Composite Alliance Group Inc.

MANAGEMENT DISCUSSION & ANALYSIS
FORM 51-102F1
For the Quarter Ended June 30, 2019

This Management Discussion and Analysis ("**MD&A**") is dated August 29, 2019.

This MD&A of the financial condition of Composite Alliance Group Inc. (Formerly CanAsia Financial Inc.) ("**CAG**" or the "**Company**") and results of operations supplements but does not form part of the quarterly financial statements and accompanying notes of the Company for the quarter ended June 30, 2019. Consequently, the following discussion and analysis of the results of operations and the financial condition of the Company should be read in conjunction with the audited financial statements for Composite Alliance Group Inc. (Formerly CanAsia Financial Inc.) for the quarter ended June 30, 2019. Additional information can be found on CAG on the SEDAR website (www.sedar.com).

FORWARD LOOKING STATEMENTS

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

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

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

CORPORATE STRUCTURE

The Company was incorporated on June 26, 2008 under the *Business Corporation Act* (Alberta). The Company's head office is located at Suite 1600, 333 – 7 Avenue S.W., Calgary, Alberta, Canada. The Company completed a reverse acquisition of Techni Modul Engineering S.A. ("**TME**") on February 12, 2019. Following the completion of the reverse acquisition, the Company's common shares commenced trading on the TSX Venture Exchange under the symbol "CAG" on February 15, 2019. The Company also issued 2,400,000 stock options to its employees on the same day.

BUSINESS FOCUS

The Company's subsidiary, TME, specializes in industrial turn-key solutions by designing and manufacturing the machines and processes that it sells to customers whom use those machines and processes to fabricate composite materials for the aerospace and automotive industries and is located in Coudes, France.

SUMMARY OF FINANCIAL RESULTS

The annual and quarterly financial information of the reverse takeover acquirer, TME, have been presented below for all periods prior to the reverse takeover transaction. Subsequent to the reverse takeover transaction effected on February 12, 2019, the quarterly financial information presented for the interim period ended June 30, 2019 is comprised of the consolidated financial information of Composite Alliance Group Inc. and its legal subsidiary TME. All the financial information below is reported in Canadian Dollars ("**CAD**"). Figures are reported in accordance with International Financial Reporting Standards ("**IFRS**").

ANNUAL	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Total Revenues	$ 10,386,472	$ 5,217,713	$ 9,471,997
Total expenses	9,710,343	7,270,569	8,550,593
Other expenses	166,131	233,955	168,285
Net income (loss)	509,998	(2,286,811)	753,119
Basic earnings (loss) per share	0.01	(0.03)	0.01
Diluted earnings (loss) per share	0.01	(0.03)	0.01
Comprehensive income (loss)	513,455	(2,302,659)	761,714
Current Assets	8,253,530	3,638,129	6,968,846
Non-current Assets	2,743,040	3,390,510	3,830,108
Total Assets	10,996,570	7,028,638	10,798,954
Current Liabilities	5,338,431	2,251,523	5,337,884
Non-current Liabilities	5,019,122	4,932,206	3,442,289
Total Liabilities	10,357,553	7,183,730	8,780,174

QUARTERLY	3 Months Ended June 30, 2019 Unaudited	3 Months Ended June 30, 2018 Unaudited	3 Months Ended March 31, 2019 Unaudited	3 Months Ended March 31, 2018 Unaudited
Total Revenues	2,737,235	2,360,340	1,723,737	924,010
Total operating expenses	2,871,524	2,700,979	2,155,868	1,336,740
Other expenses	229,916	68,484	3,367,019	70,573
Net loss	(364,205)	(409,123)	(3,799,150)	(483,303)
Comprehensive loss	(357,247)	(419,933)	(3,831,974)	(460,321)
Earnings per share:				
Basic	(0.00)	(0.01)	(0.04)	(0.01)
Diluted	(0.00)	(0.01)	(0.04)	(0.01)

RESULTS OF OPERATIONS

Three-Month Period Ended to June 30, 2019

For the three-month period ended June 30, 2019, the Company's revenue totaled $2,737,235, comparing to revenue of $2,360,340 in the same period in 2018, and an operating loss of $134,289, comparing to an operating loss of $340,639 in the same period in 2018. The Company also incurred other expenses of $229,916, comparing to those of $68,484 in the same period in 2018. The Company's net loss for the three-month period ended June 30, 2019 is $364,205 comparing to $409,123 in the same period in 2018. The Company reported a total comprehensive loss of $357,247, comparing to $419,933 in the same period in 2018.

Revenue

The revenue grew by 16% during Q2 2019 from Q2 2018, and by 36% in the first half of 2019 from the same period of 2018. The increase was mainly attributed to (1) more signed contracts, and (2) earlier entrance into contracts with customers than the same period of last year.

Most of the Company's revenue is recorded at the time of delivery, except a small portion of the contract value of each order is recorded when the general drawings of the frame/studies are completed. The Company expects to deliver most of the orders it has in hand during the last four months in 2019.

Expenses

Purchases of raw materials and goods grew by 3% in Q2 2019 from Q2 2018, and by 47% in the first half of 2019 from the first half of 2018. The increase was mainly due to relatively larger purchases of materials which were to be sent to subcontractors for further work.

Payroll expenses and social security contributions grew by 33% during Q2 2019 from Q2 2018, and by 29% for the first half of 2019 from the first half of 2018 . The increase was mainly due to new hire of employees this year. The Company expects such expenses to grow further after two more employees join TME during the second half of 2019, including a new technical director who is expected be on board in early September.

