IOU Financial

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS AND MANAGEMENT PROXY CIRCULAR

Annual General and Special Meeting – May 23, 2014

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF THE SHAREHOLDERS OF IOU FINANCIAL INC.

NOTICE IS HEREBY GIVEN that an annual general and special meeting of the shareholders of IOU Financial Inc. (the "Corporation") will be held at the Auditorium of the Montreal Stock Exchange, Tour de la Bourse, 800, Square Victoria, 4th floor, Montreal, Québec, H4Z 1A9, at the hour of 10 a.m., Montreal time, on Friday, May 23, 2014, for the following purposes:

1. To receive the report of management and the consolidated financial statements of the Corporation for the financial year ended December 31, 2013, together with the auditors' report thereon;

2. To elect the Directors of the Corporation for the ensuing year;

3. To appoint the auditors for the ensuing year and to authorize the Directors to fix their remuneration;

4. To consider, and if deemed appropriate, to adopt the resolution set forth in the enclosed Management Information Circular to approve the Corporation's rolling 10% Stock Option Plan (the full text of which is reproduced in Schedule "B"), as required annually by the policies of the TSX Venture Exchange;

5. To consider, and if deemed appropriate, to adopt a resolution (the full text of which is reproduced in Schedule "C") approving the sale of loans to Palos/IOU High Yield Fund managed by Palos Management Inc.;

6. To consider, and if deemed appropriate, to adopt a special resolution (the full text of which is reproduced in Schedule "D") approving the amendment to the Corporation's Articles of Incorporation to restate its share capital as set forth in Schedule "E", all as more particularly described in the enclosed Management Information Circular; and

7. To transact such other business as may properly be brought before the meeting or any adjournment thereof.

The enclosed Management Proxy Circular should be consulted for further details on the matters to be acted upon. A copy of a Form of Proxy for the meeting is attached with this Notice.

DATED at Montreal, Québec this 17th day of April, 2014.

BY ORDER OF THE BOARD OF DIRECTORS

[signed]

Philippe Marleau
President and CEO

SHAREHOLDERS MAY EXERCISE THEIR RIGHTS BY ATTENDING THE MEETING OR BY COMPLETING A FORM OF PROXY. SHOULD YOU BE UNABLE TO ATTEND THE MEETING IN PERSON, PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED FORM OF PROXY AND RETURN IT TO THE TRANSFER AGENT AND REGISTRAR OF THE CORPORATION, COMPUTERSHARE INVESTOR SERVICES INC., IN THE ENVELOPE PROVIDED FOR THAT PURPOSE. YOUR SHARES WILL BE VOTED IN ACCORDANCE WITH YOUR INSTRUCTIONS AS INDICATED ON THE FORM OF PROXY, OR FAILING INSTRUCTIONS, IN THE MANNER SET FORTH IN THE ACCOMPANYING MANAGEMENT PROXY CIRCULAR. PLEASE REFER TO THE ACCOMPANYING INFORMATION CIRCULAR FOR ADDITIONAL PARTICULARS.

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MANAGEMENT PROXY CIRCULAR

A. VOTING INFORMATION

PURPOSE OF SOLICITATION

THIS MANAGEMENT PROXY CIRCULAR (THE "INFORMATION CIRCULAR") IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF IOU FINANCIAL INC. (THE "CORPORATION") FOR USE AT THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF THE CORPORATION TO BE HELD AT THE AUDITORIUM OF THE MONTREAL STOCK EXCHANGE, TOUR DE LA BOURSE, 800, SQUARE VICTORIA, 4TH FLOOR, MONTREAL, QUÉBEC, H4Z 1A9, ON FRIDAY, MAY 23, 2014, AT THE HOUR OF 10 O'CLOCK A.M., MONTREAL TIME, AND AT ANY ADJOURNMENTS THEREOF FOR THE PURPOSES SET OUT IN THE ACCOMPANYING NOTICE OF MEETING. Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited by the Management of the Corporation by telephone, fax or personal interviews. The cost of any such solicitation will be borne by the Corporation.

INFORMATION ON THE DELIVERY OF PROXY-RELATED MATERIALS

These securityholder materials are being sent to both registered and non-registered owners of the securities (non-registered owners of securities are referred to as "Beneficial Shareholders" in this Information Circular). If you are a Beneficial Shareholder, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions

The Corporation is not using "notice-and-access" to send its proxy-related materials to its shareholders, and paper copies of such materials will be sent to all shareholders. The Corporation will send proxy-related materials directly to non-objecting Beneficial Shareholders, through the services of its registrar and transfer agent, Computershare Investor Services Inc. The Corporation intends to pay for an intermediary to deliver to objecting Beneficial Shareholders the proxy-related materials and Form 54-101F7 "Request for Voting Instructions by Intermediary" of Regulation 54-101.

VOTING OF PROXIES

All Class B Common Shares represented at the meeting by properly executed proxies will be voted and where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the Class B Common Shares represented by the proxy will be voted in accordance with such specifications. **IN THE ABSENCE OF ANY SUCH SPECIFICATIONS, THE MANAGEMENT DESIGNEES, IF NAMED AS PROXY, WILL VOTE IN FAVOUR OF ALL THE MATTERS SET OUT HEREIN.**

THE ENCLOSED INSTRUMENT OF PROXY CONFERS DISCRETIONARY AUTHORITY UPON THE MANAGEMENT DESIGNEES, OR OTHER PERSONS NAMED AS PROXY, WITH RESPECT TO AMENDMENTS TO OR VARIATIONS OF MATTERS IDENTIFIED IN THE NOTICE OF MEETING AND ANY OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING. AT THE DATE OF THIS INFORMATION CIRCULAR, THE CORPORATION IS NOT AWARE OF ANY AMENDMENTS TO, OR VARIATIONS OF, OR OTHER MATTERS, WHICH MAY

COME BEFORE THE MEETING. IN THE EVENT THAT OTHER MATTERS COME BEFORE THE MEETING, THEN THE MANAGEMENT DESIGNEES INTEND TO VOTE IN ACCORDANCE WITH THE JUDGEMENT OF THE MANAGEMENT OF THE CORPORATION.

Proxies, to be valid, must be deposited at the offices of the registrar and transfer agent of the Corporation, Computershare Investor Services Inc. (Attention: Proxy Department), 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the meeting or an adjournment of the meeting.

APPOINTMENT OF PROXY

A SHAREHOLDER HAS THE RIGHT TO DESIGNATE A PERSON (WHO NEED NOT BE A SHAREHOLDER OF THE CORPORATION) OTHER THAN PHILIPPE MARLEAU AND EVAN PRICE, THE MANAGEMENT DESIGNEES, TO ATTEND AND ACT FOR HIM AT THE MEETING. Such right may be exercised by inserting in the blank space provided, the name of the person to be designated and deleting therefrom the names of the management designees or by completing another proper instrument of proxy and, in either case, depositing the instrument of proxy at the offices of the registrar and transfer agent of the Corporation, Computershare Investor Services Inc. (Attention: Proxy Department), 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the meeting or an adjournment of the meeting.

