

**COMPOSITE ALLIANCE GROUP INC.**

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE  
HELD ON WEDNESDAY, NOVEMBER 8, 2023**

**AND**

**MANAGEMENT INFORMATION CIRCULAR DATED OCTOBER 11, 2023**

**COMPOSITE ALLIANCE GROUP INC.**  
**Suite 800, 333 - 7<sup>th</sup> Avenue SW**  
**Calgary, Alberta T2P 2Z1**

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that an annual general and special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares (the "**Common Shares**") in the capital of Composite Alliance Group Inc. (the "**Corporation**") will be held at the offices of DS Lawyers Canada LLP, Suite 800, Dome Tower, 333 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 2Z1, at 11:00 a.m. (Mountain time), on Wednesday, November 8, 2023, for the following purposes:

1. To receive and consider the financial statements of the Corporation for the financial year ended December 31, 2022, together with the auditors' report thereon;
2. To fix the number of directors to be elected at the Meeting at six (6);
3. To elect directors of the Corporation for the ensuing year;
4. To appoint auditors and to authorize the directors of the Corporation to fix their remuneration;
5. To consider and, if thought fit, to pass an ordinary resolution set out in the Information Circular accompanying this Notice of Meeting approving the stock option plan of the Corporation; and
6. To transact such other business as may properly be brought before the Meeting.

**Information relating to the matters to be dealt with at the Meeting is set forth in the Information Circular which accompanies this Notice of Meeting.**

**IMPORTANT**

Only holders of Common Shares of record at the close of business on October 4, 2023 are entitled to notice of the Meeting or any adjournment or postponement thereof and only those holders of the Common Shares of record at the close of business on October 4, 2023, or who subsequently become Shareholders and comply with the provisions of the *Business Corporations Act* (Alberta), are entitled to vote thereat.

**If you are a registered Shareholder**, please complete and submit the enclosed form of proxy or other appropriate form of proxy. Completed forms of proxy must be delivered either by fax to Olympia Trust Company at 403-668-8307, by email at [proxy@olympiatrust.com](mailto:proxy@olympiatrust.com), by web voting at <https://css.olympiatrust.com/pxlogin>, or by mail to Olympia Trust Company, PO Box 128, STN M Calgary, Alberta, T2P 2H6 not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the Meeting or any adjournment or postponement thereof.

**If you are not a registered Shareholder**, please complete the voting instruction form from your intermediary/broker and follow the instructions set out under "Advice to Beneficial Shareholders" in the Information Circular.

DATED at Calgary, Alberta, as of the 11<sup>th</sup> day of October, 2023.

**BY ORDER OF THE BOARD OF DIRECTORS  
OF COMPOSITE ALLIANCE GROUP INC.**

*"V. E. Dale Burstall"*

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V. E. Dale Burstall  
Secretary and Director

**COMPOSITE ALLIANCE GROUP INC.**  
**Suite 800, 333 - 7<sup>th</sup> Avenue SW**  
**Calgary, Alberta T2P 2Z1**

**MANAGEMENT INFORMATION CIRCULAR**

**Annual General and Special Meeting of Shareholders**  
**to be held on November 8, 2023**

**GENERAL PROXY INFORMATION**

**Purpose of Solicitation**

**THIS INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF THE CORPORATION FOR USE AT THE ANNUAL GENERAL AND SPECIAL MEETING TO BE HELD ON MONDAY, NOVEMBER 8, 2023, AT 11:00 A.M., MOUNTAIN TIME, AT THE OFFICES OF DS LAWYERS CANADA LLP, SUITE 800, DOME TOWER, 333 – 7<sup>TH</sup> AVENUE S.W., CALGARY, ALBERTA, T2P 2Z1, AND AT ANY ADJOURNMENT THEREOF FOR THE PURPOSES SET OUT IN THE ACCOMPANYING NOTICE OF MEETING.**

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone by directors or officers of the Corporation. Arrangements will also be made with brokerage houses and other custodians, nominees, and fiduciaries to forward proxy solicitation material to the beneficial owners of the Common Shares pursuant to the requirements of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101"). The cost of any such solicitation will be borne by the Corporation.

**Voting of Proxies**

All Common Shares represented at the Meeting by properly executed proxies will be voted and where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the Common Shares represented by the proxy will be voted in accordance with such specifications. **IN THE ABSENCE OF ANY SUCH SPECIFICATIONS, THE MANAGEMENT DESIGNEES OF THE CORPORATION, IF NAMED AS PROXY, WILL VOTE IN FAVOUR OF ALL THE MATTERS SET OUT HEREIN.**

**THE ENCLOSED INSTRUMENT OF PROXY CONFERS DISCRETIONARY AUTHORITY UPON THE MANAGEMENT DESIGNEES OF THE CORPORATION, OR OTHER PERSONS NAMED AS PROXY, WITH RESPECT TO AMENDMENTS TO OR VARIATIONS OF MATTERS IDENTIFIED IN THE NOTICE OF MEETING AND ANY OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING. AT THE DATE OF THIS INFORMATION CIRCULAR, THE CORPORATION IS NOT AWARE OF ANY AMENDMENTS TO, OR VARIATIONS OF, OR OTHER MATTERS WHICH MAY COME BEFORE THE MEETING. IN THE EVENT THAT OTHER MATTERS COME BEFORE THE MEETING, THE MANAGEMENT DESIGNEES OF THE CORPORATION INTEND TO VOTE IN ACCORDANCE WITH THE DISCRETION OF SUCH MANAGEMENT DESIGNEES.**

Proxies representing Common Shares, to be valid, must be completed and delivered either by fax to Olympia Trust Company at 403-668-8307, by email at [proxy@olympiatrust.com](mailto:proxy@olympiatrust.com), by web voting at <https://css.olympiatrust.com/pxlogin>, or by mail to Olympia Trust Company, PO Box 128, STN M Calgary,

Alberta T2P 2H6, not less than 48 hours, excluding Saturdays, Sundays, and statutory holidays in the Province of Alberta, preceding the Meeting or any adjournment thereof.

### Appointment of Proxy

**A SHAREHOLDER HAS THE RIGHT TO DESIGNATE A PERSON (WHO NEED NOT BE A SHAREHOLDER OF THE CORPORATION) OTHER THAN RON LOVE AND V. E. DALE BURSTALL, THE MANAGEMENT DESIGNEES OF THE CORPORATION, TO ATTEND AND ACT FOR HIM OR HER AT THE MEETING.** Such right may be exercised by inserting in the blank space provided, the name of the person to be designated and deleting therefrom the names of the management designees or by completing another proper instrument of proxy and, in either case, depositing the instrument of proxy for Common Shares with the registrar and transfer agent of the Corporation, either by fax to Olympia Trust Company at 403-668-8307, by email at [proxy@olympiatrust.com](mailto:proxy@olympiatrust.com), by web voting at <https://css.olympiatrust.com/pxlogin>, or by mail to Olympia Trust Company, PO Box 128, STN M Calgary, Alberta T2P 2H6, not less than 48 hours, excluding Saturdays, Sundays, and statutory holidays in the Province of Alberta, preceding the Meeting or any adjournment of the Meeting.

### Revocation of Proxies

A Shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. A Shareholder may revoke a proxy by depositing an instrument in writing, executed by him or her or his or her attorney, or, if the Shareholder is a corporation, executed by a director, officer or attorney, authorized in writing:

- (a) if a holder of Common Shares, at the offices of the registrar and transfer agent of the Corporation, either by fax to Olympia Trust Company at 403-668-8307, by email at [proxy@olympiatrust.com](mailto:proxy@olympiatrust.com), by web voting at <https://css.olympiatrust.com/pxlogin>, or by mail to Olympia Trust Company, PO Box 128, STN M Calgary, Alberta T2P 2H6, at any time, not less than 48 hours, excluding Saturdays, Sundays and holidays, preceding the Meeting or any adjournment of the Meeting at which the proxy is to be used;
- (b) at the registered office of the Corporation, Suite 800, Dome Tower, 333 - 7th Avenue S.W., Calgary, Alberta, T2P 2Z1, at any time up to and including the last business day preceding the day of the Meeting at which the proxy is to be used; or
- (c) with the chairman of the Meeting on the day of the Meeting or any adjournment of the Meeting.

In addition, a proxy may be revoked by the Shareholder personally attending the Meeting and voting his or her shares.

### Advice to Beneficial Shareholders

**The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name.** Shareholders who do not hold their shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those Common Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the majority of such shares are registered under

the name of CDS & Co. (the nominee of The Canadian Depository for Securities Limited, which acts as depository for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate Person.**

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communication Services ("**Broadridge**"). Broadridge typically applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to Broadridge or to call their toll free telephone number to vote their shares or access their web site [www.proxyvotecanada.com](http://www.proxyvotecanada.com) to deliver voting instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at a meeting. **A Beneficial Shareholder receiving a proxy with a Broadridge sticker on it cannot use that proxy to vote Common Shares directly at the Meeting. The proxy must be returned to Broadridge in advance of the Meeting in order to have their shares voted at such meeting. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Beneficial Shareholders who have not objected to their intermediary disclosing certain ownership information about themselves to the Corporation are referred to as non-objecting beneficial owners. Those Beneficial Shareholders who have objected to their intermediary disclosing ownership information about themselves to the Corporation are referred to as objecting beneficial owners or "OBOs".

