



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

FOR THE THREE MONTHS ENDED MARCH 31, 2019

(EXPRESSED 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 three months ended March 31, 2019 and up to the date of this MD&A, and has been prepared to provide material updates to the business operations, financial condition, liquidity and capital resources of the Company since its last management discussion and analysis for the fiscal year ended December 31, 2018 (the "Annual MD&A").

This MD&A should be read in conjunction with the Annual MD&A and the audited consolidated financial statements for the year ended December 31, 2018, together with the notes thereto, and the accompanying unaudited condensed consolidated interim financial statements and related notes thereto for the three months ended March 31, 2019 (the "Financial Report").

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 May 24, 2019.

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.

Solar Alliance is an energy solutions provider focused on residential, commercial and industrial solar installations. The Company operates in California, Tennessee, North/South Carolina and Kentucky and has an expanding pipeline of solar projects. Since it was founded in 2003, the Company has developed \$1 billion of wind and solar projects that provide enough electricity to power 150,000 homes. 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.

Solar Alliance sees long term, sustained growth occurring in the commercial solar market and the new home residential solar market. The Company has focused its resources on three business units: large scale commercial, mid-sized commercial and SunBox.

Leadership

On February 21, 2019, the Company announced the promotion of Myke Clark to the position of President and Chief Executive Officer and also his appointment to the Company's board of directors. Mr. Clark has been the Company's Chief Operating Officer since 2015. Jason Bak continues as non-executive Chair and as a director, along with Anton Shihoff and Ken Stadlin.

Significant shareholder

On February 11, 2019, the Company issued 92,601,416 common shares at a price of \$0.03 per share to a company controlled by Tom Anderson to settle \$2,778,042 of principal and interest to January 31, 2019. Mr. Anderson is a private investor and entrepreneur with extensive experience, inter alia, in the Leisure & Entertainment, Oil and Gas, Bioscience, Industrial Tools Software and Healthcare businesses.

The conversion of debt from Mr. Anderson is a strong indication of support for Solar Alliance's long-term business plan in the U.S. solar industry and aligns the Company with a high net worth individual committed to Solar Alliance's long-term success. The support of Mr. Anderson also allows Solar Alliance to continue moving forward with the expansion of its commercial solar sales pipeline and the rollout of its SunBox standard solar system for residential builders.

The issue of these common shares increases the number of common shares under the control of Mr. Anderson from 6,241,666 to 98,843,082 which results in Mr. Anderson being a new control person of the Company as he currently owns or controls approximately 47% of the common shares of the Company. Mr. Anderson has acquired the shares for investment purposes and neither he, nor the companies he controls, have any present intention to acquire further securities of the Company although Mr. Anderson may acquire or dispose of common shares of the Company in the market, privately or otherwise, as circumstances or market conditions warrant.

In exchange for agreeing to the conversion of the convertible note and loans, the Company has agreed to pay Mr. Anderson 100% of the net proceeds currently being held in escrow for the ultimate benefit of the Company related to the 2008 sale of the Company's Ghost Pine Wind Project.

Operational Highlights

The following highlights are from the Company's operations during the three months ended March 31, 2019 and the period up to the date of this MD&A.

