

**NU2U RESOURCES CORP.**

Vancouver, BC

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**MANAGEMENT DISCUSSION AND ANALYSIS**

For the Three Months Ended September 30, 2012

As at November 27, 2012

## **NU2U RESOURCES CORP.**

**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2012**

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### **INTRODUCTION**

NU2U Resources Corp. (“NU2U” or the “Company”) was incorporated under Business Corporations Act (British Columbia) on August 19, 2011 as a wholly-owned subsidiary of Orca Wind Power Corp. (“OWP”). On August 24, 2011, OWP entered into an arrangement agreement (the “Arrangement Agreement”) with NU2U for the purposes of divesting certain non-core assets (the “Arrangement”), specifically, an investment in Katabatic Power Corp. which includes convertible debentures (\$490,000), promissory notes (\$79,000), cash advances (\$94,000), receivables (\$110,869) and 9,652,337 common shares, or approximately 48% of Katabatic Power Corp, a private British Columbia wind development company, all of which has been recorded at \$1 on OWP’s financial statements (the “Wind Assets”). The Arrangement received shareholder approval on September 23, 2011 and approval by the Supreme Court of British Columbia on September 30, 2011. The details of the Arrangement, pro-forma financial statements and all other relevant supporting documents are provided in an information circular which is available at [www.sedar.com](http://www.sedar.com).

This management discussion and analysis (“MD&A”) is dated as of November 27, 2012 and should be read in conjunction with the condensed financial statements of the Company for the three months ended September 30, 2012 (“Condensed Financial Statements”), our audited financial statements for the year ended June 30, 2012 (“Annual Financial Statements”) and our MD&A for the year ended June 30, 2012.

Our discussion in this MD&A is based on the Condensed Financial Statements. The Condensed Financial Statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) for interim financial statements and accordingly, certain information and note disclosures normally included in the Annual Financial Statements are omitted. Unless expressly stated otherwise, all financial information is presented in Canadian dollars.

All statements other than statements of historical fact in this MD&A are forward-looking statements. These statements represent the Company’s intentions, plans, expectations and beliefs as of the date hereof, and are subject to risks, uncertainties and other factors of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements. Readers should not place undue reliance on these forward-looking statements. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

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### THE COMPANY AND BUSINESS

NU2U is a start-up wind power development company whose principal business following the Arrangement is the development and acquisition of wind power projects. NU2U's financial success will be dependent upon its ability to obtain necessary financing to develop these projects.

On October 13, 2011 the Company completed all outstanding obligations under the Arrangement Agreement and Arrangement between the Company and OWP by issuing a total of 23,849,615 common shares (the "Arrangement Shares") to OWP shareholders who held OWP shares as at September 29, 2011 as consideration for a payment of \$10,000 and the transfer of the Wind Assets from OWP. As a result of completing the Arrangement and subsequent to issuing the Arrangement Shares, the Issuer became a reporting issuer in the jurisdictions of British Columbia and Alberta.

### RESULTS OF OPERATIONS

	<b>Three months ended September 30, 2012</b>	From August 19, 2011 to September 30, 2011	Chg %
	\$	\$	
<b>Expenses</b>			
Professional fees	<b>1,298</b>	-	--
Transfer agent fees	<b>430</b>	-	--
<b>Net loss and comprehensive loss</b>	<b>(1,728)</b>	-	--

For the period from August 19, 2011 to October 13, 2011, the Company was a wholly-owned subsidiary of OWP. During the three months ended September 30, 2012 the Company incurred transfer agent fees associated with becoming a reporting issuer and professional fees for legal services.

### SUMMARY OF QUARTERLY RESULTS

	2012			2011	
	September 30	June 30	March 31	December 31	September 30
Net loss	\$ (1,728)	\$ (2,644)	\$ (819)	\$ (13,597)	\$ -
Loss per share <sup>(1)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -

<sup>(1)</sup> Fully diluted loss per share has not been calculated, since it would be anti-dilutive.

For the past three quarters, other than legal fees and an accrual of \$2,000 for audit fees the only other expense to the Company has been for transfer agent fees.

