AURORA SOLAR TECHNOLOGIES INC.

REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS
OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS

FOR THE YEAR ENDED 31 MARCH 2020

Stated in Canadian Dollars

DATE: 29 JULY 2020

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TO OUR SHAREHOLDERS

The following information should be read in conjunction with the condensed interim consolidated financial statements of Aurora Solar Technologies Inc. ("the Company", or "Aurora") for the year ended 31 March 2020 and the related notes attached thereto, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

Additional information about the Company, including the audited consolidated financial statements, and the notes to it, for the year ended 31 March 2020, prepared in accordance with IFRS, can be found on SEDAR at www.sedar.com.

Discussion of the Company, its operations, and associated risks are further described in the Company's filings, available for viewing at www.sedar.com. A copy of this Management Discussion and Analysis ("MD&A") will be provided to any applicant upon request.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A may be deemed to be "forward-looking statements". All statements in this discussion other than statements of historical facts, that address future events or developments that the Company expects, are forward-looking statements. Forward-looking statements reflect current expectations of management regarding future events and operating performance as of the date of the MD&A. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, investors are cautioned that such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Such information involves significant risks and uncertainties and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors that could cause actual results to differ materially from those in forward-looking statements, including but not limited to market prices, regulatory approvals, continued availability of capital and financing, and the risks related to general economic, market or business conditions.

Forward-Looking Information	Key Assumptions	Most Relevant Risk Factors
Future funding for ongoing operations	The Company will be able to generate or raise these funds	The Company will be unable to raise these funds, which will materially impact the Company's ability to continue as a going concern.
Favourable economic conditions	The economy, including geopolitical tensions with tariffs and national government policies in Canada, the United States, Europe, and China will move in a direction that will support the worldwide PV solar market	Economic conditions, including impact from the Covid 19 pandemic move in a negative direction causing changes to supply and demand, affecting customer sales and future production decisions

GENERAL

Aurora Solar Technologies Inc. (“Aurora” or the Company), was incorporated under the laws of the Province of British Columbia, Canada on 26 October 2006 as Pulse Capital Corp, a capital pool company. On 7 November 2011, it acquired Aurora Control Technologies Inc. through a reverse takeover and initiated its current business operations. The Company, together with its subsidiary, develops and markets inline quality control systems for the solar cell manufacturing industry. These products measure and display the results of critical cell fabrication processes, revealing material properties and the performance of manufacturing tools and processes. They allow process engineers and production-line operators to rapidly detect and correct process excursions, material faults and optimize processes, with the goal to aid our customers’ efforts to increase throughput, yield, and profit in their manufacturing operations.

Solar cells are the electricity-generating elements within solar panels, which are seen on rooftops, streetlights and large-scale “solar farms” throughout the world. The Company provides solar cell manufacturers with products to characterize, control and optimize the quality-critical steps in their manufacturing processes. Aurora directly markets these products to its customers.

Solar cells are made from silicon wafers. Certain chemicals, applied to create layers in or on a silicon wafer during manufacturing, transform the wafer from an inert substrate to an energy-generating cell. The concentration, uniformity and other properties of these layers are critical to the finished cell’s performance. To achieve their high electrical efficiencies, advanced solar cells require strict control of variations in these and other critical-to-quality treatments during manufacturing. Aurora’s products provide the means to measure these variations, understand their impact on production yield and throughout, and control or optimize production processes to reduce negative effects.

Within the overall solar cell manufacturing industry, Aurora’s customers are those who fabricate *advanced* solar cells. These advanced cells lead the industry in the efficient conversion of light into electrical energy. They include those using Passivated Emitter and Rear Contact (PERC) technology, which have a specialized chemical layer on the back to increase light absorption, bifacial technology, using light collected from both sides of the cell, and heterojunction technology (HJT) that involves multiple nano-scale chemical layer depositions on the top and bottom of the cell. These higher-power solar cells command a premium in the market compared to commodity-grade solar cells, providing their manufacturers with better profitability in this highly competitive industry.

Control and optimization of solar cell production starts with measurement. Aurora’s DM™ products use proprietary patented technology, based on the principles of infrared spectroscopy, to measure the properties of the afore-mentioned solar cell chemical layers as they are deposited and annealed.