- **Brooklyn Solar Canopy** – On May 1, 2019, the Company announced it is working with Brooklyn Solar Canopy ("Brooklyn Solar") to install the first Brooklyn Solar Canopy in the U.S. south. Brooklyn Solar's patented canopy design is adaptable to multiple flat roof types, carport and other applications. Because it is extremely versatile, the Brooklyn Canopy integrates seamlessly into Solar Alliance's current product offering and provides access to a greater range of potential solar projects. The first project with Brooklyn Solar is in Nashville, at the same location Solar Alliance is installing a 32 kW system with 6 Tesla electric vehicle chargers. The Brooklyn Solar Canopy is also a great fit for the SunBox residential product that Solar Alliance offers to homeowners, builders and developers.
- **Tesla Charger Approved Vendor** – On March 26, 2019, the Company announced that it is now an approved Tesla charger vendor and has signed an agreement to install six Tesla charging stations combined with a solar system at a commercial project in Nashville, Tennessee. Becoming a Tesla approved vendor provides Solar Alliance customers with the opportunity to access a high-quality electric vehicle charging station installation. Offering Tesla charging stations is particularly important to Solar Alliance's new home builder and contractor clients that are constructing high performance homes. As electric vehicles begin to saturate the market, electric vehicle chargers are becoming increasingly critical to the relevance of a new home and ultimately to the resale value of a home.
- **Illinois 3.84 MW** – On March 18, 2019, the Company announced that it had signed a letter of intent with NuYen Blockchain Inc. ("NuYen") for the design, engineering and construction management of a 3.84 megawatt ("MW") ground and roof mount solar project in Murphysboro, Illinois. The project would be the Company's largest to date and is equivalent to building 750 average-sized residential solar systems.
- **O&M Contract** – On March 13, 2019, the Company announced it had been awarded an Operations and Maintenance ("O&M") contract with the Knoxville Utilities Board ("KUB") for the utility's solar facilities. The O&M contract is for a term of 3 years plus an option for an additional 2 years and provides an additional stable, recurring revenue stream to the Company. The

contract includes the installation of a monitoring system, preventative maintenance and any repair work required.

- **California 519 kW** – On December 3, 2018, the Company announced that it had entered into a definitive agreement with a division of Onni Group for the design, procurement and construction management services for a 519 kilowatt (“kW”) combined rooftop and carport solar installation at Manhattan Beach Towers, a mid-rise, multi-tenant office building owned by the Vancouver-based developer. Construction began in early April 2019 and is expected to complete in the summer of 2019.
- **SunBox** – On October 10, 2018, the Company announced it had launched “SunBox”, a new product offering that provides a simple, efficient solar system specifically designed for architects, new home builders and their customers. SunBox is a standardized system consisting of two sizes of standard residential systems that include battery storage or an optional generator for whole home backup. Solar Alliance is selectively partnering with architects, developers and homebuilders that will integrate this permit-ready solar offering into their existing home designs for new construction, with the primary customer base consisting of developers building large, multi-home communities. New homeowners will now have the ability to affordably add a solar system as an add on to their new home in the same way they would select individualized countertops and kitchen appliances. This program represents a new sales channel for Solar Alliance and will result in higher margins and lower customer acquisition costs than the traditional retrofit sales model. Standardizing solar modules, inverters and racking systems should provide cost savings for customers and improve supply chain efficiencies for Solar Alliance.

On March 4, 2019, the Company announced that it had signed three new Channel Partner Agreements in Tennessee for the marketing and sale of Solar Alliance’s SunBox product. Solar Alliance is pleased to welcome Gervais Electric, based in Nashville, Energy Home Basics, based in Loudon County and TerraShares, based in Morristown. The three new channel partners join Mike Stevens Homes on Solar Alliances growing team of partners. There are now a total of four channel partners that have signed on as SunBox Channel Partners and sales are beginning to flow as customers learn about the benefits of the SunBox product.

On April 16, 2019, the Company announced that Truitt Electric, one of Tennessee’s leading electrical companies, has become an authorized Solar Alliance SunBox Channel Partner. Truitt Electric provides a broad range of electrical services and maintains a large customer base that will now have access to SunBox, a complete solar solution that includes battery storage to maximize energy savings and provide an added layer of security for high performance homes. SunBox comes in two standard residential systems sizes with options such as a generator for whole home backup and a Tesla electric vehicle (“EV”) charger.

- **Southeast USA 2.4 MW** – On October 9, 2018, the Company announced it had commenced construction on the 2.4 MW ground mount commercial solar project announced on March 14, 2018. The project, being constructed for a Fortune Global 500 company, is the largest sold to date by Solar Alliance and is equivalent to building 400 residential solar systems. For commercial reasons, the identity of the Fortune Global 500 customer is not being released until the project’s completion, which is expected in May 2019.

