AIRBOSS OF AMERICA CORP.

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ANNUAL INFORMATION FORM

For the year ended December 31, 2014

March 31, 2015

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AIRBOSS OF AMERICA CORP.
16441 Yonge Street
Newmarket, Ontario
L3X 2G8

ANNUAL INFORMATION FORM

Certain information contained in this Annual Information Form has been obtained from publicly available information from third party sources. AirBoss of America Corp. (the "Company" or "AirBoss") has not verified the accuracy or completeness of any information contained in such publicly available information. In addition, the Company has not determined if there has been any omission by any such third party to disclose any facts, information or events which may have occurred prior to or subsequent to the date as of which any such information contained in such publicly available information has been furnished or which may affect the significance or accuracy of any information contained in any such information and summarized herein.

Unless indicated otherwise, or the context otherwise requires, references in this document to "AirBoss", "the Company", "we", "us", "our Company", or "our" refer to AirBoss of America Corp. and its consolidated subsidiaries, except when it is clear that such terms refer to AirBoss of America Corp. only. All dollar amounts shown are in US dollars unless otherwise indicated.

Documents Incorporated By Reference

The following documents are incorporated by reference herein and are available on SEDAR at www.sedar.com and the Company's website at www.airbossofamerica.com:

1. the audited consolidated financial statements of the Company for the years ended December 31, 2014 and December 31, 2013.

2. the Management's Discussion and Analysis ("MD&A") for the year ended December 31, 2014.

Forward-Looking Statements

Certain statements contained or incorporated by reference herein, including those that express management's expectations or estimates of future developments or AirBoss' future performance, constitute "forward-looking statements" within the meaning of applicable securities laws and can generally be identified by words such as "will", "may", "could", "expects", "believes", "anticipates", "forecasts", "plans", "intends" or similar expressions. These statements are not historical facts but instead represent management's expectations, estimates and projections regarding future events and performance.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management at the time the statements are made, are inherently subject to significant business, economic and competitive risks, uncertainties and contingencies. AirBoss cautions that such forward-looking statements involve known and unknown contingencies, uncertainties and other risks that may cause AirBoss' actual financial results, performance, or achievements to be materially different from its estimated future results, performance or achievements expressed or implied by those forward-looking statements. Numerous factors could cause actual results to differ materially from those in the forward-looking statements, including without limitation: impact of general economic conditions, its dependence on key customers; cyclical trends in the tire and automotive, construction, mining and retail industries; sufficient availability of raw materials at economical costs; weather conditions affecting raw materials, production and sales; AirBoss' ability to maintain existing customers or develop new customers in light of increased competition; changes in accounting policies and methods, including uncertainties associated with critical accounting assumptions and estimates; changes in the value of the Canadian dollar relative to the US dollar; changes in tax laws and potential litigation; ability to obtain financing on acceptable terms; environmental damage caused by it and non-compliance with environmental laws and regulations; potential product liability and warranty claims and equipment malfunction.

This list is not exhaustive of the factors that may affect any of AirBoss' forward-looking statements. All of the forward looking information in this Annual Information Form is expressly qualified by these cautionary statements. Investors are cautioned not to put undue reliance on forward-looking statements. All subsequent written and oral forward-looking statements attributable to AirBoss or persons acting on its behalf are expressly qualified in their entirety by this notice. Forward-looking information contained herein is made as of the date of this Annual Information Form and, whether as a result of new information, future events or otherwise, AirBoss disclaims any intent or obligation to update publicly these forward-looking statements except as required by applicable law. Risks and uncertainties about AirBoss' business are more fully discussed under the heading "Risk Factors" on pages 17 to 19.

THE COMPANY

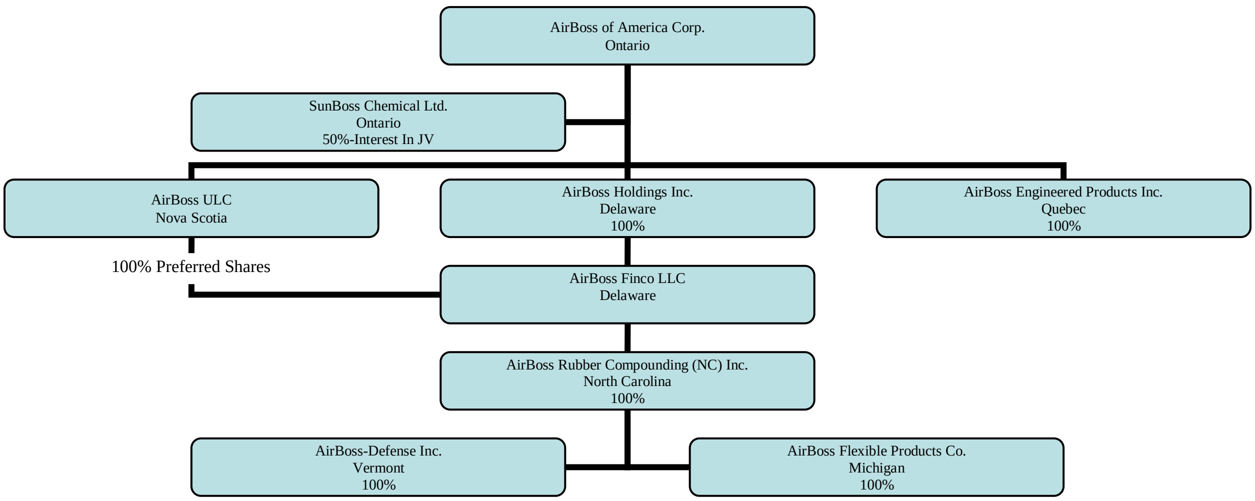
Incorporation

The Company was formed under the *Business Corporations Act* (Ontario) upon the amalgamation of Greenstrike Gold Corp. and 846241 Ontario Limited under the name "IATCO Industries Inc." on October 13, 1989. The articles of amalgamation were amended by articles of amendment filed on April 18, 1994 to change its name to "AirBoss of America Corp." On December 31, 1996, the Company, through its subsidiary ITRM Inc., purchased substantially all the assets of International Technical Rubber Manufacturing Inc. ITRM Inc. was amalgamated with AirBoss on July 1, 1998.

AirBoss maintains its registered office and its head office at 16441 Yonge Street, Newmarket, Ontario, L3X 2G8.

Subsidiaries and Joint Ventures

AirBoss operates in three business segments, Rubber Compounding, AirBoss Engineered Products, and Automotive, through six legal entities (including the parent AirBoss of America Corp., four wholly-owned operating subsidiaries: AirBoss Rubber Compounding (NC) Inc., AirBoss Engineered Products Inc., AirBoss-Defense Inc. and AirBoss Flexible Products Co., and a 50% controlling interest in SunBoss Chemical Ltd.



AirBoss, through its AirBoss Rubber Compounding division and its wholly-owned subsidiary AirBoss Rubber Compounding (NC) Inc. (collectively, “ARC”), is engaged in custom rubber compounding, supplying mixed rubber for use in mining, transportation, industrial rubber products, military, automotive, conveyor belting, and other products, primarily in North America.

SunBoss Chemical Ltd. was incorporated in December 2007 under the laws of Ontario to source chemicals used in the rubber compounding business for both internal consumption and external sales to customers who mix compounds internally. The financial results of SunBoss are included in the financial disclosure provided in respect of the AirBoss Rubber Compounding business.

AirBoss Produits d’Ingénierie Inc./AirBoss Engineered Products Inc. (“AEP” or “AirBoss Engineered Products”), formerly Acton International Inc., of Acton-Vale, Quebec, and AirBoss-Defense Inc. (together called “AEP”) are leaders in the development and sale of Chemical, Biological, Radiological and Nuclear (“CBRN”) protective rubber wear for military and first response applications. AEP also produces calendered and extruded rubber products used by its customers in the manufacture of industrial products and recreational vehicles. AirBoss-Defense Inc. is located in Vermont, USA and was established to produce certain injection molded defense products.

