

*The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the United States. This rights offering notice does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States, and the securities offered herein may not be offered or sold in or into the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws, or pursuant to an exemption from such registration requirements. “United States” and “U.S. person” are as defined in Regulation S under the U.S. Securities Act.*

**RIGHTS OFFERING NOTICE**  
Filed pursuant to National Instrument 45-106



**Notice to Security Holders – December 16, 2024**

**We have estimated that we currently have sufficient working capital to last 3 months. We require 60% of the Offering to be taken up to continue as a going concern for the ensuing 12 months.**

The purpose of this notice is to advise holders of common shares (“**Common Shares**”) of Aluula Composites Inc. (the “**Company**”) of a proposed offering (the “**Offering**”) of rights (each, a “**Right**”) of the Company to subscribe for Common Shares, as more particularly set out herein and in the Company’s rights offering circular dated December 16, 2024 (the “**Circular**”), which is available for reviewing on the Company’s SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

**1. Who can participate in the rights offering?**

Each registered holder of Common Shares as at 5:00 p.m. (Vancouver time) on December 30, 2024 (the “**Record Date**”) may participate in the Offering.

**2. Who is eligible to receive Rights?**

The Offering is only being made in the provinces and territories of Canada (the “**Eligible Jurisdictions**”), all other jurisdictions being “**Ineligible Jurisdictions**”).

This notice is not to be construed as an offering of the Rights, nor are the Common Shares issuable upon exercise of the Rights offered for sale, in any Ineligible Jurisdiction or to shareholders who are resident in any Ineligible Jurisdiction (the “**Ineligible Holders**”).

Other than described herein, and in more detail in the Circular, Ineligible Holders may not acquire Rights or the Common Shares issuable upon exercise of the Rights. We will not issue or forward DRS Advices (as defined herein) to Ineligible Holders. Ineligible Holders will be presumed to be resident at their registered address as indicated on the Company’s share register maintained by the Company’s transfer agent, Odyssey Trust Company (the “**Rights Agent**”), unless the contrary is shown to our satisfaction.

An Ineligible Holder who satisfies us that the offering of Rights and their subscription for Common Shares under the Offering is lawful and compliant with all applicable securities and other laws in their jurisdiction (an “**Approved Ineligible Holder**”) may, at our sole discretion and upon our direction, have their DRS Advice (as defined herein) issued and forwarded to them by the Rights Agent.

### 3. How many Rights are we offering?

The Company is offering a total of 250,615,623 Rights.

### 4. How many Rights will you receive?

We are offering each Eligible Holder and Approved Ineligible Holder one (1) Right for each one (1) Common Share held as at the Record Date.

### 5. What does one Right entitle you to receive?

Each one (1) Right entitles the holder to purchase one (1) Common Share (the “**Basic Subscription Privilege**”) at a subscription price of \$0.01 per Common Share (the “**Subscription Price**”).

Any Eligible Holder or Approved Ineligible Holder who exercises all of their Rights under the Basic Subscription Privilege will also have the additional privilege (to the extent available) of subscribing, *pro rata*, for additional Common Shares at the Subscription Price (the “**Additional Subscription Privilege**”).

The Common Shares available under the Additional Subscription Privilege will be those Common Shares issuable under the Offering that have not been subscribed and paid for under the Basic Subscription Privilege at the Expiry Time.

### 6. How will you receive your Rights?

#### *Registered Eligible Holders*

If you are a registered Eligible Holder, a statement issued by the Rights Agent under the direct registration system (“**DRS Advice**”) evidencing the Rights to which you are entitled has been delivered with this Notice.

#### *Beneficial Eligible Holders*

You are a beneficial Eligible Holder if: (i) you hold your Common Shares through a securities broker or dealer, bank, trust company, or other participant (each, a “**Participant**”) in the book-based system administered by CDS Clearing and Depository Services Inc. (“**CDS**”); and (ii) you are resident in Canada. Beneficial Eligible Holders will not receive a DRS Advice.

