

**NU2U RESOURCES CORP.**

Vancouver, BC

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**Condensed Interim Financial Statements**  
**Six Month Period Ended December 31, 2016**  
**(Unaudited – prepared by Management)**  
**(Expressed in Canadian Dollars)**

## **NU2U RESOURCES CORP.**

### **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The condensed interim unaudited financial statements of NU2U Resources Corp. are the responsibility of the Company's management. The financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal controls through an audit committee. The Audit Committee reviews the results of the condensed interim unaudited financial statements prior to their submission to the Board of Directors for approval.

*"Lance Tracey"*

Chief Executive Officer

*"Sheri Rempel"*

Chief Financial Officer

**NU2U RESOURCES CORP.**  
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION  
(Unaudited – Expressed in Canadian Dollars)

	Notes	December 31, 2016	June 30, 2016
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 127,925	\$ 7,784
Marketable securities	3	211,500	-
Loan receivable and accrued interest - Mobio	4	-	133,214
Loan receivable and accrued interest - TYM	4	293,782	270,003
Accounts receivable and prepaid expenses		777	1,314
		633,984	412,315
<b>Non-current assets</b>			
Wind assets	5	1	1
		1	1
<b>TOTAL ASSETS</b>		<b>\$ 633,985</b>	<b>\$ 412,316</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables and other payables		\$ 83,827	\$ 81,843
Loans payable	6	694,782	431,669
<b>TOTAL LIABILITIES</b>		<b>778,609</b>	<b>513,542</b>
<b>SHAREHOLDERS' DEFICIENCY</b>			
Share capital	7	10,001	10,001
Accumulated other comprehensive loss	3	(23,500)	-
Deficit		(131,125)	(111,227)
<b>TOTAL SHAREHOLDERS' DEFICIENCY</b>		<b>(144,624)</b>	<b>(101,226)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		<b>\$ 633,985</b>	<b>\$ 412,316</b>

Nature and continuance of operations (Note 1)

Approved and authorized for issue by the Company's Board of Directors on February 20, 2017.

The accompanying notes are an integral part of these condensed interim financial statements.

**NU2U RESOURCES CORP.****CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

(Unaudited – Expressed in Canadian Dollars)

		Three month period ended December 31,		Six month period ended December 31,	
	Notes	2016	2015	2016	2015
<b>Expenses</b>					
Management and consulting fees		\$ 3,345	\$ 2,813	\$ 6,214	\$ 5,813
Office and sundry		345	570	350	570
Professional fees		5,310	12,436	7,530	12,436
Transfer agents		3,391	3,749	4,015	3,749
Total expenses		(12,391)	(19,568)	(18,109)	(22,568)
Interest income		12,140	1,336	26,294	1,336
Interest expense		(18,001)	(1,753)	(28,083)	(1,753)
<b>Net loss for the period</b>		<b>\$ (18,252)</b>	<b>\$ (19,985)</b>	<b>\$ (19,898)</b>	<b>\$ (22,985)</b>
<b>Other comprehensive loss</b>					
Unrealized loss on marketable securities	3	(23,500)	-	(23,500)	-
<b>Total comprehensive loss for the period</b>		<b>(41,752)</b>	<b>(19,985)</b>	<b>(43,398)</b>	<b>(22,985)</b>
<b>Loss per share – basic and diluted</b>		<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>		<b>23,849,615</b>	<b>23,849,615</b>	<b>23,849,615</b>	<b>23,849,615</b>

The accompanying notes are an integral part of these condensed interim financial statements.