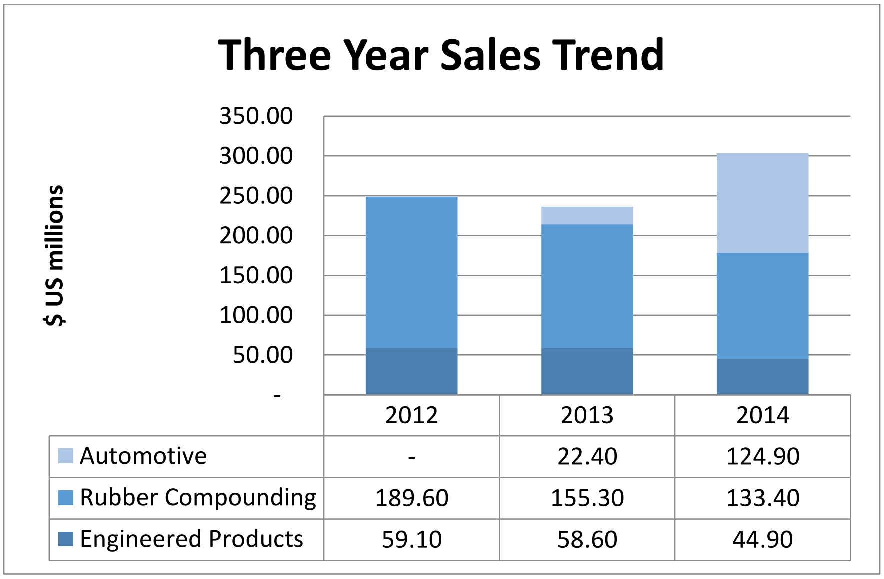
AirBoss Flexible Products Co., formerly Flexible-Products Co., was acquired by AirBoss Rubber Compounding (NC) Inc. on October 18, 2013 and is a leading supplier of innovative and cost-effective anti-vibration and noise dampening solutions primarily to the North American automotive market. AirBoss Flexible Products designs, engineers and manufactures rubber and synthetic rubber products, such as bushings, dampers, boots and isolators that are used to eliminate or control undesired vibration and noise, to enhance interior comfort, quality, increase the durability of a vehicle, and improve the overall experience of a vehicle’s passengers.

AirBoss ULC, AirBoss Holdings Inc. and AirBoss Finco LLC were incorporated as part of the refinancing of the Company and the acquisition of Flexible-Products Co.

GENERAL DEVELOPMENT OF THE BUSINESS

In January 2012, the injection molding capabilities in Kitchener were transferred to Acton-Vale, Quebec and Burlington, Vermont to consolidate Defense production. In July 2012, a new R&D Center was established in Bromont, Quebec to develop several new protective wear related defense products. New developments for the oil and gas sector supported growth initiatives in Rubber Compounding. In October 2013, Flexible-Products Co. was acquired to add injection molding capabilities for the automotive industry. Synergies between Flexible and our other divisions along with a strong automotive market helped Flexible exceed management's expectations in 2014 in both revenue and EBITDA.

The chart below shows the consolidated sales of AirBoss over the past three years:



History (3 years)

<u>Rubber Compounding</u>

<u>2012</u>

Sales volume, expressed in pounds shipped, declined by 16%. Sales dollars decreased by $19.8 million. Most of the volume decline was in toll manufacturing reflecting a major tire company's diminishing requirements. This accounted for the majority of the overall volume decline. This business was not replaced until the fourth quarter of 2012 with the addition of another significant customer in the tire manufacturing sector. The remaining volume decline was due to decreased demand for rubber compounds for heavy conveyor belting supporting coal mining. This decline began in the second quarter and continued for the remainder of the year. Although there were raw material price fluctuations, both up and down that were passed through to customers and sector mix changes, the average selling price per pound ended up being flat for the year.

2013

The project to refurbish equipment and add strip capabilities to our plant in North Carolina was completed. Trials were conducted to ensure consistent quality of a wide range of compounds including those used in tire retreading.

Tire tolling volumes expected in the third quarter did not materialize and sales to the mining, belting and defense sector remained soft. Lower raw material costs and the associated savings were passed on to customers, impacting the top line.

2014

Rubber Compounding volumes increased over 2013 but lower commodity prices, which are passed along to customers, and a higher proportion of tolling resulted in lower revenues. Operating profitability improved as a result of positive changes in product mix and operational efficiency programs.

The Kitchener, Ontario facility successfully completed the replacement of one of their mixer bodies late in 2014 with a silica capable mixer body, providing new opportunities for future business.

AirBoss Engineered Products

2012

AirBoss Engineered Products sales decreased by $14 million for the year compared to 2011; of this, $4.6 million related to lower volume and $9.5 million was from pricing and product mix.

Defense product sales decreased by $11 million, primarily as a result of decreased sales of CBRN protective wear to the US Department of Defense ("US DoD"). Total sales of CBRN overshoes and gloves decreased by over 140,000 pairs and 500,000 pairs respectively.

Industrial product sales decreased 8.2% ($3.0 million) on 18% higher volumes. During 2012, a major customer acquired a rubber plantation and mixing capabilities in Asia and began supplying its raw material requirements in partially mixed form to AEP for final processing. As a result of a reduction in the value added component and corresponding price per pound reduction, revenues decreased by $10 million. The lower sales were partially offset by higher volumes of tire retreading products.

2013

Defense products, particularly over-boot and glove volumes were maximized under the US DoD contracts. US budget sequestration continued to impact our ability to forecast future volumes and impacted orders. We realized benefits from new hires, and sales and marketing efforts to sell products internationally. Development of the low-burden mask, monolith filter technology and next generation glove continues.

Industrial product sales were comparable to the prior year as new customers with calendering requirements offset reductions caused by a customer supplying its own raw material requirements in a tolling arrangement. Looking to the future, we expected to benefit from initiatives to grow the calender business, as well as increase capabilities and sales using more exotic polymers to improve margins.

2014

AirBoss Engineered Products experienced weakness in the tire and defense categories. Defense was challenged by overall softness in government spending, particularly in the US. Sales and marketing efforts continue to gain traction in selling products internationally. Late in 2014, we received a $15 million order from the US Department of Defense for CBRN protective overboots.

During 2014, we invested in future growth, including the development of our next generation CBRN protective wear.

Automotive

2013

Flexible-Products Co. (“Flexible”) was acquired by AirBoss Rubber Compounding (NC) Inc. on October 18, 2013. The 2013 results included only 74 days of activity. $2 million of acquisition costs were incurred during the year to acquire Flexible.

2014

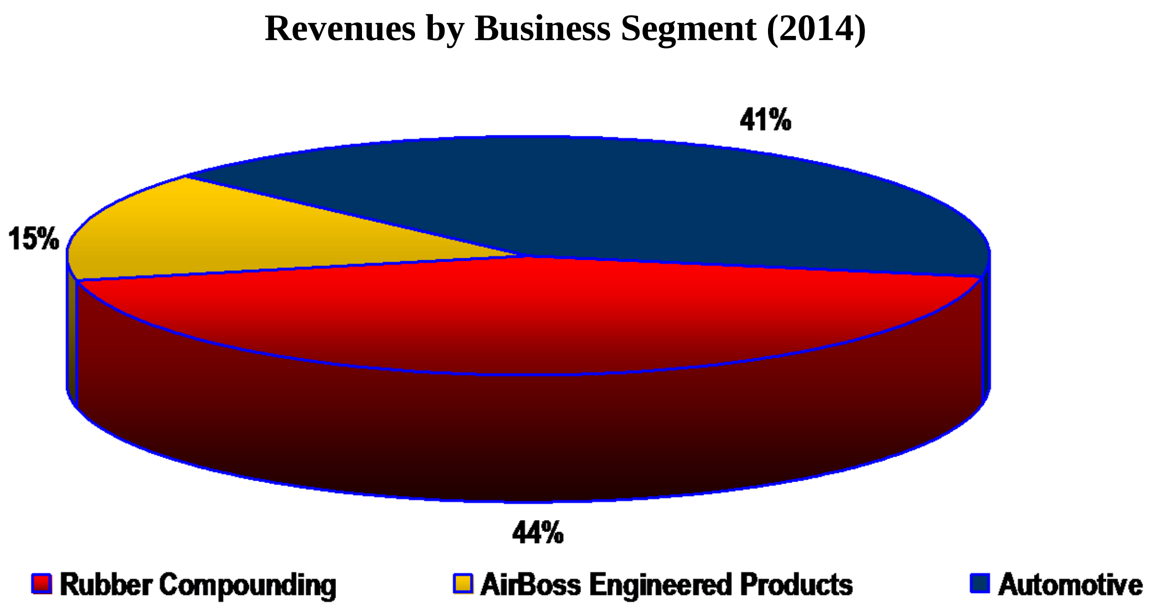
The inclusion of a full year of Flexible’s operations has positively impacted the Company’s performance contributing to increased revenue, gross margins, and overall profitability. Strength in the automotive sector is expected to continue into 2015.

SIGNIFICANT ACQUISITIONS

In October 2013, we announced the successful completion of our acquisition of all the shares of Flexible-Products Co. (“Flexible Products” or “Flexible”), valued at approximately US$51 million, plus certain working capital adjustments associated with the ongoing operations of the business. The acquisition was financed with debt, with the Company announcing that it had entered into a new long-term debt facility with a syndicate of banks led by its existing banker. Further information on the transaction can be found in the Business Acquisition Report filed by the Company in respect of the Flexible acquisition.