Pursuant to NI 54-101, the Corporation has distributed copies of proxy-related materials in connection with this Meeting (including this Information Circular) indirectly to all Beneficial Shareholders. The Corporation is not relying on the notice and access delivery procedures outlined in NI 54-101 to distribute copies of the proxy related materials in connection with the Meeting.

The Corporation will not be paying for intermediaries to deliver to OBOs (who have not otherwise waived their right to receive proxy-related materials) copies of the proxy-related materials and related documents. Accordingly, an OBO will not receive copies of the proxy-related materials and related documents unless the OBO's intermediary assumes the costs of delivery.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting the Common Shares registered in the name of his or her broker (or an agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of such meeting.**

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares, without nominal or par value, of which as at the date hereof, 110,233,610 Common Shares are issued and outstanding.

The holders of Common Shares of record at the close of business on the record date, set by the directors of the Corporation to be October 4, 2023, are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held, except to the extent that:

- (a) such person transfers his or her shares after the record date; and
- (b) the transferee of those shares produces properly endorsed share certificates or otherwise establishes his or her ownership to the shares;

and makes a demand to Olympia Trust Company or the Corporation, not later than 10 days before the Meeting, that his or her name be included on the Shareholders' list.

The by-laws of the Corporation provide that two (2) persons present and representing in person or by proxy not less than ten percent (10%) of the issued shares entitled to vote at the Meeting constitute a quorum for the Meeting.

To the knowledge of the directors and senior officers of the Corporation, as at the date hereof, the only person who beneficially owns, directly or indirectly, Common Shares carrying more than 10% of the voting rights of the outstanding Common Shares is as follows:

Name and Municipality of Residence	Type of Ownership	Number of Common Shares Beneficially Owned <sup>(1)</sup>	Percentage of Common Shares Currently Outstanding
Sicheng Zhang St. Julian's, Malta	Direct and Indirect	47,705,062 <sup>(2)</sup>	43.3%
Serge Luquain Courmon d'Auvergne, France	Direct and Indirect	37,961,134 <sup>(3)</sup>	34.4%

**Notes:**

- (1) The information as to Common Shares beneficially owned, as applicable, not being within the knowledge of the Corporation, has been furnished by the holders.
- (2) 41,904,117 of these Commons Shares are held indirectly through Malchemy Corporation Limited, a corporation controlled by Mr. Zhang. Does not include Common Shares that may be issued pursuant to the conversion or exercise of convertible securities.
- (3) 37,960,189 of these Commons Shares are held indirectly through SPV Finances, a corporation controlled by Mr. Luquain. Does not include Common Shares that may be issued pursuant to the conversion or exercise of convertible securities.

## PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the directors of the Corporation, the only matters to be dealt with at the Meeting are those matters set forth in the accompanying Notice of Meeting relating to: (i) the receipt of the financial statements of the Corporation and the auditors' reports thereon; (ii) fixing the number of directors; (iii) the election of directors; (iv) the appointment of auditors of the Corporation; (v) the approval of the Stock Option Plan (as hereinafter defined); and (vi) such other business as may be properly transacted at the Meeting.

## 1. Receipt of Financial Statements

The directors will place before the Meeting the audited financial statements of the Corporation for the year ended December 31, 2022 together with the auditors' report thereon. Shareholder approval is not required in relation to these financial statements.

## 2. Fixing Number of Directors

It is proposed that six (6) directors be elected to hold office on the board of directors of the Corporation (the "**Board**") for the next ensuing year, subject to the provisions of the articles of the Corporation relating to subsequent appointments by the Board. Management of the Corporation therefore intends to place before the Meeting, for approval, with or without modification, a resolution fixing the number of directors to be elected until the next annual meeting of Shareholders, subject to the articles of the Corporation relating to subsequent appointments by the Board, at six (6) members. **In the absence of contrary directions, the management designees of the Corporation intend to vote proxies in favour of the ordinary resolution fixing the number of directors to be elected at six (6).**

## 3. Election of Directors

The Board presently consists of six (6) directors, all of whom are elected annually. It is proposed that the persons named below will be nominated for election as directors at the Meeting. **It is the intention of the management designees of the Corporation, if named as proxy, to vote for the election of said persons to the Board, as applicable. Management does not contemplate that any of such nominees will be unable to serve as directors. However, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies in favour of management designees will be voted for another nominee in their discretion unless the Shareholder has specified in his proxy that his shares are to be withheld from voting in the election of directors.** Each director elected will hold office until the next annual meeting of Shareholders or until his successor is duly elected or appointed pursuant to the by-laws of the Corporation.

The Board has adopted an individual voting standard for the election of directors at the Meeting. Under the individual voting standard, in the event that a nominee for director receives a greater number of votes "withheld" than votes "for" his election as a director, the Board shall consider the circumstances of such vote, the particular attributes of the director nominee including his knowledge, experience and contribution at Board meetings and make whatever determination the Board deems appropriate, including without limitation, requesting such director to resign at an appropriate time and advise Shareholders of the Board's decision in that regard. This policy applies only to uncontested elections, meaning elections where the number of nominees for directors is equal to the number of directors to be elected. The Board may fill any vacancy created by any such resignation or determine to leave the resulting vacancy unfilled.

Shareholders should note that, as a result of the majority voting policy, a "withhold" vote is effectively the same as a vote against a director nominee in an uncontested election.

The following information relating to the nominees as directors is based on information received by the Corporation from said nominees.

<u>Name and Municipality of Residence</u>	<u>Principal Occupation for Last Five Years</u>	<u>Director Since</u>	<u>Common Shares and Percentage Beneficially Owned or Controlled<sup>(1)</sup></u>
Sicheng Zhang St. Julian's, Malta	President of Sino Composite Co. Ltd., a distributor of composite materials in China, since 1992. President and Chief Executive Officer of the Corporation since October 4, 2023.	October 26, 2017	47,705,062 <sup>(4)</sup> 43.28%
Serge Luquain Cournon d'Auvergne, France	Director and Chief Executive Officer of Techni Modul Engineering S.A. from 2008 to October 4, 2023. President and Chief Executive Officer of the Corporation from August 5, 2022 to October 4, 2023 and Chief Technical Officer of the Corporation since January 24, 2019.	January 24, 2019	37,961,134 <sup>(5)</sup> 34.44%
V. E. Dale Burstall <sup>(3)</sup> Calgary, Alberta	Partner of the law firm DS Lawyers Canada LLP and its predecessors since 1994.	March 25, 2015	10,000 0.01%
JianYong (Bill) Cui <sup>(2)</sup> Calgary, Alberta	General Manager of Sales of Annie Choice International Ltd., a jewelry and clothing retailer, since 2008.	January 24, 2019	Nil 0.00%
Ron Love <sup>(2)(3)</sup> Calgary, Alberta	VP Finance for Basecamp Properties, an operator and developer of hotel and resort accommodations since July 2023 and prior thereto, Chief Financial Officer of Big Rock Brewery, a TSX listed craft beer and beverage brewery from June 2022 to July 2023. Chief Financial Officer of Voyageur Pharmaceuticals Ltd., a company focused on development of barite and iodine API minerals, from February 2020 to August 2022. Prior thereto, Chief Financial Officer of Six Safety Systems Inc., a private company developing fatigue detection systems from 2016 to 2018.	January 24, 2019	Nil 0.00%
Yu-Chung (Jim) Hsieh <sup>(2)(3)</sup> Taichung, Taiwan	Chief Executive Officer of K Plus Capital LLC, a boutique corporate finance firm that specializes in cross border M&A transactions and strategic and investment advisory services, since 2007.	October 4, 2023	1,807,988 <sup>(6)</sup> 1.64%

**Notes:**

- (1) The information as to Common Shares beneficially owned, as applicable, not being within the knowledge of the Corporation, has been furnished by the holders.
- (2) Member of the Audit Committee, of which Mr. Love is the Chairman.
- (3) Member of the Compensation and Corporate Governance Committee, of which Mr. Burstall is the Chairman.
- (4) 41,904,117 of these Common Shares are held indirectly through Malchemy Corporation Limited, a corporation controlled by Mr. Zhang.
- (5) 37,960,189 of these Common Shares are held indirectly through SPV Finances, a corporation controlled by Mr. Luquain.
- (6) 1,807,043 of these Common Shares are held indirectly through K Plus Capital LLC, a corporation controlled by Mr. Hsieh.

The directors of the Corporation, as a group, currently control 87,484,184 Common Shares, representing 79.36% of the outstanding Common Shares.

