AURORA SOLAR TECHNOLOGIES INC.

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

FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2018

Stated in Canadian Funds

DATE: 28 NOVEMBER 2018

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Aurora Solar Technologies Inc.

Canadian Funds

For the Six Months Ended 30 September 2018

Management Discussion and Analysis

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 three months ended 30 June 2018 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 thereto, for the year ended 31 March 2018, 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 raise these funds	The Company has disclosed that this may be difficult and failure to raise these funds 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 Asia will move in a direction that will support the worldwide PV solar market	The economic conditions 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"), a company incorporated on 14 May 2009 under the Canada Business Corporations Act and extra-provincially in British Columbia on 24 May 2011, develops and markets Production Measurement and Control systems for the solar cell manufacturing industry. The address of the Company's corporate and administrative office and its principal place of business is #223 – 980 West 1st Street, North Vancouver, BC, Canada V7P 3N4.

Solar cells are the electricity-generating elements within solar panels, which are seen on rooftops, streetlights and large-scale "solar farms" throughput 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 throughput, 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 "MRI"-like 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.

MARKET POSITION AND DEVELOPMENT

Aurora continued to develop its product and market position during the second quarter of fiscal 2019. The Company focuses on top-tier cell manufacturers that value the benefits of its in-line measurement and control systems and have known capacity expansion plans. In the fiscal year ended March 31st, 2018 Aurora validated it's DM technology with volume orders from major industry leaders from Korea generating record revenues for the Company. In the first six months of fiscal 2019, new US tariffs on Solar cell manufacturers from Korea and industry policy changes in China delayed expected orders negatively impacting the initial nine months of the year.

Despite these setbacks Aurora has been very active in expanding it's customer base and product offerings. In the first quarter of fiscal 2019, the company exhibited at the SNEC trade show in Shanghai. This was a very successful event that led to a number of new opportunities. Building on this, in the second quarter the Company shipped its first Insight units, achieved acceptance at two bifacial technology customers, agreed upon a new Insight trial in China with a major SMSL player, and initiated field trial activity at a major PERC cell manufacturer in China. Field trials are an important and necessary step to enable volume business that is expected to evolve during the current and next fiscal years. With our strong position in the PERC market in South Korea, these developments in China - the largest market for PERC technology – are a vital and positive step in the Company's commercial development.

On May 31, 2018, the Chinese government announced significant domestic subsidy reductions for photovoltaic power generation, widely known as the "531 Policy". China's National Energy Administration has said that this will encourage firms to shift their reliance from government policy to the market. This is expected to help eliminate excess capacity, encourage technological improvements and concentrate resources in stronger firms. In practice, this unanticipated policy change has delayed capital investment plans by Chinese solar cell manufacturers, and in turn has impacted the development and timing of sales of Aurora's products. However, it has also increased the industry focus on more profitable advanced cells and plant automation. This focus aligns with the capabilities of Aurora's products. As a result, despite some delays, the Company has successfully continued to build new opportunities its sales pipeline.

In summary, compared to the same period last year, Aurora has expanded its bifacial measurement deployments and opened up broader sales opportunities in China. China is the largest cell manufacturing geography in the world. The Company has also introduced the Insight analysis system and the DM-121 for HJT cell measurement, with a strong positive reception for both of these products.

REVENUE RECOGNITION AND FORECAST

The Company recognizes revenue upon shipment when the title to the goods transfers to the customer.

The Company has recognized revenue of $196,351 for the six months ended 30 September 2018, a decrease compared to the same period in prior year. The loss from operations was $1,264,811 for the six months ended 30 September 2018, which is an increase in loss of $988,787 compared the same period in prior year. The Company expects additional orders in the second half of the fiscal year in line with our increased focus within the strategic Chinese market.

RESULTS OF OPERATIONS

The comprehensive loss attributable to the shareholders for the six months ended 30 September 2018 was $1,264,811 compared to $276,024 during the six months ended 30 September 2017. The reasons for the fluctuations are as follows:

Product sales (rounded to the nearest '000)	**6 months** **2019**	6 months 2018	**3 months** **2019**	3 months 2018
	$ 196,000	$ 1,566,000	**$ 195,000**	$ 1,418,000
Variance increase (decrease)	**(1,370,000)**		**(1,223,000)**	

Management efforts on deepening existing sales channels has led to an increased sales pipeline that has yet to translate into orders. Sales efforts continue to expand, with an increased focus on the Chinese market.

