426 and \$1,156,483 for the nine months ended September 30, 2025 compared to Net Loss of \$ 274,493 and \$272,998 in the comparative period respectively.

## Liquidity and Capital Resources

Solar Alliance began the 2025 fiscal year with \$9,697 cash. During the nine months ended September 30, 2025, the Company generated \$228,439 in operating activities, net of working capital changes, received \$nil in investing activities and received \$112,922 from financing activities, to end September 30, 2025 with \$31,355 cash.

During the nine months ended September 30, 2025, the Company generated a working capital deficiency of \$4,254,874 compared to a working capital deficiency of \$2,794,950 as at year ended December 31, 2024. 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 take advantage of the recent revival in the solar energy sector to continue to generate cash through a combination of revenue growth, the stronger margins recently evidenced continued tight cost control, 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 necessary financial resources. The Company's ability to continue as a going concern is dependent on the Company's ability to generate revenues, raise debt or equity funding in the near term to fulfill its obligations but 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 and balances

In addition to related party transactions and balances disclosed elsewhere in these unaudited condensed interim consolidated financial statements, the following are transactions that occurred during the nine months ended September 30, 2025 and balances as at September 30, 2025 with related parties:

- Included in trade and other payables as at September 30, 2025 is \$757,664 (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.
- Included in short-term loans (note 6) as at September 30, 2025 is \$137,500 (December 31, 2024 - \$137,500) due to current directors of the Company.
- Included in interest expense as at September 30, 2025 is \$15,985 (September 30, 2024 - \$18,185) due to current directors of the Company.
- Included in professional fees as at September 30, 2025 is \$52,783 (September 30, 2024 - \$59,652) to Marrelli Support Services Inc., a company to which the former CFO is related to. As of September 30, 2025, the company had been invoiced, net payments, a total of \$67,630 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

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during the six months ended September 30, 2025 and 2024 were as follows:

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Salaries and benefits	<b>66,978</b>	79,833	<b>200,730</b>	214,833
Share-based payments	-	-	-	1,413
Total	<b>\$ 66,978</b>	<b>\$ 79,833</b>	<b>\$ 200,730</b>	<b>\$ 216,246</b>

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

	<b>Common Shares Shares Issued and Outstanding</b>	<b>Common Shares Purchase Warrants</b>	<b>Common Purchase Options</b>
<b>Balance at September 30, 2025</b>	<b>295,193,938</b>	<b>300,000</b>	<b>9,275,000</b>
<b>Balance at the date of this Interim MD&amp;A</b>	<b>295,193,938</b>	<b>300,000</b>	<b>9,275,000</b>

*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 September 30, 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.

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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 September 30, 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\$1,745,736 at September 30, 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 \$223,607.

**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](http://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 condensed interim 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 condensed interim consolidated financial statements, and (ii) the unaudited condensed interim 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 condensed interim 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.

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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.

**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](http://www.sedarplus.ca) and on the Company's website at [www.solaralliance.com](http://www.solaralliance.com).