# NU2U RESOURCES CORP.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FOR THE SIX MONTH PERIOD ENDED

## DECEMBER 31, 2015

## 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 with NU2U for the purposes of divesting certain non-core assets (the "Arrangement"), specifically, an investment in Katabatic Power Corp. ("Katabatic") 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, a private British Columbia wind development company, all of which had been recorded at $1 on OWP's financial statements (the "Wind Assets").

This management discussion and analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements of Company and related notes thereto for the six month period ended December 31, 2015 and 2014 (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards. All amounts in the financial statements and this discussion and analysis are expressed in Canadian dollars, unless otherwise indicated. This Management Discussion and Analysis ("MD&A") is dated February 29, 2016 and discloses specified information up to that date.

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.

## THE COMPANY AND BUSINESS

Since inception NU2U has not been successful in raising any money to further the Wind Assets but only the cash advanced by related parties to cover administrative expenses. As such, NU2U has yet to commence operations. Accordingly, management is reviewing other business opportunities. NU2U's financial success will be dependent upon its ability to find a suitable business and obtain necessary financing.

On December 18, 2016, the Company closed a loan of $375,000 (the "Loan") to Mobio Technologies Inc. ("Mobio") by way of a secured convertible debenture (the "Note"), which Note will bear interest at a rate of 12% per annum, accruing and calculated monthly, and will mature on June 1, 2016. At the option of the Company, the Note (including interest accrued thereon) is convertible into common shares of Mobio at a price of $0.15 per share on the basis of a post ten for one consolidation of Mobio's shares (the "Consolidation") (effective Friday, December 18, 2015). The Loan is secured by a general security agreement over the present and after acquired property of Mobio, as well as a pledge of the shares of two of its subsidiaries: Twenty Year Media Corp., and 0991176 B.C. Ltd. Mobio.

**RESULTS OF OPERATIONS**

| | Three month period ended December 31, | | Six month period ended December 31, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| **Expenses** | | | | |
| Management and consulting fees | 5,779 | 40,000 | 8,779 | 40,000 |
| Office and sundry | 570 | - | 570 | - |
| Professional fees | 9,470 | 100 | 9,470 | 100 |
| Transfer agents | 3,749 | 2,287 | 3,749 | 2,287 |
| Total expenses | (19,568) | (42,387) | (22,568) | (42,387) |
| Interest income | 1,336 | - | 1,336 | - |
| Interest expense | (1,753) | - | (1,753) | - |
| **Net loss and comprehensive loss for period** | **$ (19,985)** | **$ (42,387)** | **$ (22,985)** | **$ (42,387)** |

**Loss**

The net loss for the quarter ended December 31, 2015 was $19,985 compared to a loss of $42,387 for the quarter ended December 31, 2014 representing a decrease of $22,402 or 53%.

The net loss for the six month period ended December 31, 2015 was $22,985 compared to a net loss for the six month period ended December 31, 2014 of $42,387.

**Expenses**

For the quarter ended December 31, 2015, total expenses were $19,568 compared to $42,387 recorded during the same period in 2014, representing a decrease of $22,819 or 54%. The expenses for the six month period ended December 31, 2015 were $22,568 compared to $42,387 in the prior period representing a decrease of $19,819 or 47%. Material variances over the comparable period are discussed below.

**Management and consulting fees**

For the quarter ended December 31, 2015, management and consulting fees were $5,779 compared to $40,000 for the quarter ended in the prior year. Management and consulting fees for the six month period ended December 31, 2015 were $8,779 compared to $40,000 in the prior year. The costs in 2014 were related to the Company accruing fees for the forty months commencing September 1, 2011 to December 31, 2014 for the CEO and CFO.

**Professional fees**

For the quarter ended December 31, 2015, professional fees were $9,470 compared to $100 for the quarter ended in the prior year. Professional fees for the six month period ended December 31, 2015 were $9,470 compared to $100 in the prior year. The increases in fees were related to the short term investment outlined in Note 3 of the Financial Statements.

## SUMMARY OF QUARTERLY RESULTS

| Fiscal quarter ended | Revenues[1] | Net loss and comprehensive loss–total | Loss from continuing operations – per share [1, 2] |
|---|---|---|---|
| | | $ | $ |
| December 31, 2015 | Nil | (19,985) | (0.00) |
| September 30, 2015 | Nil | (3,000) | (0.00) |
| June 30, 2015 | Nil | (5,251) | (0.00) |
| March 31, 2015 | Nil | (3,251) | (0.00) |
| December 31, 2014 | Nil | (42,387) | (0.00) |
| September 30, 2014 | Nil | - | (0.00) |
| June 30, 2014 | Nil | (2,000) | (0.00) |
| March 31, 2014 | Nil | (748) | (0.00) |

Note 1: Revenues exclude interest income. Fully diluted per share amounts are not shown as they would be anti-dilutive.
Note 2: Loss per share is rounded to the nearest whole cent

## LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2015, the Company had current assets of $393,704 and current liabilities of $487,082 compared to current assets of $Nil and current liabilities of $70,393 as at June 30, 2015. Working capital was negative $93,378 at December 31, 2015 compared to negative $70,393 at June 30, 2015.

Cash and cash equivalents at December 31, 2015, were $16,602 compared to $Nil at June 30, 2015.

**In the future, the Company will need to continue raising additional capital. As a public company, the evaluation by the investment community and individual investors will determine the outcome of any financing in the public market.**

## OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

## Transactions with Related Parties and Key management Personnel

**a) Transactions and balances with related parties**

The following amounts are due to companies controlled by a common director are included in the trade payables and accrued liabilities. These amounts are unsecured, non-interest bearing and have no fixed terms of payments. All related party amounts are to key management personnel.

| | | December 31, 2015 | | June 30, 2015 |
|---|---|---|---|---|
| Directors and officers of the Company | $ | 83,872 | $ | 67,315 |

**b) Key management personnel compensation – paid or accrued**

Transactions with related parties are summarized in the table below:

| | | December 31, 2015 | | June 30, 2015 |
|---|---|---|---|---|
| Directors and officers of the Company | $ | 8,779 | $ | 40,000 |

**c) Loans from related party**

In connection with the short term investment the sum of $400,000 was advanced to the Company by Code Consulting Ltd., a company owned by Lance Tracey, the Company's CEO and controlling shareholder. These monies, which are to be used to fund the Loan and for general working capital, are repayable on demand and bear interest at 10% per annum, compounded annually.

## 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.

*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 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 December 31, 2015 is/was 23,849,615, no change from June 30, 2015.

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

**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 will likely 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 further delay the development of the Wind Assets.

**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 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.

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.

**ADDITIONAL INFORMATION**

Additional information pertaining to the Company is available on the SEDAR website at www.sedar.com.