

**NU2U RESOURCES CORP.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE SIX MONTHS ENDED**  
**DECEMBER 31, 2016**

## **INTRODUCTION**

NU2U Resources Corp. (“NU2U” or the “Company”) was incorporated under the 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 interim financial statements of the Company and related notes thereto for the six months ended December 31, 2016, and 2015 (the “Financial Statements”), which have been prepared in accordance with International Financial Reporting Standards as applicable to interim financial reports including International Accounting Standard 34, Interim Financial Reporting. 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 20, 2017, 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 15, 2015, the Company executed a Credit Agreement (the “Agreement”) with Mobio Technologies Inc. (“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.

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.

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.

## RESULTS OF OPERATIONS

	Notes	Three month period ended December 31,		Six month period ended December 31,	
		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>

### THREE MONTH PERIOD ENDED DECEMBER 31, 2016 AND 2015

#### Loss

The net loss for the quarter ended December 31, 2016, was \$18,252 compared to a net loss of \$19,985 for the quarter ended December 31, 2015, representing a decrease in loss of \$1,733.

#### Expenses

For the quarter ended December 31, 2016, total expenses were \$12,391 compared to \$19,568 recorded during the same period in 2015, representing a decrease in expenses of \$7,177. Material variances over the comparable period are discussed below.

#### Professional fees

For the quarter ended December 31, 2016, professional fees were \$5,310 compared to \$12,436 for the quarter ended in the prior year, representing a decrease in professional fees of \$7,126. The higher fees for the quarter ended December 31, 2015, are related to the short-term investment made during that period as outlined in Note 3 of the condensed interim financial statements.

### Interest income and interest expense

For the quarter ended December 31, 2016, interest income was \$12,140 compared to \$1,336 for the quarter ended in the prior year. The increase in interest income is related to the short-term investment outlined in Note 4 of the condensed interim financial statements. For the quarter ended December 31, 2016, interest expense was \$18,001 compared to \$1,753 for the quarter ended in the prior year. The increase in interest expense is related to the loans payable outlined in Note 6 of the condensed interim financial statements.

### SUMMARY OF QUARTERLY RESULTS

Fiscal quarter ended	Revenues <sup>1</sup>	Net loss	Comprehensive loss	Loss from continuing operations – per share <sup>1, 2</sup>
		\$	\$	\$
December 31, 2016	Nil	(18,252)	(41,752)	(0.00)
September 30, 2016	Nil	(1,646)	(1,646)	(0.00)
June 30, 2016	Nil	(16,968)	(16,968)	(0.00)
March 31, 2016	Nil	(9,207)	(9,207)	(0.00)
December 31, 2015	Nil	(19,985)	(19,985)	(0.00)
September 30, 2015	Nil	(3,000)	(3,000)	(0.00)
June 30, 2015	Nil	(5,251)	(5,251)	(0.00)
March 31, 2015	Nil	(3,251)	(3,251)	(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

### SIX MONTH PERIOD ENDED DECEMBER 31, 2016 AND 2015

#### Loss

The net loss for the six months ended December 31, 2016, was \$19,898 compared to a net loss of \$22,985 for the six months ended December 31, 2015, representing a decrease in loss of \$3,087.

#### Expenses

For the six months ended December 31, 2016, total expenses were \$18,109 compared to \$22,568 recorded during the same period in 2015, representing a decrease in expenses of \$4,459. Material variances over the comparable period are discussed below.

#### Professional fees

For the six months ended December 31, 2016, professional fees were \$7,530 compared to \$12,436 for the six months ended in the prior year, representing a decrease in professional fees of \$4,906. The higher fees for the quarter ended December 31, 2015, are related to the short-term investment made during that period as outlined in Note 3 of the condensed interim financial statements.

### Interest income and interest expense

For the six months ended December 31, 2016, interest income was \$26,294 compared to \$1,336 for the six months ended in the prior year. The increase in interest income is related to the short-term investment outlined in Note 4 of the condensed interim financial statements. For the six months ended December 31, 2016, interest expense was \$28,083 compared to \$1,753 for the six months ended in the prior year. The increase in interest expense is related to the loans payable outlined in Note 6 of the condensed interim financial statements.

### LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2016, the Company had current assets of \$633,984 and current liabilities of \$778,609 compared to current assets of \$412,315 and current liabilities of \$513,542 as at June 30, 2016. At December 31, 2016, there was a working capital deficiency of \$144,625 compared to \$101,227 at June 30, 2016.

Cash and cash equivalents at December 31, 2016, were \$127,925 compared to \$7,784 at June 30, 2016.

**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

#### Balances

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

	December 31, 2016	June 30, 2016
Code Consulting Limited	\$ 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 Consulting Limited ("Code").

### 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

### Key management personnel compensation:

		Three months ended September 30, 2016		Three months ended September 30, 2015
Management and consulting fees	\$	6,214	\$	8,779
Professional fees		3,195		-
Office and sundry		-		300

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.

### Loans from related party

In connection with the loan receivable outlined in Note 4 to the condensed interim financial statements, the sum of \$400,000 was advanced to the Company by Code, a company owned by Lance Tracey, the Company's CEO and controlling shareholder. These funds, which are to be used to fund the loan receivable and for general working capital, are repayable on demand and bear interest at 10% per annum, compounded annually.

On August 17, 2016, Code loaned an additional \$235,000 to the Company to facilitate the investment in the common shares of Mobio, a company with a common director and common CFO, as outlined in Note 3 to the condensed interim financial statements. 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.

### 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, 2016, is 23,849,615.

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](http://www.sedar.com).