**Cease Trade Orders**

Other than as disclosed below or elsewhere in this Information Circular, no proposed director of the Corporation is, as of the date hereof or has been, within the past ten years, a director, chief executive officer or chief financial officer of any company (including the Corporation) that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or

- (b) was subject to an event that resulted, after the director, chief executive officer or chief financial officer ceased to be a director, chief executive officer or chief financial officer, in the company, being the subject of a cease trade order or similar order or an order that denied the company access to any exemption under applicable securities legislation for a period of more than 30 consecutive days.

On or about April 2, 2014, the Alberta Securities Commission cease traded QSolar Limited ("QSolar") based on the fact that the entire board of directors and all of the executive officers resigned and QSolar discontinued operations. Pursuant to a court order dated on or about April 17, 2015, Mr. Burstall, along with three other individuals, were appointed directors of QSolar in order to try to preserve the assets of QSolar. Mr. Burstall resigned as a director of QSolar effective June 18, 2015. Mr. Burstall is a director of the Corporation since March 25, 2015. On May 5, 2016, the Alberta Securities Commission and other securities commissions cease traded the Corporation for failing to file annual audited financial statements, annual management's discussion and analysis and certification of annual filings for the year ended December 31, 2015 and subsequent periods. On September 27, 2017, the Alberta Securities Commission and other securities commissions revoked the Corporation's cease trade order.

### **Bankruptcy**

No proposed director of the Corporation is, as of the date hereof, or has been within the past ten years, a director or executive officer of a company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### **Personal Bankruptcy**

No proposed director of the Corporation has, within the past ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

### **Penalties and Sanctions**

No proposed director of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## **4. Appointment of Auditor**

The current auditors of the Corporation are MNP LLP. MNP LLP were first appointed auditors of the Corporation effective September 22, 2022.

Unless otherwise directed, it is management's intention to vote the proxies in favour of an ordinary resolution to appoint the firm of MNP LLP to serve as auditors of the Corporation until the next annual meeting of the Shareholders or until a successor is appointed, and to authorize the directors to fix their remuneration.

## 5. Approval of Stock Option Plan

The TSX Venture Exchange Inc. (the "**Exchange**") requires all listed companies with a 10% rolling stock option plan to obtain annual shareholder approval of such plan on an annual basis. The Stock Option Plan was last approved at the annual general and special meeting of the shareholders of the Corporation held on November 21, 2022. Accordingly, at the Meeting, shareholders will be asked to vote on a resolution to approve, for the ensuing year, the Stock Option Plan as described below.

The Stock Option Plan provides that the Board may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation and to individuals employed by a company providing management services to the Corporation (collectively, "**Eligible Participants**"), non-transferable options ("**Options**") to purchase Common Shares. The purpose of the Stock Option Plan is to provide an incentive to the directors, officers, employees, consultants and other personnel of the Corporation or any of its subsidiaries to achieve the longer-term objectives of the Corporation; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation; and to attract to and retain in the employ of the Corporation or any of its subsidiaries, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

The aggregate number of Common Shares issuable pursuant to the Stock Option Plan and any other Security Based Compensation Plans (as defined in the policies of the Exchange) of the Corporation may not exceed 10% of the issued and outstanding Common Shares as at the date of the grant of any Option. The period during which Options granted under the Stock Option Plan are exercisable may not exceed ten years from the date such Options are granted. The number of Common Shares issuable pursuant to Options granted (or any other Security Based Compensation granted or issued) in any 12-month period to any one person may not exceed five percent (5%) of the issued and outstanding Common Shares. In addition, the number of Common Shares issuable pursuant to Options granted (or any other Security Based Compensation granted or issued) in any 12-month period to any one consultant must not exceed 2% of the issued and outstanding Common Shares, calculated as at the date any Option is granted to the Consultant, and the number of Common Shares issuable pursuant to Options granted (or any other Security Based Compensation granted or issued) in any 12-month period to all Investor Relations Services Providers (as defined in the policies of the Exchange) in the aggregate must not exceed 2% of the issued and outstanding Common Shares, calculated as at the date the Option is granted to any such Investor Relations Service Provider.

The maximum aggregate number of Common Shares issuable pursuant to Options granted (or any other Security Based Compensation granted or issued) to insiders of the Corporation (as a group) must not exceed 10% of the issued and outstanding Common Shares at any point in time, unless disinterested shareholder approval is obtained. Furthermore, the maximum aggregate number of Common Shares issuable pursuant to Options granted (or any other Security Based Compensation granted or issued) in any 12-month period to insiders of the Corporation (as a group) must not exceed 10% of the issued and outstanding Common Shares, calculated as at the date the Option is granted to any insider, unless disinterested shareholder approval is obtained.

Pursuant to the Stock Option Plan, the Board determines the price per Common Share and the number of Common Shares which may be allotted to each Eligible Participant and all other terms and conditions of the Options, subject to the rules of the Exchange. The price per Common Share set by the Board may not be less than the last closing price of the Common Shares on the Exchange prior to the date on which such Options are granted, less the applicable discount permitted (if any) by the Exchange.

If a holder of Options ceases to be an Eligible Participant for any reason other than death, such holder may, but only within a reasonable period, not exceeding 12 months, to be set out in the applicable stock option

agreement, after the holder's ceasing to be an Eligible Participant (or 30 days in the case of a holder engaged in Investor Relations Activities), or prior to the expiry date of the Options, whichever is earlier, exercise any Options held by the holder, but only to the extent that the holder was entitled to exercise the Options at the date of such cessation. In the event of the death of a holder of Options, the options previously granted to such holder will be exercisable within one (1) year following the date of the death of the holder or prior to the expiry date of the Options, whichever is earlier, but only to the extent that the holder was entitled to exercise the Options at the date of such holder's death.

At the Meeting, the Shareholders will be asked to consider and, if thought fit, approve the following resolution to approve the Stock Option Plan.

**"BE IT RESOLVED THAT:**

1. The stock option plan (the "**Stock Option Plan**") of Composite Alliance Group Inc. (the "**Corporation**") in the form of the Stock Option Plan attached as Schedule A to the management information circular of the Corporation dated October 11, 2023, be and is hereby approved with such modifications as may be required by the TSX Venture Exchange;
2. The maximum number of common shares of the Corporation which may be issued under the Stock Option Plan shall be equal to ten percent (10%) of the then issued and outstanding common shares of the Corporation from time to time; and
3. Any director or officer of the Corporation be and is hereby authorized and directed to do and perform all such acts and things and to execute and deliver or cause to be delivered, for, in the name of and on behalf of the Corporation (whether under the seal of the Corporation or otherwise) all such agreements, instruments and other documents as in such individual's opinion may be necessary or desirable to perform the terms of this resolution."

The foregoing resolution must be passed by a majority of the votes cast by the Shareholders who vote on the resolution at the Meeting. If the Stock Option Plan is not ratified by the Shareholders, the Corporation will have to consider other methods of compensating and providing incentives to directors, officers, employees, consultants and other personnel. **In the absence of contrary direction, the Management Desires intend to vote proxies in the accompanying form in favour of this ordinary resolution.**

**STATEMENT OF EXECUTIVE COMPENSATION**

For the purpose of this section, a "**CEO**" or "**CFO**" means each individual who served as Chief Executive Officer or Chief Financial Officer, respectively, of the Corporation or performed functions similar to a Chief Executive Officer or Chief Financial Officer, respectively, during any part of the most recently completed financial year. A "**Named Executive Officer**" or "**NEO**" means: (a) each CEO; (b) each CFO; (c) the most highly compensated executive officer, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation (comprised of any salary, consulting fee, retainer or commission, any bonus, any committee or meeting fees, and the value of any perquisites) was more than \$150,000 for that financial year; and (d) each individual for whom (c) would be applicable, but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year.