REVOCATION OF PROXIES

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy.

A shareholder may revoke a proxy by depositing an instrument in writing, executed by him or his attorney authorized in writing:

(1) at the offices of the registrar and transfer agent of the Corporation, Computershare Investor Services Inc. (Attention: Proxy Department), 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, at any time, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the meeting or adjournment of the meeting at which the proxy is to be used; or

(2) at the registered office of the Corporation, 1, Place Ville-Marie, Suite 1812, Montreal, Québec, Canada, H3B 4A9, to the attention of the Corporate Secretary at any time up to and including the last business day preceding the day of the meeting at which the proxy is to be used; or

(3) with the Chairman of the meeting on the day of the meeting or an adjournment of the meeting.

In addition, a proxy may be revoked by the shareholder executing another form of proxy bearing a later date and depositing same at the offices of the registrar and transfer agent of the Corporation within the time period set out under the heading "VOTING OF PROXIES", or by the shareholder personally attending the meeting and voting his shares.

ADVICE TO BENEFICIAL HOLDERS OF COMMON SHARES ON VOTING CLASS B COMMON SHARES

The information set forth in this section is of significant importance to many shareholders of the Corporation, as a substantial number of shareholders do not hold Class B Common Shares of the Corporation (the "Class B Common Shares") in their own name. Beneficial Shareholders who do not hold their shares in their own name should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of Class B Common Shares can be recognized and acted upon at the Meeting. If Class B Common Shares are listed in an account statement provided to a shareholder by a broker, then, in almost all cases, those Class B Common Shares will not be registered in the shareholder's name on the records of the Corporation. Such Class B Common Shares are likely to be registered under the name of the shareholder's broker or an agent of that broker. Class B Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Class B Common Shares are communicated to the appropriate person.**

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Class B Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. **A Beneficial Shareholder receiving a proxy from an intermediary cannot use that proxy to vote Class B Common Shares directly at the Meeting. The proxy must be returned to the intermediary well in advance of the Meeting in order to have the Class B Common Shares voted at the Meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Class B Common Shares registered in the name of his or her broker (or an agent of the broker), a Beneficial Shareholder may attend the Meeting as proxy holder for the registered shareholder and vote the Class B Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Class B Common Shares as proxy holder for the registered shareholder, should enter their own names in the blank space on the form of proxy provided to them and return same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized share capital of the Corporation consists of an unlimited number of Class A and B common shares and Class A and B preferred shares. As of the date of this Information Circular, an aggregate of 48,374,523 Class B Common Shares were issued and outstanding. Each Class B Common Share entitles the holder thereof to one vote.

The holders of Class B Common Shares of record at the close of business on the record date, set by the Directors of the Corporation to be April 17, 2014, are entitled to vote such Class B Common Shares at the meeting, except to the extent that:

(1) such person transfers his shares after the record date; and

(2) the transferee of those shares produces properly endorsed share certificates or otherwise establishes his ownership to the shares;

and makes a demand to the registrar and transfer agent of the Corporation, not later than 10 days before the meeting, that his name be included on the shareholders' list.

The by-laws of the Corporation provide that at least 2 persons present and representing in person or by proxy not less than 10% of the issued shares entitled to vote at the meeting constitute a quorum for the meeting.

To the knowledge of the Directors and officers of the Corporation, the only persons who beneficially own, directly or indirectly, or control or direct, Class B Common Shares carrying more than 10% of the voting rights of the outstanding Class B Common Shares of the Corporation, are the following:

PRINCIPAL HOLDERS OF SHARES

Name	Number of Class B Common Shares	Percentage of Voting Securities
The Marleau Capital Corporation[(1)]	7,667,649 [(2)]	16.83%[(3)]

Note :
(1) Philippe Marleau owns 50% of the shares of The Marleau Capital Corporation.
(2) Out of these 7,667,649 Class B Common Shares, 5,578,178 Class B Common Shares are owned by The Marleau Capital Corporation Inc. and 2,089,471 Class B Common Shares are owned by Palos Merchand Fund L.P., a fund managed by its General Partner, Palos Management, which in turn is owned by Palos Capital Corporation, which is under the influence of The Marleau Capital Corporation.
(3) In application of Section 1.8 of *Regulation 62-104 Respecting Take-Over Bids and Issuer Bids*, the percentage of voting securities beneficially owned, directly or indirectly, or controled or directed by The Marleau Capital Corporation, includes the 7,667,649 Class B Common Shares set forth in this table and also assumes that the 473,804 warrants held by Palos Management Inc. have been exercised.

B. BUSINESS OF THE MEETING

To the knowledge of the Corporation's Directors, the only matters to be placed before the meeting are those matters set forth in the accompanying notice of meeting relating to the receipt of the management report and the financial statements, the election of the Directors, the appointment of the auditors, the approval of the Stock Option Plan, the approval of the resolution for the sale of loans to the Palos IOU High Yield Fund and the approval of the special resolution for the amendment of the Corporation’s articles of incorporation to modify the share capital.

ELECTION OF DIRECTORS

The Articles of the Corporation stipulate that the Board of Directors shall consist of a minimum of three Directors and a maximum of fifteen Directors. Management proposes that the four members of the Board of Directors presented in this Information Circular be elected to hold office until the next annual meeting of shareholders or until his successor is duly elected or appointed pursuant to the by-laws of the Corporation. Please refer to Section C Board of Directors for each nominee’s biography.

It is the intention of the management designees, if named as proxy, to vote for the election of said persons to the Board of Directors. Management does not contemplate that any of such nominees will be unable to serve as Directors. However, if, for any reason, any of the proposed nominees do not stand for election or are unable to serve as such, proxies in favour of management designees will be voted for another nominee at their discretion unless the shareholder has specified in his proxy that his shares are to be withheld from voting in the election of Directors.

APPOINTMENT OF AUDITORS

The management designees, if named as proxy, intend to vote the Class B Common Shares represented by any such proxy for the appointment of BDO Canada LLP, Chartered Accountants, as auditors of the Corporation at a remuneration to be fixed by the Board of Directors unless the Shareholder has specified in his proxy that his shares are to be withheld from voting in the appointment of auditors. BDO Canada LLP have been the auditors of the Corporation since December 21, 2010. The auditors will hold office until the next Annual Meeting of Shareholders or until their successors are appointed.

APPROVAL OF THE STOCK OPTION PLAN

Shareholders are being asked to pass the following resolution to approve and confirm the Corporation's Stock Option Plan, the particulars of which are described under "STATEMENT OF EXECUTIVE COMPENSATION – Stock Option Plan" and a copy of which is attached hereto as Schedule B. The Stock Option Plan was originally approved by shareholders of the Corporation on November 24, 2010 and was amended by the Corporation's Board of Directors on May 24, 2012 and on November 28, 2013.

In accordance with the policies of the TSX Venture Exchange, a rolling stock option plan which reserves for issuance, pursuant to the exercise of stock options, up to a maximum of 10% of the number of issued and outstanding Class B Shares of the Corporation at the time of any stock option grant, must receive shareholders approval at each annual general meeting.