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### LIQUIDITY AND CAPITAL RESOURCES

#### Financial Position

As at	September 30, 2012 \$	June 30, 2012 \$	Change %
Wind assets	1	1	-
	1	1	-
Current liabilities	8,788	7,060	24
Equity (Deficiency)	(8,787)	(7,059)	24
	1	1	-
Cash dividends declared per share	-	-	

As at September 30, 2012, the Company had a working capital deficit and shareholders' deficit of \$8,787 (June 30, 2012 - \$7,059). The Company believes that its current cash requirements can be funded from short-term advances from related parties until such time as a financing is completed.

#### Changes in Cash Position

Cash flows from:	Three months ended September 30, 2012 \$	From August 19, 2011 to September 30, 2012 \$
Operating activities	-	-
Financing activities	-	-
Investing activities	-	-
Change in cash	-	-

The Company's cash position at September 30, 2012 was \$nil (June 30, 2012 - \$nil).

There were no investing nor financing activities during the period ended September 30, 2012.

#### Financial Instruments

##### *Financial assets*

Financial assets are initially recognized at fair value and are classified into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* – derivatives or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

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*Loans and receivables* - non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

*Held-to-maturity investments* - non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations.

*Available-for-sale* - non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of operations.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at the minimum of at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets described above.

### *Financial liabilities*

The Company classifies its financial liabilities into one of two categories. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

*Other financial liabilities* - includes promissory notes, amounts due to related parties and payables and accruals, all of which are recognized at amortized cost.

### *Classification of Financial Instruments*

The Company has classified due to related parties and payables and accruals as other financial liabilities.

### **Share Capital**

The total number of common shares outstanding as at the date of this MD&A and September 30, 2012 is/was 23,849,615.

As at the date of this report there were no stock options or warrants outstanding.

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### **Future Cash Requirements**

The Company's future capital requirements will depend on many factors, including, among others, the development of Wind Assets and cash flow from operations. Should the Company wish to develop the Wind Assets or pursue other business opportunities, it may need to raise additional funds through debt or equity financing. The Company believes that its current cash requirements can be funded from short-term advances from related parties until such time as a financing is completed. Current market conditions have made it more difficult to raise additional funds. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common stock. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders. If adequate funds are not available, the Company may be required to delay the development of the Wind Assets.

### **RELATED PARTY TRANSACTION**

All transactions with related parties, other than the Arrangement, have occurred in the normal course of operations and are measured at their fair value as determined by management. Unless otherwise indicated, the period-end balances are unsecured and non-interest bearing and have arisen from the provision of services and fees described.

The Arrangement provided for the transfer of OWP's interest in and to the Wind Assets to the Company, as a wholly-owned subsidiary, and the immediate distribution of a controlling interest in the common shares of the Company to the OWP shareholders. The OWP shareholders will continue to collectively own the Wind Assets, albeit through an altered corporate structure. Consequently, given that there will be no substantive change in the beneficial ownership of the Wind Assets at the time they were assigned to the Company the transfer has been recorded under IFRS at \$1.

As at September 30, 2012 the Company owes a company with common directors (President and CEO and CFO) \$4,629 for expenses paid on behalf of the Company.

Key management personnel comprise the Company's Board of Directors and executive officers. During the three months ended September 30, 2012, key management share-based payments were \$nil.

### **RISK FACTORS**

In evaluating an investment in NU2U, in addition to other information contained in this MD&A, investors should consider the following risk factors associated with NU2U. These risk factors are not a definitive list of all risk factors associated with NU2U and its business.

Competition - Significant and increasing competition exists for wind power generation businesses. There are many companies that compete for electricity purchase agreements and may be able to offer better pricing than NU2U. Currently BC Hydro and Power Authority has the monopoly on purchasing power from independent power

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producers in British Columbia. There can be no guarantee that NU2U will enter into electricity purchase agreements.

It is the strategy of NU2U to obtain and develop new wind power generation assets. The existence of competition could adversely affect NU2U's ability to obtain and develop these assets and could have a potential impact upon its revenues and ability to meet its debt obligations.

**Conflicts of Interest** - Certain directors and officers of NU2U are, and may continue to be, involved in acquiring assets through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of NU2U. Situations may arise in connection with potential acquisitions or investments where the other interests of these directors and officers may conflict with the interests of NU2U. The directors of NU2U are required by law, however, to act honestly and in good faith with a view to the best interests of NU2U and their shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with NU2U and to abstain from voting as a director for the approval of any such transaction.