**Director and Named Executive Officer Compensation, Excluding Compensation Securities**

The following table sets forth the compensation paid to the Corporation's Named Executive Officers and directors for the Corporation's financial years ended December 31, 2022 and 2021:

**Table of compensation excluding compensation securities**

<b>Name and position</b>	<b>Year</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
Serge Luquain <sup>(1)</sup>	2022	143,811 <sup>(2)</sup>	Nil	Nil	Nil	Nil	143,811 <sup>(2)</sup>
<i>Former President and Chief Executive Officer, former Interim Chief Financial Officer, Chief Technical Officer and Director</i>	2021	155,698 <sup>(2)</sup>	Nil	Nil	Nil	Nil	155,698 <sup>(2)</sup>
Roger Essome <sup>(3)</sup>	2022	29,385	Nil	Nil	Nil	Nil	29,385
<i>Former Chief Financial Officer</i>	2021	N/A	N/A	N/A	N/A	N/A	N/A
Yu-Chung (Jim) Hsieh <sup>(4)</sup>	2022	49,000	Nil	Nil	Nil	Nil	49,000
<i>Former President and Chief Executive Officer, and Director</i>	2021	84,000	Nil	Nil	Nil	Nil	84,000
Debbie Chien <sup>(5)</sup>	2022	44,100	Nil	Nil	Nil	Nil	44,100
<i>Former Chief Financial Officer</i>	2021	75,600	Nil	Nil	Nil	Nil	75,600
Sicheng Zhang <sup>(6)</sup>	2022	Nil	Nil	1,750	Nil	Nil	1,750
<i>President and Chief Executive Officer, Chairman of the Board and Director</i>	2021	Nil	Nil	3,500	Nil	Nil	3,500
V. E. Dale Burstall	2022	Nil	Nil	Nil	Nil	Nil	Nil
<i>Secretary and Director</i>	2021	Nil	Nil	Nil	Nil	Nil	Nil
JianYong (Bill) Cui	2022	Nil	Nil	1,750	Nil	Nil	1,750
<i>Director</i>	2021	Nil	Nil	3,500	Nil	Nil	3,500
Ron Love	2022	Nil	Nil	1,750	Nil	Nil	1,750
<i>Director</i>	2021	Nil	Nil	3,500	Nil	Nil	3,500

**Notes:**

- (1) Mr. Luquain served as President and Chief Executive Officer of the Corporation from August 5, 2022 to October 4, 2023, has been Chief Technical Officer and a director of the Corporation since January 24, 2019, and served as Interim Chief Financial Officer of the Corporation from August 29 to 31, 2022 and from May 15, 2023 to July 5, 2023.
- (2) These amounts were paid to Mr. Luquain in his position as Chairman and Chief Executive Officer of Techni Modul Engineering S.A., a subsidiary of the Corporation.
- (3) Mr. Essome was appointed Chief Financial Officer of the Corporation on August 31, 2022 and resigned on May 15, 2023. Consulting fees were paid to a corporation controlled by Mr. Essome for his services as Chief Financial Officer.
- (4) Mr. Hsieh resigned as President, Chief Executive Officer and a director of the Corporation effective August 4, 2022. He was appointed as a director of the Corporation on October 4, 2023.
- (5) Debbie Chien resigned as Chief Financial Officer of the Corporation effective August 4, 2022.
- (6) Mr. Zhang was appointed as President and Chief Executive Officer of the Corporation effective October 4, 2023.

**Stock Options and Other Compensation Securities**

No compensation securities were granted or issued to the Corporation's Named Executive Officers and directors by the Corporation in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the Corporation.

No compensation securities were exercised by the Corporation's Named Executive Officers or directors during the most recently completed financial year.

**Stock Option Plans and Other Incentive Plans**

For a summary of the terms of the Stock Option Plan, please see "5. Approval of Stock Option Plan" above.

As at December 31, 2022, the Corporation had no equity incentive plans in place, other than the Stock Option Plan.

## **Employment, Consulting and Management Agreements**

Other than as disclosed below, there were no agreements or arrangements in place under which compensation was provided during the financial year ended December 31, 2022 or is payable in respect of services provided to the Corporation or any of its subsidiaries that were: (a) performed by a director or NEO, or (b) performed by any other party but are services typically provided by a director or a NEO.

The Corporation entered into a written consulting agreement with Safer Transitions Inc., a company wholly owned by Roger Essome, on August 31, 2022. Under the terms of the agreement, Mr. Essome received a base fee of \$82,000 per annum, payable in twelve (12) monthly installments, until the agreement was terminated upon his resignation on May 15, 2023. Under the terms of this agreement, Mr. Essome had agreed to provide services, through Safer Transitions Inc., of the type generally assumed by the Chief Financial Officer.

During the year ended December 31, 2022, there were no contracts, agreements, plans or arrangements that provide for payments or salary to any NEO or director or which include any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation or a change in a NEO's or director's responsibilities.

## **Oversight and Description of Director and Named Executive Officer Compensation**

### ***Compensation of Directors***

The Board reviews on an annual basis the adequacy and form of compensation of directors to ensure that the compensation of the Board reflects the responsibilities, time commitment and risks involved in being an effective director. The Corporation currently compensates directors with cash retainers for being a member of the Board or a member of a committee of the board (of which there are currently two committees, being the Audit Committee and Compensation and Corporate Governance Committee). For greater certainty, directors of the Corporation who are officers or employees of the Corporation do not receive fees in their capacities as directors; however, all directors are reimbursed for out-of-pocket expenses and travel expenses related to attendance at directors' meetings, and all directors are eligible to participate in the Stock Option Plan.

### ***Compensation of Executive Officers***

The Corporation's executive compensation program is comprised of the following components: base salary and long-term incentives. Together, these components support the Corporation's long-term growth strategy and the following objectives:

- to align executive compensation with shareholders' interests;
- to attract and retain highly qualified management;
- to focus performance by linking incentive compensation to the achievement of business objectives and financial results; and
- to encourage retention of key executives for leadership succession.

Base salary is compensation for discharging job responsibilities and reflects the level of skills and capabilities demonstrated by the executive. Annual salary adjustments take into account the market value of the role and the executive's demonstration of capability during the year.

The Stock Option Plan is designed to provide an incentive to the optionees to achieve the longer-term objectives of the Corporation. For more details, the full text of the Stock Option Plan is attached to this Information Circular as Schedule A.

### ***Option based awards***

Stock options are granted to provide an incentive to the directors and officers of the Corporation to achieve the longer-term objectives of the Corporation; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation; and to attract and retain persons of experience and ability by providing them with the opportunity to acquire an increased proprietary interest in the Corporation. Previous grants of incentive stock options are taken into account when considering new grants.

Implementation of a new incentive stock option plan and amendments to the existing stock option plan are the responsibility of the Board.

### **Pension Plan Benefits**

The Corporation does not have a pension plan that provides for payments or benefits at, following, or in connection with retirement. The Corporation does not have a defined contribution plan.

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following sets forth information in respect of securities authorized for issuance under the Corporation's equity compensation plans as at December 31, 2022:

<b>Plan Category</b>	<b>Number of Securities to be issued upon exercise of outstanding options, warrants and rights (A)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (B)</b>	<b>Number of securities remaining available for future issuance under equity compensation (excluding securities reflected in column (A)) (C)</b>
Equity compensation plans approved by security holders	Nil	N/A	11,023,361
Equity compensation plans not approved by security holders	N/A	N/A	N/A
TOTAL	Nil		11,023,361

## **CORPORATE GOVERNANCE**

### **General**

The Board believes that good corporate governance improves corporate performance and benefits all Shareholders. CSA have adopted National Policy 58-201 - *Corporate Governance Guidelines*, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Corporation. In addition, the CSA have implemented National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), which prescribes certain disclosure by the Corporation of its corporate governance practices. This disclosure is presented below.

The Board is committed to sound corporate governance practices which are both in the interest of its Shareholders and which contribute to effective and efficient decision making. The Board has adopted a compensation and corporate governance committee charter.

## Board of Directors

The Board of Directors is currently comprised of six (6) members: Sicheng Zhang, V. E. Dale Burstall, Serge Luquain, JianYong (Bill) Cui, Ron Love and Yu-Chung (Jim) Hsieh. Messrs. Cui and Love are currently independent as defined pursuant to NI 58-101 and National Instrument 52-110 – Audit Committees ("**NI 52-110**"). Mr. Luquain is not independent by virtue of being the Chief Technical Officer of the Corporation, Mr. Zhang is not independent by virtue of being the President, Chief Executive Officer and a Control Person of the Corporation, Mr. Burstall is not independent by virtue of being legal counsel to the Corporation and Mr. Hsieh is not independent by virtue of having been an executive officer of the Corporation within the last three years.

NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who has no direct or indirect material relationship with the Corporation. A material relationship is a relationship which could, in the view of the board of directors, reasonably interfere with the exercise of a director's independent judgment. Due to the size and the early stage of the Corporation's business the Board does not believe a majority of independent directors is necessary at this time, but will review this matter as the Corporation's business plan progresses.

The Board facilitates independent supervision of management through meetings of the Board and through informal discussions among independent members of the Board and management. In addition, the Board has free access to the Corporation's external auditors, legal counsel and to any of the Corporation's officers. The Board believes that it functions independently of management. The Board transacts business as required, without management present. When conflicts do arise, interested parties are precluded from voting on matters in which they may have an interest. The Board has adopted a Board of Directors charter.

## Directorships

The following directors hold directorships in other reporting issuers (or the equivalent) in jurisdictions in Canada or a foreign jurisdiction.

<u>Name</u>	<u>Name of Reporting Issuer</u>	<u>Name of Exchange or Market</u>	<u>Position</u>	<u>From</u>	<u>To</u>
Dale Burstall	Stuve Gold Corp.	TSXV	Director and Corporate Secretary	2018-01-29	Present
	High Mountain 2 Capital Corp.	TSXV	Director and Corporate Secretary	2020-08-25	Present
	M3 Capital Corp.	TSXV	Director	2021-09-08	Present
	A2ZCryptocap Inc.	TSXV	Director	2021-10-15	Present

## Committee Chairs

Every chair of a Board committee shall have, among others, the following responsibilities: (i) planning committee meetings, establishing the agenda of these meetings and coordinating the activities of the Corporate Secretary as regards the affairs of the committee; and (ii) chairing all of the meetings of the committee, ensuring the proper and efficient conduct hereof, ensuring that all members are able to express their opinions on the topics being discussed and making sure that the decisions or recommendations made by the committee are clear.

