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 2019

Stated in Canadian Dollars

DATE: 27 JUNE 2019

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AURORA SOLAR TECHNOLOGIES INC.

Canadian Dollars

FOR THE YEAR ENDED 31 MARCH 2019

MANAGEMENT DISCUSSION AND ANALYSIS

TO OUR SHAREHOLDERS

The following information should be read in conjunction with the consolidated financial statements of Aurora Solar Technologies Inc. ("the Company", or "Aurora") for the year ended 31 March 2019 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 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 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), 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. The address of the Company’s corporate and administrative office and principal place of business is #223 – 930 West 1st Street, North Vancouver, BC, V7P 3N4.

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.

MARKET POSITION AND DEVELOPMENT

Aurora continued to develop its product and market position during the final 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 31 March 2018 Aurora validated its DM technology with volume orders from major industry leaders from Korea, generating record revenues for the Company. In the early fiscal 2019, new US tariffs on solar cell manufacturers from Korea and industry policy changes in China delayed expected orders, negatively impacting this fiscal year. In the fourth quarter of fiscal 2019, the impact of these tariffs and policy changes began to lessen, and the Company increased pre-sales field trial activities in its target markets.

HIGHLIGHTS, SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE PERIOD

Despite the adverse market situation in fiscal 2019, Aurora continued to be active in expanding its market presence and product offerings. In the first quarter of fiscal 2019, the Company opened a representative office in China and exhibited at the SNEC trade show in Shanghai. This successful event in the dominant market for our products 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, initiated field trial activity at a major PERC cell manufacturer in China, and agreed upon a new Insight trial in China with a major Solar Module Super League (SMSL) player. (The SMSL is a group of nine manufacturers that are expected to approach 60 percent of global solar module shipments in 2019.) Field trials in particular are an important and necessary step to enable volume business that is expected to evolve during the current and next fiscal years. In the third quarter, the Company reached agreement for a field trial at a second major Chinese PERC cell manufacturer. Several field trials were underway in China in the fourth quarter, with three reaching completion during the quarter. Building on our strong position in the South Korean PERC market, these developments in China are a vital and positive step in the Company's commercial development.

On 31 May 2018, the Chinese government announced significant domestic subsidy reductions for photovoltaic power generation, widely known as the "531 Policy". China's National Energy Administration had said that this would encourage firms to shift their reliance from government policy to the market. This was expected to help eliminate excess capacity, encourage technological improvements and concentrate resources in stronger firms. In practice, this unanticipated policy change delayed capital investment plans by Chinese solar cell manufacturers, and in turn impacted the development and timing of sales of Aurora's products. However, it 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 successfully continued to build new sales opportunities. In particular, besides the afore-mentioned field trials, during the third and fourth quarters, the Company quoted on several opportunities at PERC cell manufacturers and major industrial automation suppliers to the industry.

In summary, compared to the same period last year, Aurora has expanded its measurement product deployments, introduced the Insight analysis system, and opened up broader sales opportunities in China.

On 15 November 2018, the Company closed a non-brokered private placement for aggregate gross proceeds of $1,788,269 consisting of 35,765,384 common shares (a "Share") at a price of $0.05 per Share. Net proceeds are intended to be used for working capital purposes. On 15 November 2018, the Company also announced the appointment of Gordon Deans as President and Chief Executive Officer, who was subsequently appointed to the Board of Directors on 21 December 2018. On 3 January 2019, the Company announced the appointment of Viktoriya Griffin as Chief Financial Officer.

SIGNIFICANT EVENTS AND TRANSACTIONS SUBSEQUENT TO THE PERIOD END

During the current fiscal quarter (Q1 FY 2020) the Company announced five orders to equip PERC manufacturing facilities and one order for use by a major industrial automation vendor, consisting in total, of 36 DM products. These orders are shipping, or have shipped, during the current quarter. The Company also exhibited for a second consecutive year at the annual SNEC trade show in Shanghai.

RESULTS OF OPERATIONS

The comprehensive loss attributable to the shareholders for the year ended 31 March 2019 was $2,258,461 compared to $737,822 during the year ended 31 March 2018. The reasons for the fluctuations are as follows:

Product sales Rounded (000's)	**12 months** **2019**	12 months 2018
	$ 438,000	$ 2,508,000
Variance increase (decrease)	**(2,070,000)**	

During the year, geopolitical tensions, US tariffs, and Chinese industry policy changes delayed expected orders. Sales efforts continue to expand, with an increased focus on the Chinese market. Management efforts on deepening existing sales channels have led to an increased sales pipeline that translated into orders subsequent to the year end.

Cost of sales Rounded (000's)	**12 months** **2019**	12 months 2018
	$ 306,000	$ 1,013,000
Variance increase (decrease)	**(707,000)**	

Management continues to monitor gross margin as a key performance indicator. The decrease is attributable to fewer sales orders.

General and administrative Rounded (000's)	**12 months** **2019**	12 months 2018
	$ 929,000	$ 840,000
Variance increase (decrease)	**89,000**	

The increase in general and administrative expense is attributed to the Company's new sales office in Shanghai.

Sales and marketing Rounded (000's)	**12 months** **2019**	12 months 2018
	$ 626,000	$ 911,000
Variance increase (decrease)	**(285,000)**	

Sales and marketing expenses have decreased due to less sales for the year ended 31 March 2019.

Research and development Rounded (000's)	**12 months** **2019**	12 months 2018
	$ 527,000	$ 534,000
Variance increase (decrease)	**(7,000)**	

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 during current year is in-line with management's focus on development of the Chinese market.