Our Visualize™ software then uses the real-time data provided by our DM measurement products to show the relationship between the per-wafer measurements and the changing spatial variations in chemical layer properties induced by variations in the behaviour of manufacturing equipment used to create these layers. This spatial view of process tool performance provides the means to quickly and effectively perform diagnostics, control and equipment optimization.

Our newest product, Insight™, is a “data science” package that extends our product portfolio, from measurement and characterization of equipment variation, to provide a deep understanding of the effects of these variations on finished cell efficiency. This proprietary product analyses the large volume of data available from the sequence of finished solar cells in a production line and reveals the links between unwanted variations in their efficiency and the causes in production. These analyses allow advanced cell manufacturers to know precisely when and how to control their production for optimal yield and throughput, allowing them to increase their profits.

The address of the Company’s corporate and administrative office and principal place of business is #100 – 788 Harborside Drive, North Vancouver, BC, V7P 3R7.

MARKET POSITION AND DEVELOPMENT

Aurora focuses on top-tier solar cell manufacturers that value the benefits of its in-line measurement and control systems and have known capacity expansion plans. More than 70 percent of the world's solar cell manufacturing is conducted by Chinese companies. In fiscal 2019 Aurora therefore initiated actions to more assertively develop business in China. The Company established a sales and service facility in Shanghai, developed a variant of our DM measurement system that is focused on unique Chinese market needs, increased the number of field trials (a necessary precursor to sales), and recruited successful and respected market partners in China to increase order flow.

While fiscal 2019 also saw delays in expected orders due in large part to industry policy changes in China, the above increased business development activity in China has shown tangible results. All but one of the orders received by the Company in the last twelve months are from large Chinese manufacturers or automation system providers, and the majority of them were for the new DM model for China. These orders followed field trials initiated during 2018 and came from a mixture of sales developed directly by Aurora and in cooperation with our market partners in China, most notably Saratoga Technology International.

The Company continues to expand its market, receiving orders for its DM model and rolling out Insight™ to Chinese customers in spite of the effects of the COVID-19 pandemic and on-going trade tensions.

HIGHLIGHTS, SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE YEAR

Aurora closed several volume sales throughout fiscal 2020. Significant events for the year included the following:

- On October 22, 2019**,** Company was pleased to announce the receipt of a major R&D grant from the National Research Council of Canada and two new patent grants. These R&D and patent grants collectively add value to the company's Intellectual Property portfolio and will also assist the company to increase the commercial market value of its new product line for manufacturing process analysis and control.
- Received orders for a total of 101 DM measurement systems (24 in the fourth quarter alone). These orders, from top-tier China-based manufacturers of high-efficiency PERC solar cells, continue to build our growing business with top-tier solar cell manufacturers.
- The Company closed a non-brokered private placement for gross proceeds of $1,892,000 (the "Offering") through the sale of 18,920,000 units (each a "Unit") of the Company at a price of $0.10 per Unit (the "Offering"). Each Unit consists of one common share of the Company (the "Shares") and one share purchase warrant to acquire a Share at an exercise price of $0.15 for a period of one year.

SIGNIFICANT EVENTS AND TRANSACTIONS SUBSEQUENT TO THE PERIOD END

Subsequent to the twelve months ended 31 March 2020:

- The Company granted 1,180,000 options to officers, employees, and consultants of the Company exercisable at $0.10 for a period of five years.
- The Company received orders for 11 DM measurement systems. Seven of these systems are from a new customer and again continue to build on our growing business in China. The Company continues to receive orders and continues to ship systems during the Covid-19 pandemic.
- Joseph Lee, CPA was appointed as interim Chief Financial Officer.

- The Company was granted a new patent by the US Patent Office entitled "Mapping of Measurement Data to Production Tool Location and Batch or Time of Processing". This describes the Company's proprietary method for intuitive data display and monitoring of the performance of solar cell manufacturing equipment, using measurements of critical-to-quality parameters such as those provided by the Company's DM line of measurement systems.

RESULTS OF OPERATIONS

The comprehensive loss attributable to the shareholders for the twelve months ended 31 March 2020 was $504,004 compared to $2,258,461 during the twelve months ended 31 March 2019. The reasons for the fluctuations are as follows:

Product Sales	**12 Months**	12 Months	**3 Months**	3 Months
Rounded (000's)	**2020**	2019	**2020**	2019
	$ 3,298,000	$ 438,000	**$ 374,000**	$ 242,000
Variance increase (decrease)	**2,860,000**		**132,000**	

During the twelve and three months ended 31 March 2020, the Company shipped orders and recognized sales revenue in line with the Company's accounting policy. Sales increases during the twelve and three months ended 31 March 2020, were a result of the Company's continued emphasis on deepening existing sales channels and on sales expansion efforts, with an increased focus on the Chinese market.