**NU2U RESOURCES CORP.****CONDENSED INTERIM STATEMENTS OF SHAREHOLDERS' DEFICIENCY**

(Unaudited – Expressed in Canadian Dollars)

	Share capital		Accumulated other comprehensive loss		Deficit	Total
	Number of shares	Amount				
<b>Balance at June 30, 2015</b>	23,849,615	\$ 10,001	\$ -	\$ (80,393)	\$ (70,392)	
Loss for the period	-	-	-	(22,985)	(22,985)	
<b>Balance at December 31, 2015</b>	<b>23,849,615</b>	<b>\$ 10,001</b>	<b>\$ -</b>	<b>\$ (103,378)</b>	<b>\$ (93,377)</b>	
<b>Balance at June 30, 2016</b>	23,849,615	\$ 10,001	\$ -	\$ (111,227)	\$ (101,226)	
Unrealized loss on marketable securities	-	-	(23,500)	-	(23,500)	
Loss for the period	-	-	-	(19,898)	(19,898)	
<b>Balance at December 31, 2016</b>	<b>23,849,615</b>	<b>\$ 10,001</b>	<b>\$ (23,500)</b>	<b>\$ (131,125)</b>	<b>\$ (144,624)</b>	

The accompanying notes are an integral part of these condensed interim financial statements.

**NU2U RESOURCES CORP.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited – Expressed in Canadian Dollars)

		<b>Six month period ended December</b>	
		<b>31,</b>	
	<b>Notes</b>	<b>2016</b>	<b>2015</b>
<b>Operating activities</b>			
Loss for the period		\$ (19,898)	\$ (22,985)
Adjustments for non-cash items:			
Interest income		(23,779)	(1,336)
Interest expense		28,083	1,753
Changes in non-cash working capital items:			
Due to related parties		-	8,046
Receivables and prepaid expenses		537	(766)
Trade payables and accrued liabilities		1,984	6,890
<b>Net cash flows used in operating activities</b>		<b>(13,073)</b>	<b>(8,398)</b>
<b>Investing activities</b>			
Purchase of marketable securities	3	(235,000)	-
Short-term investments		-	(375,000)
<b>Net cash flows used in investing activities</b>		<b>(235,000)</b>	<b>(375,000)</b>
<b>Financing activities</b>			
Loan proceeds	6	235,000	400,000
Loan receivable repayment	4	126,250	-
Interest on loan receivable	4	6,964	-
<b>Net cash flows received from financing activities</b>		<b>368,214</b>	<b>400,000</b>
Increase in cash and cash equivalents		120,141	16,602
Cash and cash equivalents, beginning		7,784	-
<b>Cash and cash equivalents, ending</b>		<b>\$ 127,925</b>	<b>\$ 16,602</b>

The accompanying notes are an integral part of these condensed interim financial statements

## **NU2U RESOURCES CORP.**

Notes to the condensed interim financial statements

(Expressed in Canadian dollars)

For the six month period ended December 31, 2016 and 2015

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### **Note 1 Nature and Continuance of Operations**

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NU2U Resources Corp. (“NU2U” or the “Company”) was incorporated under Business Corporations Act (British Columbia) on August 19, 2011. The Company’s registered and records office is located at Suite 610, 700 West Pender Street, Vancouver, BC, V6C 1G8.

The Company has yet to commence operations and its success will be dependent upon its ability to find a suitable business and obtain necessary financing.

These financial statements have been prepared on accounting principles applicable to a going concern, which presumes the realization of assets and settlement of liabilities in the normal course of operations in the foreseeable future. The ability of the Company to continue as a going concern is dependent upon a number of factors including obtaining additional financing as required and seeking profitable operations.

These financial statements are presented in Canadian dollars unless otherwise indicated.

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### **Note 2 Significant Accounting Policies**

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#### **Basis of presentation**

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. Certain information and note disclosures normally included in the audited annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed. As a result, these condensed interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended June 30, 2016.

Certain comparative figures have been reclassified to conform to the current period’s presentation.

#### **The following standards and interpretations have been issued but are not yet effective:**

The following standards, interpretations and amendments, which have not been applied in these condensed interim financial statements, may have an effect on the Company’s future condensed interim financial statements. The Company is in the process of evaluating these new standards.

#### **IFRS 9 — Financial instruments, classification and measurement**

IFRS 9 Financial Instruments is part of the IASB’s wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact of the new standard.

