

ALUULA COMPOSITES INC.

COMPENSATION COMMITTEE CHARTER

1. General

The board of directors (the “**Board**”) of Aluula Composites Inc. (the “**Company**”) has established a Compensation Committee (the “**Compensation Committee**”) to assist the Board in fulfilling its responsibilities with respect to: the recruitment and assessment of the performance and the Chief Executive Officer (“**CEO**”) of the Company; the compensation of the CEO; the compensation of the other senior officers of the Company and the directors of the Company; executive compensation disclosure; and, oversight of the compensation structure and benefit plans of the Company.

The composition, responsibilities, and authority of the Compensation Committee are set out in this Charter.

This Charter and the Articles of the Company and such other procedures, not inconsistent therewith, as the Compensation Committee may adopt from time to time, shall govern the meetings and procedures of the Compensation Committee.

2. Composition

The Compensation Committee shall be composed of at least two directors of the Company (the “**Members**”), each of whom is “independent” as defined in National Instrument 52-110 Audit Committees (“**NI 52-110**”) or any successor policy. A Director is considered to be “independent” if he or she has no direct or indirect material relationship which could in the view of the Board reasonably interfere with the exercise of a director’s independent judgment. Although NI 52-110 does not specifically define “material relationship”, it does specifically list certain relationships between issuers and individuals which are categorized as being material to an issuer as set out in Exhibit “1” attached hereto.

Members shall be appointed by the Board and shall serve until they resign, cease to be a director, or are removed or replaced by the Board.

Each member will have, to the satisfaction of the Board, sufficient skills and/or experience which are relevant and will be of contribution to carrying out the mandate of the Compensation Committee.

The Board shall designate one of the Members as chair of the Compensation Committee (the “**Chair**”).

The Members shall appoint, from among their number, a secretary of the Compensation Committee (the “**Secretary**”).

3. Responsibilities

3.1 Responsibilities with respect to the Recruitment and Assessment of the Performance of the CEO

The Compensation Committee shall:

- (a) when required, oversee the process of identifying and recruiting new candidates for appointment as CEO, including assessing the competencies and skills of identified individuals and reporting the results of that assessment to the Board; and

- (b) annually and more frequently if appropriate, review and approve corporate goals and objectives relative to the compensation of the CEO and assess the performance of the CEO in light of those goals and objectives.

3.2 Responsibilities with respect to the Compensation of the CEO and Other Officers

The Compensation Committee shall annually, or more frequently if required:

- (a) make recommendations to the Board with respect to the compensation (including salary, bonus and stock options) and benefits of the CEO;
- (b) make recommendations to the Board with respect to the compensation (including salary, bonus and stock options) and benefits of the other senior officers of the Company;
- (c) review and approve the terms of the employment agreements and severance arrangements of the CEO and other senior officers of the Company;
- (d) research and identify trends in employment benefits and compensation structures and report its findings to the Board;
- (e) review and approve the statement of executive compensation required to be included in the management proxy circular of the Company;
- (f) the Compensation Committee shall prepare a report on executive compensation on an annual basis in connection with the preparation of the Company's annual information circular or as otherwise required pursuant to applicable securities laws. The Compensation Committee is also responsible to review all other executive compensation disclosure before it is filed with regulators and/or made public;
- (g) the report on executive compensation should be compliant with regulatory form requirements and should describe the process undertaken by the Compensation Committee and should speak specifically to the weighting factors and target levels set out in the determination of the executive's compensation. Where there are no clearly pre-established targets or payout ranges, the report on executive compensation should clearly indicate this fact; and
- (h) review and approve any other executive compensation disclosure before it is publicly disclosed by the Company.

3.4 Responsibilities with respect to Compensation of the Directors

The Compensation Committee shall review periodically the compensation of the directors of the Company for service on the Board and Board committees and make recommendations to the Board with respect thereto.

3.5 Responsibilities with respect to Compensation Structure and Benefit Plans

The Compensation Committee shall review and assess periodically the compensation structure and benefit plans (including incentive equity-based plans) of the Company and make recommendations to the Board with respect thereto.

4. Authority

The Compensation Committee is authorized to carry out its responsibilities as set out in this Charter, and to make recommendations to the Board arising therefrom.

The Compensation Committee is authorized to retain, and to set and pay the compensation of, independent legal counsel, compensation consultants and other advisers, if it considers this appropriate.

The Compensation Committee is authorized to invite officers and employees of the Company, and outsiders with relevant experience and expertise, to attend or participate in its meetings and proceedings, if it considers this appropriate.

The Company shall pay directly or reimburse the Compensation Committee for the expenses incurred by the Committee in carrying out its responsibilities.

5. Meetings and Proceedings

The Compensation Committee shall meet as frequently as required, but not less than twice each year.

Any Member may call a meeting of the Compensation Committee.

The agenda of each meeting of the Compensation Committee will include input from the directors, officers and employees of the Company as appropriate. Meetings will include presentations by management, or professional advisers and consultants when appropriate, and will allow sufficient time to permit a full and open discussion of agenda items.

Unless waived by all Members, a notice of each meeting of the Compensation Committee confirming the date, time, place, and agenda of the meeting, together with any supporting materials, shall be forwarded to each Member at least three days before the date of the meeting.

The quorum for each meeting of the Compensation Committee is a majority of the Members. The Chair of the Compensation Committee shall chair each meeting. In the absence of the Chair, the other Members may appoint one of their number as chair of a meeting. The chair of a meeting shall not have a second or casting vote.

The Chair of the Compensation Committee or his delegate shall report to the Board following each meeting of the Compensation Committee.

The Secretary or his delegate shall keep minutes of all meetings of the Compensation Committee, including all resolutions passed by the Compensation Committee. Minutes of meetings shall be distributed to the Members and the other directors of the Company after preliminary approval thereof by the Chair of the Compensation Committee.

An individual who is not a Member may be invited to attend a meeting of the Compensation Committee for all or part of the meeting.

The Compensation Committee shall meet regularly alone to facilitate full communication.

Self-Assessment

The Compensation Committee and the Board shall annually assess the effectiveness of the Compensation Committee with a view to ensuring that the performance of the Compensation Committee accords with best practices.

The Compensation Committee and the Board shall annually review this Charter and update it as required.

EXHIBIT "1"

Subject to the exemptions available under National Instrument 52-110 - Audit Committees, the following individuals are considered to have a material relationship with the Company:

- (a) an individual who is, or has been within the last three years, an employee or executive officer of the Company;
- (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Company;
- (c) an individual who:
 - (i) is a partner of a firm that is the Company's internal or external auditor;
 - (ii) is an employee of that firm; or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the Company's audit within that time;
- (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (i) is a partner of a firm that is the Company's internal or external auditor;
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the Company's audit within that time;
- (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Company's current executive officers serves or served at that same time on the entity's compensation committee; and
- (f) an individual who received, or whose immediate family member who is employed as an executive officer of the Company received, more than \$75,000 in direct compensation from the Company during any 12 month period within the last three years, other than as remuneration for acting as a member of the Board or of any Board committee, or the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service for the Company if the compensation is not contingent in any way on continued service.

Despite the above, an individual will not be considered to have a material relationship with the Company solely because the individual or his or her immediate family member:

- (a) has previously acted as an interim chief executive officer of the Company; or
- (b) acts, or has previously acted, as a chair or vice-chair of the Board or of any Board committee of the Company on a part-time basis.