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 JUNE 2018

Stated in Canadian Funds

DATE: 29 AUGUST 2018

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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 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 2s011, develops, manufactures and markets Production Measurement and Control systems for the solar wafer, cell and panel manufacturing industry. The Company is headquartered in North Vancouver, Canada, and founded by experienced leaders in process measurement, semiconductor manufacturing and industrial automation. The address of the Company's corporate and administrative office and principal place of business is #223 – 980 West 1st Street, North Vancouver, BC, V7P 3N4.

Manufacturers of solar cells experience significant variations in product quality that result in the downgrading of part of their production, reducing their profitability. Aurora's mission is to produce measurement and control solutions which allow solar cell producers to improve manufacturing yield, lower costs, decrease waste and attain higher margins. By measuring the cell after the diffusion furnace and reducing variability by controlling the furnace, significant improvements in final cell efficiency are possible.

Aurora's in-line, real-time measurement and control products provide photovoltaic (PV) cell manufacturers with the means to lower production costs and increase profitability. Aurora has developed an in-line metrology device and associated controller for direct use in PV manufacturing lines to measure and improve the efficiency and quality of the cells. Aurora is directly marketing its products to PV cell manufacturers.

With its DM™, Visualize™and Insight™ product lines, Aurora provides solar cell manufacturers with the most accurate and repeatable products to characterize, optimize and control the quality-critical steps in PV cell fabrication. Aurora's objective is to markedly reduce the costly and excessively wide spread of final product quality classes that are common in the solar cell manufacturing industry.

Aurora's customers are Crystalline Silicon (c-Si) photovoltaic cell manufacturers focused on building the most efficient solar cells possible. These customers are building more sophisticated cell structures with doping, passivation and conductive layers on both sides of the solar cell. These cell structures include Passivated Emitter Rear Cells (PERC) cells which have a chemical passivation layer on the back side of the cell, bifacial cells which use light collected from both the front and rear surfaces of the cell and heterojunction cells which are very high efficiency structures involving multiple thin layer depositions on both side of the cell. These cell structures are difficult to measure using traditional sampling techniques and are ideally suited to be measured on both sides simultaneously using Aurora's proprietary, patented infrared measurement technique. Producers manufacturing these higher power cells get a premium in the market over the commodity-grade multicrystalline "aluminium back-surface field (Al-BSF) solar cells and use Aurora's products to maximize the yield and minimize variation at the end of the line.

OVERVIEW

Aurora continued to build strong market momentum in the first quarter of fiscal 2019 with the commissioning of two systems at REC, the opening of our Shanghai office, our successful presence at the Shanghai New Energy Conference and Exhibition, one new trial agreement and opportunities for several more in China, and a new order and collaborative research agreement with the Solar Energy research Institute of Singapore.

BIFACIAL CELL TRACTION

Aurora's bifacial cell measurement, visualization and control products, marketed as the DM-120 and DM-320 series, continue to receive outstanding market acceptance. ISC Konstanz, a leading global licensor of bifacial technology, has recognized the DM™ bifacial products as the only viable means of in-line measurement and yield optimization on their BiSoN formula used to produce bifacial cells. Bifacial cells generate 10 to 30 percent more power than traditional one-sided cells by using both direct and reflected light incident on both their upper and lower surfaces. Aurora spoke at the 4th annual bifi PV workshop in Konstanz, Germany on 25-26 October 2017 where several prospective customers learned about bifacial cell production and are considering projects to produce cells in volume. In addition, Aurora has installed systems totalling 27 measurement heads on bifacial production lines and research facilities for customers in Korea, China, South-East Asia and Europe, where Aurora's unique measurement capabilities are proving to be uncontested for this growing application.

MONOCRYSTALLINE PERC CELL TRACTION

Aurora has delivered systems totalling 18 measurement heads for monocrystalline PERC cell applications, which produce higher efficiency cells that are sold at a premium in the solar panel market. These cells have a dielectric passivation layer added to the back of the cell which reduces electron recombination, increases the light absorbed and increases the internal reflectivity of the cells meaning more power output without a significant increase in cost. The resulting panels have a higher energy density per square meter, which means less panels to accomplish total output power when the footprint is limited or more energy per solar farm where space is limited. Aurora's DM-310 product accurately profiles the wafers before they become finished cells to optimize the diffusion process and maximize the yield of the highest power cells. This profitable and growing niche in the solar cell manufacturing sector recognizes the benefits of in-line measurement and control and continues to be a significant contributor to Aurora's growing sales pipeline.