**NU2U RESOURCES CORP.**

Notes to the condensed interim financial statements

(Expressed in Canadian dollars)

For the six month period ended December 31, 2016 and 2015

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**Note 3    Marketable Securities**

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On August 17, 2016, the Company participated in a private placement offering by a related company, Mobio Technologies Inc. ("Mobio"). The Company subscribed for 4,700,000 units at \$0.05 per unit for a total cost of \$235,000. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of \$0.075 for a period of 24 months from closing of the private placement. Concurrently, the Company entered into an agreement with Mobio that it will only be permitted to exercise that number of warrants which will result, when such common shares are issued, in the Company's total shareholdings not exceeding ten percent of Mobio's issued and outstanding shares as of the date of the warrant exercise.

On December 1, 2016, Mobio completed a consolidation of its outstanding common share capital on the basis of one post-consolidation common share for every two outstanding common shares. As a result of the consolidation, the Company holds 2,350,000 common shares of Mobio and 1,175,000 share purchase warrants to purchase common shares of Mobio at an exercise price of \$0.15 per share.

The common shares of Mobio have been adjusted to their market value of \$211,500 at December 31, 2016, and an unrealized loss of \$23,500 has been recorded in accumulated other comprehensive loss.

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**Note 4    Loans Receivable and Accrued Interest**

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**Mobio Technologies Inc.**

On December 15, 2015, the Company executed a Credit Agreement (the "Agreement") with Mobio whereby the Company granted to Mobio a credit facility in the aggregate principal amount of \$375,000 to facilitate the continued growth of two of its subsidiaries (Strutta.com Media Inc. ("Strutta") and Twenty Year Media Corp. ("TYM") and to fund its working capital. Pursuant to the terms of the Agreement, interest accrues on the outstanding balance at the rate of 12% per annum, calculated daily and compounded monthly in arrears (equivalent to a monthly rate of 1%). The principal balance, together with all accrued but unpaid interest, was immediately due and payable in full on June 1, 2016. The credit facility is secured by a Convertible Promissory Note (the "Note"), General Security Agreements under which Mobio, Strutta and TYM granted a fixed and floating first priority security interest over all of their present and after-acquired personal property and all proceeds thereof, a Pledge Agreement pursuant to which Mobio granted to, pledged in favour of and assigned to the Company a first priority security interest in favour of the Company of the issued and outstanding shares in the capital of Strutta and TYM, Strutta and TYM unconditionally and irrevocably guaranteed all indebtedness owing under the Agreement and all present and future debts and liabilities of Mobio to Strutta and TYM were assigned to the Company and postponed to the indebtedness owing under the Agreement. Pursuant to the Note, the Company had the right, on or prior to June 1, 2016, to cancel the entire principal balance and accrued interest and convert it into common shares of Mobio at a price of \$0.15 per share. As further consideration for the loan advance, Mobio issued to the Company a warrant certificate to purchase up to 1,250,000 common shares of Mobio at a price of \$0.15 per share for a period of one year from the closing date. Subsequent to the warrants being issued, by mutual agreement between the parties, the warrants were terminated.



**NU2U RESOURCES CORP.**

Notes to the condensed interim financial statements

(Expressed in Canadian dollars)

For the six month period ended December 31, 2016 and 2015

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**Note 4 Loans Receivable and Accrued Interest (continued)**

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On January 16, 2016, the Company executed an Assumption Agreement and Consent with Mobio and TYM. As of that date, the total principal and interest owing to the Company under the Note was \$378,750. Of this amount, \$252,500 owing by Mobio was assumed by TYM and is governed by the terms of the TYM Agreement. The outstanding balance owing by Mobio under the Note was reduced by the assumed amount, the Note was cancelled and an amended and restated note with identical terms in the principal amount of \$126,250 was issued to Mobio. During the current period, Mobio repaid the principal balance of \$126,250 plus accrued interest of \$6,964.

