



Aurora
Solar Technologies

AURORA SOLAR TECHNOLOGIES INC.

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

FOR THE NINE AND THREE MONTHS ENDED 31 DECEMBER 2021

Stated in Canadian Dollars

DATE: 28 FEBRUARY 2022

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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 2021 and the related notes attached thereto, which were prepared in accordance with International Financial Reporting Standards (“IFRS”). This discussion covers the nine and three months ended 31 December 2021 and the subsequent period up to the date of the issuance of this MD&A. 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 2021, 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 such results will be achieved. 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 the continued impact from the Covid 19 pandemic, move in a negative direction causing changes to supply and demand, affecting customer sales and future production decisions.



Product Acceptance	The risk that the Company's current products and next generation of technology might not be successful.	Continued impact of Covid-19 pandemic limiting access to customer sites, commissioning challenges and/or incremental technical development may be required before customer adoption of its products or customer specific risks for product acceptance.
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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 solar cells using mainstream Passivated Emitter and Rear Contact (PERC) technology, and advanced designs such as Tunnel Oxide Passivated Contact (TOPCon) and heterojunction technology (HJT) cells.

Control and optimization of solar cell production starts with measurement. Aurora's DM™ and TCM™ 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 and TCM 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 perform diagnostics, control, and equipment optimization quickly and effectively.

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 Harbourside Drive, North Vancouver, BC, V7P 3R7.

MARKET POSITION AND DEVELOPMENT AND IMPACT OF THE COVID-19 PANDEMIC

Aurora focuses on top-tier solar cell manufacturers that value the benefits of the Company’s in-line measurement and control systems and that have known capacity expansion plans. More than 80 percent of the world’s solar cell manufacturing is conducted by Chinese companies. In fiscal 2019 Aurora therefore initiated actions to 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.

All but one of the orders received by the Company since fiscal 2019 are from large Chinese manufacturers or automation system providers, and most of them were for the new DM-110 series for China. These orders followed field trials initiated during fiscal 2019 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 has delivered a large quantity of DM measurement systems from these past orders to numerous different customers in China for the first time in Fiscal 2020 and 2021.

On 11 March 2020, the coronavirus outbreak (“Covid-19”) was declared a pandemic by the World Health Organization. Since then, global government measures to contain and prevent the further spread of the virus have evolved rapidly, resulting in strict international travel restrictions, stay-at-home advisories and quarantining of persons who may have been exposed to the virus. These measures have had a dramatic impact on the global economy.

In this context, Aurora places a high priority on the health and safety of its employees and their families. We have modified our work environment to comply with all provincial and federal health authority regulations. These include, but are not limited to, maintaining minimum physical distancing requirements, working from home when possible, restricting non-essential business activities and mandating the use of personal protective equipment.

The international travel restrictions to contain the spread of COVID-19 have had, and continue to have, a material impact on the Company’s operations including business development to secure new orders, and activities to complete the installation, commissioning and customer training for systems that have been delivered to its international customers. While Aurora has staff located in China, the Company has been prevented from sending



senior technical staff to customer sites as required to complete installations, conduct diagnostic analysis for variable customer-specific operating issues and to commission DM systems. In addition, the Company has also been impacted with longer than normal lead times with its international supply chain due to the pandemic. This has hindered the ability to timely train and provide technical expertise to customers to identify and resolve operating issues across the scope of new installations, implement product enhancements as needed, and to introduce the Insight product. Aurora has final payment obligations associated with timely installation and commissioning of these systems, and these challenges may impact customer objectivity in the Company's efforts to achieve final acceptance. The Company has ascertained that some of these receivables may not be collectible and were provided for in the Fiscal 2021 year.

Notwithstanding the above, the Company is taking a proactive and systematic approach to resolve these matters, including product performance refinements, operational enhancements, and customer education and training. Despite the pandemic-related travel and supply chain challenges, the performance of the DM products has steadily improved to accommodate the customer application challenges, providing a positive pathway to completing the commissioning processes. As a result of these efforts, in the period ending 31 December 2021, 24 systems were conditionally accepted by one customer, with a portion of the final acceptance funds being received in the 3 months ended December 31, 2021. In addition, the Company continues product development to provide further functionality in its DM and TCM products for existing customer applications and for future sales.