DESCRIPTION OF THE BUSINESS

The Company operates in three significant reporting units: Rubber Compounding, AirBoss Engineered Products and Automotive. Each business has separate operational management. The breakdown of the Company's revenues for 2014, on a percentage basis by business segment, is set out in the chart below:



Rubber Compounding

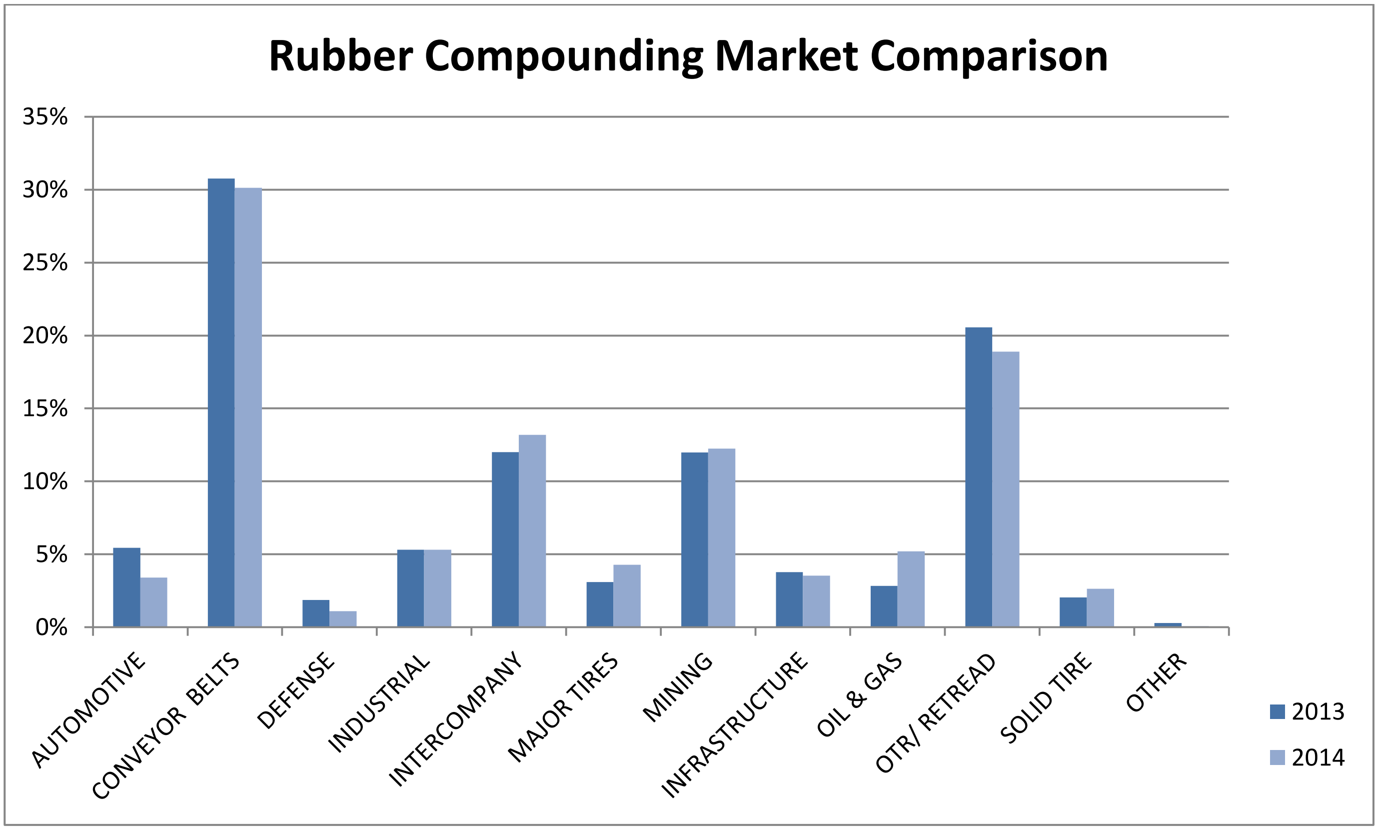
ARC manufactures over 1,000 different custom compounds from various synthetic polymers and/or natural rubber, strengthening agents and various additives and chemicals, for a wide variety of customers in North America. The end use applications of these compounds include conveyor belts for mining and energy generation plants, transportation, and other industrial rubber parts manufacturing industries. Formulas are developed by ARC's chemists and technical staff to meet specific customer requirements or are supplied by the customer.

Management believes the main advantage the Company has over many of its competitors is its large capacity, state-of-the-art equipment and the high level of automation of its production processes. This allows the Company to maximize efficiency due to larger batch sizes and shorter production cycles. The Company provides its customers with consistent quality products from thorough quality control processes, continuous improvement initiatives, sourcing of high quality raw materials and blending production batches. Increased compound homogeneity is a key factor in improving the quality of end products.

Custom compound development is crucial in both maintaining customer relationships and developing new business. The Company has established a complete compound development laboratory, A2UL certified, which is separate from its quality control laboratory.

Market

The Company's custom rubber compounds are used in the manufacture of solid tires, off-road pneumatic tire retreads, conveyor belting, mining products, automotive parts, and other industrial rubber goods. The table below shows custom rubber compounding sales attributable to major industrial segments:



One of the factors that management believes distinguishes AirBoss in the industry is the high percentage of its business that is industrial-dependent, in comparison to most of the North American market for custom compound manufacturers which is primarily automotive based, and accordingly exposed to the cyclicality of a single industry.

Competition

Recent consolidations and prevailing market conditions have resulted in a very competitive environment where manufacturing efficiency and worldwide raw material purchasing are key requirements for success. The Company's largest competitor in North America is Hexpol AB, which has recently consolidated several North American suppliers and now has a stated capacity of 440,000 metric tons (or approx. 1 billion lbs) capacity of rubber compound annually in North America.

Except for Hexpol, competitors' facilities in the United States are generally smaller in manufacturing capacity than AirBoss' Kitchener plant and are typically more specialized. Of the 16 remaining competitors in the United States, we believe that 8 possess capacity to process less than 50 million pounds of rubber compound annually, 4 have between 50-100 million pounds of rubber compound capacity and 4 have over 100 million pounds of rubber compound capacity. Capacity is a strategic variable governing the ability to produce competitively priced compounds and to sustain research and development activities. Another key competitive factor is the location of the Company's manufacturing facilities, as freight costs and exchange rates impact cost competitiveness. The location of the Company's manufacturing facilities in Kitchener, Ontario and Scotland Neck, North Carolina allow it to benefit from close proximity to the United States and Canadian industrial heartlands and an efficient highway system.

Marketing, Sales and Distribution

Rubber compounds are sold through highly trained sales personnel with access to significant technical resources, including an extensive product development laboratory and experienced polymer chemists. The Company advertises in industry trade publications and on the Internet, and participates in industry trade conventions in North America. The current customer base encompasses most industrial rubber segments in North America.

Distribution costs represent a significant proportion of total product cost, and accordingly it is advantageous to be close to major markets and customers. In addition, many rubber compounds do not have a long shelf life and short shipping distances help preserve product quality. With the Company's facilities in the south-eastern United States and Kitchener's close proximity to industrialized areas in Canada and the United States such as the Ohio Valley, AirBoss believes it is well situated to serve major rubber compound markets.

Manufacturing

Most of the mixing of custom rubber compounds for both internal use and sale to external customers is done at the Company's 950,000 square foot facility in Kitchener, Ontario. The plant is ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 registered.

The manufacturing process is capital intensive. ARC operates five mixers at its Kitchener location with a mixing capacity of 180 million pounds annually (depending on product mix). The mixers and material handling within the plant are highly automated. The Company utilizes the latest modern technology for the automated handling of many different grades of carbon black as well as custom designed robotic equipment for piling and packaging of finished compound in strip form.

Batch sizes of each of the five mixers range up to almost 800 pounds and many compounds are mixed in a two-pass formula in less than five minutes.

A 150,000 square foot facility in Scotland Neck, North Carolina with 50 million pounds annual rubber mixing capacity supplements the capabilities of the Kitchener plant.

The Kitchener and Scotland Neck facilities, combined with approximately 20 million pounds of capacity the Company maintains in its AEP facility in Acton-Vale, Quebec, provides a combined custom rubber compound capacity of up to 250 million pounds annually.

AirBoss Engineered Products

AirBoss Engineered Products is located in Acton-Vale, Quebec and is comprised of two product lines, Defense products and Industrial products. These two product lines share manufacturing equipment and administrative resources.