Shareholders are being asked to consider, and if deemed advisable, to adopt the following resolution to re-approve the Corporation's rolling 10% Stock Option Plan (the "**Stock Option Plan Resolution**"):

> **"BE AND IT IS HEREBY RESOLVED:**
>
> THAT the rolling Stock Option Plan of the Corporation be and is hereby re-approved and confirmed; and
>
> THAT any officer or director of the Corporation be and each of them is hereby authorized, for and on behalf of the Corporation, to execute and deliver such other documents and instruments and take such other actions as such officer or director may determine to be necessary or advisable to implement this resolution and the matters authorized thereby."

In order to be effective, the Stock Option Plan Resolution must be passed by a majority of the votes of shareholders voting on it at the Meeting. The management designees, if named as proxy, intend to vote the Class B Common Shares represented by any such proxy FOR the adoption of the Stock Option Plan Resolution unless the Shareholder has specified in his proxy that his shares are to be voted AGAINST the Stock Option Plan Resolution.

APPROVAL OF SALE OF LOANS TO THE PALOS/IOU HIGH YIELD FUND

In January 2014, Palos Management Inc. ("**Palos**") launched the Palos/IOU High Yield Fund (the "**Fund**"). The Fund primarily purchases commercial loans ("**Loans**") originated by IOU Central Inc., a Delaware corporation ("**IOU USA**") and a wholly-owned subsidiary of the Corporation.

Operation of the Fund and Sale of Loans

The Fund is managed by Palos. Founded in 2001 and based in Montreal, Québec, Palos is registered as an Exempt Market Dealer, Investment Fund Manager, Portfolio Manager and Derivatives Portfolio Manager with the *Autorité des marchés financiers*. Since January 2014 and up until the date of this Information Circular, IOU USA has sold US$4,251,981 of loans to the Fund and IOU USA intends to sell up to US$250 million to the Fund over the 60 month period following the date of the approval by the Corporation's shareholders of the Palos Fund Resolution (as defined hereinafter).

The rights, title and interest in the Loans that the Fund purchases are granted, assigned, transferred and set over unto the Fund by IOU USA. Until such time as the Loans are fully paid, IOU USA continues to service the Loans, by using its proprietary system to collect repayments of the principal, interest, guarantee fees and non-sufficient funds fees (the "**Servicing**") in accordance with Debt Assignment Agreements between the

Fund and IOU USA (the "**Debt Assignment Agreements**").

Comparable Terms of Sale

The terms under which IOU USA distributes the Loans to the Fund are and will be similar to the terms under which IOU USA distributes Loans to other arms-length, third party purchasers. The selection of the Loans to be sold to the Fund are based on a random loan selector and the determination of the price of the Loans to be sold and the debt servicing terms between the Fund and IOU USA are set forth in individual Debt Assignment Agreements.

Approval of Related-Party Transaction

The Marleau Capital Corporation holds a significant influence over Palos Capital which in turn owns 100% of the equity securities of Palos. Palos is the General Partner of the Palos Merchant Fund. The Palos Merchant Fund and The Marleau Capital Corporation own directly or indirectly a significant stake of the voting securities of the Corporation. Philippe Marleau acts as a director for The Marleau Capital Corporation, the Corporation, IOU USA and Palos Capital.

The Fund could be considered a "related party" of the Corporation, since, arguably, the Marleau Capital Corporation, a "control person" of the Corporation, is also a "control person" of the Fund by virtue of holding a significant influence over Palos, the general partner of the Fund. The purchase of loans from the Corporation by the Fund could therefore be a "related party transaction" under Regulation 61-101 respecting *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The proposed transactions are exempt from the valuation requirement provided under MI 61-101 since the Corporation is not listed on a "specified market", as defined under MI 61-101.

Shareholders, excluding Philippe Marleau, the Marleau Capital Corporation and affiliates, will be asked to consider and, if deemed advisable, to approve the resolution set forth in Schedule "C" (the "**Palos Fund Resolution**") to authorize the proposed transactions for the sale of up to US$250 million of Loans by IOU USA to the Fund over the 60-month period following the date of the approval by the Corporation's shareholders of the Palos Fund Resolution. As of the date of this Information Circular and to the knowledge of the Corporation, Philippe Marleau, the Marleau Capital Corporation and affiliates own, control or direct an aggregate of 7,887,649 Class B Common Shares.

In order to be effective, the Palos Fund Resolution must be passed by a majority of the votes of disinterested shareholders voting on it at the Meeting. The management designees, if named as proxy, intend to vote the Class B Common Shares represented by any such proxy FOR the adoption of the Palos Fund Resolution unless the shareholder has specified in his proxy that his shares are to be voted AGAINST the Palos Fund Resolution.

AMENDMENT OF ARTICLES OF INCORPORATION TO RESTATE THE CORPORATION'S SHARE CAPITAL

The Corporation wishes to modify its authorized share capital in order to simplify its current equity capital structure. To this end, the Corporation proposes to cancel some authorized but non issued classes of shares and to create a new class of shares designated as Common Shares, the privileges, restrictions and conditions being described in Schedule "E" hereto (the "**Common Shares**"). In addition, upon the issuance of the Certificate of Amendment in respect of the Articles of Incorporation of the Corporation, the Corporation proposes to convert each one of the Class B Common Shares issued and outstanding immediately prior to the issuance of the Certificate of Amendment into one Common Share (the "**Share Conversion**").

Shareholders will be asked to consider, and if deemed advisable, to adopt the special resolution set forth in Schedule "D" hereto to authorize the amendment to the Corporation's Articles of Incorporation in order to restate its share capital as described above (the "**Share Capital Resolution**").

In order to be effective, the Share Capital Resolution must be passed by 66 2/3 % of the votes of shareholders voting on it at the Meeting. The management designees, if named as proxy, intend to vote the Class B Common Shares represented by any such proxy FOR the adoption of the Share Capital Resolution unless the shareholder has specified in his proxy that his shares are to be voted AGAINST the Share Capital Resolution.

Effects of the Share Conversion

If approved, the Share Conversion will occur simultaneously for all of the issued and outstanding Class B Common Shares. The Share Conversion will not affect the rights of any shareholder or any shareholder's percentage ownership of the Corporation.

Exchange of Share Certificates

If the Share Capital Resolution is approved by the shareholders and the TSX Venture Exchange and implemented by the Corporation's Board of Directors, shareholders who hold certificates will be requested to exchange their share certificates representing Class B Common Shares for new certificates representing Common Shares.

Following a determination by the Corporation's Board of Directors to implement the Share Conversion, it is expected that Computershare Investor Services Inc., the Corporation's registrar and transfer agent, will send a letter of transmittal to each shareholder who hold certificates as soon as practicable after the implementation of the Share Conversion. The letter of transmittal will contain instructions on how such shareholders can surrender their share certificates representing Class B Common Shares to Computershare Investor Services Inc. Computershare Investor Services Inc. will forward to each shareholder who has sent in his, her or its share certificate representing Class B Common Shares, along with such other documents as Computershare Investor Services Inc. may require, a new share certificate representing the number of Common Shares to which such shareholder is entitled.