Cost of sales	**12 Months**	12 Months	**3 Months**	3 Months
Rounded (000's)	**2020**	2019	**2020**	2019
	$ 1,466,000	$ 306,000	**$ 109,000**	$ 182,000
Variance increase (decrease)	**1,160,000**		**(73,000)**	

Cost of sales increased for the twelve and three months ended 31 March 2020 due to increased production and sales. The Company also accrues sales commission expenses in line with the Company's revenue recognition policy.

Sales and marketing	**12 Months**	12 Months	**3 Months**	3 Months
Rounded (000's)	**2020**	2019	**2020**	2019
	$ 848,000	$ 626,000	**$ 222,000**	$ 116,000
Variance increase (decrease)	**222,000**		**106,000**	

Sales and marketing expenses increased due to more marketing and investor relation related activities.

General and administrative	**12 Months**	12 Months	**3 Months**	3 Months
Rounded (000's)	**2020**	2019	**2020**	2019
	$ 765,000	$ 912,000	**$ 289,000**	$ 155,000
Variance increase (decrease)	**(147,000)**		**134,000**	

The decrease in general and administrative expenses is attributed to the Company's attempt to control costs and decreased management fees. 2019 also included on-time costs related to setting up the Company's new Shanghai office.

Research and development	**12 Months**	12 Months	**3 Months**	3 Months
Rounded (000's)	**2020**	2019	**2020**	2019
	$ 583,000	$ 527,000	**$ 100,000**	$ 133,000
Variance increase (decrease)	**56,000**		**(33,000)**	

Research and development are key components of the Company's ongoing success. Since the 2017 fiscal year, the Company has been heavily focused on bifacial designs, key upgrades to current software systems such as the Company's promising new insight product and other promising new measurement modalities.

SELECTED ANNUAL INFORMATION

Financial Data since for the past four annual periods:

Fiscal Year Ended Rounded (000's)	**Mar-2020**	**Mar-2019**	**Mar-2018**	**Mar-2017**
Total Revenues	**3,298,000**	438,000	2,508,000	1,415,000
Loss from Continuing Operations	**(504,000)**	(2,258,000)	(738,000)	(1,424,000)
Loss and Comprehensive Loss for the Year	**(504,000)**	(2,258,000)	(738,000)	(1,424,000)
Loss per Share (Basic and Diluted)	**(0.01)**	(0.03)	(0.01)	(0.04)
Total Assets	**3,551,000**	1,793,000	2,233,000	2,291,000
Working Capital	**2,428,000**	1,239,000	1,686,000	1,894,000

FINANCIAL DATA FOR LAST EIGHT QUARTERS

The following table sets out selected unaudited quarterly financial information of the Company and is derived from the unaudited condensed interim consolidated financial statements prepared by management. The Company's interim financial statements are prepared in accordance with International Financial Reporting Standards and are expressed in Canadian dollars.

Three Months Ended	**Mar-20**	**Dec-19**	**Sept-19**	**Jun-19**	**Mar-19**	**Dec-18**	**Sep-18**	**Jun-18**
Total Revenues	**374,299**	**1,013,763**	**1,496,892**	**412,906**	241,990	-	194,802	1,549
Gain (Loss) from continuing operations	**(331,423)**	**(100,311)**	**326,495**	**(398,765)**	(380,541)	(613,109)	(455,133)	(809,678)
Gain (Loss) for the period	**(331,423)**	**(100,311)**	**326,495**	**(398,765)**	(380,541)	(613,109)	(455,133)	(809,678)
Gain (Loss) per share (Basic and diluted)	**(0.004)**	**(0.001)**	**0.003**	**(0.00)**	(0.01)	(0.01)	(0.01)	(0.00)
Total assets	**3,550,651**	**2,243,130**	**1,905,573**	**2,157,288**	1,793,479	2,085,044	726,973	1,424,019
Working capital	**2,428,328**	**989,005**	**1,104,709**	**781,633**	1,239,006	1,610,666	464,284	919,356

Management has allowed working capital to remain greater than expected outflows in each quarter, despite variations in the timing of sales orders.