Cost of sales (rounded to the nearest '000)	**6 months** **2019**	6 months 2018	**3 months** **2019**	3 months 2018
	$ 194,000	$ 816,000	**$ 99,000**	$ 711,000
Variance increase (decrease)	**(622,000)**		**(612,000)**	

Management continues to monitor gross margin as a key performance indicator.

General and administrative (rounded to the nearest '000)	**6 months** **2019**	6 months 2018	**3 months** **2019**	3 months 2018
	$ 541,000	$ 420,000	**$ 255,000**	$ 204,000
Variance increase (decrease)	**121,000**		**51,000**	

The increase in general and administrative expense is attributed to the Company's new office in Shanghai, including one-time costs associated with such expansion.

Research and development (rounded to the nearest '000)	**6 months** **2019**	6 months 2018	**3 months** **2019**	3 months 2018
	$ 173,000	$ 197,000	**$ 118,000**	$ 103,000
Variance increase (decrease)	**(24,000)**		**15,000**	

Research and development is a key component 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 and promising new measurement modalities.

Sales and marketing (rounded to the nearest '000)	**6 months** **2019**	6 months 2018	**3 months** **2019**	3 months 2018
	$ 373,000	$ 339,000	**$ 230,000**	$ 214,000
Variance increase (decrease)	**34,000**		**16,000**	

Opening a representative's office and other sales efforts in China are the primary driver of increased sales and marketing expenses during fiscal 2019.

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	Sep-18	Jun-18	Mar-18	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16
Total Revenues	196,351	1,549	604,720	337,325	1,418,176	147,519	852,228	319,688
Gain (Loss) from continuing operations	(455,133)	(809,678)	(62,839)	(398,959)	178,167	(454,191)	(292,335)	(439,011)
Gain (Loss) for the period	(455,133)	(809,678)	(62,839)	(398,959)	178,167	(454,191)	(292,335)	(439,011)
Gain (Loss) per share (Basic and diluted)	(0.01)	(0.00)	(0.00)	(0.01)	0.00	(0.01)	(0.01)	(0.01)
Total assets	726,973	1,424,019	2,232,946	2,239,268	2,618,716	2,780,603	2,291,202	950,811
Working capital	464,284	919,356	1,686,207	1,797,862	2,146,810	1,960,042	1,893,539	426,668

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

OUTSTANDING SHARES

As at 30 September 2018 the Company had 52,411,541 common shares issued and outstanding (31 March 2018 – 52,411,541). The fully diluted amount of 69,567,024 represents warrants of 11,685,483 and options of 5,470,000.

As at the date of this MD&A, the Company has 88,176,925 shares issued and outstanding and the fully diluted amount is 107,589,208. The increase is due to the Company completing a private placement totalling 35,765,384 shares and 2,256,800 share purchase warrants on 15 November 2018.

FINANCIAL POSITION AND LIQUIDITY

The Company's financial instruments consist of cash and cash equivalents, restricted investments, amounts receivable, inventory, accounts payable and accrued liabilities. The Company has no speculative financial instruments, derivatives, forward contracts or hedges.

Currency & Credit Risk – All of the Company's Canadian cash is held at a major bank and such balances earn interest at market rates. The Company also maintains cash in US dollars. The cash balances and payables that are denominated in foreign currencies are subject to currency risk due to fluctuations in the exchange rate between the currencies. To manage this risk, the Company maintains only the minimum amount of foreign cash required to fund its on-going operational activity.

Fair Value – As at 30 September 2018, the carrying values of receivables and accounts payable and accrued liabilities approximate their fair values due to their short term to maturity.

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 year.

LIQUIDITY AND FINANCIAL CONDITION OF THE COMPANY

The Company's working capital surplus as at 30 September 2018 was $464,284 compared to $2,146,810 at 30 September 2017.

Cash used in operating activities during the six months ended 30 September 2018 totalled $687,831 (30 September 2017- $209,293).