**Twenty Year Media Corp.**

On January 15, 2016, the Company executed a Credit Agreement (the "TYM Agreement") with TYM. As part of a reorganization process, TYM agreed to assume \$252,500 (\$250,000 plus \$2,500 in accrued interest) of the balance owing by Mobio to the Company under the Agreement. The \$250,000 principal balance assumed by TYM is the facility granted by the Company under the TYM Agreement. Pursuant to the terms of the TYM Agreement, interest accrues on the outstanding balance at the rate of 12% per annum, calculated daily and compounded monthly in arrears (equivalent to a monthly rate of 1%). Interest on the outstanding balance accrues at 17% per annum upon the occurrence of a default event. The principal balance, together with all accrued but unpaid interest, was immediately due and payable in full on June 1, 2016. The Company has not demanded repayment of the loan and is currently in discussions with TYM to revise the terms of the loan agreement.

The principal balance is secured by a Convertible Promissory Note (the "TYM Note") in the amount of \$252,500, a General Security Agreement under which TYM granted a fixed and floating first priority security interest over all of its present and after-acquired personal property and all proceeds thereof, a Pledge Agreement pursuant to which TYM granted to and pledged in favour of the Company a first priority security interest over all of the issued and outstanding shares in the capital of two of its subsidiaries, 858466 Canada Corp. ("858466") and Emerging Pictures Corp. ("EPC"), 858466 and EPC unconditionally and irrevocably guaranteed all indebtedness owing under the TYM Agreement and all present and future debts and liabilities of TYM to 858466 and EPC were assigned to the Company and postponed to the indebtedness owing under the TYM Agreement. Pursuant to the TYM Note, the Company had the right, on or prior to June 1, 2016, to cancel the entire principal balance and accrued interest and convert it into common shares of TYM at a conversion price to be calculated as specified.

On January 15, 2016, the Company executed an Investors' Rights Agreement with TYM whereby TYM is required to grant the Company a right of first offer with respect to future sales by TYM of new shares (as defined) in accordance with specified provisions.

On January 16, 2016, the Company executed an Assumption Agreement and Consent with Mobio and TYM. As of that date, the total principal and interest owing to the Company under the Note was \$378,750. Of this amount, \$252,500 owing by Mobio was assumed by TYM and is governed by the terms of the TYM Agreement. The outstanding balance owing by Mobio under the Note was reduced by the assumed amount, the Note was cancelled and an amended and restated note with identical terms in the principal amount of \$126,250 was issued to Mobio.

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**NU2U RESOURCES CORP.**

Notes to the condensed interim financial statements

(Expressed in Canadian dollars)

For the six month period ended December 31, 2016 and 2015

**Note 5 Wind Assets**

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An investment in Katabatic Power Corp. (“Katabatic”) comprised of various debt instruments and a minority equity interest, recorded at its fair value of \$1.

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**Note 6 Loans Payable and Accrued Interest**

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On December 15, 2015, Code Consulting Limited (“Code”), a company controlled by the CEO of the Company, loaned \$400,000 to the Company to facilitate the loan to Mobio (see Note 4). This loan bears interest at 10% per annum, calculated monthly, not in advance and is secured by a promissory note. The principal balance plus accrued interest was due and payable on December 15, 2016. This loan has not been repaid and the Company is currently in discussions with Code to revise the terms of the loan agreement.

On May 18, 2016, Code loaned an additional \$10,000 to the Company. This advance is non-interest bearing, unsecured and has no fixed terms of repayment.

On August 17, 2016, Code loaned \$235,000 to the Company to facilitate the investment in the common shares of Mobio (see Note 3). This loan bears interest at 10% per annum, calculated monthly, not in advance, and is secured by a promissory note. The principal balance plus accrued interest is due and payable on August 17, 2017.

See Note 8.

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**Note 7 Share Capital and Reserves**

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**Share Capital****Authorized**

Unlimited number of common shares without par value.