Trends

The Company believes that solar energy adoption is still in the early stages, and that the penetration of solar energy systems will continue to accelerate for the foreseeable future. The Company’s vision is to continue to build market share in the solar energy systems sales and installation space. The market for residential, commercial and industrial solar energy systems remains strong and is growing.

According to the latest Renewable Energy Industry Outlook from Deloitte, the fundamental drivers of solar industry growth are poised to continue in 2019, supported by three trends coming into sharper focus that are likely to shape renewable growth in the coming year. Those trends include emerging policies that support renewable growth, expanding investor interest in the sector, and advancing technologies that boost solar energy's value to the grid, asset owners, and customers. The Deloitte report notes that increasing customer demand for renewable energy across almost all market segments continues to expand opportunities. While the current US administration is not focused on decarbonization, states, cities, communities, and businesses with increasingly ambitious sustainability goals are driving renewable growth.

Results of Operations

Revenue for the three months ended March 31, 2019 was \$213,547 compared to \$809,935 in the comparative period. In the current period, the Company had one major project that represented 59% of revenue that related to Onni (see December 3, 2018 news release) whereas in the prior period the Company had two major projects related to a Fortune 500 company (see October 9, 2018 news release) and Precision Parts (see April 3, 2018 news release) that represented 72% of total revenue. Generally, the first quarter generates lower revenues as installations are at their lowest point during winter months. Installations typically increase during spring, summer and fall and the Company expects revenues to increase during the upcoming quarters as well.

The Company's gross profit was \$108,603 for the three months ended March 31, 2019 compared to \$329,316 comparative period or 51% and 41% respectively. The Company continues to focus on its commercial and industrial ("C&I") division acquired in November 2017 and it is expected that higher gross margins on C&I activities will continue as apposed to magins previously achieved on its residential sales, pre C&I acquisition.

Operating and selling expenditures, excluding non-cash depreciation and share-based compensation, were \$430,956 in the three months ended March 31, 2019 compared to \$884,133 in the comparative period, a decrease of 51%. The Company continues to look at ways to cut costs especially at the corporate level.

Liquidity and Capital Resources

Solar Alliance began the 2019 fiscal period with \$77,888 cash. During the three months ended March 31, 2019, the Company spent \$202,123 on operating activities, net of working capital changes, and received \$527,432 from financing activities, to end at March 31, 2019 with \$403,197 cash.

In February 2019, the Company issued 92,601,416 common shares at a price of \$0.03 per share to a company controlled by a shareholder to settle \$2,778,042 of principal and interest to January 31, 2019.

In February 2019, the Company issued 7,297,920 common shares at a price of \$0.05 per share to three companies controlled by officers of the Company to settle consulting fees of \$364,896 accrued to January 31, 2019.

In March 2019, the Company issued 500,000 common shares on the exercise of stock options for proceeds of \$35,000.

In February, March and April 2019, the Company completed, in three tranches, a non-brokered private placement through the issuance 14,974,598 units at a price of \$0.03 per unit for gross proceeds of \$449,238 (\$76,000 of which was received in 2018).

SOLAR ALLIANCE ENERGY INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(Expressed in Canadian Dollars)

As of March 31, 2019, the Company had a working capital deficiency of \$4,180,149. The cash and cash inflows from Solar Alliance operations are not currently sufficient to sustain the Company's operations and to pay the Company's obligations as they become due. Management intends to address the working capital deficiency 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 Company had no other related party transactions other than those incurred in the normal course of business as disclosed in the Financial Report.

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

	Common Shares Issued and Outstanding	Common Share Purchase Warrants	Common Share Purchase Options
Balance at March 31, 2019	200,576,455	36,696,310	6,000,000
Private placement	11,121,265	11,121,265	-
Options cancelled	-	-	(1,250,000)
Options granted	-	-	12,250,000
Balance at the date of this MD&A	211,697,720	47,817,575	17,000,000

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,

SOLAR ALLIANCE ENERGY INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(Expressed in Canadian Dollars)

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.sedar.com and on the Company's website at www.solaralliance.com.