Defense Products

AEP's defense products include protective wear for military and first response applications. AirBoss is a leader in developing and manufacturing protective rubber wear providing CBRN protection. AirBoss-Defense products accounted for 40% of AEP's 2014 sales.

A 20,000 square foot facility in Vermont began production in 2010 to provide the required injection molding capacity for both increased volumes and new products.

Industrial Products

AEP's industrial products include a wide variety of vulcanized and non-vulcanized products for the tire retreading, recreational vehicle and other industries. These products are sold in North America to companies which require large-scale high volume calendered (rubber on fabric), extruded rubber products, including reinforced molded products and strained rubber (to remove impurities). The customer base of this business is currently concentrated, with approximately 55% of sales in 2014 represented by three customers. AEP products are sold to customers in North America through one sales manager and commissioned sales agents for specific products.

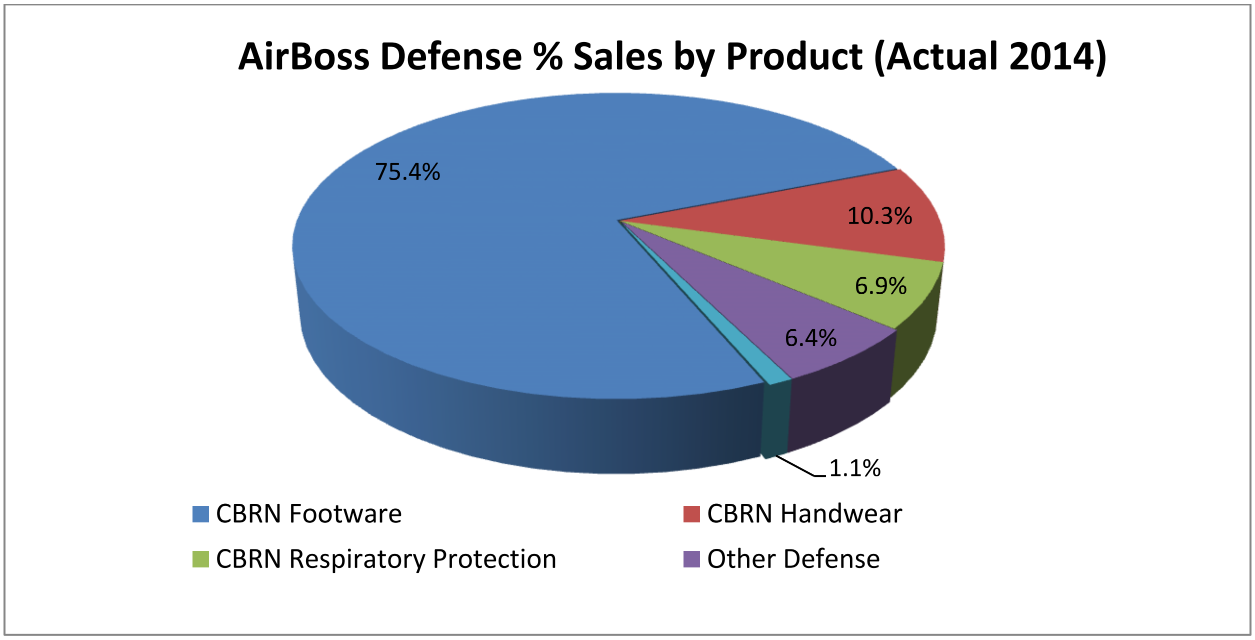
Markets

Defense Products

AEP sells military protective wear and rubber engineered products to armed forces worldwide. Specifically, AEP provides gas masks, rubber gloves, boots and over-boots for military applications requiring CBRN contaminant protection. AEP also develops and supplies extreme cold weather ("ECW") footwear protection for military use and rubber compounds and pre-forms for military tank track repair.

Advantages of AEP's products include, among other features, a proven longer protective life than competing products and the ability to be decontaminated under field conditions. The technology advantages are largely the result of the extensive rubber compound development that has gone into the products. Largely because of jointly-developed design features and superior product performance, CBRN gloves and over-boots are currently the preferred choice of many western militaries including the US Joint Services and the Canadian armed forces.

The CBRN and ECW products are also used by many first response organizations along with a full line of fire fighting footwear. The following chart provides a breakdown of the split of sales between the major products in 2014:



Competition

Defense products

Although there are competitors that make CBRN protective footwear, the design of our over-boot is unique in the CBRN marketplace. Competitors in the glove market tend to manufacture less expensive and lower quality products; these include Guardian Manufacturing Co., KCL Kachele-Cama Latex GmbH, North Safety and Rex of Germany. Certain CBRN suit manufacturers such as Boye, Blucher and Syntex manufacture fabric carbon based CBRN gloves; such products do not offer the same level of protection as AirBoss' gloves. Gas mask competitors are Avon Rubber PLC ("Avon") and Scott Health & Safety (a unit of Tyco International Ltd.) in the United States, as well as a few eastern European and Russian competitors in overseas markets. With the exception of Avon, we believe that none of these competitors generate significant revenue from industrial rubber products.

AirBoss gloves and overboots are the sole source of supply to the US Joint Services and Canadian armed forces, and AirBoss' gas mask is currently the only gas mask purchased by the Canadian Department of Defense. AirBoss is the only remaining manufacturer of firefighter boots and extreme cold weather boots in North America, and competition is primarily imports from Asia.

Industrial products

The main competitors for industrial products are US-based custom rubber mixers which provide calendered and extruded products as well as a number of companies located in Quebec. In this segment, AirBoss' competition includes Hexpol, Patch Rubber, Infinity Rubber, PPD Group Inc. (mixing, extrusion, calendering), and Soucy-Techno Inc. (mixing).

Marketing, Sales and Distribution

CBRN products are marketed to defense organizations directly by in-house business development and contract managers to North American markets, and through both direct sales efforts and a network of independent agents for international markets. The Company also deals directly with prime contractors and distributors in Europe, Asia and the Middle-East that bid on complete CBRN clothing ensembles which include suits as well as gloves, over-boots and masks. A key strategy of the Company is to work with government program managers and acquisition agencies to incorporate the most stringent specifications for applicable CBRN products into their solicitations.

Fire protective footwear and CBRN items targeted to the first response market are sold through an arrangement with a distributor in Canada and the United States. Price, prompt delivery and excellent customer service are crucial to maintaining and increasing market share.

Other traditional defense products such as rubber boots and ECW boots are marketed to the United States and Canadian defense markets directly by AEP’s contract management staff.

Rubber compound and rubber pre-forms for track pad repair and overhaul (“R&O”) sold to the US Tank Automotive Command’s Red River Army Depot (“RRAD”) are also marketed through direct in-house sales.

Most formal contracts with the US DoD are awarded through the Canadian Commercial Corporation, a Canadian Crown corporation, whose mandate is to provide endorsement of Canadian industrial base offers to the United States government. All marketing and business development efforts are performed by in-house staff with the related US DoD program and acquisition agencies.

Manufacturing

Defense Products

The CBRN overboots, fire boots, ECW boots, and rubber compounds are manufactured in Acton-Vale, Quebec, utilizing a F-270 mixer which was rebuilt in 2011 to include strip capability. There are also state-of-the-art extruder and calenders. All rubber compounding, assembly, inspection and packaging is performed in Acton-Vale. Gloves and gas mask face plates and components are manufactured in Vermont or Quebec using injection molding technology. Molded overboots for non-Canadian sales are made in Vermont.

Industrial Products

Major pieces of custom rubber mixing, calendering, extrusion and molding processing equipment are used to manufacture high-quality proprietary rubber-based industrial and defense products. AEP’s continuous improvement program ensures that its product and development process will support the business to grow and maintain its performance edge in increasingly specialized markets.

Automotive

AirBoss Flexible Products is located in Auburn Hills, Michigan. Flexible designs, engineers and manufactures and sells injection molded anti-vibration products primarily to the North American automotive industry.

Markets

Flexible produces low cost, high quality products primarily for the "big three" North American automakers and some major Tier I/II suppliers to both domestic and transplant automotive manufacturers.

We believe Flexible's competitive advantages include: long-term customer relationships, sophisticated technical capabilities, cost-effective manufacturing processes and collaborative supplier relationships.

Competition

The following table summarizes products provided by Flexible, its primary competitors and the nature of products provided by each competitor.