The Company's product development efforts also provide benefits by preparing the DM and TCM products for the next generation of solar cells, particularly Heterojunction Technology ("HJT") and Tunnel Oxide Passivated Contacts ("TOPCon") cells. These are the leading contenders for the next generation of solar cell designs for volume manufacturing and deployment. Each of these technologies promise a relative efficiency improvement of four percent (4%) or more over the established PERC technology. Pilot and/or full-scale production of HJT and TOPCon solar cells is already underway at leading solar cell manufacturers.

As the Company completes the installation and commissioning of these systems, it continues to expect that the benefits of its DM and TCM technology will be recognized and adopted to strengthen the foundation for continued sales and the introduction of its Insight data science product for solar cell production yield, quality and cost optimization.

HIGHLIGHTS, SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE PERIOD

PRODUCT UPDATES

DM & TCM

The Company has recently implemented DM product enhancements at selected customer locations; these updates have systematically improved performance and product utility at these locations. Most of the DM products at these locations are now in production use, with 24 units now having received formal customer acceptance. We are continuing the systematic approach to achieve further acceptances and to position the Company for the next buying cycle, which is now anticipated to be in early to mid-2022 due to supply issues associated with power outages in China and raw material shortages within the industry in general.



Insight

On 25 February 2021, Aurora entered into an agreement with a strategic technology leader in solar cell manufacturing for their evaluation of the Company’s initial version of the Insight™ data science project, called “Insight Essentials”, for solar cell production yield optimization. This evaluation project has progressed positively with its validation and benchmark objectives for the product and market readiness. To date, the reliability and accuracy of Insight’s platform capability known as “tool tracing” continues to consistently outperform current methods for timely effective fault remediation and yield management operations.

In October 2021, Aurora announced that the Company had entered into a second Insight™ Essentials evaluation agreement with a major cell and module manufacturer in China. The results from the above initial evaluation will now be built upon for broader application in this project, which is underway, on track, and is expected to be operating during the first half of 2022. This aligns with the Company’s commercialization plan for a staged rollout of Insight later in 2022.

Insight Essentials is the first of a planned series of Insight versions, focused on plant-wide yield (and quality control) visualization and reporting. Future versions of the product will integrate and add value to inline measurement systems such as Aurora’s DM family of products, providing a fully integrated system for yield and quality control management in solar manufacturing. Aurora has designed its Insight platform using industry know-how along with novel proprietary algorithms and technology to evaluate the large volumes of data collected during solar cell fabrication. It evaluates these data to inform the manufacturer – in real time – how well its production equipment is performing, where problems may be occurring, or where yield or quality might be improved. As customers realize the value of the Insight Essentials, the Insight data science platform can be further developed to create additional value for customers that seek competitive advantage.

Aurora Team

The Company continues to strengthen its team with key management and subject-matter experts for financial operations, product delivery and sales. In October, Tricia Pederson CPA, CMA was promoted to Chief Financial Officer, succeeding Joseph Lee as interim CFO. The Company also has recently brought in a seasoned product development leader with decades of expertise in building and growing high-performance teams in both software and hardware development. The product team has also been expanded in areas of data science software design and development; this will be crucial as the Company brings Insight to market. In addition, the Company has also strengthened its operations team leadership in product management, quality assurance and applications engineering. In alignment with the Company’s focus on the China market, the Company has also extended its Chinese in-country team with the engagement of experienced personnel in process control systems business development and sales, another key element to the introduction of Insight to market.



PRIVATE FINANCING

During the three months ended 30 June 2021, the Company closed a non-brokered private placement consisting of 14,200,000 units. Each unit consisted of one common share and one-half share purchase warrant (“Units”). The share purchase warrants entitled the holder to purchase one share for a period of 12 months from closing at a price of \$0.40 per share. The Company paid a total of \$288,117 in agent, consulting, legal and filing fees related to the share issuances. In consideration of the Agent’s services, the company paid commission fees of \$153,775 and issued 615,100 broker warrants on closing. Each broker warrant entitles the Agent to purchase one Unit for a period of one year from the closing date at a price of \$0.25 per unit.