The chair of a committee shall report to the Board in matters relating to his mandate and to the work of his committee.

**Orientation and Continuing Education**

The Corporation has not implemented a formal orientation and continuing education program. At present, new directors are given a verbal outline of the nature of the Corporation's business, its corporate strategy and current issues with the Corporation. New directors are also expected to meet with management of the Corporation to discuss and better understand the Corporation's business and will be advised by counsel to the Corporation of their legal obligations as directors of the Corporation.

The introduction and education process will be reviewed on an annual basis by the Board and will be revised as necessary.

**Ethical Business Conduct**

The Corporation does not have a formal code of business conduct or policy in place for its directors, officers, employees and consultants. The Board believes that the Corporation's size facilitates informal review of and discussions with employees and consultants. The Board monitors ethical conduct of the Company and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.

**Nomination of Directors**

The Board is responsible for collectively developing and implementing principles and systems for the management of corporate governance and for identifying qualified candidates and recommending nominees for director and board committee appointments.

**Other Board of Directors Committees**

The Corporation has no standing committees at this time other than the Audit Committee and the Compensation and Corporate Governance Committee.

**Compensation and Corporate Governance Committee**

The Corporation is committed to ensuring that its business is conducted in compliance with applicable governmental laws, rules and regulations and in an honest and ethical manner. As such, the Corporation has a Compensation and Corporate Governance Committee.

The Compensation and Corporate Governance Committee consists of three (3) members: V. E. Dale Burstall (Chairman), Ron Love and Yu-Chung (Jim) Hsieh. Mr. Love is independent. Mr. Burstall is not independent by virtue of being legal counsel to the Corporation and Mr. Hsieh is not independent by virtue of having been an executive officer of the Corporation within the last three years.

**Assessments**

The Board has not implemented a process for assessing its effectiveness. As a result of the Corporation's size, its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to not be necessary at this time. The Board plans to continue evaluating its own effectiveness on an ad hoc basis.

The Board does not formally assess the performance or contribution of individual Board members or committee members.

## **AUDIT COMMITTEE**

The audit committee (the "**Audit Committee**") is a committee of the Board established for the purpose of overseeing the accounting and financial reporting process of the Corporation and annual external audits of the financial statements. The Audit Committee has set out its responsibilities and composition requirements in fulfilling its oversight in relation to the Corporation's internal accounting standards and practices, financial information, accounting systems and procedures, which procedures are set out below in the Corporation's audit committee mandate.

### **Audit Committee Charter**

The Board has developed a written audit committee charter (the "**Charter**"). A copy of the Charter is attached hereto as Schedule B to this Information Circular.

### **Composition of the Audit Committee**

The Audit Committee consists of three (3) members: Ron Love (Chairman), JianYong (Bill) Cui and Yu-Chung (Jim) Hsieh. Messrs. Love and Cui are independent as defined pursuant to NI 58-101 and NI 52-110. Mr. Hsieh is not independent by virtue of having been an executive officer of the Corporation within the last three years. All of the members of the Audit Committee are "financially literate" for the purposes of NI 52-110.

The Audit Committee is responsible for, and assists the Board in fulfilling its responsibility for: (i) the oversight and supervision of the audit of financial statements of the Corporation; (ii) the management of the relationship with the auditor of the Corporation; (iii) meeting with the auditor as required in connection with the audit services provided by the auditor; (iv) the oversight and supervision of the accounting and financial reporting practices and procedures of the Corporation; (v) the oversight and supervision of the adequacy of the Corporation's internal accounting controls and procedures; and (vi) the oversight and supervision of the quality and integrity of the Corporation's financial statements.

### **Relevant Education and Experience**

#### *Ron Love*

Mr. Love is a Chartered Accountant with over 25 years' experience in senior financial roles in various companies and industries. Mr. Love received his Chartered Accountant designation in 1994 after obtaining his Bachelor of Commerce degree from the University of Calgary. He has substantial experience as a Chief Financial Officer in various public companies with businesses crossing international borders.

#### *JianYong (Bill) Cui*

Mr. Cui received his masters in civil engineering from Beijing Jiaotong University and has extensive experience in technical operations as well as sales management, including General Manager of Sales of Annie Choise International Ltd.

#### *Yu-Chung (Jim) Hsieh*

Mr. Hsieh received an MBA from Tunghai University in Taiwan where he also serves as a lecturer. Mr. Hsieh has been a financial advisor over the past 30 years and he previously worked with Deloitte & Touche

and Arthur Andersen as a Partner and Head of Corporate Finance, and now manages a financial advisory firm.

### **Pre-Approval Policies and Procedures**

The Audit Committee reviews and pre-approves any engagement for non-audit services to be provided by the external auditors or its affiliates, together with estimated fees, and considers the impact on the independence of the external auditor.

### **External Auditor Service Fees**

The following table provides information about the fees billed to the Corporation for professional services rendered for the fiscal years 2022 and 2021 to the Corporation's external auditors.

	<u>2022</u>	<u>2021</u>
Audit Fees <sup>(1)</sup>	\$178,000	\$82,750
Audit Related Fees <sup>(2)</sup>	\$7,500	\$38,063
Tax Fees <sup>(3)</sup>	\$Nil	\$2,625
All Other Fees <sup>(4)</sup>	\$10,500	Nil
Total <sup>(5)</sup>	\$196,000	\$123,438

**Notes:**

- (1) Audit Fees consist of fees for the audit of the Corporation's annual financial statements as well as services provided in connection with statutory and regulatory filings or engagements.
- (2) Audit Related Fees consist of fees paid for services related to the performance of limited procedures performed by the Corporation's auditors related to interim reporting.
- (3) Tax Fees consist of fees paid for tax compliance, tax advice and tax planning.
- (4) Other Fees consist of fees for other accounting services other than the services reported under Audit Fees, Audited Related Fees and Tax Fees, above.
- (5) These fees only represent professional services rendered and do not include any out-of-pocket disbursements or fees associated with filings made on the Corporation's behalf. These additional costs are not material as compared to the total professional services fees each year.

### **Audit Committee Oversight**

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

As the Corporation is a venture issuer on the Exchange, it relies on the exemption in section 6.1 of NI 52-110 (Venture Issuers), which exempts venture issuers from the requirements of Part 3 Composition of the Audit Committee and Part 5 Reporting Obligations of NI 52-110.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Other than as set forth below, no director, executive officer, employee or former director, executive officer or employee of the Corporation nor any of their associates or affiliates, is, or has been at any time since the beginning of the last completed financial year, indebted to the Corporation nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Corporation.

As of December 31, 2022, TME had an existing receivable account in the amount of CA\$288,235 (EUR \$199,360) from SPV Finance, a holding company controlled by Serge Luquain. This loan bears an interest rate equal to the EURIBOR 3 months rate and has no definitive date for maturity.

As of December 31, 2022, TME had an existing receivable account in the amount of CA\$289,160 (EUR 200,000) from Sky Composite, a company in which Mr. Zhang is the CEO and President. The loan is not interest bearing and has no definitive date for maturity.

#### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Other than as set forth elsewhere in this Information Circular, the management of the Corporation is not aware of any material interest, direct or indirect, of any director, proposed director, senior officer, executive officer or promoter, or any of their respective associates or affiliates, in any matter to be acted upon at the Meeting.

#### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as set forth elsewhere in this Information Circular, the management of the Corporation is not aware of any material interest, direct or indirect, of any insider of the Corporation, any nominee for election as a director of the Corporation, or any associate or affiliate of any such person, in any transaction since the date of incorporation, or in any proposed transaction, that has materially affected or would materially affect the Corporation.

#### **MANAGEMENT CONTRACTS**

Management of the Corporation is performed by the directors, senior officers and executive officers of the Corporation and not by any other person.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be found under the Corporation's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Financial information regarding the Corporation is provided in the Corporation's comparative financial statements and management's discussion and analysis for its most recently completed financial year. Securityholders of the Corporation may contact the Corporation to request copies of the Corporation's financial statements and management's discussion and analysis.