		Suspension			Chassis/Steering	Powertrain/Drivetrain			Other Dampers/Isolators	
Company		Bushings & Boots	Jounce Bumper	Strut Mounts	Bushings & Boots	Engine Mount	Torsional Vib Dampers	Other	Mass Dampers	Exhaust Isolators
Flexible Products		✓	✓		✓				✓	✓
Vibracoustic		✓	✓	✓	✓	✓	✓	✓	✓	✓
Tokai Rubber		✓			✓	✓	✓	✓	✓	✓
ZF		✓	✓	✓	✓	✓			✓	
Cooper-Standard			✓	✓	✓	✓			✓	
Hutchinson		✓	✓	✓	✓	✓		✓	✓	✓
BRC Rubber		✓	✓	✓	✓				✓	✓
Zhongding Group		✓			✓	✓			✓	✓
Tuopu Group		✓			✓					✓

Marketing, Sales and Distribution

We believe Flexible is viewed by its customers as a technical resource for anti-vibration solutions. Flexible leverages this reputation to continue to expand its existing long-term customer relationships and develop opportunities with new customers. Flexible leverages its culture of speed and responsiveness to provide anti-vibration solutions directly to vehicle manufacturers and through their Tier I/II suppliers.

Having a steady supply of parts available is fundamental to keeping automotive assembly lines running. Flexible's proximity to automotive manufacturers puts it in an ideal position to meet this deliverable for its customers as well as allowing them to support their customers with their engineering and technical expertise.

Manufacturing

Exhaust hangers, sway bar bushings and spring insulators are some of the products Flexible manufactures to control noise and vibration using injection molding and metal bonding technologies. Technical sales and engineering, prototyping and tooling, broad press sizes, types and technologies, in-house secondary processes, as well as quality and logistics expertise support the smooth running of manufacturing processes.

Plant Facilities

Rubber Compounding

The Company's Kitchener, Ontario rubber mixing plant expanded its capacity to 180 million pounds in 2000. A permanent facility was established in Scotland Neck, North Carolina in 2006 and new equipment was sourced with the capability of mixing up to 50 million pounds. Additional capacity of up to 20 million pounds is available in Acton-Vale, Quebec. Management believes that the Company has sufficient plant, property, and capacity to meet its needs for the businesses.

The Kitchener property includes approximately 950,000 square feet of manufacturing and warehouse space, and 50,000 square feet of office space. The facility in North Carolina includes a 150,000 square foot facility on 26 acres of land.

AirBoss Engineered Products

AEP's manufacturing operations are located at a 260,000 square foot Company-owned facility on 12.7 acres of land in Acton-Vale, Quebec. The key manufacturing equipment includes an F-270 rubber mixer, a four-roll calender, one extruder, and a slitting machine. The calender is capable of bonding rubber to both sides of a roll of fabric simultaneously. AEP also operates rubber molding injection presses located in Acton-Vale and in Vermont. These presses are used to manufacture the rubber components of gas masks, certain overshoes and gloves for military applications as well as being capable to manufacture industrial products.

Automotive

Flexible Products leases three facilities in Auburn Hills, Michigan with combined tooling, prototyping, molding, assembly, and warehousing and office space of 311,000 square feet. Equipment includes:

- 65 injection molding presses with 90 to 800 ton capability
- Rubber to metal bonding
- Automation and assembly
- Testing and validation
- Tool room with CNC and EDM capabilities

Head Office

The Company's corporate head office is a leased 5,200 square foot facility located in Newmarket, Ontario.

Loan Facility

The existing loan facility was replaced in October 18, 2013, concurrent with the acquisition of Flexible, and now consists of the following:

Operating Line

The operating line consists of a US$25 million senior secured multi-currency revolver (tranche A) and a US$15 million senior secured revolving credit facility (tranche B).

Term loan

The term loan consists of a US$45 million senior secured term loan (tranche C) maturing October 2018, a CAD$8.6 million fixed rate term loan maturing July 2015 (tranche D) and a CAD$5 million fixed rate term loan maturing October 2018 (tranche E).

Accordion

Under the credit agreement, the Company has the ability to borrow an additional US$40 million from its syndicate partners.

Environmental Matters

The Company handles hazardous chemicals in its manufacturing process and accordingly is subject to environmental regulation by federal, state, provincial, and local authorities. Management does not anticipate being required to make any significant capital expenditures to comply with applicable environmental regulations. Both Kitchener and Scotland Neck are ISO 14001:2004 certified.

Environmental assessments have been conducted on the Kitchener property. In March 2001, the Company initiated various environmental assessments which resulted in further investigations, remediation and prevention efforts. During 2008, the Company implemented measures to remediate the cause of an odour complaint and monitor levels through a program of odour sampling. Based upon its efforts to date and investigations conducted by qualified external environmental professionals, the Company believes that no significant environmental exposure exists and that the costs to remediate the areas of ongoing concern will not significantly impact the financial resources of the Company. The Company has secured liability insurance coverage for environmental issues which the Company believes to be appropriate for the nature of its operations.

Prior to completing its acquisition of AEP, Phase I and II investigations were completed which identified certain environmental clean-up matters to be undertaken. The purchase and sale agreement entered into between the Company and the vendor provides for the vendors to bear the costs of any environmental clean-up in excess of $50,000. The Company conducts an ongoing process to remediate areas of concern, aided by additional environmental assessments conducted by qualified external environmental professionals. The Company has been successful in the remediation of the identified environmental issues and believes it will be successful in recovering the remediation costs as offsets from amounts owing to the vendors. Accordingly, management believes these costs will not have a significant impact on the financial resources of the Company.

Prior to completing our acquisition of Flexible, a Phase 1 investigation was completed, and Phase 2 sampling procedures were carried out by November 21, 2013. These investigations form the baseline for the environmental condition of the leased Auburn Hill facilities, with the landlord responsible for any pre-existing condition and Flexible responsible for any subsequent condition. We have secured liability insurance coverage for environmental issues that may arise, which we believe to be appropriate for the nature of this business.

Employees

Management believes that its relationship with its employees is very good. The Company's personnel at December 31, 2014 consisted of:

Name of Business	Number of Employees
Rubber Compounding	294
Engineered Products	274
Automotive	390
Corporate Office	10
Total	968

Approximately 165 of the AEP employees and 285 of the Automotive employees are unionized under collective bargaining agreements. The AEP collective bargaining agreement expired at December 31, 2014 and negotiations are currently under way. The Automotive collective bargaining agreement was renewed in 2014 for a three-year period.

Raw Materials

All critical raw materials required by the Company, in particular natural rubber, are commodities readily traded in world markets. Synthetic rubber and carbon black costs are affected by world petroleum prices. The Company sources its raw materials globally and is not dependent on any single source for its raw materials and to date has been able to secure the amount and quality of raw materials needed to meet production requirements.

Intellectual Property and Research and Development

For the year ended December 31, 2014, the Company expensed $3,818 (2013: $3,895) net of research and development tax credits of $2,216 (2013: $2,585) on product research and development.

Much of AirBoss' proprietary technology results from "know-how" which cannot be the subject of intellectual property protection through registration, and which is protected by the use, where appropriate, of confidentiality agreements controlling the dissemination of information.

AirBoss has registered the trademark "AirBoss" in Canada and in the United States for use in connection with its products.

Sales to Significant Customers

During the financial year ended December 31, 2014, sales to five customers represented 30% (39% in 2013) of the consolidated sales of the Company. During 2014, one customer represented 10% (15% in 2013) of consolidated sales.

Bankruptcy

The Company has not been materially impacted as a result of any bankruptcy, receivership, or similar proceedings against it or any of its subsidiaries, nor were there any voluntary bankruptcy, receivership, or similar proceedings by our Company or any of its subsidiaries, within the three most recently completed financial years and up to March 31, 2015.

RISK FACTORS

Impact of Economic Cycle

The demand for the Company's products can vary in accordance with general economic cycles and the economic conditions of the industry sectors that are served by the Company. In addition, such industry sectors are cyclical in nature. The Company is particularly sensitive to trends in the automotive, tire, energy generation, construction, mining and transportation industries because these industries are significant markets for the Company's business and are highly cyclical. In a severe economic slowdown, prices for coal, copper and other mined materials may fall, affecting demand for conveyor belting, off-road retread tires and other rubber products manufactured by our customers out of rubber compounds manufactured by AirBoss.

Dependence on Key Customers and Contracts

From time to time, a significant portion of the Company's sales for a given period may be represented by a small number of customers. One customer represents 10% (2013 –15%) of total sales. Five customers represented 30% of sales in 2014 (2013–39%). The loss of any such customers or the delay or cancellation of any orders under certain high-volume contracts could have a significant impact on the Company.

Raw Materials and Inventory

The Company depends on certain outside sources for raw materials used in the production of its products, the price and availability of which are subject to market conditions. As a result, any unforeseen shortage of such raw materials could delay delivery, increase costs and decrease profitability. This occurred in 2008 and recurred in 2011 as the world-wide production of key materials such as synthetic rubber and carbon black did not keep up with demand. The Company was not subject to shortages at that time as it maintains supply sources in different areas of the world. This cannot be relied upon to avoid shortages in the future.