Unlimited number of preferred shares with a par value of \$100 per share.

**Stock Options**

During the year ended June 30, 2016, the Board of Directors approved a stock option plan (the “Plan”) in order to provide the Company with a share-related mechanism to attract, retain and motivate qualified executives, employees and consultants to contribute toward the long-term goals of the Company, and to encourage such individuals to acquire shares of the Company as long term investments.

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**NU2U RESOURCES CORP.**

Notes to the condensed interim financial statements

(Expressed in Canadian dollars)

For the six month period ended December 31, 2016 and 2015

**Note 7 Share Capital and Reserves (continued)**

The number of shares available for purchase pursuant to options granted under the Plan will not exceed 10% of the shares that are outstanding (on a non-diluted basis) immediately prior to the share issuance or grant of options. The Plan places limits on the maximum number of options which may be granted to any one holder, insider, consultant and employees and consultants engaged in investor relations activities within any 12-month period. Options granted in relation to investor relations activities must vest in stages over 12 months with no more than 25% of the options vesting in any three-month period. The vesting period for all other options is at the discretion of the Board of Directors.

No stock options in connection with the above plan have been issued.

**Note 8 Related Party Transactions****Balances**

The following amounts payable to related parties are included in trade payables and accrued liabilities:

	December 31, 2016	June 30, 2016
Code	\$ 70,360	\$ 70,360
CEO of the Company	5,000	5,000
Company controlled by the CFO of the Company	2,449	-
	<u>\$ 77,809</u>	<u>\$ 75,360</u>

On October 29, 2015, the Company executed a Debt Assignment Agreement with the former CEO of the Company, the former CFO of the Company and a company with common directors whereby the \$70,360 (June 30, 2016 - \$70,360) aggregate amount owing by the Company to these parties was assigned to Code. (See Note 5).

**Transactions – paid or accrued**

Transactions with related parties are summarized in the tables below:

	Six months ended December 31, 2016	Six months ended December 31, 2015
Interest on loans payable to Code	\$ 28,083	\$ 1,753

**NU2U RESOURCES CORP.**

Notes to the condensed interim financial statements

(Expressed in Canadian dollars)

For the six month period ended December 31, 2016 and 2015

**Note 8 Related Party Transactions (continued)**

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**Key management personnel compensation:**

		Six months ended December 31, 2016		Six months ended December 31, 2015
Management and consulting fees	\$	6,214	\$	8,779
Professional fees		3,195		-
Office and sundry		-		300

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All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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**Note 9 Capital Management**

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The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support future business opportunities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In the management of capital, the Company includes cash balances, loans and components of equity.

In order to carry out future projects and pay for administrative costs, the Company will raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements.

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**Note 10 Financial Instruments**

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The fair value of the Company's loans receivable and accrued interest, trade payables and accrued liabilities and loan payable and accrued interest approximates the carrying value due to the short-term nature of the instruments. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

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**NU2U RESOURCES CORP.**

Notes to the condensed interim financial statements

(Expressed in Canadian dollars)

For the six month period ended December 31, 2016 and 2015

**Note 10 Financial Instruments (continued)**

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Credit risk:

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes its credit risk is minimal.

Liquidity risk:

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2016, the Company had a cash balance of \$127,925 (June 30, 2016 - \$7,784) to settle current liabilities of \$778,609 (June 30, 2016 - \$513,542). Management plans to raise funds to meet its future liabilities as they become due.

Market risk:

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity prices.

(a) Interest rate risk - the Company has a cash balance and interest-bearing debt making the company sensitive to interest rate fluctuations.

(b) Foreign currency risk - the Company currently believes it has no significant foreign exchange risk.

(c) Price risk - the Company is a non-public reporting issuer and is not currently exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

**Fair Value of Financial Instruments**

The fair value of the Company's financial assets and liabilities, other than marketable securities, approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Marketable securities are classified as Level 1 and have been adjusted to fair market value of \$211,500 at December 31, 2016.