Shareholders should not destroy any share certificate and should not submit any share certificate for a new share certificate until requested to do so.

Registered holders of Class B Common Shares who do not hold share certificates and Beneficial Shareholders who are holding Class B Common Shares through a bank, broker or other nominee should note that such banks, brokers or other nominees may have different procedures for effecting the Share Conversion that those that will be put in place by the Corporation and Computershare Investor Services Inc. for registered shareholders who hold share certificates. You are encouraged to contact your bank, broker or nominee if you have questions with respect to such matters.

Implementation of the Share Conversion

If the approval of the shareholders is obtained, the Share Conversion will take place as soon as practicable after the meeting. Notwithstanding the approval of the shareholders, the Corporation's Board of Directors may, in its discretion and without further shareholder action, revoke the Share Capital Resolution without further approval of the shareholders. If the Board of Directors elects to implement the Share Conversion, the Corporation will promptly make the required filings with the TSX Venture Exchange. The Share Conversion will be effective on the date on which the Board of Directors determines to carry out the

Share Conversion after receiving the approval of the TSX Venture Exchange. Following receipt of the TSX Venture Exchange's final approval of the Share Conversion, the Corporation will cause the letters of transmittal, as described above, to be mailed to the shareholders.

SHAREHOLDER PROPOSALS

Shareholders who wish to submit a proposal for consideration at the next meeting to be held in 2015 must do so by submitting it to the attention of the Secretary of the Corporation in the manner and subject to the limitations prescribed by the *Business Corporations Act* (Québec).

C. BOARD OF DIRECTORS

BIOGRAPHIES

The following table sets forth, for each person nominated by management for election as a Director, his name, province or state and country of residence, the year in which he first became a Director, his principal occupation for the last five years, his Committee memberships, the number of Class B Common Shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction was exercised, all as at the date of this Information Circular.

Guy Charette Québec, Canada Shares: 0	Mr. Charette was appointed interim CEO of Carpathian Gold, an exploration and development company listed on the TSX, in February 2014. Prior to this, he was Executive Vice-President, Corporate of Carpathian Gold Inc. since April 2011. Mr. Charette has over 25 years experience in securities law with an emphasis on structuring resource industry transactions as well as exploration and development finance in North America, Europe and in developing nations. Before joining Carpathian Gold Inc., Mr. Charette worked as a lawyer and independent consultant. Mr. Charette is a director of Carpathian Gold Inc. and of Knowlton Capital Inc. **Board Details:** • Director since 2005 • Chairman of the Audit Committee • Member of the Corporate Governance Committee • Chairman of the Human Resources and Remuneration Committee • Independent director
David Cynn New-York, USA Shares: 0	Mr. Cynn has been a Partner at Killearn Capital, a New York private equity firm focused on specialty finance companies, since January 2013. Prior to joining Killearn Capital, Mr. Cynn was a Partner at Lightyear Capital, a New York private equity firm focused on financial services investments, since 2002. Mr. Cynn, who spent over ten years at Lightyear, led that firm's specialty finance efforts. Prior to Lightyear Capital, Mr. Cynn worked in Morgan Stanley's Mergers and Acquisition Department for four years as well as two years in HSBC's Mergers and Acquisition Department. He began his career in Chase Manhattan's Management Development Program. Mr. Cynn received an MBA from the University of Chicago's Graduate School of Business where he graduated with high honors and received a BS from Cornell University. **Board Details:** • Director since March 7, 2014 • Member of the Audit Committee • Independent director

<table>
<tr><td>Philippe Marleau
Québec, Canada
Shares[(1)]: 220,000 Class B Common Shares</td><td>Mr. Philippe Marleau is President and CEO of the Corporation. Mr. Marleau is the founder of IOU Central Inc., a Canadian corporation (“IOU Central”), and has served as its President and CEO since August 2006. IOU Central was the subject of a reverse takeover transaction involving the Corporation which was completed on February 28, 2011. Previously, Mr. Marleau was employed as a portfolio manager with Palos Capital Corporation and as a financial analyst in the equity research divisions of Merrill Lynch, Credit Suisse First Boston, and Scotia Capital. Mr. Marleau serves on the board of Palos Capital Corporation. Mr. Marleau holds a Bachelor of Engineering (B.Eng.) with a Minor in Economics from McGill University and is a Chartered Financial Analyst (CFA).

Board Details:
▪ Director since 2005
▪ Non-independent director due to his position as President and CEO</td></tr>
<tr><td>Evan Price
Québec, Canada
Shares: 87,500 Class B Common Shares</td><td>Mr. Price is the President and CEO of CO2 solutions, a leading provider of carbon capture technology (TSX-V; symbol: CST-V). Previously, Mr. Price led several high technology companies (Domosys Corporation, SIM Composites, Plastic Knowledge). Prior to that, he worked in the forest industry for General Woods & Veneers (GWV) and Tecsult, both of Montreal. With GWV, he held various management positions in Bolivia and the DRC (ex-Zaire). He is a board member of Solifor, a limited partnership that is one of the largest owners of timberlands in Québec, and Lyryx Learning, a private Calgary-based provider of online learning and assessment tools. He holds an MBA (Honours) from INSEAD in Fontainebleau (France), a bachelor's degree in forestry engineering from Université Laval and a Certificate in Corporate Governance from the Collège des administrateurs of Université Laval.

Board Details:
• Director since 2010
• Chairman of the Board of Directors
• Member of the Audit Committee
• Member of the Human Resources and Remuneration Committee
• Chairman of the Corporate Governance Committee
• Independent director</td></tr>
<tr><td colspan="2">(1) Philippe Marleau holds 50% of the shares of The Marleau Capital Corporation. The Marleau Capital Corporation owns 5,578,178 Class B Common Shares of the Corporation and 2,089,471 Class B Common Shares of the Corporation are owned by Palos Merchand Fund L.P., a fund managed by its General Partner, Palos Management, which in turn is owned by Palos Capital Corporation, which is under the influence of The Marleau Capital Corporation. The 220,000 Class B Common Shares of the Corporation set forth in this table as being held by Philippe Marleau are in addition to the shares owned by The Marleau Capital Corporation; and 136,661 of these shares are held personally by Mr. Marleau and 83,339 are held through Mr. Marleau’s RRSP.</td></tr>
</table>

The information as to the number of shares beneficially owned or over which control is exercised, not being within the knowledge of the Corporation, has been provided by each nominee.