**THIS IS SCHEDULE A ATTACHED TO AND MADE A PART OF THE INFORMATION CIRCULAR IN CONNECTION WITH THE ANNUAL GENERAL AND SPECIAL MEETING OF THE SHAREHOLDERS OF COMPOSITE ALLIANCE GROUP INC. TO BE HELD ON NOVEMBER 8, 2023, AND ANY ADJOURNMENT THEREOF**

**STOCK OPTION PLAN**

(see attached)

**COMPOSITE ALLIANCE GROUP INC.  
STOCK OPTION PLAN**

**Effective December 1, 2022**

**1. Purpose**

The purpose of this Plan is to provide an incentive to the directors, officers, Employees, Consultants and other personnel of the Corporation or any of its subsidiaries to achieve the longer-term objectives of the Corporation; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation; and to attract to and retain in the employ of the Corporation or any of its subsidiaries, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

**2. Definitions and Interpretation**

When used in this Plan, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them as follows:

- (a) "**Board of Directors**" means the board of directors of the Corporation;
- (b) "**Cashless Exercise**" has the meaning ascribed thereto in Exchange Policies;
- (c) "**Common Shares**" means common shares in the capital of the Corporation and any shares or securities of the Corporation into which such common shares are changed, converted, subdivided, consolidated or reclassified;
- (d) "**Corporation**" means Composite Alliance Group Inc. and any successor corporation and any reference herein to action by the Corporation means action by or under the authority of its Board of Directors or a duly empowered committee appointed by the Board of Directors;
- (e) "**Discounted Market Price**" means the last per share closing price for the Common Shares on the Exchange before the date of grant of an Option, less any applicable discount under Exchange Policies;
- (f) "**Exchange**" means the TSX Venture Exchange Inc. or any other stock exchange on which the Common Shares are listed;
- (g) "**Exchange Policies**" means the policies of the Exchange, including those set forth in the Corporate Finance Manual of the Exchange;
- (h) "**Insider**" has the meaning ascribed thereto in Exchange Policies;
- (i) "**Net Exercise**" has the meaning ascribed thereto in Exchange Policies;
- (j) "**Option**" means an option granted by the Corporation to an Optionee entitling such Optionee to acquire a designated number of Common Shares from treasury at a price determined by the Board of Directors;
- (k) "**Option Period**" means the period determined by the Board of Directors during which an Optionee may exercise an Option, not to exceed the maximum period permitted by the Exchange, which maximum period is ten (10) years from the date the Option is granted;

- (l) **"Optionee"** means a person who is a director, officer, Employee, Consultant or other personnel of the Corporation or a subsidiary of the Corporation; a corporation wholly-owned by such persons; or any other individual or body corporate who may be granted an option pursuant to the requirements of the Exchange, who is granted an Option pursuant to this Plan; and
- (m) **"Plan"** shall mean the Corporation's incentive stock option plan as embodied herein and as from time to time amended.

Capitalized terms in this Plan that are not otherwise defined herein shall have the meaning set out in the Exchange Policies, including without limitation "Consultant", "Employee", "Insider", "Investor Relations Activities", "Investor Relations Service Provider", "Management Company Employee", "Participant", "Person", "Security Based Compensation" and "Security Based Compensation Plan".

Wherever the singular or masculine is used in this Plan, the same shall be construed as meaning the plural or feminine or body corporate and vice versa, where the context or the parties so require.

### 3. **Administration**

This Plan shall be administered by the Board of Directors. The Board of Directors shall have full and final discretion to interpret the provisions of this Plan and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of this Plan. All decisions and interpretations made by the Board of Directors shall be binding and conclusive upon the Corporation and on all persons eligible to participate in this Plan, subject to shareholder approval if required by the Exchange. Notwithstanding the foregoing or any other provision contained herein, the Board of Directors shall have the right to delegate the administration and operation of this Plan to a special committee of directors appointed from time to time by the Board of Directors, in which case all references herein to the Board of Directors shall be deemed to refer to such committee.

### 4. **Eligibility**

The Board of Directors may at any time and from time to time designate those Optionees who are to be granted an Option pursuant to this Plan and grant an Option to such Optionee. Subject to the Exchange Policies and the limitations contained herein, the Board of Directors is authorized to provide for the grant and exercise of Options on such terms (which may vary as between Options) as it shall determine. No Option shall be granted to any person except upon recommendation of the Board of Directors. A person who has been granted an Option may, if he is otherwise eligible and if permitted by the Exchange Policies, be granted an additional Option or Options if the Board of Directors shall so determine. Subject to Exchange Policies, the Corporation and any Optionee shall represent that the Optionee is a bona fide Employee, Consultant or Management Company Employee (as such terms are defined in Exchange Policies) in respect of Options granted to such Optionee.

### 5. **Participation**

Participation in this Plan shall be entirely voluntary and any decision not to participate shall not affect an Optionee's relationship or employment with the Corporation.

Notwithstanding any express or implied term of this Plan or any Option to the contrary, the granting of an Option pursuant to this Plan shall in no way be construed as conferring on any Optionee any

right with respect to continuance as a director, officer, Employee or Consultant of the Corporation or any subsidiary of the Corporation.

Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be a director or officer of or a Consultant to the Corporation or any of its subsidiaries, where the Optionee at the same time becomes or continues to be a director, officer or full-time Employee of or a Consultant to the Corporation or any of its subsidiaries.

No Optionee shall have any of the rights of a shareholder of the Corporation in respect to Common Shares issuable on exercise of an Option until such Common Shares shall have been paid for in full and issued by the Corporation on exercise of the Option, pursuant to this Plan.

## **6. Common Shares Subject to Options**

The number of Common Shares reserved for issuance to any one person pursuant to Options granted under this Plan and any other Security Based Compensation Plan of the Corporation shall be subject to the following restrictions:

- (a) the aggregate number of Common Shares issuable pursuant to all Security Based Compensation Plans of the Corporation must not exceed 10% of the issued and outstanding Common Shares as at the date of the grant or issuance of any Security Based Compensation under any of such Security Based Compensation Plans, including the grant of Options under this Plan;
- (b) the maximum aggregate number of Common Shares issuable pursuant to all Security Based Compensation granted or issued in any 12-month period to any person (and where permitted under the Exchange Policies, any Companies that are wholly owned by that Person) must not exceed 5% of the issued and outstanding Common Shares, calculated as at the date any Security Based Compensation is granted or issued to the Person, unless disinterested shareholder approval is obtained;
- (c) the maximum aggregate number of Common Shares issuable pursuant to all Security Based Compensation granted or issued to Insiders (as a group) must not exceed 10% of the issued and outstanding Common Shares at any point in time, unless disinterested shareholder approval is obtained;
- (d) the maximum aggregate number of Common Shares issuable pursuant to all Security Based Compensation granted or issued in any 12-month period to Insiders (as a group) must not exceed 10% of the issued and outstanding Common Shares, calculated as at the date any Security Based Compensation is granted or issued to any Insider, unless disinterested shareholder approval is obtained;
- (e) the maximum aggregate number of Common Shares that are issuable pursuant to all Security Based Compensation granted or issued in any 12-month period to any one Consultant must not exceed 2% of the issued and outstanding Common Shares, calculated as at the date any Security Based Compensation is granted or issued to the Consultant; and
- (f) the maximum aggregate number of Common Shares that are issuable pursuant to all Options granted in any 12-month period to all Investor Relations Service Providers in the aggregate must not exceed 2% of the issued and outstanding Common Shares, calculated as at the date the Option is granted to any such Investor Relations Service Provider.

Appropriate adjustments shall be made as set forth in Section 15 hereof, in both the number of Common Shares covered by individual grants and the total number of Common Shares authorized to be issued hereunder, to give effect to any relevant changes in the capitalization of the Corporation.

If any Option granted hereunder shall expire or terminate for any reason without having been exercised in full, the unpurchased Common Shares subject thereto shall again be available for the purpose of this Plan.

**7. Option Agreement**

A written agreement will be entered into between the Corporation and each Optionee to whom an Option is granted hereunder, which agreement will set out the number of Common Shares subject to option, the exercise price and any other terms and conditions approved by the Board of Directors, all in accordance with the provisions of this Plan (herein referred to as the "Stock Option Agreement"). The Stock Option Agreement will be in such form as the Board of Directors may from time to time approve, and may contain such terms as may be considered necessary in order that the Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Optionee may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation.

**8. Option Period and Exercise Price**

Each Option and all rights thereunder shall be expressed to expire on the date set out in the respective Stock Option Agreement, which shall be the date of the expiry of the Option Period (the "**Expiry Date**"), subject to earlier termination as provided in Sections 11 and 12 hereof.

Subject to Exchange Policies and any limitations imposed by any relevant regulatory authority, the exercise price of an Option granted under this Plan shall be as determined by the Board of Directors when such Option is granted and shall be an amount at least equal to the Discounted Market Price of the Common Shares.

**9. Exercise of Options**

An Optionee shall be entitled to exercise an Option granted to him at any time prior to the expiry of the Option Period, subject to Sections 11 and 12 hereof and to vesting limitations which may be imposed by the Board of Directors at the time such Option is granted. Subject to Exchange Policies, including with respect to the vesting of Options granted to any Investor Relations Service Provider, the Board of Directors may, in its sole discretion, determine the time during which an Option shall vest and the method of vesting, or that no vesting restriction shall exist.

The exercise of any Option will be conditional upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Common Shares in respect of which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Common Shares with respect to which the Option is being exercised. Additionally, subject to Exchange Policies, the Optionee may be eligible to exercise such Options through the Cashless Exercise or Net Exercise provisions; in such event, the Optionee shall complete the notice of cashless settlement form (as provided by the Corporation) and return the executed form to the Corporation.

