

Composite Alliance Group Inc.

MANAGEMENT DISCUSSION & ANALYSIS FORM 51-102F1 For the Year Ended December 31, 2018

This Management Discussion and Analysis (“**MD&A**”) is dated April 30, 2019.

This MD&A of the financial condition of Composite Alliance Group Inc. (Formerly CanAsia Financial Inc.) (“**CAG**” or the “**Company**”) and results of operations supplements but does not form part of the audited annual financial statements and accompanying notes of the Company for the year ended December 31, 2018. Consequently, the following discussion and analysis of the results of operations and the financial condition of the Company should be read in conjunction with the audited financial statements for Composite Alliance Group Inc. (Formerly CanAsia Financial Inc.) for the year ended December 31, 2018. Additional information can be found on CAG on the SEDAR website (www.sedar.com).

FORWARD LOOKING STATEMENTS

This MD&A may contain forward-looking statements. Forward looking statements include, but are not limited to, words such as “believes” “expects”, “will”, “intends”, “projects”, “anticipates”, “estimates”, “continues”, “plans” or similar words thereof. These forward statements reflect the Company’s future financial position, future growth, business strategy, budgets, internal projects and objectives of management based on information currently available to the Company.

The Company believes that the expectations represented in such forward-looking statements are reasonable. However, the Company cannot assure that the plans, intentions or expectations upon which these forward looking statements are based will prove to be correct as they are subject to risks, uncertainties and assumptions.

Any such forward-looking statements are expressly qualified in their entirety by this cautionary statement. Moreover, the Company does not assume responsibility for the accuracy or completeness of such forward-looking statements. The forward-looking statements included in this MD&A are made as of the date of this MD&A. The Company undertakes no obligation to publicly update or revise forward-looking statements, other than as required by applicable law. You should not place undue reliance on forward- looking statements.

CORPORATE STRUCTURE:

The Company was incorporated on June 26, 2008 under the *Business Corporation Act* (Alberta). The Company’s head office is located at Suite 1600, 333 – 7 Avenue S.W., Calgary, Alberta, Canada. The Company completed a reverse acquisition of Techni Modul Engineering S.A. subsequent to year end.

The Company’s common shares commenced trading on the TSX Venture Exchange under the symbol “CAG”. Pursuant to the share exchange agreement, the Company acquired all of the outstanding shares of TME for aggregate consideration of CAN \$10,950,000 and 19,200,000 non-voting series D preferred shares of the Company. The Company also amended its articles to change its name to Composite Alliance Group Inc. and to complete a share consolidation of all of its issued and outstanding common shares on the basis of one post-consolidation common share for every five pre-consolidation common shares.

BUSINESS FOCUS

The Company has no significant assets but has completed the reverse acquisition of Techni Modul Engineering S.A. (“TME”) on February 12, 2019. TME specializes in industrial turn-key solutions by designing and manufacturing the machines and processes that it sells to customers whom use those machines and processes to fabricate composite materials for the aerospace and automotive industries and is located in Coudes, France.

SUMMARY OF FINANCIAL RESULTS

All the financial information below is reported in Canadian Dollars (“CAD”). Figures are reported in accordance with International Financial Reporting Standards (“IFRS”).

ANNUAL	Year Ended December 31, 2018 Audited	Year Ended December 31, 2017 Audited	Year Ended December 31, 2016 Audited
Total Revenues	\$ -	\$ -	\$ -
Cost of Sales	-	-	-
Gross Profit	-	-	-
Total expenses	573,791	107,096	112,656
Other income	-	-	258,191
Net income (loss)	(573,791)	(107,096)	145,535
Basic earnings (loss) per share	(0.03)	(0.01)	0.01
Diluted earnings (loss) per share	(0.03)	(0.01)	0.01
Comprehensive income (loss)	(573,791)	(107,096)	145,535
Current Assets	304,082	3,578	4,150
Non-current Assets	-	-	-
Total Assets	304,082	3,578	4,150
Current Liabilities	349,864	153,137	46,613
Non-current Liabilities	479,335	-	-
Total Liabilities	829,199	153,137	46,613

QUARTERLY	3 Months Ended December 31, 2018 Unaudited	3 Months Ended September 30, 2018 Unaudited	3 Months Ended June 30, 2018 Unaudited	3 Months Ended March 31, 2018 Unaudited
Total Revenues	-	-	-	-
Cost of Sales	-	-	-	-
Gross Profit (loss)	-	-	-	-
Total expenses	452,474	3,320	67,141	50,856
Other income	-	-	-	-
Net loss	(452,474)	(3,320)	(67,141)	(50,856)
Comprehensive loss	(452,474)	(3,320)	(67,141)	(50,856)
Current Assets	304,082	9,874	12,311	53,521
Non-current Assets	-	-	-	-
Total Assets	304,082	9,874	12,311	53,521
Current Liabilities	349,864	280,750	279,867	253,936
Non-current Liabilities	479,335	-	-	-
Total Liabilities	829,199	280,750	279,867	253,936
Cash and Cash Equivalents	304,082	9,874	12,311	53,521
Working Capital	(45,782)	(270,876)	(267,556)	(200,415)