To the knowledge of the Corporation and based on information provided by each nominee, with the exception of the facts disclosed below with respect to Mr. Philippe Marleau, Mr. Guy Charette and Mr. David Cynn:

(a) no proposed director is, as at the date hereof or has been, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company, that,

- (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days (an "**Order**") that was issued while the proposed director was acting in its capacity as director, chief executive officer or chief financial officer; or

- (ii) was subject to an Order that was issued, after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

(b) no proposed director:

- (i) is, at the date hereof, or has been, within the 10 years before the date hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets;

- (ii) has, within 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

(c) no proposed director:

- (i) has been subject to penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, or has entered into a settlement agreement with a securities regulatory authority; or

- (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Mr. Philippe Marleau is the President and Chief Executive Officer and the sole director of IOU Central, a Canadian corporation. IOU Central was the subject of a reverse takeover transaction involving the Corporation which was completed on February 28, 2011. For a period of two weeks (February 12, 2008 to February 27, 2008), IOU Central operated a Canadian-based peer-to-peer lending platform. This platform enabled individual borrowers to borrow money directly from individual lenders via the internet. On February 27, 2008, at the request of the *Autorité des marches financiers* ("**AMF**"), the Bureau de decision et de revision en valeurs mobilières ("**BDRVM**") ordered, on an "ex-parte" basis, IOU Central to cease its peer-to-peer lending activities. Prior to February 27, 2008, the AMF did not make any attempt to communicate its position to IOU Central. On April 14, 2009, the order was lifted by the BDRVM in exchange for a limited undertaking (which undertaking was further limited on October 26, 2010), whereby IOU Central essentially undertook not to carry-out any peer-to-peer lending activity in Québec. The AMF did not make any monetary claim or file any charges against IOU Central.

Mr. Cynn’s employer, Light Year Capital, acquired Neff Corporation (“**Neff**”), a US-based equipment rental company in the summer of 2007 and Mr. Cynn was elected as a director of this company. As part of the acquisition, Neff raised $230 million in a SEC-registered high yield offering. Due to an unforeseen collapse in the non-residential construction markets between 2008 and 2010, Neff suffered a significant decline in revenues and EBITDA and Neff filed for bankruptcy in 2010.

Mr. Charette is and was a director and Interim Chief Executive Officer of Carpathian Gold Inc. (“**Carpathian**”), a Canadian corporation, when on March 14, 2014, Carpathian announced that it will not be able to file its annual audited financial statements for the year ended December 31, 2013 and its related Management's Discussion and Analysis and Chief Executive Officer and Chief Financial Officer certifications (the "**Required Filings**") by the prescribed filing deadline of March 31, 2014. Carpathian was not able to timely file the Required Filings because it had identified possible irregularities associated with a third party service provider that formerly provided services to Carpathian’s Brazilian operations and that it required additional time to investigate the irregularities before its financial statements for 2013 can be audited. Further to Carpathian’s request, the Ontario Securities Commission granted a temporary management cease trade order on April 4, 2014 against the Corporation's Chief Executive Officer and Chief Financial Officer, as opposed to a general cease trade order against the Corporation. Carpathian's Board of Directors and management have confirmed that they are working expeditiously to meet Carpathian’s obligations relating to the filing of the Required Filings no later than May 30, 2014.

D. DISCLOSURE OF COMPENSATION AND OTHER INFORMATION

COMPENSATION OF DIRECTORS

In 2011, the Corporation’s Board of Directors approved a director compensation policy which consists in an annual grant of stock options. The grant of options is recommended to the Board of Directors by the Human Resources and Remuneration Committee. Such grants of options are made by the Board of Directors on a discretionary basis, as no formal policy has been adopted to determine the number of options to be granted, and is based namely on each director’s overall contribution and involvement in supporting the Corporation’s affairs and development.

The grant of stock options to the Corporation’s directors is aimed at recognizing and rewarding the impact of longer-term strategic actions, offering an added incentive for the retention of the Corporation’s directors as well as aligning the interests of the Corporation’s directors with that of its shareholders.

Until 2013, the Corporation’s Board of Directors did not pay to its directors any fees or other form of remuneration other than the grant of stock options. The decision to limit director compensation to the grant of options was made in order to preserve the Corporation’s cash resources in order to support its growth initiatives.

In May 2013, the Corporation's Board of Directors approved a modification to the director compensation program to add the payment of annual fees for non-management directors. A description of such fees is set forth in the following table.

ANNUAL FEES FOR NON-MANAGEMENT DIRECTORS

Description	Annual Fee
Basic Director Fee	$5,000
Additional Fee for Chairman of the Board	$3,000
Additional Fee for each member of the Audit Committee	$2,000
Additional Fee for the Chairman of the Audit Committee	$1,000
Additional Fee for each member of the Corporate Governance Committee	$1,000
Additional Fee for each member of the Human Resources and Remuneration Committee	$1,000

The remuneration of directors has been reviewed by the Human Resources and Remuneration Committee and recommended to the Board of Directors, who has made a final determination in this regard.

On May 28, 2013, Mr. Price and Mr. Charette were awarded 60,000 options and 45,000 options respectively for the services to be rendered in 2013. Mr. Price received a higher amount of options in consideration for his role as Chairman of the Board of Directors.

The total remuneration earned by directors, other than Mr. Philippe Marleau, during the year ended December 31, 2013, is set forth in the following table. The remuneration received by Mr. Philippe Marleau is set forth in the "Compensation of Executive Officers" section of this Information Circular. Mr. Cynn did not receive any remuneration from the Corporation in 2013 since he joined the Board of Directors on March 7, 2014.

REMUNERATION EARNED BY DIRECTORS

Name	Fees earned ($)	Option-based awards ($)	All other compensation ($)	Total ($)
Guy Charette	5,833	10,800 (1)	0	16,633
Evan Price	7,000	14,400(1)	0	21,400

(1) This amount is the fair-value of option-based awards made pursuant to the Corporation's Stock Option Plan, based on the grant of 60,000 options to Mr. Price and 45,000 options to Mr. Charette, multiplied by a fair market value price of $0.24, calculated using the Black Sholes option pricing model in accordance with the accounting treatment. The assumptions used to determine the stock option compensation costs on the grant date of May 31, 2013, were as follows: risk-free interest rate: 1.10%, expected stock price volatility: 71%; expected option life: 5 years, and no expected dividend yield.

The following table provides information on the number and value of the outstanding options at the end of the fiscal year held by each director other than Mr. Philippe Marleau and Mr. Cynn. The Stock Option Plan is further described in the "Equity Compensation Plans" section of this Information Circular.

OUTSTANDING DIRECTOR OPTION-BASED AWARDS

Name	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options(1) ($)
Guy Charette				
- 2013 grant	45,000	0.41	May 31, 2018	10,800
- 2012 grant	120,000	0.40	April 3, 2017	30,000
Evan Price				
- 2013 grant	60,000	0.41	May 31, 2018	14,400
- 2012 grant	150,000	0.40	April 3, 2017	37,500

(1) The calculation is based on the trading price of the Corporation's shares on the CSE of $0.65 on December 31, 2013, the last trading day of the Corporation's 2013 financial year.

The following table sets out the value of stock options vested and earned by the directors during the most recently completed financial year.