Heterojunction Cell Measurement Innovation

Heterojunction solar cells are ultra high-efficiency cell design pioneered by Japan's Panasonic Corp., who is now also partnered with Tesla Inc. for solar products. These cells deposit, using chemical vapor deposition, thin layers of amorphous silicon on both sides of a crystalline silicon wafer as well as transparent, conductive oxide layers (TCO). The TCOs are the conduits allowing electrical current to flow from the active portion of the cell to the metal contacts. Optimizing and controlling the uniformity of the TCO layers during cell manufacturing is crucial to maximizing the power and yield of the HJT Cells. Aurora has advanced the infrared measurement technique of its DM™ products to measure critical parameters of TCO layers that can vary during production. This capability, combined with Aurora's Visualize™ software, can assist in design verification, production line ramp-up and characterizing the sources of variation in the TCO layer that impact the final performance of the cell. According to Solar Media Ltd., heterojunction production capacity is expected to increase by 20 percent this year and this innovation positions Aurora as the only solution provider for in-line layer measurement and optimization.

Market Focus

Aurora has had considerable success in Korea with over 45 DM measurement heads and numerous associated Visualize process data systems delivered to date on both bifacial and monocrystalline PERC applications. Aurora is now building out from Korea into the rest of the Asian market, with growing traction in China. During fiscal 2018, the Company installed two high-profile bifacial projects in China (8 DM heads in total) and is in the process of documenting the benefits as a showcase for other Chinese producers. The Company is tracking a growing pipeline of opportunities in China along with its existing customers and markets. In May 2018, opened a representative office in Shanghai and added resources based out of this office to support the commercialization of these projects. The China office contributed significantly to the increase of our sales pipeline, which is expected to convert to orders in the current fiscal year. The Company had an exhibit booth at the largest solar show in the world, Shanghai New Energy Conference Exhibition (SNEC), in May and had the best show in history in terms of lead generation and customer interest. During and after the exhibition, the company rapidly established new opportunities with top-tier high-efficiency PV cell manufacturers. These results have led to several new field trials with large strategic customers that are being fast tracked for validation and qualification purposes to enable future volume orders. These evaluation trials are at varying stages of implementation and are an important necessary step to enable volume business that is expected to evolve during the current fiscal year. Aurora is focused on strategic customers with known production plans that value the benefits of its in-line measurement and control systems.