**Dependency on a Small Number of Management Personnel** - NU2U is dependent on a very small number of key personnel, the loss of any of whom could have an adverse effect on NU2U and its business operations. NU2U also needs to retain qualified technical and sales personnel.

**Development Costs** - NU2U may experience losses due to higher prices of labour and consulting fees and costs of materials. NU2U will closely monitor the costs of services and materials and look for long-term commitments for those prices whenever possible. Costs of research, development, supplies and marketing have fluctuated over the past several years, NU2U intend to pass such additional costs to buyers through higher pricing. Any significant increase that NU2U cannot pass on to buyers may have a negative material impact on NU2U and its business operations.

**General and Industry Risks** - In the normal course of business, NU2U will be subject to the risks and uncertainties common to the industry for wind power generation, which highly depends on governmental policies. These risks include the supply and demand for green energy, electricity prices, aboriginal land claims, changes of climate, global warming, intermittent nature of wind, environmental standards, infrastructure lines transmitting electricity, subsidies or lack thereof and competition from other suppliers of electricity. Due to the recent economic climate, NU2U will also be impacted by the global credit crisis which creates additional credit liquidity risks to manage for the future.

The Wind Assets are subject to varying degrees of risk. These risks may include: (i) changes in general economic conditions such as the availability and cost of financing capital; (ii) changes in local conditions, including oversupply or reduction in demand for wind energy in a particular geographical area; (iii) changes to government regulations and (iv) competition from others. In addition, there is no guarantee that NU2U will be successful in developing the Wind Assets or enter into electricity purchase agreements.

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**No History of Earnings or Dividends** - NU2U has no history of earnings, and there is no assurance that the Wind Assets will generate earnings, operate profitably or provide a return on investment in the future. NU2U has no plans to pay dividends for the foreseeable future.

**Potential Profitability Depends Upon Factors Beyond the Control of NU2U** - The potential profitability of the Wind Assets or any other assets that may be acquired by NU2U is dependent upon many factors beyond NU2U's control. For instance, prices are subject to market conditions and availability of credit and response to changes in domestic, international, political, social and economic environments. Profitability also depends on the costs of operations, including costs of labour, equipment, electricity, environmental compliance or other production inputs. Such costs will fluctuate in ways NU2U cannot predict and are beyond NU2U's control, and such fluctuations will impact on profitability and may eliminate profitability altogether. Additionally, events which cause worldwide economic uncertainty may make fundraising for development difficult. These changes and events may materially affect the financial performance of NU2U.

**Regulations, Permits, and Compliance** - the current or future operations of NU2U, including development activities, require permits and approvals from local governmental authorities as well as market research and analysis. There can be no assurance that any or all permits and approvals for research NU2U may require for the Wind Assets or other projects which NU2U may undertake will be given.

In particular, the current or future operations of NU2U, including development activities, require permits and approvals from provincial, federal, municipal governmental authorities and approval of the First Nations. There can be no assurance that any or all permits and approvals which NU2U may require for the construction and development of the power generation assets or other projects which NU2U may undertake will be given.

**Securities of NU2U and Dilution** - NU2U plans to focus on the development of the Wind Assets as well as other power assets it may acquire from time to time, and will use its working capital to carry out such activities. However, NU2U will require significant additional funds to further such activities. To obtain such funds, NU2U may sell additional securities including, but not limited to, NU2U Shares or some form of convertible security, the effect of which would result in substantial dilution of the equity interests of NU2U shareholders.

There is no assurance that additional funding will be available to NU2U to develop the Wind Assets and to acquire additional power assets. There is no assurance that NU2U will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further development of the Wind Assets or any other assets that NU2U may acquire.

**Supply and Demand** - NU2U's performance would be affected by the supply and demand for green energy in British Columbia and in the US. Key drivers of demand include government policies and plans with respect to the acquisition of green energy from independent power producers. The potential for reduced sales revenue exists in the event that demand diminishes or supply becomes over abundant thereby making wind power projects uneconomical.



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**ADDITIONAL INFORMATION**

Additional information pertaining to the Company is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).