OPTIONS VESTED AND EARNED

Name	Option-based awards – Value vested during the year ($)	Option-based awards – Value earned during the year(3) ($)
Guy Charette	0(1)	0
Evan Price	0(2)	0

(1) 40,000 options from the 2012 grant vested on April 3, 2013; the exercise price of these options was $0.40 and the market price of the shares on the CSE on the date of vesting was $0.38. In addition, 15,000 options from the May 31, 2013 grant vested immediately; the exercise price of these options was $0.41 while the Corporation's shares had traded at $0.41 on the date of grant and of vesting. Therefore, the value of the options on their respective dates of vesting was nil.
(2) 50,000 options from the 2012 grant vested on April 3, 2013; the exercise price of these options was $0.40 and the market price of the shares on the CSE on the date of vesting was $0.38. In addition, 15,000 options from the May 31, 2013 grant vested immediately; the exercise price of these options was $0.41 while the Corporation's shares had traded at $0.41 on the date of grant and of vesting. Therefore, the value of the options on their respective dates of vesting was nil.
(3) No options were exercised by directors during the most recently completed financial year.

COMPENSATION OF EXECUTIVE OFFICERS

This disclosure is intended to communicate the compensation provided to the Corporation's Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**") (collectively, the "**Named Executive Officers**" or "**NEOs**"). For the most recently completed financial year, the Named Executive Officers were the following: Philippe Marleau, President and CEO, and Mayco Quiroz, CFO, Corporate Secretary and Treasurer. Other than the Corporation's CEO and CFO, no executive officer of the Corporation or of its subsidiaries, or individuals acting in a similar capacity, has received total compensation which was, individually, more than $150,000 during the most recently completed financial year.

COMPENSATION DISCUSSION AND ANALYSIS

On February 28, 2011, the Corporation completed a reverse takeover transaction and acquired IOU Central, a Canadian Corporation and IOU USA, a US Corporation (together, the "**Transaction**"). Prior to this Transaction and since 2005, the main business and objective of the Corporation was to identify and evaluate businesses and assets with a view to a potential acquisition.

Mr. Philippe Marleau, the Corporation's President and CEO, has also served as IOU Central's President and CEO and IOU USA's CEO since August 2006. Mr. Philippe Marleau started receiving compensation from the Corporation on May 1, 2011.

Mr. Quiroz, the Corporation's CFO and Secretary since February 28, 2011, served as IOU Central's Vice President of Finance since May 2007. Mr. Quiroz started receiving compensation from the Corporation in December 2009 but only became an officer of the Corporation on February 28, 2011. Prior to February 28, 2011, Mr. Quiroz offered accounting and administrative services to the Corporation.

The Corporation's Human Resources and Remuneration Committee ("**HRRC**") was created in 2011. The HRRC is responsible for establishing the overall policies for the remuneration of employees, for overseeing and managing the stock option plan of the Corporation, for making recommendations to the Board of Directors concerning the remuneration of senior management and of the members of the Corporation's Board of Directors, and for ensuring that the Corporation's organization chart is consistent with its strategic plan. The composition of the HRRC is further detailed in the "Compensation Governance" section of this Information Circular.

As part of its role, the HRRC reviews the compensation of executives of the Corporation based on information and recommendations made by the CEO and, in turn, makes its recommendations to the Board of Directors. The Board of Directors receives and reviews recommendations made by the CEO and the HRRC, and makes the final determination on the NEOs' compensation.

Compensation Program and Objectives for Named Executive Officers

The Corporation's executive compensation program is quite simple, and is intended to attract, motivate and retain qualified senior executives, encourage and reward superior performance and align the executives' interests with those of the Corporation by:

- Providing a base salary which is satisfactory to the senior executives, while remaining in line with the Corporation's ability to pay and its overall objectives. Base salaries offered to NEOs take into account individual experience and job responsibility, but these factors are not assigned a specific weighing in establishing individual base salaries, and

- Providing executives with long-term incentives through the grant of stock options. The objectives of granting stock options are to align employee and shareholder long-term interests by creating a direct link between compensation and increases in shareholder value.

(i) Base Salary

The salaries of the Named Executive Officers were established based on the CEO's general knowledge of market conditions. In the opinion of the Corporation, and based on the directors and officers' personal experience, the NEOs' base salaries are at the lower end of the salaries usually received by individuals in similar positions, but are satisfactory considering the current stage of the Corporation's development and the policy on the grant of stock options further detailed below.

In 2013, the annual base salaries of Named Executive Officers were increased. The Board of Directors approved such increases, which had been recommended by the Human Resources and Compensation Committee and by the Corporation's CEO, in order to further align the salaries of such Named Executive Officers with those of executives in corporations with a similar size as the Corporation, based on the personal knowledge and experience of each director. Mr. Marleau's annual base salary was increased from $150,000 to $175,000 and Mr. Quiroz's annual base salary was increased from $120,000 to $130,000.

In analyzing individual base salaries, the HRRC takes into consideration individual circumstances that may include the scope of an executive's position and the executive's relevant competencies and experience. The HRRC also takes into consideration the individual performance of the executive as well as the financial performance of the Corporation.

(ii) Stock Options

In 2011, the HRRC recommended, and the Corporation's Board of Directors approved a policy whereby on an annual basis, and starting in 2012, the CEO presents recommendations relative to the grant of stock options to NEOs for consideration by the HRRC and for approval by the Board of Directors. While the Corporation has not adopted any formal policy or criteria for the grant of stock options to NEOs, the factors which are considered by the HRRC and by the Board of Directors include the Corporation's results and the contribution made by each NEO the previous year. The HRRC and the Board of Directors considers previous grants when considering new grants of options to NEOs.

The grant of stock options to the Corporation's executives is aimed at recognizing and rewarding the impact of longer-term strategic actions undertaken by management, offering an added incentive for the retention of the Corporation's executives as well as aligning the interests of the Corporation's executives with that of its shareholders.

For a more detailed description of the Corporation's Stock Option Plan, please refer to the "Equity Compensation Plans" section of this Information Circular and to the Corporation's Stock Option Plan attached hereto as Schedule B.

On April 29, 2013, the Board of Directors granted 600,000 options to Mr. Marleau and 300,000 options to Mr. Quiroz. When granting these 600,000 options to Mr. Marleau, the HRRC and the Board of Directors considered the fact that Mr. Marleau held 500,000 options, and further considered his position as President and CEO of the Corporation. When granting these 300,000 options to Mr. Quiroz, the HRRC and the Board of Directors considered that Mr. Quiroz held 249,999 options which resulted from a conversion of IOU Central options and which would expire in September 2013, and that Mr. Quiroz also held 200,000 options of the Corporation.

OUTSTANDING OPTION-BASED AWARDS

The following table sets out all awards of stock options outstanding to each Named Executive Officer as at the last day of the most recently completed financial year.

Name	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)(3)
Philippe Marleau				
- 2013 grant	600,000	0.40(1)	04/29/2018	150,000
- 2012 grant	500,000	0.40(2)	04/02/2017	125,000
Mayco Quiroz				
- 2013 grant	300,000	0.40(1)	04/29/2018	75,000
- 2012 grant	200,000	0.40(2)	04/02/2017	50,000

(1) The exercise price was established by the Board of Directors at $0.40 while the Corporation's shares had traded at $0.36 on April 26, 2013, the last trading day before the grant.
(2) The exercise price was established by the Board of Directors at $0.40 while the Corporation's shares had traded at $0.36 on March 30, 2012, the last trading day before the grant.
(3) Calculation is based on the trading price of the Corporation's shares on the CSE of $0.65 on December 31, 2013, the last trading day of the Corporation's 2013 financial year.