OUTSTANDING SHARES

As at 31 March 2020, the Company had 107,387,825 common shares issued and outstanding (31 December 2019 – 88,176,925). The fully diluted amount of 135,054,725 represents warrants of 21,086,900 and options of 6,580,000.

As at the date of this MD&A, the Company had 107,387,825 common shares issued and outstanding. The fully diluted amount of 136,234,725 represents warrants of 21,086,900 and options of 7,760,000.

LIQUIDITY AND FINANCIAL CONDITION OF THE COMPANY

The Company's working capital surplus at 31 March 2020, was $2,428,328 compared with $1,239,000 at 31 March 2019.

Cash used in investing activities during the period ended 31 March 2020 totalled $94,452 (31 March 2019 – received $45,397).

Cash received in financing activities during the period ended 31 March 2020 totalled $1,736,936 (31 March 2019 – received $1,651,028).

Actual future funding requirements may vary from those planned due to a number of factors, including the timing of sales and changes in the pace of research and development with respect to current and future products.

Management believes the Company will be able to raise equity capital as required in the long-term but recognizes the risks attached thereto. Historically the capital requirements of the Company have been met by equity subscriptions. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favourable.

CAPITAL MANAGEMENT

The Company manages its capital structure and makes an adjustment to it, based on the funds available to the Company, in order to support the development of the company's measurement technology. The Company includes components of equity in its managed capital. The Board of Directors does not establish a quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business. Additional funds may be required to finance investments of the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable. The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the twelve months ended 31 March 2020.

OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements as at 31 March 2020, and as at the date hereof.

RELATED PARTY TRANSACTIONS

Key management personnel include the members of the Board of Directors and executive officers of the Company.

Related party transactions are recorded as part of the general and administrative expenses on the consolidated statement of comprehensive loss. These related party transactions and balances are as follows:

RELATED PARTY DISCLOSURE

Principal Position Rounded (000's)	Year[(i)]		Remuneration or fees[(ii)]	Share-based Payments	Included in Accounts Payable
CEO	**2020**	**$**	**175,000 $**	**- $**	**-**
	2019	$	169,000 $	28,000 $	-
Former CEO	**2020**	**$**	**- $**	**- $**	**-**
	2019	$	92,000 $	- $	-
Former CFO	**2020**	**$**	**49,000 $**	**- $**	**-**
	2019	$	- $	- $	-
Former CFO	**2020**	**$**	**36,000 $**	**- $**	**-**
	2019	$	12,000 $	3,000 $	4,000
Former CFO's company that provided bookkeeping services	**2020**	**$**	**33,000 $**	**- $**	**-**
	2019	$	16,000 $	- $	5,000
Former CFO	**2020**	**$**	**- $**	**- $**	**-**
	2019	$	45,000 $	- $	-
Former CFO's company that provided bookkeeping services	**2020**	**$**	**- $**	**- $**	**-**
	2019	$	69,000 $	- $	23,000
Director, associate counsel at the firm that is a legal counsel	**2020**	**$**	**53,000 $**	**- $**	17,000
	2019	$	29,000 $	- $	1,000
Director, interim CEO	**2020**	**$**	**- $**	**- $**	**-**
	2019	$	43,000 $	37,000 $	-
Director	**2020**	**$**	**39,000 $**	**- $**	**-**
	2019	$	10,000 $	4,000 $	-
Director	**2020**	**$**	**35,000 $**	**- $**	**17,000**
	2019	$	35,000 $	20,000 $	2,000

(i) For the years ended 31 March 2020 and 31 March 2019.

(ii) Amounts disclosed were paid or accrued to the related party.

The transactions with related parties were in the normal course of operations, which is the amount of consideration established and agreed to by the related parties. There are no set terms of repayment for the balances owed to the related parties.

FINANCIAL INSTRUMENTS AND RISK FACTORS

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Consolidated Statement of Financial Position are carried at amortized cost with the exception of cash and cash equivalents and restricted cash which are carried at fair value. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 31 March 2020, due to the immediate or short-term maturities of the financial instruments.