SIGNIFICANT EVENTS AND TRANSACTIONS SUBSEQUENT TO THE PERIOD END

During the period ended 31 December 2021, major conditional customer acceptance of 20 DM™ Units was received; these units are in operation in a large top-tier solar cell and module manufacturer in China.

During the period ended 31 December 2021, the Company received new patent grants relating to the DM products. China patent 107112255B and Taiwan patent I68598, both entitled “System for Measuring Levels of Radiation Reflecting from Semiconductor Material for Use in Measuring the Dopant Content Thereof” extend the protection of the most recent innovations in the Company’s core Infrared sensing Intellectual Property to the Chinese and Taiwanese market.

On 10 January 2022, the Company received a Notice of Arbitration from the Shanghai International Centre in the amount of approximately USD\$185,000 relating to a DM equipment purchase contract dispute in China. The Company believes this claim is without merit and has engaged legal counsel to file a defence and counterclaim for amounts owing (approximately USD\$110,000) under this purchase contract.

On 7 February 2022, the initial Insight evaluation project was successfully completed, with the product validation needs successfully met, including the reliability and accuracy of Insight’s platform capability known as “tool tracing”. Tool tracing is the act of regularly collecting and processing solar cell production equipment performance and the information it generates is vital for timely and effective fault remediation and yield management operations such as preferential wafer routing. As such, trusted tool tracing is the platform for all current and future Insight product applications. For benchmarking purposes, Aurora’s analysis found that Insight’s tool tracing can consistently and significantly outperform the current methods being used at the initial production facility.

Subsequent to the nine months ended 31 December 2021, the Company applied for Input Tax Credits of \$19,098 for amounts relating to the October through December 2021 period.

RESULTS OF OPERATIONS

The net loss and comprehensive loss attributable to the shareholders for the nine months ended 31 December 2021 was \$3,113,878 compared to the comprehensive loss of \$1,715,374 during the nine months ended 31 December 2020. The reasons for the fluctuations are as follows:



Rounded (000's)	9 Months 2022	9 Months 2021	3 Months 2022	3 Months 2021
Product sales	\$ -	\$ 2,127,000	\$ -	\$ -
Variance increase (decrease)	(2,127,000)		-	

The effects of the Covid-19 pandemic continue to impact sales opportunities together with customer production slow down pressures in China relating to raw material shortages, restrictions on energy use, supply chain constraints and pandemic protocols and limitations. For the nine and three months ended 31 December 2021 the Company reported \$Nil in sales from the same nine and three-month period of the prior year. The Company believes that continuing to focus on deepening its relationships with its customers and supporting their needs will provide for future opportunities.

Rounded (000's)	9 Months 2022	9 Months 2021	3 Months 2022	3 Months 2021
Cost of sales	\$ -	\$ 1,548,000	\$ (69,000)	\$ 174,000
Variance increase (decrease)	(1,548,000)		(243,000)	

During the nine and three months ended 31 December 2021 cost of sales decreased as a result of the \$Nil trade related sales. During the nine and three relating to these services and resources were reallocated to the R&D department. months ended 31 December 2021, production staff were utilized by the R&D team and the overhead in the amount of \$69,000

Rounded (000's)	9 Months 2022	9 Months 2021	3 Months 2022	3 Months 2021
Sales and Marketing	\$ 287,000	\$ 371,000	\$ 80,000	\$ 159,000
Variance increase (decrease)	(84,000)		(79,000)	

During the nine and three months ended 31 December 2021 the Company incurred conference related costs for its attendance and exhibition at the annual Shanghai New Energy Conference and Exhibition in the amount of \$28,000 (2021-\$77,000). Travel and other related sales activities during the nine-month period have continued to be impacted by the Covid 19 pandemic resulting in overall lower sales costs and opportunities.

Rounded (000's)	9 Months 2022	9 Months 2021	3 Months 2022	3 Months 2021
General and administrative	\$ 1,315,000	\$ 811,000	\$ 397,000	\$ 274,000
Variance increase (decrease)	504,000		123,000	

During the nine and three months ended 31 December 2021 the Company continued to utilize senior external consultants to develop and carry out the Company's strategic product, operational and sales growth strategies in a pandemic environment. The Company has also strengthened and built out its leadership group through the retention of key management personnel resulting in higher costs for consultancy and salaries during the nine months ended 30 December 2021 totalling \$482,000 (2021-\$Nil). Incremental audit fees relating to the fiscal year ended 31 March 2021 were incurred during the period in the amount of \$39,000. Costs relating to maintaining patents has increased by \$12,000. During the period 31 December 2021, amounts receivable previously provided for in fiscal 2021, were deemed recoverable reducing expense in the amount of \$21,900.