Raw material markets have been extremely volatile with key materials doubling or halving in price within a short period. Excess inventory or shortages could prove costly to the Company in these markets.

The Company does not have long-term supply contracts with its suppliers and purchases most raw materials on a purchase order basis. The price of many raw materials, such as carbon black and synthetic rubber, ethylene propylene diene monomer ("EPDM") and silicone is directly or indirectly affected by factors such as exchange rates and the price of oil. Although the Company attempts to pass price changes in raw materials on to its customers, it may not always be able to adjust its prices, especially in the short-term, to recover the costs of increased raw material prices. Conversely, if raw material prices decrease significantly and rapidly, the Company may be at risk to recover the cost of any inventory purchased based on demand at higher prices.

The following table approximates the financial impact (assuming changes are not passed along to its customers) on the Company of a 10% increase in the cost of its most critical raw materials based upon purchases made in the respective years:

$Millions Increase (decrease)	Earnings before tax **2014**	 2013
Natural and synthetic rubber	**(2.9)**	(3.9)
Carbon black	**(2.1)**	(1.5)
EPDM	**(0.7)**	-
Silicone	**(0.8)**	-
	(6.5)	(5.4)

Weather

The Company uses natural rubber in the manufacture of certain rubber products. Weather conditions impact the harvesting season and supply of natural rubber.

Certain products are acquired overseas and are delivered by ocean freight. Weather conditions can impact timely delivery.

Competition

The Company competes directly against major North American companies in the custom rubber compounding, automotive and industrial rubber product market segments. Some of these companies have strong established competitive positions in these markets. In the case of rubber compounding, the industry leader may have greater resources, both financial and technical, than the Company and has long-standing relationships with some of the Company's prospective customers using well-established marketing and distribution networks. Furthermore, since there is a commodity-like element to certain segments of the Company's rubber mixing business, the customers of this business are price sensitive and may be able to purchase their requirements elsewhere in a relatively short period of time. The Company competes with international companies who may also have greater financial resources or who may be sheltered by domestic tariffs.

Currency Exposure

The Company has revenues and expenses denominated in both Canadian ("CAD") and US ("USD") dollars. In addition, the cost to the Company of certain key raw materials and other expense items and the competitiveness of prices charged by the Company for its products will be indirectly affected by currency fluctuations. Changes in the value of the Canadian dollar relative to the US dollar could have a material positive or adverse effect on the Company's results of operations.

The Company reviews its currency exposure positions from time to time and acts accordingly by increasing or decreasing the proportion of operating or term loan denominated in CAD funds as a natural balance sheet hedge or establishing forward contracts to purchase CAD dollars to manage its foreign exchange related cash-flow risk. However, there is no assurance that such strategies will be successful or cost effective and the profitability of the Company's business could be adversely affected by currency fluctuations. The following table approximates the following impact on the Company of a $0.10 decrease in the value of one CAD dollar in the Company's USD functional currency (million):

$Millions Increase (decrease)	Earnings before tax **2014**	 2013
Sales (1)	**(3.1)**	(3.5)
Purchases (2)	**5.8**	6.2

(1) Based upon Canadian dollar-denominated sales in 2014.
(2) Based upon combined 2014 Canadian purchases and expenses.

Environmental

The Company handles various chemicals and oils in its manufacturing process, the nature of which may expose it to risks of causing or being deemed to have caused environmental or other damages. While its use of potentially hazardous materials is limited, the Company ensures that its operations are conducted in a manner that minimizes such risks and maintains insurance coverage considered reasonable by management. To date, no regulatory authority has required the Company to pay any material fines or remediation expenses in connection with any alleged violation of environmental regulation. However, there can be no assurance that future environmental damage will not occur or that environmental damage due to prior or present practices will not result in future liabilities. The Company is subject to environmental regulation by federal, provincial, state and local authorities. While management believes that the Company is in substantial compliance with all material government requirements relating to environmental controls on its operation, changes in such government laws and regulations are ongoing and may make environmental compliance increasingly expensive. It is not possible to predict future costs, which may be incurred to meet environmental obligations.

Product Liability and Warranty Claims

As a manufacturer of rubber-based products, the Company faces a risk of product liability and warranty claims. Although the Company carries commercial general liability insurance in an amount considered reasonable by industry standards, any claim which is successful and is not covered by insurance or which exceeds the policy limit could have an adverse effect on the Company. Warranty claims have not been material and are within industry standard expectations.

Capacity and Equipment

The rubber compounding facilities have an annual capacity to produce approximately 250 million pounds at the current product mix.

The Company remains committed to continuous maintenance and upgrading of its equipment. Critical equipment remains not only in a high state of repair, but is also technologically up to date so that the Company is able to ensure the reliability of supply at competitive prices and at a high quality standard.

The Company has also made investments in capacity and efficiency in its Acton operations. In recent years, the Company purchased molds and injection-molding equipment and established a production facility in Vermont to enhance its presence in protective products, such as CBRN protective gloves, defense footwear and gas masks. The recent acquisition of Flexible increased the number of rubber injection molding presses; continued growth will utilize any existing excess capacity.

Should additional equipment be required to fulfill any substantial increases in sales, it can be readily sourced in the market.

LEGAL PROCEEDINGS

There are no material legal proceedings, except as disclosed at Note 17 on page 24 of the Audited Financial Statements for the year ended December 31, 2014. The Audited Financial Statements are available on SEDAR at www.sedar.com.

AirBoss is occasionally named as a party in various claims and legal proceedings, which arise during the normal course of its business. AirBoss reviews each of these claims, including the nature of the claim, the amount in dispute or claimed and the availability of insurance coverage. Although there can be no assurance that any particular claim will be resolved in the Company's favour, management does not believe that the outcome of any claim or potential claims of which it is currently aware will have a material adverse effect on the Company, taken as a whole.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer, person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class of the voting securities of the Company or proposed nominee for election as a director of the Company, and no associate or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year in any proposed transaction that has materially affected or is reasonably expected to materially affect the Company.

Included in the operating lease commitments was a rental agreement for corporate office space between the Company and a company controlled by the Chairman of the Company. The monthly lease rate approximates fair market rental value. During the year, the Company paid rent for the corporate office of $164 (2013: $175).

During the year, the Company paid fees for the use of a facility in South Carolina of approximately $21 (2013: $21) to a company in which the Chairman is an officer.

In addition, Flexible paid rent to a company controlled by an employee of the Company to utilize its facilities. Rent paid to this related party for the period October 19, 2013 to December 31, 2013 was $211. The lease provides for monthly payments equivalent to an annual rental of $1,050 and expires in 2019.

During 2014, the Company invested $550 in the form of a convertible promissory note in a company for which the Deputy Chairman is the Chairman. This note can be convertible to an equity interest under the following conditions: (1) the company has completed "qualified financing" raising $1 million in gross proceeds (excluding the company's loan) (2) if no "qualified financing" takes place prior to the maturity date, the Company has the option to convert into common stock within 60 days prior to the maturity date of the note. The note bears interest at 8% per annum. Unless converted or prepaid earlier, principal and accrued interest on the note will be due on April 11, 2016.

During the year, interest income on this convertible promissory note of $32 (2013: $nil) is recorded on the statement of financial position included in other assets and recorded on the statement of income as interest income.

The convertible promissory note is accounted for as a loan receivable with separation of the conversion options that represent embedded derivatives. The loan is initially recognized at its fair value by discounting future cash flows at market interest rate for similar financial debt without the conversion options and is subsequently measured at amortized costs. The embedded derivatives are accounted for at fair value, which is currently considered nominal.

During the fourth quarter of 2014, the Company provided share purchase loans of $1,000 CAD each to both the President and Chief Financial Officer to purchase the Company stock. The promissory notes are due upon the earlier of the disposition date of all or proportionate to any part of the pledged securities or November 24, 2019. The promissory notes bear interest at 1% annually with full recourse and interest is due and payable semi-annually. 201,000 shares of the Company having a fair value of $2,117 were pledged as collateral. At December 31, 2014, the promissory notes of $1,726, including accrued interest of $2, were included in other assets.

MATERIAL CONTRACTS

On October 18, 2013, we completed the acquisition of all of the shares of Flexible, a privately-owned U.S. company, in an all cash transaction valued at approximately $51 million, subject to post-closing working capital adjustments. In addition, AirBoss Rubber Compounding (NC) Inc. the purchaser under the stock purchase agreement paid the selling stockholders of Flexible Products consideration of $3.2 million relating to certain tax elections. The stock purchase agreement provides for customary representations and warranties of the selling stockholders that survive for periods following closing ranging from 18 months (for most representations and warranties), five years (for environmental representations), and for the applicable statute of limitations (for certain fundamental representations and warranties). The stock purchase agreement relating to the Flexible Products acquisition and a Form 51-102F4 Business Acquisition Report has been filed on SEDAR under our profile “AirBoss of America Corp.” and is available at www.sedar.com.