Cash used in (provided by) investing activities during the six months ended 30 September 2018 totalled $(65,542) (30 September 2017- $765,956).

Cash raised in financing activities during the year three months ended 30 September 2018 was $nil (30 September 2017- $563,759).

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

Management believes it 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 RESOURCES AND COMMITMENTS

On 15 November 2018, the Company issued a private placement totalling 35,765,384 shares and 2,256,800 share purchase warrants at a price of $0.05 per share and $0.075 per share respectively.

On 8 August 2018, the Company granted 250,000 stock options to the CEO of the Company at a price of $0.135 per share.

On 21 June 2018, the Company extended 4,980,167 warrants, expiring on 8 July 2018, and exercisable at a price of $0.25 per common share by three months. All other terms of the warrants remained unchanged.

On April 2018, the Company issued 430,000 stock options to employees and consultants to the Company.

On 7 March 2017, the Company signed a lease for its head office for a 36-month period, for a total contractual obligation of $146,000. As at 30 June 2018, the remaining contractual obligation is $109,000.

On 5 July 2017, agents' warrants were converted to shares for gross proceeds of $63,000.

On 2 November 2017, options were converted to shares for gross proceeds of $5,750.

On 18 December 2017, warrants were converted to shares for gross proceeds of $48,750.

OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements as at 30 June 2018, 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 and balances not disclosed elsewhere in the Financial Statements are as follows:

RELATED PARTY DISCLOSURE

Name and Principal Position	Period(i)		Remuneration or fees(ii)		Included in Accounts Payable
Chairman of the Board – management fees	**2019**	**$**	**99,000**	**$**	**24,000**
	2018	$	210,000	$	30,000
COO – salaries and wages	**2019**	**$**	83,000	**$**	-
	2018	$	177,000	$	-
Clearline CPA, a company of which the CFO is a director – management fees	**2019**	**$**	**30,000**	**$**	**15,000**
	2018	$	63,000	$	10,000
Clearline CPA, a company of which the CFO is a director – bookkeeping services	**2019**	**$**	**25,000**	**$**	**34,000**
	2018	$	52,000	$	6,000
A company of which the director is the legal counsel	**2019**	**$**	**-**	**$**	**-**
	2018	$	28,000	$	-
Director – director and other fees	**2019**	**$**	**10,000**	**$**	**-**
	2018	$	10,000	$	-
Director – director fees	**2019**	**$**	**5,000**	**$**	**-**
	2018	$	10,000	$	-
Director – director fees	**2019**	**$**	**5,000**	**$**	**-**
	2018	$	10,000	$	-

(i) For the nine months ended 30 September 2018 and for the year ended 31 March 2017.
(ii) Amounts disclosed were paid or accrued to the related party.

The above transactions were incurred in the normal course of operations and have been measured on a cost recovery basis.

FINANCIAL INSTRUMENTS

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Condensed Interim 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 December 2017, 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 and cash equivalents, restricted cash, amounts receivable, and accounts payable and accrued liabilities. As at 31 December 2017, the carrying value of cash and restricted cash is fair value. The remaining financial instruments approximate their fair value due to their short term nature.

c) Other risk

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. The Company is not exposed to significant market risk.

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 and restricted investments, which are all held in financial institutions in Canada, 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 they are due from the Government of Canada, which is considered a remote credit risk, and other commercial customers with whom the Company has a successful history of collections. Of the Company's total trade receivable, 95% relates to three customers.

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 $15,000. As at 30 September 2018, the Company held currency totalling the following:

Rounded (000's)		**Impact**		**30 September 2018**		31 March 2018
United States dollars	**5%**	**$**	**2,000**	**$USD**	**32,000**	$USD 412,000
Chinese RMB	**5%**	**$**	**1,000**	**$RMB**	**95,000**	$RMB -
Amounts receivable in United States dollars	**5%**	**$**	**15,000**	**$USD**	**222,000**	$USD 364,000
Amounts payable in United States dollars	**5%**	**$**	**3,000**	**$USD**	**45,000**	$USD (34,000)

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.

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 Corporation, 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 Corporation 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 Corporation 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