Equity	(525,117)	(270,876)	(267,556)	(200,415)
Net Income (loss) per share from continuing operation –				
Basic	(0.02)	0.00	0.00	0.00
Diluted	(0.02)	0.00	0.00	0.00

QUARTERLY	3 Month Ended December 31, 2017 Unaudited	3 Months Ended September 30, 2017 Unaudited	3 Months Ended June 30, 2017 Unaudited	3 Months Ended March 31, 2017 Unaudited
Total Revenues	-	-	-	-
Cost of Sales	-	-	-	-
Gross Profit (loss)	-	-	-	-
Total expenses	61,214	21,329	23,183	1,370
Other income	-	-	-	-
Net loss	(61,214)	(21,329)	(23,183)	(1,370)
Comprehensive loss	(61,214)	(21,329)	(23,183)	(1,370)
Current Assets	3,578	5,305	36,641	46,060
Non-current Assets	-	-	-	-
Total Assets	3,578	5,305	36,641	46,060
Current Liabilities	153,137	93,650	103,657	89,893
Non-current Liabilities	-	-	-	-
Total Liabilities	153,137	93,650	103,657	89,893
Cash and Cash Equivalents	3,578	5,305	36,641	46,060
Working Capital	(149,559)	(88,345)	(67,016)	(43,833)
Equity	(149,559)	(88,345)	(67,016)	(43,833)
Net Income per share from continuing operation –				
Basic	0.00	0.00	0.00	0.00
Diluted	0.00	0.00	0.00	0.00

RESULTS OF OPERATIONS

Annual Results

The Company completed a private placement of convertible debentures of \$660,000 during the year to fund the costs relating to the reverse acquisition. The Company incurred transaction costs of \$377,235 that have been recognized as reverse acquisition costs for the year ended December 31, 2018. During the year, the Company also incurred expenses of \$178,988 related to maintaining the reporting issuer status of the Company and \$17,568 of finance costs relating to the convertible debentures.

Three-Month Period to December 31, 2018

In the fourth quarter of 2018, the Company incurred expenses of \$57,671 relating to maintaining its public company listing and \$377,235 of transactions costs relating to the reverse acquisition that was completed

subsequent to year end. The Company also incurred finance costs of \$17,568 relating to interest and accretion of the convertible debenture.

Breakdown of Material Components of General and Administration Expenses

	3 Months Ended Dec. 31, 2018 Unaudited	3 Months Ended Sept. 30, 2018 Unaudited	3 Months Ended Jun. 30, 2018 Unaudited	3 Months Ended Mar. 31, 2018 Unaudited	3 Months Ended Dec. 31, 2017 Unaudited	3 Months Ended Sept. 30, 2017 Unaudited	3 Months Ended Jun. 30, 2017 Unaudited	3 Months Ended Mar. 31, 2017 Unaudited
Filing fee	51,126	-	16,184	3,247	30,752	1,524	9,363	-
Transaction fee	-	-	-	-	-	-	-	1,313
Professional fee	(708)	4,113	20,061	17,599	29,267	18,628	13,763	-
Trust agent fee	1,655	267	533	4,763	1,138	-	-	-
Office	5,598	(1,060)	30,363	25,247	57	1,177	57	57
TOTAL	57,671	3,320	67,141	50,856	61,214	21,329	23,183	1,370

CAPITAL RESOURCES MANAGEMENT

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern and complete its acquisition of an operating company.

The Company's capital structure is regularly reviewed and managed. Adjustments are made to the capital structure based on financing requirements as well as in response to economic conditions affecting the Company.

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liabilities when due. The Company has cash of \$304,082 and working capital deficiency \$45,782 as at December 31, 2018.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to credit and liquidity risks in the normal course of the Company's operations. These risks are mitigated by the Company's financial management policies and practices described below.

Credit Risk

The Company is exposed to credit risk associated with cash and cash equivalent. The risk is mitigated as the cash and cash equivalents are maintained with major financial institutions in Canada.

Liquidity Risk

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liabilities when due. The Company has cash of \$304,082 and working capital deficiency of \$45,782 as at December 31, 2018.

The Company's contractual obligations consist of accounts payables and accrued liabilities and convertible debentures. The accounts payable and accrued liabilities are due within one year, and the convertible debentures are due November 2020.

ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IASB**”).

The financial statements are expressed in Canadian dollars unless otherwise stated.

Functional and Presentation Currency

These financial statements are presented in Canadian dollars (“**CAD**”), which is the Company’s presentation currency and is consistent with the functional currency of the Company.

Measurement Uncertainty

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other resources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. The discount rate used to determine the liability component of the convertible debentures is also subject to estimate.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Disclosure of Share Information

Shares outstanding:

110,233,610 commons shares outstanding as at the date hereof

Stock options outstanding:

2,400,000 stock options to purchase common shares are outstanding as at the date hereof

APPROVAL

The Board of Directors have reviewed and approved this document pursuant to its mandate and charter.