Common Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Common Shares pursuant thereto shall comply with all relevant provisions of applicable securities law, including, without limitation, the 1933

Act, the *United States Securities and Exchange Act of 1934, as amended*, applicable U.S. state laws, the rules and regulations promulgated thereunder, and the requirements of any stock exchange or consolidated stock price reporting system on which prices for the Common Shares are quoted at any given time.

As a condition to the exercise of an Option, the Corporation may require, among other things, that the person exercising such Option to represent and warrant at the time of any such exercise that the Common Shares are being purchased only for investment and without any present intention to sell or distribute such Common Shares if, in the opinion of counsel for the Corporation, such a representation is required by law.

**10. Blackout Extension Period**

If an Option is to expire during a period when the Optionee is prohibited by the Corporation from exercising such Option or from trading in Common Shares of the Corporation pursuant to its applicable policies in respect of insider trading (a "**Blackout Period**"), the expiration date of such Option shall be extended for a period of ten (10) business days immediately following the end of the Blackout Period. This Section applies to all Options outstanding under this Plan.

**11. Ceasing to be a Director, Officer, Employee or Consultant**

If an Optionee ceases to be an eligible Participant under this Plan for any reason other than death, the Optionee may, but only within a reasonable period, not exceeding 12 months, to be set out in the applicable Stock Option Agreement at the time of the grant, following the Optionee's ceasing to be an eligible Participant (or 30 days in the case of an Optionee engaged in Investor Relations Activities) or prior to the expiry of the Option Period, whichever is earlier, exercise any Option held by the Optionee, but only to the extent that the Optionee was entitled to exercise the Option at the date of such cessation. For greater certainty, any Optionee who is deemed to be an Employee of the Corporation pursuant to any medical or disability plan of the Corporation shall be deemed to be an Employee for the purposes of this Plan.

**12. Death of Optionee**

In the event of the death of an Optionee, the Option previously granted to him shall be exercisable within one (1) year following the date of the death of the Optionee or prior to the expiry of the Option Period, whichever is earlier, and then only:

- (a) by the person or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or the laws of descent and distribution, or by the Optionee's legal personal representative; and
- (b) to the extent that the Optionee was entitled to exercise the Option at the date of the Optionee's death.

**13. Optionee's Rights Not Transferable**

No right or interest of any Optionee in or under this Plan is assignable or transferable, in whole or in part, either directly or by operation of law or otherwise in any manner except by bequeath or the laws of descent and distribution, subject to the requirements of the Exchange, or as otherwise allowed by the Exchange.

Subject to the foregoing, the terms of this Plan shall bind the Corporation and its successors and assigns, and each Optionee and his heirs, executors, administrators and personal representatives.

#### 14. **Takeover or Change of Control**

The Corporation shall have the power, in the event of:

- (a) any disposition of all or substantially all of the assets of the Corporation, or the dissolution, merger, amalgamation or consolidation of the Corporation with or into any other corporation or of such corporation into the Corporation; or
- (b) any change in control of the Corporation,

to make such arrangements as it shall deem appropriate for the exercise of outstanding Options or continuance of outstanding Options, including without limitation, to amend any Stock Option Agreement to permit the exercise of any or all of the remaining Options prior to the completion of any such transaction. If the Corporation shall exercise such power, the Option shall be deemed to have been amended to permit the exercise thereof in whole or in part by the Optionee at any time or from time to time as determined by the Corporation prior to the completion of such transaction.

#### 15. **Anti-Dilution of the Option**

In the event of:

- (a) any subdivision, redivision or change of the Common Shares at any time during the term of the Option into a greater number of Common Shares, the Corporation shall deliver, at the time of any exercise thereafter of the Option, such number of Common Shares as would have resulted from such subdivision, redivision or change if the exercise of the Option had been made prior to the date of such subdivision, redivision or change;
- (b) any consolidation or change of the Common Shares at any time during the term of the Option into a lesser number of Common Shares, the number of Common Shares deliverable by the Corporation on any exercise thereafter of the Option shall be reduced to such number of Common Shares as would have resulted from such consolidation or change if the exercise of the Option had been made prior to the date of such consolidation or change; or
- (c) any reclassification of the Common Shares at any time outstanding or change of the Common Shares into other shares, or in case of the consolidation, amalgamation or merger of the Corporation with or into any other corporation (other than a consolidation, amalgamation or merger which does not result in a reclassification of the outstanding Common Shares or a change of the Common Shares into other shares), or in case of any transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation, subject to the prior acceptance of the Exchange, at any time during the term of the Option, the Optionee shall be entitled to receive, and shall accept, in lieu of the number of Common Shares to which he was theretofore entitled upon exercise of the Option, the kind and amount of shares and other securities or property which such holder would have been entitled to receive as a result of such reclassification, change, consolidation, amalgamation, merger or transfer if, on the effective date thereof, he had been the holder of the number of Common Shares to which he was entitled upon exercise of the Option.

Adjustments shall be made successively whenever any event referred to in this Section shall occur. For greater certainty, the Optionee shall pay for the number of shares, other securities or property as aforesaid, the amount the Optionee would have paid if the Optionee had exercised the Option prior to the effective date of such subdivision, redivision, consolidation or change of the Common

Shares or such reclassification, consolidation, amalgamation, merger or transfer, as the case may be.

**16. Costs**

The Corporation shall pay all costs of administering this Plan.

**17. Termination and Amendment**

- (a) The Board of Directors may amend or terminate this Plan or any outstanding Option granted hereunder at any time without the approval of the shareholders of the Corporation or any Optionee whose Option is amended or terminated, in order to conform this Plan or such Option, as the case may be, to applicable law or regulation or the requirements of the Exchange or any relevant regulatory authority, whether or not such amendment or termination would affect any accrued rights, subject to the approval of the Exchange or such regulatory authority.
- (b) The Board of Directors may amend or terminate this Plan or any outstanding Option granted hereunder for any reason other than the reasons set forth in Section 17(a) hereof, subject to the approval of the Exchange or any relevant regulatory authority and the approval of the shareholders of the Corporation if required by the Exchange or such regulatory authority. Subject to Exchange Policies, disinterested shareholder approval will be obtained for any reduction in the exercise price of an Option, or the extension of the term of an Option, if the Optionee is an Insider of the Corporation at the time of the proposed amendment. No such amendment or termination will, without the consent of an Optionee, alter or impair any rights which have accrued to him prior to the effective date thereof.
- (c) This Plan, and any amendments thereto, shall be subject to acceptance and approval by the Exchange. Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless and until such approval and acceptance are given.

**18. Withholding Tax**

Upon exercise of an Option, the Optionee will, upon notification of the amount due and prior to or concurrently with the delivery of the certificates representing the Common Shares, pay to the Corporation amounts necessary to satisfy applicable withholding tax requirements or will otherwise make arrangements satisfactory to the Corporation for such requirements. In order to implement this provision, the Corporation or any related corporation will have the right to retain and withhold from any payment of cash or Common Shares under this Plan the amount of taxes required to be withheld or otherwise deducted and paid in respect of such exercise. At its discretion, the Corporation may require an Optionee receiving Common Shares upon the exercise of an Option to reimburse the Corporation for any such taxes required to be withheld by the Corporation and withhold any distribution to the Optionee in whole or in part until the Corporation is so reimbursed. In lieu thereof, the Corporation will have the right to withhold from any cash amount due or to become due from the Corporation to the Optionee an amount equal to such taxes. The Corporation may also retain and withhold or the Optionee may elect, subject to approval by the Corporation at its sole discretion, to have the Corporation retain and withhold a number of Common Shares having a market value not less than the amount of such taxes required to be withheld by the Corporation to reimburse the Corporation for any such taxes and cancel (in whole or in part) any such Common Shares issuable upon exercise of an Option so withheld.

**19. Applicable Law**

This Plan shall be governed by, administered and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

**20. Prior Plans**

On the effective date (as set out in Section 21 hereof), subject to Exchange approval and, if required, shareholder approval:

- (a) this Plan shall entirely replace and supersede prior stock option plans, if any, enacted by the Corporation; and
- (b) all outstanding options shall be deemed to be granted pursuant to this Plan.

**21. Effective Date**

This Plan shall become effective as of and from, and the effective date of this Plan shall be December 1, 2022, upon receipt of all necessary shareholder and regulatory approvals.

**22. Legends on Hold Periods**

If required by the Exchange policies or applicable securities laws, the Common Shares issued on exercise of the Options will be legended.