The fair value of the Company's cash is quoted in active markets. The Company classifies the fair value of these transactions according to the following hierarchy:

Level 1 – quoted prices in active markets for identical financial instruments.

Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant and significant value drivers are observable in active markets.

Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's cash and cash equivalents have been assessed on the fair value hierarchy described above and classified as Level 1.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, amounts receivable, and accounts payable and accrued liabilities. As at 31 March 2020, the carrying value of cash is fair value. The remaining financial instruments approximate their fair value due to their short-term nature.

c) Other risks

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits while maximizing returns. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis and adjusting operations and budgets accordingly.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is on its bank accounts. The Company is exposed to credit risk by holding cash, which is all held in financial institutions in Canada and China, and management believes the exposure to credit risk with respect to such institutions is not significant. The credit risk with respect to receivables is remote as receivables are from commercial customers with whom the Company has a successful history of collections and which will eventually require replacement parts from the Company.

e) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to interest rate risk.

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. To manage this risk the Company maintains only the minimum amount of foreign cash required to fund its on-going expenditures. The Company is exposed to foreign currency risk, as it deals with customers and vendors in currencies other than its functional currency. A 5% shift in exchange would impact the financial statements by $53,000. As at 31 March 2020, the Company held currency totalling the following:

Rounded (000's)		**Impact**		**31 March 2020**		31 March 2019
United States dollars	**5%**	**$ (15,000)**	**USD**	**208,000**	USD	**116,000**
Chinese RMB	**5%**	**$ (2,000)**	**RMB**	**249,000**	RMB	**105,000**
Amounts receivable in United States dollars	**5%**	**$ (45,000)**	**USD**	**629,000**	USD	**180,000**
Amounts payable in United States dollars	**5%**	**$ 9,000**	**USD**	**(120,000)**	USD	-

g) Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing this is to maintain readily available reserves in order to meet its liquidity requirements at any point in time.

It is management's opinion that the Company is not exposed to significant credit, interest rate, liquidity, or market risks in respect of these financial instruments. The Company's policies and processes of managing all risks associated with its financial instruments have not changed during the period.

h) Pandemic risk

The global transmission of COVID-19 and the related global efforts to contain its spread have recently resulted in international border closings, travel restrictions, significant disruptions to border operations, supply chains and customer activity and demand, service cancellations, reductions and other changes, and quarantines, as well as considerable general concern and uncertainty.

The impacts of the COVID-19 crisis that may have an effect on us include: a decrease in short-term and/or long-term demand and/or pricing for our products; reduced sales as a result of travel restrictions (potentially affecting support for our product as well as for technical sales (Insight); delays in the collectability of accounts receivables as a result of travel restrictions, increased costs resulting from our efforts to mitigate the impact of COVID-19, deterioration of worldwide credit and financial markets that could limit our ability to obtain external financing to fund our operations and capital expenditures, result in losses on our holdings of cash due to failures of financial institutions, higher rate of losses on our accounts receivable due to credit default, disruptions to our supply chain, and adverse impacts on our information technology systems and our internal control systems as a result of the need to increase remote work arrangements.

A material adverse effect on our employees, customer, suppliers and/or logistics providers could have a material adverse impact on us.

The Company has mitigated this risk through its China office and Chinese staff.

i) Geographic Risk

Geographic risk is the risk that the concentration of the Company's business and financial results may be adversely affected by growing geo-political trade and diplomatic matters. The Company manages this risk through its presence in China with its Chinese representative office and local Chinese staff.

j) Product Risk

Product risk is the risk that the Company's next generation of technology might not be successful. The Company's future growth is dependent on the success of its new product which has not yet and may never gain market traction. The company plans to initiate a planned roll out strategy starting with customer evaluations for this product in the second half of the year subject to Covid travel restrictions being lifted.

INVESTOR RELATIONS ACTIVITIES

With respect to public relations, the Company's policy is to provide information from its corporate offices to investors and brokers directly.

MANAGEMENT

The Company is dependent upon the personal efforts and commitments of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this Management Discussion and Analysis.

A CAUTIONARY TALE

This document contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company, its subsidiaries and its projects, the future supply, demand, inventory, production and price of products, the timing and amount of estimated future production, costs of production, requirements for additional capital, government regulation operations, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters.

Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Respectfully submitted,

On behalf of the Board of Directors,

"Gordon Deans"

Gordon Deans, CEO