Rounded (000's)	9 Months 2022	9 Months 2021	3 Months 2022	3 Months 2021
Research and development	\$ 1,251,000	\$ 717,000	\$ 497,000	\$ 410,000
Variance increase (decrease)	534,000		87,000	

Research and development are a key component of the Company's ongoing success. The Company has been focused on Insight development and on continuously improving DM product performance and range of functionality for competitive advantage and cost reduction purposes. The increase in research and development during current year was in-line with this focus and included outsourcing certain product development services and targeted use of experienced external consultants as needed and appropriate, along with certain internal technical roles associated with operations and sales. The application engineering team located in Shanghai has continued to support the Research and Development team with onsite data collection, product testing and product utility criteria. The amounts relating to this support for the nine months ended 31 December 2021 (\$375,000) was allocated to research and development accordingly.

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	31-Dec	21-Sep	21-Jun	21-Mar	20-Dec	20-Sep	20-Jun	20-Mar
Total Revenues	-	-	-	(261,316)	-	546,143	1,581,665	374,299
Gain (Loss) from continuing operations for the period	(3,113,878)	(2,046,569)	(1,103,487)	(1,804,741)	(1,301,212)	(428,523)	149,559	(331,423)
Gain (Loss) per share (Basic and diluted)	(0.022)	(0.015)	(0.008)	(0.015)	(0.012)	(0.004)	0.001	(0.004)
Total assets	4,257,914	5,085,969	6,193,832	3,816,105	3,927,164	3,325,418	3,904,167	3,550,651
Working capital	3,024,226	3,838,665	4,660,143	2,510,983	2,379,993	2,068,226	2,609,692	2,428,328

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



OUTSTANDING SHARES

As of 31 December 2021 and at the date of this MD&A, the Company had 144,974,725 common shares issued and outstanding. The fully diluted amount of 160,449,725 represents warrants of 7,715,000 and options of 7,760,000.

During the nine months ended 31 December 2021, the following options were exercised or forfeited:

450,000 options were exercised at a price of \$0.115 per unit from the 2016 October 12 issuance

400,000 options were exercised at a price of \$0.105 per unit from the 2016 October 7 issuance

200,000 options were forfeited from the 2016 November 23 issuance

LIQUIDITY AND FINANCIAL CONDITION OF THE COMPANY

The Company's working capital surplus on 31 December 2021, was \$3,024,226 compared with \$2,379,993 on 31 December 2020.

Cash used in investing activities during the period ended 31 December 2021 totalled \$187,024 (31 December 2020 – used \$14,170).

Cash provided by financing activities during the period ended 31 December 2021 totalled \$3,308,895 (31 December 2021 - \$1,581,840).

Actual future funding requirements may vary from those planned due to several 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 MANAGEMENT

The Company manages its capital structure and makes adjustment to it, based on the funds available to the Company, 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 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 believe 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 nine months ended 31 December 2021 however, the Company may take future actions to strengthen its financial position due to the impact of the Covid-10 pandemic on its business including the delays in adopting its products.

OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements as of 31 December 2021, and as of 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:

Principal Position Rounded (000's)	Year ⁽ⁱ⁾	Remuneration or fees ⁽ⁱⁱ⁾	Share-based Payments	Balances in Prepays	Balances in Accounts Payable
CEO	2022	\$ 128,000	\$ 83,000	\$ -	\$ -
	2021	\$ 134,000	\$ -	\$ -	\$ -
CFO	2022	\$ 46,000	\$ -	\$ -	\$ -
	2021	\$ -	\$ -	\$ -	\$ -
Former CFO	2022	\$ 9,000	\$ -	\$ -	\$ -
	2021	\$ 65,000	\$ -	\$ -	\$ 3,000
Former CFO	2022	\$ -	\$ -	\$ -	\$ -
	2021	\$ 9,700	\$ -	\$ -	\$ -
Director	2022	\$ -	\$ 33,000	\$ -	\$ -
	2021	\$ 15,000	\$ -	\$ -	\$ 5,000
A Law Firm in which the Director is a legal counsel	2022	\$ 65,000	\$ -	\$ -	\$ -
	2021	\$ -	\$ -	\$ -	\$ -
Director	2022	\$ 4,000	\$ 33,000	\$ -	\$ 3,000
	2021	\$ 15,000	\$ -	\$ -	\$ 3,000
Director	2022	\$ 88,000	\$ -	\$ -	\$ -
	2021	\$ 62,100	\$ -	\$ -	\$ 5,000
A Company in which the Director is an Owner	2022	\$ 45,000	\$ -	\$ -	\$ 8,000
	2021	\$ -	\$ -	\$ -	\$ -

(i) For the nine months ended 31 December 2021 and 31 December 2020.

(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 except for 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 of 31 December 2021, 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 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.

31 December 2021	Level 1	Level 2	Level 3	Total
Marketable securities	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents	\$ 3,092,417	\$ -	\$ -	\$ 3,092,417
Receivable and advances	\$ -	\$ 114,174	\$ -	\$ 114,174
Amounts payable and accrued liabilities	\$ -	\$ (458,752)	\$ -	\$ (458,752)
31 December 2020	Level 1	Level 2	Level 3	Total
Marketable securities	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents	\$ 2,160,348	\$ -	\$ -	\$ 2,160,348
Receivable and advances	\$ -	\$ 771,736	\$ -	\$ 771,736
Amounts payable and accrued liabilities	\$ -	\$ (831,989)	\$ -	\$ (831,989)

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

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, amounts receivable, and amounts payable and accrued liabilities. As of 31 December 2021, the carrying value of 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 in financial institutions in Canada and China, and management believes the exposure to credit risk with respect to such institutions is not significant.

The Company is mainly exposed to credit risk from credit sales and has a high concentration of credit risk as the amounts receivable are made up of a small number of customers. It is the Company's policy to assess the credit risk of new customers before entering contracts. The executive management determines concentrations of credit risk frequently by monitoring the creditworthiness rating of existing customers and through a review of the trade receivables' aging analysis. Over-due balances are reviewed for collectability and allowance for doubtful amounts, where appropriate, will be provided. As at 31 December 2021, the Company is reporting a \$17,840 balance in trade amounts receivable.

e) Interest rate risk

Interest rate risk is the risk of losses that arise because 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% change in exchange would impact the financial statements by \$13,000 (31 March 2021- \$27,000). As at 31 December 2021, the Company held currency totalling the following:

Rounded (000's)	Impact	31 December 2021	31 March 2021
Cash in United States dollars	5% \$ (6,000) \$USD	91,000	\$USD 493,000
Cash in Chinese RMB	5% \$ (7,000) \$RMB	685,000	RMB 450,000
Amounts receivable in United States dollars	5% \$ (1,000) \$USD	9,000	\$USD -
Amounts payable in United States dollars	5% \$ 1,000 \$USD	(11,000)	\$USD (93,000)

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 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 resulted in international border closings, travel restrictions, significant disruptions to border operations, supply chains and customer activity and demand, service cancellations, cybersecurity risks due to working remotely, reductions and other changes, and quarantines, as well as considerable general concern and uncertainty.

The impacts of the COVID-19 crisis that have or 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 (affecting support for our product as well as for technical sales) (Insight); delays in the collectability of amounts receivables as a result of travel restrictions, impacting the ability to send qualified technical personnel, 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 amounts 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 partially mitigated this risk through its China office and technical 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 current and next generation of technology might not be successful and/or may require further technical development before customer acceptance. The Company's future growth is dependent on the success of its DM systems being adopted in the Chinese market and the new data science Insight product. These products are yet to be widely adopted and may not gain market traction. The DM systems are designed to be optimized within a production line and are a foundation element together with the Insight product for a complete quality control system.

AURORA SOLAR TECHNOLOGIES INC.

Canadian Dollars

FOR THE NINE AND THREE MONTHS ENDED 31 DECEMBER 2021 MANAGEMENT DISCUSSION AND ANALYSIS



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