Our loan facility was replaced on October 18, 2013 concurrent with the acquisition of Flexible-Products Co. See page 15 under the heading “Loan Facility” for a description of our loan facility. The credit agreement relating to our loan facility has been filed on SEDAR under our profile “AirBoss of America Corp.” and is available at www.sedar.com.

There are no other contracts, other than contracts entered into in the ordinary course of business, that are material to the Company and that were entered into within the most recently completed financial year, or before the most recently completed financial year but are still in effect.

CAPITAL STRUCTURE

The capital structure of the Company is comprised of an unlimited number of Class A shares without par value designated as common shares (“Common Shares”). The rights of the holders include the rights to vote at all meetings of shareholders and, subject to the rights, privileges, restrictions, and conditions attaching to any other class of shares of the Company, to receive the remaining property of the Company upon dissolution. The number of Common Shares outstanding as at December 31, 2014 was 22,998,760.

The capital structure of the Company also consists of an unlimited number of Class B preference shares without par value and issuable in series subject to the filing of articles of amendment. The directors may fix, from time to time before such issue, the number of shares that is to comprise each series and the designations, rights, privileges, restrictions, and conditions attaching to each series. No Class B preference shares were outstanding as at December 31, 2014.

DIVIDEND RECORD AND POLICY

Holders of Common Shares are entitled to receive dividends if, as and when declared by the Board of Directors, out of funds legally available for such payments. The Company instituted a semi-annual dividend policy in 2007. A semi-annual dividend of $0.025 was declared for shareholders of record as at June 30, 2009 and the dividend was increased to $0.04 for shareholders of record as at December 31, 2009. On October 11, 2009, the Board of Directors approved an amendment to the dividend policy to provide for the payment of a quarterly dividend. Initially this was set at $0.02 but was subsequently increased to $0.03 during 2010 and $0.0375 in 2011. On May 9, 2012, the Board of Directors approved an increase to the quarterly dividend to $0.05. The Board of Directors reviews the dividend policy quarterly based on the anticipated cash requirements of AirBoss' operating assets and manufacturing activities, and for any potential acquisitions, combined with the current and projected financial position of AirBoss. Although AirBoss has, since 2007, declared a semi-annual and/or quarterly, as applicable, cash dividend on the Common Shares, we are not required to pay dividends and our Board of Directors may reduce, defer, or eliminate our Common Share dividend in the future.

The Company has declared the following dividends per share on its outstanding Common Shares during the past three years:

Fiscal Period	Dividend per Common Share
2012	$0.1875
2013	$0.20
2014	$0.20

Certain of AirBoss' credit facilities, typical of commercial lending arrangements, contain provisions which could limit the payment of dividends if certain financial covenants are not met. As at December 31, 2014, the Company was in full compliance with these covenants.

NORMAL COURSE ISSUER BID

On May 12, 2009, the Company announced that the Toronto Stock Exchange (the "TSX") had accepted a notice of its intention to proceed with a normal course issuer bid (the "NCIB") on the facilities of the TSX. Pursuant to the NCIB, the Company had purchased 174,200 Common Shares at an average cost of CAD$2.37 under the NCIB.

On May 13, 2010, the Company announced that the TSX had accepted a notice of its intention to extend the NCIB on the facilities of the TSX. As of March 23, 2011, the Company had purchased 321,555 Common Shares at an average cost of CAD$6.00 under the NCIB. The NCIB was extended again in 2011 and the Company had repurchased 652,863 Common Shares at an average cost of CAD$5.04 for cancellation. The NCIB was extended again in 2012 and as of March 20, 2013, the Company had repurchased 836,865 Common Shares at an average cost of CAD $4.64 for cancellation. The NCIB was extended again in 2013 and as of May 16, 2014 (the date of expiry of the NCIB), the Company had not repurchased any Common Shares thereunder. The NCIB was not renewed after its expiry on May 16, 2014. A copy of the notice the Company provided to the TSX may be obtained without charge by contacting the Company at the address provided under "Additional Information" below.

MARKET FOR SECURITIES

The Common Shares are listed on the TSX and trade under the stock symbol "BOS". The monthly volume of trading and price ranges for the Common Shares for the year ended December 31, 2014 are set forth in the following table:

Date	Open	High	Low	Close	Volume
January	7.75	8.30	7.53	7.95	677,609
February	7.95	8.47	7.63	8.29	253,244
March	8.29	8.56	7.49	7.90	289,783
April	7.90	7.89	7.33	7.50	390,049
May	7.50	9.37	7.38	9.24	828,139
June	9.24	9.50	8.86	9.19	592,395
July	9.19	9.73	8.54	9.45	2,352,009
August	9.45	10.29	9.25	10.20	567,322
September	10.20	10.79	10.08	10.43	740,414
October	10.43	10.54	9.25	10.00	880,044
November	10.00	10.75	9.39	10.36	737,449
December	10.36	12.50	10.36	12.22	2,609,056

DIRECTORS AND OFFICERS

The tables below provide the names, province or state and country of residence, the office held with the Company and the principal occupation of each of the directors and executive officers of the Company during the past five years and, with respect to each director, the date of his or her election as director.

Directors

Name and Residence	Position(s) with the Company	Principal Occupation	Period of Service as a Director of the Company[(1)]
P. Grenville Schoch Ontario, Canada	Chairman, CEO & Director	Chairman and CEO of the Company	October 13, 1989 to Present
Brian A. Robbins[(2)] Ontario, Canada	Director	President and Chief Executive Officer of Exco Technologies Limited (a tooling manufacturing corporation)	June 5, 1997 to Present
Robert L. McLeish[(2)(3)(4)] Ontario, Canada	Director	Private Investor, Vice Chairman and Director of Merrill Lynch Canada Inc. (an investment bank) until November 1998	February 1, 1999 to Present
Richard F. Crowe[(2)(3)(4)] Ontario, Canada	Lead Director	Private Investor, Formerly Chairman of J. R. Senecal Investment Counsel Inc. (an investment counsel and portfolio manager)	February 24, 2005 to Present
Mary Matthews, CPA, C.A., ICD.D, [(2)(3)(4)] Ontario, Canada	Director	Previously EVP Sales & Marketing Alpha Macro Strategies Fund; Founding Partner of Magna Partners Limited (broker/dealer), EVP Sales & Marketing Sprott Asset Management, Partner & Director of Sprott Securities Inc. (Cormark Securities) and Vice President of CIBC.	May 29, 2006 to Present
Alan J. Watson [(4)] New South Wales, Australia	Director	Private Investor, Former Investment Banker Formerly Head of Securities, Macquarie Capital (Europe) Limited until December 2010	September 10, 2007 to Present
Robert L. Hagerman[(5)] Ontario, Canada	Director and Past President and Chief Executive Officer of the Company	Past President and Chief Executive Officer of the Company	October 13, 1989 to January 6, 2014 (President) October 13, 1989 to November 26, 2013 (CEO)

Notes:

(1) Each director of the Company will hold office until the next annual meeting of shareholders or until his/her successor is elected or appointed.
(2) Member of the Audit Committee. Mr. Robbins is the Chairman of this Committee.
(3) Member of the Nominating and Compensation Committee. Mr. McLeish is the Chairman of this Committee.
(4) Member of the Corporate Governance Committee. Ms. Matthews is the Chairman of this Committee.
(5) Mr. Hagerman retired on May 8, 2014.

Officers

Name and Residence	Position(s) with the Company
Gren Schoch Ontario, Canada	Chairman and CEO
Robert L. Hagerman (1) Ontario, Canada	Former President (retired)
Timothy R. Toppen (2) Ohio, USA	Former President and COO, (now Deputy Chairman)
Stephen W. Richards (3) Ontario, Canada	Former Chief Operating Officer, Chief Financial Officer and Corporate Secretary
Wendy Ford (4) Ontario, Canada	Chief Financial Officer
Lisa Swartzman (5) Ontario, Canada	President (Former Executive Vice-President, Corporate Affairs)
Robert Dodd Ontario, Canada	President, AirBoss Rubber Compounding, Executive Vice-President, AirBoss of America Corp.
Earl Laurie Quebec, Canada	President, AirBoss-Defense
Douglas Reid Michigan, USA	President, AirBoss Flexible Products Co.
Yvan Ambeault Quebec, Canada	Executive Vice-President, AirBoss Engineered Products

Notes:

(1) Retired May 8, 2014.
(2) Stepped down as President January 1, 2015. Appointed Deputy Chairman January 1, 2015.
(3) Resigned March 19, 2014.
(4) Appointed Interim Chief Financial Officer March 19, 2014. Appointed Chief Financial Officer May 13, 2014.
(5) Appointed Executive Vice-President Corporate Affairs May 13, 2014. Appointed President January 1, 2015.