The following table sets out the value of stock options vested or earned by the Named Executive Officers during the most recent completed financial year.

OPTIONS VESTED AND EARNED

Name	Option-based awards – Value vested during the year ($)	Option-based awards – Value earned during the year ($)
Philippe Marleau	0(1)	0(3)
Mayco Quiroz	0(2)	0(3)

(1) 166,667 options from the 2012 grant vested on April 2, 2013; the exercise price of these options was $0.40 and the market price of the shares on the CSE on the date of vesting was $0.40. In addition, 200,000 of the options granted on April 29, 2013 vested immediately; the exercise price of these options was $0.40 while the Corporation's shares had traded at $0.35 on the date of grant and of vesting. Based on the foregoing, the aggregate value of the vested options on their respective vesting dates was nil.
(2) 66,666 options from the 2012 grant vested on April 2, 2013; the exercise price of these options was $0.40 and the market price of the shares on the CSE on the date of vesting was $0.40. In addition, 100,000 of the options granted on April 29, 2013 vested immediately; the exercise price of these options was $0.40 while the Corporation's shares had traded at $0.35 on the date of grant and of vesting. Based on the foregoing, the aggregate value of the vested options on their respective vesting dates was nil.
(3) No options were exercised by NEOs during the most recently completed financial year.

Performance Goals

No performance goals or similar conditions have been established for the Corporation's NEOs.

Benchmarking Practices

The Corporation has not used any benchmarks to establish the compensation of its executives.

Risks Associated with the Company's Compensation Policies and Practices

The Board of Directors and its Committees have not proceeded to an evaluation of the implications of the risks associated with the Corporation's compensation policies and practices.

No Policy on Purchase of Financial Instruments

The Corporation has not adopted a policy to prohibit NEOs and directors from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

COMPENSATION GOVERNANCE

Other than as described in this Information Circular relative to grants of stock options to directors and officers, the Board of Directors has not adopted any formal policies and practices to determine the compensation of the Corporation's directors and executive officers. The Corporation's process for determining such compensation is very simple, as the Corporation relies solely on discussion between its management and its directors, without any formal objectives, criteria and analysis, other than those set forth in this Compensation Discussion and Analysis. The analysis of executive compensation is made based on each director's personal experience and knowledge of compensation practices in the industry and more generally, to executives and directors in similar positions.

During the most recently completed financial year, the members of the HRRC were Guy Charette (Chairman) and Evan Price. These members were considered independent. Each member of the HRRC has direct experience which is relevant to his responsibilities in executive compensation. The HRRC possesses the following skills and experience that enables it to make decisions on the suitability of the Corporation's compensation policies and practices: direct, on-hand experience in the management of businesses and of employees, experience and education in employment law, and education in business administration, including human resources management.

The skills and experience of each member is as follows:

- Guy Charette – In his capacity as Executive Vice-President, Corporate, of Carpathian Gold Inc., and as legal counsel for over 25 years, Mr. Charette has provided advice relative to the legal aspects of human resources management. As a director of Carpathian Gold, he served as chairman of the compensation committee for two years. During that time, he instituted various programs including deferred share units and worked on the development of key performance criteria suitable for a development stage company.

- Evan Price – Mr. Price was Chairman of the CO2 Solution Corporate Governance and Human Resources Committee between 2008 and May 2013. In addition he has been directly responsible for the management of human resources and for the compensation policies and practices in all the companies he has led. Mr. Price also holds an MBA (Honours) from INSEAD in Fontainebleau (France) and a certificate of corporate governance the Collège des administrateurs of Université Laval.

The responsibilities of the HRRC are set forth in the "Compensation Discussion and Analysis" Section of this Information Circular. The HRRC's purpose is to review all elements which are under its responsibility, and to make recommendations to the Board of Directors, which makes all final decisions. The HRRC meets on an as-needed basis, as determined by the HRRC's Chairman. During the most recently completed financial year, the HRRC met once. Minutes of meetings of the HRRC are taken and kept at the Corporation's offices.

SUMMARY COMPENSATION TABLE

The following Summary Compensation Table sets forth the compensation information for the Named Executive Officers for services rendered during the last three completed financial years. For compensation related to previous years, please refer to the Corporation's previous Information Circulars available at www.sedar.com.

SUMMARY COMPENSATION TABLE – NAMED EXECUTIVE OFFICERS

Name and Principal Position	Year	Salary ($)	Option-based awards ($)	Annual incentive plans ($)	All other compensation ($)	Total compensation ($)
Philippe Marleau President and Chief Executive Officer	2013 2012 2011	167,308 146,654 92,885(1)	114,000(3) 105,000(4) 0	0 0 0	0 0 0	281,308 251,654 92,885
Mayco Quiroz Chief Financial Officer and Secretary	2013 2012 2011	126,922 113,653 93,462(2)	57,000(3) 42,000(4) 0	0 0 0	0 0 0	183,922 155,653 93,462

(1) Mr. Marleau started receiving a salary from the Corporation on May 1, 2011.
(2) Mr. Quiroz became CFO and Secretary of the Corporation on February 28, 2011. Prior to this, he worked on a consulting basis for the Corporation.
(3) This amount is the fair-value of option-based awards made pursuant to the Corporation's Stock Option Plan, based on the grant of 600,000 options to Philippe Marleau and 300,000 options to Mr. Quiroz, multiplied by a fair market value price of $0.19, calculated using the Black Sholes option pricing model in accordance with the accounting treatment. The assumptions used to determine the stock option compensation costs on the grant date of April 29, 2013, were as follows: risk-free interest rate: 0.98%, expected stock price volatility: 71%; expected option life: 5 years, and no expected dividend yield
(4) This amount is the fair-value of option-based awards made pursuant to the Corporation's Stock Option Plan, based on the grant of 500,000 options to Philippe Marleau and 200,000 options to Mr. Quiroz, multiplied by a fair market value price of $0.21, calculated using the Black Sholes option pricing model in accordance with the accounting treatment. The assumptions used to determine the stock option compensation costs on the grant date of April 3, 2012, were as follows: risk-free interest rate: 1.54%, expected stock price volatility: 73%; expected option life: 5 years, and no expected dividend yield.

TERMINATION AND CHANGE OF CONTROL BENEFITS

The Corporation has not been party with any NEO to any formal employment agreement or plan or arrangement that provides for payments to a NEO in connection with any termination, resignation, retirement, change in control of the Corporation or change in the NEO's responsibilities.

The following table shows estimated incremental payments triggered which would have been payable to the Named Executive Officers, under the various plans and arrangements, should their employment have terminated on December 31, 2013, the last day of the Corporation's most recently completed financial year.

Position	Incumbent	Termination Provisions Value (1)(2) ($)
President and CEO	Philippe Marleau	0
CFO and Corporate Secretary	Mayco Quiroz	0

(1) The values assume that the triggering event took place on the last business day of the Corporation's fiscal year-end (December 31, 2013).
(2) Value of earned/unused vacation and owed expense are not included as they are not considered as "incremental" payments further to termination.