In Q2 19, other purchases and external expenses declined by 4% over the same period of last year, but grew by 10.6% during the first half of 2019 from the same period of 2018. The magnitude of the increase in these expenses during the first half of 2019 were somewhat offset by the decrease in those non-recurring expenses which were incurred in 2018 in association with the reverse acquisition between CAG and TME. The Company also expects to see a significant increase in outsourced work during the second half of this year.

Starting from January 1st, 2019, the Company incurred a total fixed asset amortization of $109,217 during the first half of 2019 as a result of the adoption of IFRS 16.

In summary, total operating expenses grew by 23% during the first half of 2019, compared to the same period in 2018.

Other Expenses

Other expenses in Q2 2019 grew from $68,484 in Q2 2018 to $229,916. The increase was mainly due to the increases in (1) stock based compensation associated with preferred shares issued in association with the reverse acquisition and employee stock options in 2019 (2018: nil), and (2) finance costs from more debentures issued by the Company. For the first half of 2019, other expenses increased from $138,557 in the first half of 2018 to $3,596,935 not only for the above reasons, but also for the non-recurring listing expenses of $3,123,147 associated with the reverse acquisition (2018:nil) incurred during Q1 2019.

CAPITAL RESOURCES MANAGEMENT

During the first half of 2019, the Company generated positive cash of $3,012,194 from operating activities, up significantly from that of $139,908 in the first half of 2018. This increase in cash flows resulted mainly from the increase in trade and other payables and partly from the collection of trade and other receivables.

The Company had positive cash flows of $135,119 from investing activities in the first half of 2019 mainly due to the acquisition of cash acquired through reverse acquisition.

The Company’s capital structure is regularly reviewed and managed. Adjustments are made to the capital structure based on financing requirements as well as in response to economic conditions affecting the Company. As of June 30, 2019, the Company has cash of $2,007,133 and working capital of $1,992,116, comparing to $397,260 and $2,915,099, respectively as of December 31, 2018. The reduction in working capital was mainly due to the increase of the deferred revenue (prepayment) in other current liabilities of TME.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Interest Rate Risk

The Company is susceptible to interest rate cash flow risk and fair value risk on its fixed and floating rate financial liabilities.

Credit Risk

The Company is exposed to credit risk associated with cash and cash equivalent and accounts receivable. The risk is mitigated as the cash and cash equivalents are maintained with major financial institutions. The credit risk on accounts receivable is mitigated with a diverse customer base and close monitoring of the collection of the accounts receivable by the Company.

Liquidity Risk

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liabilities when due. The Company has cash of $2,007,133 and working capital of $1,992,116 as at June 30, 2019.

ACCOUNTING POLICIES

Basis of Preparation

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

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

Functional and Presentation Currency

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

Measurement Uncertainty

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

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

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. The discount rate used to determine the liability component of the convertible debentures is also subject to estimate. Measurement inputs used in determining the fair value of stock options are also subject to estimate by Management. The incremental borrowing rates used to determine the carrying value of the right-of-use assets and lease obligations are also subject to management estimate.

Off-Balance Sheet Arrangements and Financing

As of the date of this MD&A, the Company, through TME, received the following support from banks and financial institutions:

- TME has an aggregate credit line of €800,000 from two banks for advanced payment refunds for French customers. The credit line was at the same amount during the same period in 2018. This financial line is necessary when TME must produce letters of guarantee of restitution of deposit, or of good execution of contract, or retention of guarantee for French customers. As of June 30, 2019, TME had not used this credit line.

- Bank guarantees (advanced payment refund) for foreign customers for a maximum amount of €600,000. The amount was €400 000 as of the first quarter in 2018. TME uses this credit line when TME needs to produce any form of guarantee for contracts with foreign customers. This financial line is necessary when TME must produce letters of guarantee of restitution of deposit, or of good execution of contract, or retention of guarantee for foreign customers. As of June 30, 2019, TME had used €299,820 out of this credit line for contracts in Euro, and US$246,930 for contracts in USD.

- Factoring (invoice transfer) for French customers for a maximum amount of €550,000. In Q2 2018, the limit was €750,000. TME uses this credit line when TME wishes to finance its working capital by factoring the account receivables from French customers. This financial line is necessary when TME wishes to benefit from cash before the maturity of invoices issued to its French customers. As of June 30, 2019, TME had not used this line.

- Pre-financing on orders in progress, case-by-case for a global amount of €1,350,000, compared to €1,250,000 during the same period in 2018. TME uses this credit line when TME wishes to finance its working capital by factoring the account receivables from foreign customers. This financial line is necessary when TME wishes to benefit from cash before delivery to its foreign customers. As of June 30, 2019, TME had not used this credit line.

- Foreign exchange hedging facility of €4,500,000. As of June 30, 2019, TME used US$4,140,346.5 out of this facility for 4 different contracts denominated in USD. During the same period of 2018, TME had a foreign exchange hedging facility for €700 000 but did not use this facility.

Transaction Between Related Parties

During the first half of 2019, the Company has related party transactions comprised of accrued interests of $165,404 paid to two companies controlled by directors of the Company (2018: $128,366) as well as professional fees of $16,366 paid to a company controlled by one director of the Company (2018: nil) during the same period of 2018. The Company's subsidiary, TME also paid rent of $58,001 to a company controlled by one director of the Company (2018: $59,537).

Changes in Accounting Policies

In 2019, the Company implemented IFRS 16 "Leases", including any consequential amendments to other standards, with a date of initial application of 1 January 2019. The Company elected to apply the simplified retrospective approach, which resulted in an increase in tangible assets of 923,484 in its consolidated statements of financial positions.

The Company has also implemented various other minor amendments to existing standards and interpretations, which have no material impact on the Company's overall results and financial position.

Disclosure of Share Information

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

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

APPROVAL

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