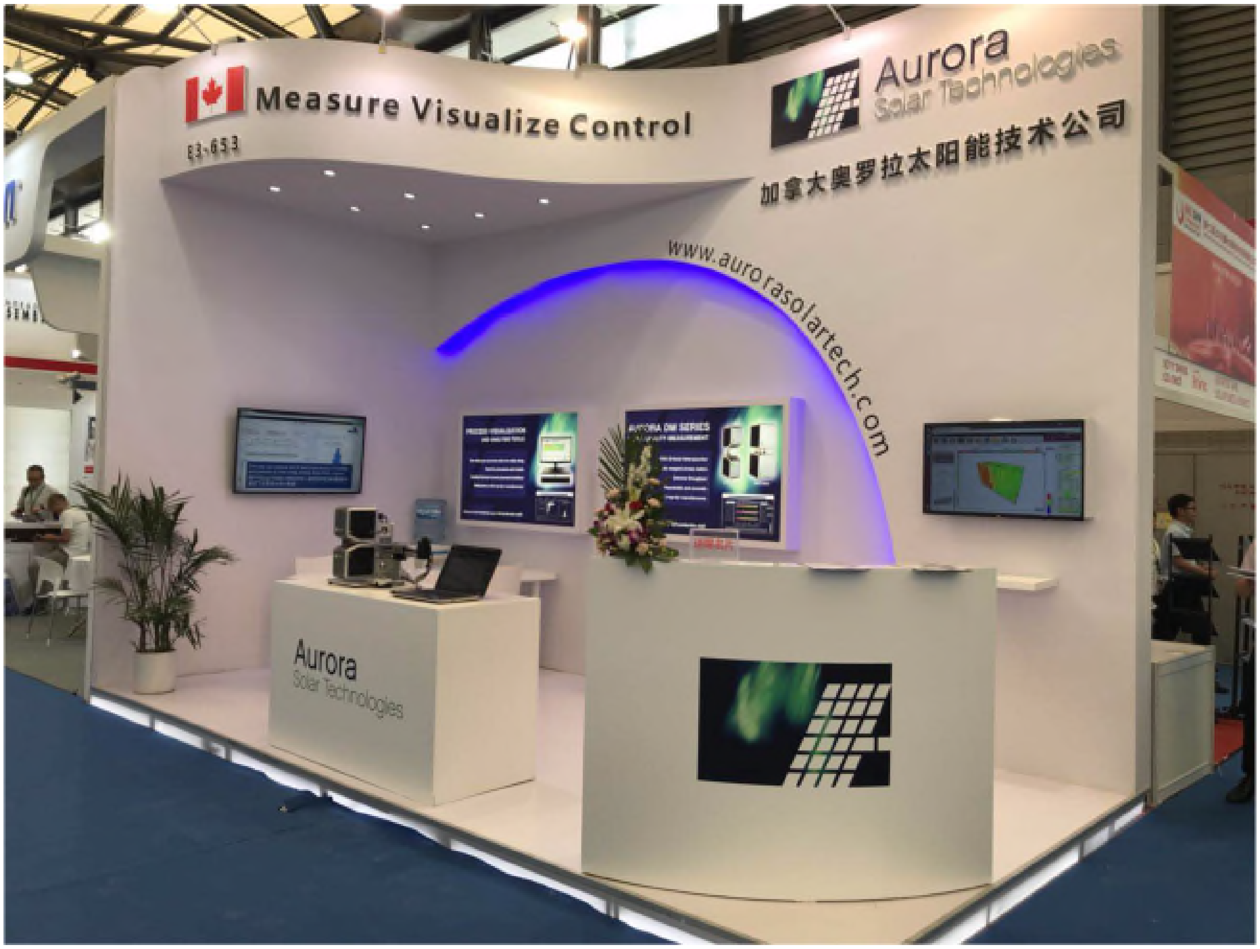

Figure 1 Aurora Solar Technologies Booth at Shanghai New Energy Conference Exhibition (SNEC), Shanghai

Quality Control System Development

A key element of Aurora's business strategy is to provide its customers with end-to-end quality control using its unique in-line measurement products. Aurora has initiated development and testing of an enhanced Quality Control System called Aurora Insight^{TM} with key customers in Asia. Insight^{TM} is a subscription-based software package that uses measurements from the final cell tester where the cells are connected electrically and illuminated as well as Aurora's DM^{TM} products early in the process to provide production personnel with real-time analysis of variability and where the variation is coming from in the process to optimize the yield of the highest power cells. Insight advances the Company's mission of creating a fully integrated quality control system for the solar cell manufacturing industry. Aurora has confirmed an initial order for five subscription licenses for Insight^{TM}. The Insight^{TM} server and subscription licenses for the confirmed order are expected to ship in September 2018.

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 $1,549 for the three months ended 30 June 2018, a decrease compared to the same period in prior year. The loss from operations was $809,678 for the three months ended 30 June 2018, which is an increase in loss of $355,487 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.

FINANCING AND INVESTOR RELATIONS

The Company has an arrangement with Paradox Public Relations Inc. to facilitate communications between the Company, its shareholders, and prospective investors and develop an investor relations program designed to raise awareness of the Company's business among prospective investors and the investment community.

RESULTS OF OPERATIONS

The comprehensive loss attributable to the shareholders for the three months ended 30 June 2018 was $809,678, compared to $454,191 during the three months ended 30 June 2017. The reasons for the fluctuations are as follows:

Product sales (rounded to the nearest '000)		**3 Months** **2019**		3 Months 2018
	$	**2,000**	**$**	**148,000**
Variance (decrease)	**$**	**(146,000)**		

Management's efforts on deepening existing sales channels had led to increased sales during the last fiscal year. Sales continued to expand, with an increased focus on the Chinese market.

Cost of sales (rounded to the nearest '000)		**3 Months** **2019**		3 Months 2018
	$	**95,000**	$	**106,000**
Variance (decrease)	**$**	**(11,000)**		

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

Research and development (rounded to the nearest '000)		**3 Months** **2019**		3 Months 2018
	$	**56,000**	$	**94,000**
Variance increase	**$**	**(38,000)**		

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. The decrease in research and development expense during the current quarter was largely due to grants received from the Canadian government's Industrial Research Assistance Program.

Sales and marketing (rounded to the nearest '000)		**3 Months** **2019**		3 Months 2018
	$	**230,000**	$	**186,000**
Variance increase	**$**	**44,000**		

The Company attended conferences and conventions around the world to increase market share. Management believes that these activities are complementary to the Company's core strategy, and will continue to fund these activities as personnel and financial resources permit.