SELECTED ANNUAL INFORMATION

Financial Data since for the past four annual periods:

Fiscal Year Ended	Mar-2019	Mar-2018	Mar-2017	Mar-2016
Total Revenues	438,000	2,508,000	1,415,000	287,000
Profit/Loss from Continuing Operations	(2,258,000)	(738,000)	(1,424,000)	(1,620,000)
Loss and Comprehensive Loss for the Year	(2,258,000)	(738,000)	(1,424,000)	(1,620,000)
Loss per Share (Basic and Diluted)	(0.03)	(0.01)	(0.04)	(0.05)
Total Assets	1,793,000	2,233,000	2,291,000	756,000
Working Capital	1,239,000	1,686,000	1,894,000	483,000

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-19**	**Dec-18**	**Sep-18**	**Jun-18**	**Mar-18**	**Dec-17**	**Sep-17**	**Jun-17**
Total Revenues	**241,990**	**-**	**194,802**	**1,549**	604,720	337,325	1,418,176	147,519
Gain (Loss) from continuing operations	**(380,541)**	**(613,109)**	**(455,133)**	**(809,678)**	(62,839)	(398,959)	178,167	(454,191)
Gain (Loss) for the period	**(380,541)**	**(613,109)**	**(455,133)**	**(809,678)**	(62,839)	(398,959)	178,167	(454,191)
Gain (Loss) per share (Basic and diluted)	**(0.01)**	**(0.01)**	**(0.01)**	**(0.00)**	(0.00)	(0.01)	(0.00)	(0.01)
Total assets	**1,793,479**	**2,085,044**	**726,973**	**1,424,019**	2,232,946	2,239,268	2,618,716	2,780,603
Working capital	**1,239,006**	**1,610,666**	**464,284**	**919,356**	1,686,207	1,797,862	2,146,810	1,960,042

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 31 March 2019, the Company had 88,176,925 common shares issued and outstanding (31 March 2018 – 52,411,541). The fully diluted amount of 100,330,124 represents warrants of 3,973,199 and options of 8,180,000.

As at the date of this MD&A, the Company has 88,176,925 shares issued and outstanding and the fully diluted amount is 98,613,725 represents warrants of 2,256,800 and options of 8,180,000.

LIQUIDITY AND FINANCIAL CONDITION OF THE COMPANY

The Company's working capital surplus at 31 March 2019, was $1,239,000 compared with $1,686,000 at 31 March 2018.

Cash used in operating activities during the year ended 31 March 2019 totalled $1,514,403 (31 March 2018 - $1,533,009).

Cash raised in investing activities during the year ended 31 March 2019 totalled $45,397 (31 March 2018 – used $256,662).

Cash raised in financing activities during the year ended 31 March 2019 totalled $1,651,028 (31 March 2018 - $618,259).

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 closed a non-brokered private placement consisting of 35,765,384 common shares (a "Share") at a price of $0.05 per Share for aggregate gross proceeds of $1,788,269.

On 2 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 31 March 2019, the remaining contractual obligation is $63,000.

Subsequent to the year ended 31 March 2019, the Company signed a one-year lease for its office in Shanghai, commencing on 1 May 2019. As at 31 March 2019, the remaining contractual obligation is $28,000.

OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements as at 31 March 2019, 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 [(iii)]	**2019**	**$**	**169,000**	**$**	**28,000**	**$**	**-**
	2018	$	-	$	-	$	-
Former CEO	**2019**	**$**	**92,000**	**$**	**-**	**$**	**-**
	2018	$	210,000	$	23,000	$	4,000
CFO	**2019**	**$**	**12,000**	**$**	**3,000**	**$**	**4,000**
	2018	$	-	$	-	$	-
CFO's company that provided bookkeeping services	**2019**	**$**	**16,000**	**$**	**-**	**$**	**5,000**
	2018	$	-	$	-	$	-
Former CFO	**2019**	**$**	**45,000**	**$**	**-**	**$**	**-**
	2018	$	63,000	$	-	$	-
Former CFO's company that provided bookkeeping services	**2019**	**$**	**69,000**	**$**	**-**	**$**	**23,000**
	2018	$	52,000	$	-	$	15,000
A company of which the director is a legal counsel	**2019**	**$**	**29,000**	**$**	**-**	**$**	**1,000**
	2018	$	28,000	$	-	$	-
Director, interim CEO	**2019**	**$**	**43,000**	**$**	**37,000**	**$**	**-**
	2018	$	10,000	$	-	$	-
Director	**2019**	**$**	**10,000**	**$**	**4,000**	**$**	**-**
	2018	$	10,000	$	-	$	-
Director	**2019**	**$**	**35,000**	**$**	**20,000**	**$**	**2,000**
	2018	$	21,000	$	19,000	$	-

(i) For the year ended 31 March 2019 and 31 March 2018.
(ii) Amounts disclosed were paid or accrued to the related party.
(iii) 2018 fees incurred as COO, appointed as a CEO on 15 November 2018.

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 2019, 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 investments, amounts receivable, and accounts payable and accrued liabilities. As at 31 March 2019, 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. 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 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, 99% relates to two 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 $21,000. As at 31 March 2019, the Company held currency totalling the following:

Rounded (000's)	Impact				31 March 2019		31 March 2018
United States dollars	5%	$	8,000	USD	116,000	USD	412,000
Chinese RMB	5%	$	1,000	RMB	105,000	RMB	-
Amounts receivable in United States dollars	5%	$	12,000	USD	180,000	USD	364,000
Amounts payable in United States dollars	5%	$	-	USD	-	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.

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.

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