To the knowledge of the Company, as at March 31, 2015, all directors and senior officers as a group beneficially owned, directly or indirectly, or exercised control or direction over 6,422,119 Common Shares representing approximately 27.9% of the Common Shares outstanding (based on 22,998,760 Common Shares outstanding as at March 31, 2015).

AUDIT COMMITTEE INFORMATION

Membership of Committee

The Audit Committee of AirBoss is comprised of the following four members: Brian A. Robbins, Mary Matthews, Richard F. Crowe, and Robert L. McLeish. The responsibilities and duties of the Committee are set out in the Committee's charter, attached as Appendix A to this Annual Information Form.

The Board of Directors believes that the composition of the Audit Committee reflects a high level of financial literacy and expertise and has determined that each member of the Audit Committee is "independent" and "financially literate" under Canadian securities laws as defined in National Instrument 52 110 - *Audit Committees*. The Board has made these determinations based on the education and breadth and depth of the committee members' experience.

Mr. Brian Robbins, President and Chief Executive Officer of Exco Technologies Limited ("Exco"), joined the AirBoss' Board of Directors in 1997 and is Chairman of the Audit Committee.

Mr. Robbins was hired by Exco in 1970 and was appointed President and CEO in 1976. Exco is listed on the TSX and is a global supplier of innovative technologies servicing the die-cast, extrusion and automotive industries, with operations in Canada, the United States, Mexico and Morocco. Mr. Robbins is a director of Héroux-Devtek Inc. and Exco.

Mr. Richard F. Crowe joined the AirBoss Board of Directors in 2005 and holds an MBA from the Ivey School of Business. Previously, he worked in corporate finance for a large Canadian investment dealer, was a founding partner of J.R. Senecal Investment Counsel managing its Canadian equity corporate pension fund business and eventually becoming the President. Prior to founding Senecal Investment Counsel, Mr. Crowe worked for Manulife and Greenshields Incorporated.

Ms. Mary Matthews obtained her C.A. designation in 1981. Previously she was EVP Sales & Marketing Alpha Macro Strategies. Ms. Matthews was also the Founding Partner of Magna Partners Ltd., a Toronto based broker dealer. Her previous work experience also includes EVP Sales and Marketing at Sprott Asset Management, Partner and Director of Sprott Securities Inc. (Cormark Securities), and Vice President of CIBC. Ms. Matthews joined the AirBoss Board of Directors in 2006. Ms. Matthews earned her ICD.D designation in 2013.

Mr. Robert McLeish joined the AirBoss Board of Directors in 1999, holds a Bachelor of Commerce from the University of Toronto and is a CFA. Mr. McLeish spent 35 years in the investment business with Merrill Lynch Canada and retired in 1998 as a Vice Chairman and Director. Currently, Mr. McLeish is a private investor.

Audit related fees

KPMG was hired to render an audit opinion on the consolidated financial statements of AirBoss and the fees for all services performed are summarized in the table below:

Description	**2014 ($US)**	2013 ($US)
Audit fees	**333,905**	621,400
Audit-related fees	**Nil**	Nil
Tax fees	**Nil**	Nil
All other fees	**Nil**	Nil
Total	**333,905**	621,400

KPMG LLP are the auditors of the Company and have confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

The Audit Committee has adopted a policy to pre-approve any audit and non-audit services to be provided to AirBoss or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. Audit, audit related services, and tax compliance services as identified in the annual audit plan and presented by the external auditors, are approved by the Audit Committee annually. Non-audit services over $10,000 are approved on a case-by-case basis.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Investor Services, Inc., at its principal office located at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans, if applicable, will be contained in the Company's information circular for its Annual General and Special Meeting of shareholders to be held on May 14, 2015. Additional financial information is provided in the Company's comparative financial statements and MD&A for the financial year ended December 31, 2014. A copy of such documents may be obtained upon request from the Corporate Secretary of the Company, 16441 Yonge Street, Newmarket, Ontario, L3X 2G8.

APPENDIX "A"

AUDIT COMMITTEE CHARTER

Role and Objective

The Audit Committee (the "Committee") is a committee of the board of directors (the "Board") of AirBoss of America Corp. ("AirBoss") to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information. The primary objectives of the Committee are as follows:

1. To assist directors on meeting their responsibilities in respect of the review and approval of the financial statements of AirBoss and related documentation;

2. To provide a communication link between independent directors and external auditors;

3. To enhance the external auditor's independence;

4. To increase the credibility and objectivity of financial reports; and

5. To strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors.

Approval of Charter

Amendments to the Audit Committee Charter require approval by the Board.

Membership of Committee

1. The Committee shall be comprised of at least three (3) directors of AirBoss, none of whom are members of management of AirBoss and all of whom are "independent" (as such term is used in National Instrument 52-110 - *Audit Committees* ("NI 52-110") unless the Board shall have determined that the exemption in NI 52-110 is available and has determined to rely thereon.

2. The Board shall appoint the Committee Chair.

3. All of the members of the Committee shall be "financially literate" (as defined in NI 52-110) unless the Board shall determine that an exemption under NI 52-110 from such requirement in respect of any particular member is available and has determined to rely thereon in accordance with the provisions of NI 52-110.

Mandate and Responsibilities of Committee

1. The Committee shall provide oversight on the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting.

2. The Committee shall satisfy itself on behalf of the Board with respect to AirBoss' Internal Control Systems and its ability to:

   - identify, monitor and mitigate business risks; and

   ensure compliance with legal, ethical and regulatory requirements.

3. The primary responsibility of the Committee is to review the annual and interim financial statements of AirBoss and related management's discussion and analysis ("MD&A") prior to their submission to the Board for approval. The process should include but not be limited to:

   - reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;
   - reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
   - reviewing accounting treatment of unusual or non-recurring transactions;
   - reviewing disclosure requirements for commitments and contingencies;
   - reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
   - reviewing unresolved differences between management and the external auditors; and
   - obtaining explanations of significant variances with comparative reporting periods.

4. The Committee is to review the financial statements, prospectuses, MD&A, annual information forms ("AIF") 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 Committee must be satisfied that adequate procedures are in place for the review of AirBoss' disclosure of all other financial information.

5. With respect to the appointment of external auditors by the Board, the Committee shall:

   - recommend to the Board the external auditors to be nominated;
   - recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors shall report directly to the Committee;
   - on an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Company to determine the auditors' independence;
   - when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and

- review and pre-approve any non-audit services to be provided to AirBoss or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more independent members the authority to pre–approve non–audit services, provided that the member report to the Committee at the next scheduled meeting such pre–approval and the member comply with such other procedures as may be established by the Committee from time to time.

6. Review with external auditors (and internal auditor if one is appointed by AirBoss) their assessment of the internal controls of AirBoss, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee shall also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of AirBoss and its subsidiaries.

7. The Committee shall review risk management policies and procedures of AirBoss (e.g. hedging, litigation and insurance).

8. The Committee shall establish a procedure for:

   - the receipt, retention and treatment of complaints received by AirBoss regarding accounting, internal accounting controls or auditing matters; and
   - the confidential, anonymous submission by employees of AirBoss of concerns regarding questionable accounting or auditing matters.

9. The Committee shall review and be apprised of any intent of AirBoss regarding the hiring of partners and employees who work on AirBoss' account and former partners and employees of the present and former external auditors of AirBoss.

10. The Committee shall have the authority to investigate any financial activity of AirBoss. All employees of AirBoss are to co-operate as requested by the Committee.

11. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in filling their responsibilities at the expense of AirBoss without any further approval of the Board.

Meetings and Administrative Matters

1. At all meetings of the Committee every motion shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote.

2. The Chair shall preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee present shall designate from among the members present the Chair for purposes of the meeting.

3. A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board unless otherwise determined by the Board.

4. Meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chair.

5. The Committee shall meet with the external auditor at least once per year (in connection with the preparation of the year end financial statements) and at such other times as the external auditor and the Committee consider appropriate.

6. Agendas, approved by the Chair, shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.

7. The Committee may invite such officers, directors and employees of AirBoss as it may see fit from time to time to attend meetings of the Committee and assist thereat in the discussion and consideration of the matters being considered by the Committee.

8. Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.

9. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of AirBoss.

10. Any members of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, each member of the Committee shall hold such office until the close of the next annual meeting of shareholders following appointment as a member of the Committee.

11. Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chair of the Board by the Committee Chair.