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	June-18	Mar-18	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16	Sep-16	Jun-16
Total Revenues	**1,549**	604,720	337,325	1,418,176	147,519	852,228	319,688	18,849	223,810
Gain (Loss) from continuing operations	**(809,678)**	(62,839)	(398,959)	178,167	(454,191)	(292,335)	(439,011)	(382,502)	(310,527)
Gain (Loss) for the period	**(809,678)**	(62,839)	(398,959)	178,167	(454,191)	(292,335)	(439,011)	(382,502)	(310,527)
Gain (Loss) per share (Basic and diluted)	**(0.00)**	(0.00)	(0.01)	0.00	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Total assets	**1,424,019**	2,232,946	2,239,268	2,618,716	2,780,603	2,291,202	950,811	800,141	908,276
Working capital	**919,356**	1,686,207	1,797,862	2,146,810	1,960,042	1,893,539	426,668	492,015	547,494

The previous eight quarters have shown a steady increase in revenue per quarter with the highest quarter ended on 30 September 2017, when the Company had the first operating income.

Prudent management has allowed working capital to remain greater than expected outflows in each quarter.

Outstanding Shares

As at 30 June 2018, and as at the date of this report, the Company had 52,411,541 common shares issued and outstanding (31 March 2018 – 52,411,541). As at 30 June 2018, the fully diluted amount of 58,871,819 represents warrants of 1,190,278 and options of 5,270,000.

As at the date of this MD&A, the fully diluted amount is 59,121,819, because the Company issued 250,000 options to Mr. Dodds on 8 August 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 June 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 June 2018 was $919,000 compared to $1,960,000 at 30 June 2017.

Cash used in operating activities during the three months ended 30 June 2018 totalled $298,636 (30 June 2017- $440,667).

Cash used in investing activities during the three months ended 30 June 2018 totalled $10,370 (30 June 2017- $839,911).

Cash raised in financing activities during the year three months ended 30 June 2018 was $nil (30 June 2017- $556,199).

Actual future funding requirements may vary from those planned due to a number of factors, including 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 8 August 2018, the Company granted 250,000 stock options to the President & 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
CEO – management fees	**2019**	**$**	**45,000**	**$**	-
	2018	$	45,000	$	30,000
COO – salaries and wages	**2019**	**$**	**38,000**	**$**	**1,048**
	2018	$	-	$	-
Clearline CPA, a company of which the CFO is a director – management fees	**2019**	**$**	**15,000**	**$**	**10,500**
	2018	$	15,000	$	10,000
Clearline CPA, a company of which the CFO is a director – bookkeeping services	**2019**	**$**	**25,377**	**$**	**20,328**
	2018	$	12,695	$	6,327
A company of which the director is the legal counsel	**2019**	**$**	**-**	**$**	**-**
	2018	$	17,345	$	-
Director – director fees (iii)	**2019**	**$**	**5,000**	**$**	**-**
	2018	$	-	$	-
Director – director fees (iii)	**2019**	**$**	**5,000**	**$**	**-**
	2018	$	-	$	-
Director – director fees (iii)	**2019**	**$**	**5,000**	**$**	**-**
	2018	$	-	$	-

(i) For the three months ended 30 June 2018 and 30 June 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 statement of financial position are carried at amortized cost with the exception of cash and cash equivalents 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 30 June 2018. There have been no changes in levels during the year.

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 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.

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 30 June 2018, the carrying value of cash and term deposits is fair value. The remaining financial instruments approximate their fair value due to their short term nature.

c) Market 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 is exposed to credit risk by holding cash and cash equivalents, 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.

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 $12,000. As at 30 June 2018 the Company held currency totalling the following:

(rounded to the nearest '000)		Impact			**30 June 2018**		31 March 2018
United States dollars	**5%**	**$**	**12,000**	**$USD**	**186,000**	$USD	412,000
Chinese RMB	**5%**		**-**	**$RMB**	**37,000**	$RMB	-
Amounts receivable in United States dollars	**5%**	**$**	**10,000**	**$USD**	**152,000**	$USD	364,000
Amounts payable in United States dollars	**5%**	**$**	**-**	**$USD**	**2,000**	$USD	(34,000)
Amounts payable in RMB	**5%**		**-**	**$RMB**	**34,000**	$RMB	-

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,

“*Kevin Dodds*”

Kevin Dodds, Interim President and Interim CEO