

**ENERGY COMPOSITES CORPORATION**  
**CHARTER OF THE COMPENSATION COMMITTEE**  
**OF THE BOARD OF DIRECTORS**

**I. Purpose and Authority**

The Compensation Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Energy Composites Corporation (the “Company”) to assist the Board in fulfilling its responsibilities relating to compensation of the Company’s executive officers, administration of the Company’s compensation and benefit plans and oversight of executive officer development and succession.

The Committee shall have the resources and authority necessary to discharge its duties and responsibilities, and shall have full and direct access to Company management, personnel, facilities, books and records. The Committee may retain, at the Company's expense, independent legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.

**II. Composition and Meetings**

The Committee shall consist of at least two (2) directors, each of whom shall be independent, as defined herein. A director shall not be considered independent if he or she (i) accepts, directly or indirectly, any consulting, advisory, or other compensatory fee from the Company or any of its subsidiaries, other than payments made for Board or committee service; (ii) is an affiliate of the Company or any of its subsidiaries; (iii) has a material relationship with the Company or any of its subsidiaries (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company or a subsidiary, and determined not merely from the standpoint of the director but also from that of any person or organization with which the director is affiliated) that may interfere with the exercise of his or her independence from management and the Company; or (iv) does not meet any other independence requirement under applicable laws, rules, or stock exchange listing standards, each as in effect from time to time. Members of the Committee shall also qualify as “nonemployee directors” within the meaning of Rule 16b-3(b)(3) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and “outside directors” within the meaning of section 162(m) under the Internal Revenue Code of 1986, as amended.

The Board shall appoint the members of the Committee, and such members shall serve until their successors are designated by the Board or until their earlier death, resignation, or removal. The Board may remove a Committee member for any reason. If the Chairman of the Committee is not designated or present, the members of the Committee may designate a Chairman by majority vote of the Committee membership.

The Committee shall meet as often as it deems necessary to fulfill its responsibilities. The Committee may delegate authority to one or more subcommittees and may delegate authority to one or more designated members of the Committee as it may deem appropriate.

### **III. Responsibilities and Duties**

The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible to best react to changing conditions and circumstances. The following shall be the principal duties and responsibilities of the Committee and are set forth as a guide, with the understanding that the Committee may supplement them as appropriate in accordance with this Charter, the Bylaws of the Company and applicable law:

- A. Receive and review reports assembled by the Company's staff, consultants or experts regarding the Board compensation in relation to other public companies of similar size and within the Company's peer industry survey group and make recommendations to the Board as it deems appropriate.
- B. Assist the Board in establishing annual goals and objectives for the Chief Executive Officer and/or President and evaluating the performance of the Chief Executive Officer and/or President in light of established goals and objectives.
- C. Recommend and, together with the other independent directors of the Company, set the annual compensation for the Chief Executive Officer and/or President.
- D. Oversee an evaluation of the performance of the Company's executive officers and approve the annual compensation, including salary, bonus, incentive and equity compensation, for the executive officers.
- E. Review the structure and competitiveness of the Company's executive officer compensation programs considering the following factors: (i) the attraction and retention of executive officers; (ii) the motivation of executive officers to achieve the Company's business objectives; and (iii) the alignment of the interests of executive officers with the long-term interests of the Company's shareholders.
- F. Review and approve compensation packages for new executive officers and termination packages for executive officers.
- G. Monitor and evaluate matters relating to the compensation and benefits structure of the Company as the Committee deems appropriate, including:
  - a. Provide guidance to management on significant issues affecting compensation philosophy or policy; and

- b. Provide input to management on whether compensation arrangements for Company executives incentivize unnecessary and excessive risk taking.
- H. Serve as the "Committee" established to administer the Company's equity-based plans, and perform the duties of the Committee under those plans. The Committee may delegate those responsibilities to executive management as it deems appropriate.
- I. Review the Company's other significant executive benefit programs, including its retirement and deferred compensation programs, and recommend changes to the Board as it deems appropriate.
- J. Discuss with management and approve the Company's Compensation Discussion and Analysis ("CD&A") for the annual proxy statement; recommend to the Board that the CD&A be included in the Company's annual report or annual proxy statement; and produce an annual report of the Compensation Committee on executive compensation for the Company's annual proxy statement in compliance with and to the extent required by the applicable rules and regulations of the Securities and Exchange Commission and relevant listing authority.
- K. Assist in the development and monitor the implementation of the Company's management succession strategies.
- L. Review and reassess the Charter of the Committee at least annually, recommend to the Board, as appropriate, amendments to the Charter and ensure that the Charter is published in accordance with applicable laws, rules, or stock exchange listing standards.
- M. Perform any other activities consistent with this Charter, the Company's by-laws and governing law as the Committee or the Board deems necessary or appropriate.
- N. Maintain minutes of meetings and periodically report to the Board on the activities of the Committee.
- O. Periodically perform self-assessment of Committee performance.