**THIS IS SCHEDULE B ATTACHED TO AND MADE A PART OF THE INFORMATION CIRCULAR IN CONNECTION WITH THE ANNUAL GENERAL AND SPECIAL MEETING OF THE SHAREHOLDERS OF COMPOSITE ALLIANCE GROUP INC. TO BE HELD ON NOVEMBER 8, 2023, AND ANY ADJOURNMENT THEREOF**

**AUDIT COMMITTEE CHARTER**

(see attached)

**COMPOSITE ALLIANCE GROUP INC.**  
**Audit Committee Charter**

**MANDATE**

The Audit Committee (the "Audit Committee") is a committee of the board of directors (the "Board") of Composite Alliance Group Inc. (the "Corporation"), to which the Board has delegated its responsibility for the oversight of the nature and scope of the annual audit, the oversight of management's reporting on internal accounting standards and practices, the review of financial information, accounting systems and procedures, financial reporting and financial statements, and has charged the Audit Committee with the responsibility of recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information.

The Audit Committee of the Corporation shall:

1. assist the Board in its oversight role with respect to:
  - a. the quality and integrity of financial information;
  - b. the external auditor's performance, qualifications and independence;
  - c. the performance of the Corporation's internal audit function, if applicable;
  - d. the Corporation's compliance with legal and regulatory requirements; and
2. prepare such reports of the Audit Committee required to be included in the Annual Information Circular in accordance with applicable laws or the rules of applicable securities regulatory authorities.

**MEMBERSHIP OF THE AUDIT COMMITTEE**

1. The Audit Committee shall consist of three or more Directors appointed by the Board. Each of the members of the Audit Committee shall satisfy the applicable independence and experience requirements of the laws governing the Corporation, and applicable securities regulatory authorities.
2. Each member of the Audit Committee shall be financially literate within the meaning of applicable securities laws and as such qualification is interpreted by the Board in its business judgment. Each of the members of the Audit Committee shall also satisfy the applicable independence and financial literacy requirements of the laws governing the Corporation, the applicable stock exchanges on which the Corporation's securities are listed, and applicable securities regulatory authorities.
3. The members of the Audit Committee must also possess the following collective skills or attributes: (1) relevant experience in supervising audit engagements for public companies in Canada and China; and (2) Canadian financial reporting expertise.
4. Each Audit Committee member must receive a general orientation on the local customs in China and business risks inherent in operating in the local environment in China.
5. The Board shall designate one member of the Audit Committee as the Committee Chair.
6. Any members of the Audit Committee may be removed or replaced at any time by the Board of Directors and will cease to be a member of the Audit Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Audit Committee by appointment from among its members. If and whenever a vacancy exists on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, following the appointment as a member of the Audit Committee, each member will hold such office until the Audit Committee is reconstituted.

## **MEETINGS, STRUCTURE AND OPERATIONS**

1. Audit Committee members may participate in a meeting of the Audit Committee (a "Meeting") by electronic means, telephone or other communication facilities as permit all persons participating in the Meeting to hear each other, and a member participating in such a Meeting by such means is deemed to be present at the Meeting.
2. At all Meetings of the Audit Committee, every question shall be decided by a majority of votes cast.
3. The affirmative vote of a majority of the members of the Audit Committee participating in any Meeting of the Audit Committee is necessary for the adoption of any resolution.
4. The Committee Chair will preside at all Meetings of the Audit Committee, unless the Committee Chair is not present in which case the members of the Audit Committee that are present will designate from among such members a Committee Chair for purposes of the Meeting.
5. The Audit Committee shall meet as often as it determines, but not less frequently than quarterly/or by resolution. Minutes of the Audit Committee will be taken at each Meeting. If the Chief Financial Officer (the "CFO") is not a member of the Audit Committee, the CFO will attend Meetings of the Audit Committee, unless otherwise excused from all or part of any such Meeting by the Committee Chair.
6. The Audit Committee shall report to the Board on its activities after each of its Meetings at which time minutes of the prior Audit Committee Meeting shall be tabled for the Board.
7. The Audit Committee shall review and assess the adequacy of this Charter periodically and, where necessary, will recommend changes to the Board of Directors for its approval.
8. The Audit Committee is expected to establish and maintain free and open communication with management and the external auditor. The Audit Committee shall hold separate Meetings with each of management and the external auditor at least once per year, and at such other times as such parties consider appropriate.
9. At least one member of the Audit Committee, other than the CFO, if the CFO is also a member of the Audit Committee, shall visit one of the Corporation's primary operational sites at least once per year.

## **AUDIT COMMITTEE'S ROLE**

The Audit Committee has the oversight role set out in this Charter. Management, the Board, the external auditor and the internal auditor (if any) all play important roles in respect of compliance and the preparation and presentation of financial information. Management is responsible for compliance and the preparation of financial statements and periodic reports. Management is responsible for ensuring the Corporation's financial statements and disclosures are complete, accurate, in accordance with Canadian IFRS accounting principles and applicable laws. The Board in its oversight role is responsible for ensuring that management fulfills its responsibilities. The external auditor, following the completion of its annual audit, opines on the presentation, in all material respects, of the financial position and results of operations of the Corporation in accordance with Canadian IFRS accounting principles.

## **SPECIFIC DUTIES**

### **Oversight of the External Auditor**

1. Make recommendations to the Board for the appointment and replacement of the external auditor.
2. Responsibility for the compensation and oversight of the work of the external auditor (including resolution of disagreements between management and the external auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The external auditor shall report directly to the Audit Committee.

3. Authority to pre-approve all audit services and permitted non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the external auditor.
4. Evaluate the qualifications, performance and independence of the external auditor, including (i) reviewing and evaluating the lead partner on the external auditor's engagement with the Corporation, and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.
5. Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law (at least every 5 years).

### **Financial Reporting**

1. Review and discuss with management and the external auditor:
  - a. prior to the annual audit the scope, planning and staffing of the annual audit,
  - b. the annual audited financial statements,
  - c. the Corporation's annual and quarterly disclosures made in management's discussion and analysis,
  - d. approval of any reports for inclusion in the Corporation's annual report, as required by applicable legislation,
  - e. the Corporation's quarterly financial statements, including the results of any external auditor's review of the quarterly financial statements and any matters required to be communicated by the external auditor under applicable review standards,
  - f. significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements,
  - g. any significant changes in the Corporation's selection or application of accounting principles,
  - h. any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies, and
  - i. other material written communications between the external auditor and management, such as any management letter or schedule of unadjusted differences.
2. Discuss with the external auditor matters relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.
3. The Audit Committee will review all significant accounting and financial reporting issues, especially complex, unusual and related party transactions.
4. Review the financial statements, prospectuses, management's discussion and analysis, annual information form and all public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval. The Audit Committee must be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of all other financial information and will periodically assess the accuracy of those procedures.

### **Internal Control**

1. Review and consider controls the Corporation has in place for annual and financial interim reporting, and controls over assets, transactions and the creation of obligations, commitments and liabilities of the Corporation in order to determine if such controls are adequate.
2. Evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Corporation.
3. Ensure that the external auditors discuss with the Audit Committee any event or matter which suggest the possibility of fraud, illegal acts or deficiencies in internal controls.

### **Other Responsibilities**

1. Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters and for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
2. Ensure that significant findings and recommendations made by management and the external auditor are received and discussed on a timely basis.
3. Review the policies and procedures in effect for considering officers' expenses and perquisites.
4. Perform other oversight functions as requested by the Board.
5. Review and update this Charter and receive approval of any changes to this Charter from the Board.

### **FUNDING FOR THE EXTERNAL AUDITOR AND RETENTION OF OTHER INDEPENDENT ADVISORS**

1. The Audit Committee shall have the appropriate authority and resources in order to discharge its responsibilities.
2. The Corporation shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the external auditor for the purpose of issuing an audit report.
3. The Audit Committee shall also have the authority to retain such other independent advisors as it may from time to time deem necessary or advisable for its purposes and the payment of compensation therefor shall also be funded by the Corporation.

### **APPROVAL OF AUDIT AND REMITTED NON-AUDIT SERVICES PROVIDED BY EXTERNAL AUDITORS**

1. Over the course of any year there will be two levels of approvals that will be provided. The first is the existing annual Audit Committee approval of the audit engagement and identifiable permitted non-audit services for the coming year. The second is in-year Audit Committee pre-approvals of proposed audit and permitted non-audit services as they arise.
2. Any proposed audit and permitted non-audit services to be provided by the external auditor to the Corporation or its subsidiaries must receive prior approval from the Audit Committee, in accordance with this Charter. The CFO shall act as the primary contact to receive and assess any proposed engagements from the external auditor.
3. Following receipt and initial review for eligibility by the primary contacts, a proposal would then be forwarded to the Audit Committee for review and confirmation that a proposed engagement is permitted.
4. In the majority of such instances, proposals may be received and considered by the Chair of the Audit Committee (or such other member of the Audit Committee who may be delegated authority to approve audit

and permitted non-audit services), for approval of the proposal on behalf of the Audit Committee. The Audit Committee Chair will then inform the Audit Committee of any approvals granted at the next scheduled Meeting.

**LIMITATION ON AUDIT COMMITTEE MEMBERS' DUTIES**

1. Nothing in this Charter is intended, or may be construed, to impose on any member of the Audit Committee a standard of care or diligence that is in any way more onerous or extensive than the standard required by law.