The total number of Rights to which all beneficial Eligible Holders as of the Record Date are entitled will be issued to CDS and will be deposited with CDS following the Record Date. We expect that each beneficial Eligible Holder will receive a confirmation of the number of Rights issued to it from its Participant in accordance with the practices and procedures of that Participant. CDS will be responsible for establishing and maintaining book-entry accounts for Participants holding Rights. Please review the Circular and contact your Participant for instructions as to how to exercise your Rights.

#### *Registered Ineligible Holders*

Registered Ineligible Holders will not receive a DRS Advice. Instead, such Ineligible Holders will be sent: (i) a notice advising them that their Rights will be held by the Rights Agent, who will hold such Rights as agent for the benefit of all such Ineligible Holders; and (ii) an exempt purchaser status certificate (the “**Exempt Purchaser Status Certificate**”), whereby an Ineligible Holder can confirm that the delivery of their DRS Advice, and the exercise of their Rights, is lawful and complies with all applicable securities and other laws in the jurisdiction in which the Ineligible Holder resides. An Ineligible Holder that satisfies us that such offering to and subscription by such holder or transferee is lawful and in compliance with all applicable securities and other laws (including, without limitation, by delivering an Exempt Purchaser Status Certificate) by January 10, 2025 will be deemed an Approved Ineligible Holder and may have its DRS Advice issued and forwarded by the Rights Agent, upon direction from us.

### *Beneficial Ineligible Holders*

Participants may only exercise Rights on behalf of holders in Ineligible Jurisdictions if such holder demonstrates that they are an Approved Ineligible Holders and they have submitted payment in full of the Subscription Price to the Rights Agent at or prior to the Expiry Time. We expect that each beneficial Ineligible Holder will receive, in accordance with the practices and procedures of the Participant, a confirmation of the number of Rights issued to it from its Participant and instructions regarding how Ineligible Holders may confirm that they are an Approved Ineligible Holders to participate in the the Offering.

### **7. When and how can you exercise your Rights?**

The period to exercise Rights expires at 5:00 p.m. (Toronto time) on January 21, 2025 (the “**Expiry Time**”).

If you are a registered Eligible Holder, or registered Approved Ineligible Holder, you can exercise your Basic Subscription Privilege and Additional Subscription Privilege (if desired) by completing the subscription form attached to your DRS Advice (the “**Subscription Form**”) and delivering the completed Subscription Form, together with the DRS Advice and payment in full of the Subscription Price for each Common Share subscribed for to the Rights Agent (at the applicable address on the return envelope included with your DRS Advice) at or before the Expiry Time. Please see the Circular and your Subscription Form for further information.

If you are a beneficial Eligible Holder and hold your Rights through a Participant, you can exercise Rights by instructing the Participant holding your Rights sufficiently in advance of the Expiry Time to exercise all or a specified number of such Rights pursuant to your Basic Subscription Privilege and, if applicable, your Additional Subscription Privilege and forwarding the Subscription Price for each Right exercised to such Participant. Beneficial Eligible Holders should contact their Participant for complete details on how to exercise their Basic Subscription Privilege and Additional Subscription Privilege. Please see the Circular for further information.

Holders of Rights should be aware that the acquisition and disposition of Rights or Common Shares may have tax consequences in Canada as well as the jurisdiction where they reside, which are not described herein or in the Circular. Accordingly, holders should consult their own tax advisors about the specific tax consequences to them of acquiring, holding and disposing of Rights or Common Shares having regard to their particular circumstances.

**Subscriptions for Common Shares made in connection with the Offering will be irrevocable and subscribers will be unable to withdraw their subscriptions for Common Shares once submitted.**

### **8. What are the next steps?**

**This document contains key information you should know about the Company. You can find more details in the Circular. To obtain a copy of the Circular, visit the Company’s profile on the SEDAR+ website at [www.sedarplus.com](http://www.sedarplus.com), visit [www.aluula.com](http://www.aluula.com), ask your dealer representative for a copy, or contact the Company at 1-888-724-2470. You should read the Circular, along with the Company’s continuous disclosure record, to make an informed decision.**

Dated: December 16, 2024

*“Peter Gustavson”*

Peter Gustavson  
Director & Chairman of the Board