EQUITY COMPENSATION PLANS

The following table sets forth compensation plans under which equity securities of the Corporation are authorized for issuance as at the last day of the most recently completed financial year.

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options and warrants (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders(1)(2)	3,034,000	$0.40	1,644,800 Class B Common Shares
Equity compensation plans not approved by securityholders	-	-	-

(1) The terms of the Corporation's Stock Option Plan were approved by the Corporation's shareholders at the annual meeting of shareholders held on December 21, 2010.
(2) Pursuant to the Stock Option Plan, the total number of Shares which may be issued following the exercise of the options may not exceed 10% of the issued and outstanding Shares of the Corporation on a "rolling" basis at the time of any stock option grant, and therefore, as further Shares of the Corporation may be issued by the Corporation from time to time, additional options to purchase up to 10% of such number of Shares may become available to be granted by the Corporation.

Stock Option Plan

The Corporation has adopted a stock option plan (the "**Stock Option Plan**") for the Directors, officers, employees and consultants of the Corporation and its subsidiaries, as designated by the Board of Directors of the Corporation. Pursuant to the Stock Option Plan, the total number of Shares which may be issued following the exercise of the options may not exceed 10% of the issued and outstanding Shares of the Corporation on a "rolling" basis at the time of any stock option grant, and therefore, as further Shares of the Corporation may be issued by the Corporation from time to time, additional options to purchase up to 10% of such number of Shares may become available to be granted by the Corporation. Notwithstanding the foregoing, the aggregate number of Shares reserved for the exercise of options which may be granted: (i) to an optionee, shall at no time exceed 5% of the issued and outstanding Shares; (ii) to a consultant, shall not exceed 2% of the issued and outstanding Shares; (iii) to all persons retained to provide investor relations activities, shall not in the aggregate exceed 2% of the issued and outstanding Shares, and (iv) to all directors and officers, within a 12 month period, shall not exceed 10% of the issued and outstanding Shares, unless disinterested shareholder approval is obtained.

The exercise price of stock options is determined by the Board of Directors, but may at no time be less than the discounted market price permitted by the stock exchange based on the last closing market prices of the Shares on the stock exchange before the date of the grant of the stock option. Disinterested shareholder approval will be obtained for any reduction in the exercise price if the optionee is an insider of the Corporation at the time of the proposed amendment.

The vesting period of stock options shall be decided by the Board of Directors, subject to any mandatory vesting restrictions which may be imposed by the stock exchange. Notwithstanding the foregoing, Options issued to persons retained to provide investor relation activities shall vest in stages over a period of not less than 12 months with no more than one quarter (¼) of the options vesting in any three month period and no acceleration to the vesting provisions is allowed without prior stock exchange acceptance.

The expiry date of stock options is determined by the Board of Directors, but may not be allotted for a period exceeding 10 years. Options granted may not be assigned, transferred or pledged. The expiry date of each Option will be automatically extended if such expiry date falls within a blackout period, subject to the following: (i) the blackout period must be formally imposed by the Corporation pursuant to its internal trading policies as a result of bona fide existence of undisclosed material information. For greater certainty, in the absence of the Company formally imposing a Blackout Period, the expiry date of any options will not be automatically extended in any circumstances; (ii) the Blackout Period must expire upon the general disclosure of the undisclosed material information; and (iii) the expiry date of the affected stock options can be extended to no later than ten (10) business days after the expiry of the blackout period.

If an optionee's business relationship with the Corporation terminates, the optionee may exercise the options which had vested on the date of termination of the business relationship, within the shortest of the following periods: 90 days following the date of termination of the business relationship, or the remaining period up until the options' expiry date. All options which had not vested on the date of termination of the business relationship automatically expire on such date. However, if an optionee ceases to maintain a business relationship with the Corporation because of death or physical or mental disability, the aforesaid 90 day period is replaced by a 12-month period. Also, should the Corporation terminate an optionee's business relationship for wilful misconduct, fraud, dishonesty, theft, breach of fiduciary duty, failure to perform employment responsibilities in the best interest of the Corporation, or breach of any employment, consulting, advisory, non-disclosure, non-competition, non-solicitation or other similar agreement, all options shall expire on the date of termination of the business relationship.

The Stock Option Plan also provides for the adjustment of the number and price of the stock options in the case of subdivision and consolidation of the Corporation's shares. The Corporation's Board of Directors has the right to amend the Stock Option Plan, subject to amendments which require the approval of any relevant stock exchange.

E. OTHER INFORMATION

AUDIT COMMITTEE INFORMATION

The text of the Corporation's Audit Committee Charter is reproduced as Schedule A of this Information Circular.

Composition of the Audit Committee

In 2013, the Audit Committee was formed of the following directors: Guy Charette, Evan Price, and Philippe Marleau. On March 7, 2014, David Cynn became a member of the Audit Committee in replacement of Mr. Marleau. The members are financially literate and independent members of the Audit Committee, as such terms are defined in Multilateral Instrument 52-110 Audit Committees ("**MI 52-110**"), with the exception of Philippe Marleau, President and Chief Executive Officer, who was financially literate but not considered independent as per MI 52-110.

Relevant Education and Experience

The following describes the relevant education and experience of each member of the Audit Committee that provides him with (a) an understanding of the accounting principles used by the Corporation to prepare its financial statements, (b) the ability to assess the general application of such accounting principles, (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to those that can reasonably be expected to be raised by the Corporation's financial statements or experience actively supervising one or more persons engaged in such activities and (d) an understanding of internal controls and procedures for financial reporting.

- Guy Charette – Mr. Charette practiced securities law and has acted as director for several issuers, and his practice required constant interaction with clients' auditors. He is therefore very familiar with the financial reporting obligations of a public company.

- Philippe Marleau – Mr. Philippe Marleau has been the President and Chief Executive Officer of the Corporation since October 2005 and as such, has contributed since his appointment, to the preparation and the review of the financial statements. Prior to this, Mr. Marleau was employed as a portfolio manager with Palos Management, a boutique investment management firm, and as a financial analyst in the equity research divisions of Merrill Lynch, Credit Suisse First Boston, and Scotia Capital. Mr. Marleau is a Chartered Financial Analyst (CFA).

- Evan Price - Mr. Price was a member of the CO2 Solution Audit Committee between 2008 and 2013 and he chairs the Audit Committee of Solifor. He was responsible for the oversight of the financial information of the companies he has led. He holds an MBA (Honours) from INSEAD in Fontainebleau, France, and a certificate of corporate governance at the Collège des administrateurs.

- David Cynn – Mr. Cynn has been a Partner at Killearn Capital, a New York private equity firm focused on specialty finance companies, since January 2013. Prior to joining Killearn Capital, Mr. Cynn was a Partner at Lightyear Capital, a New York private equity firm focused on financial services investments, since 2002. Mr. Cynn, who spent over ten years at Lightyear, led that firm's specialty finance efforts. Prior to Lightyear Capital, Mr. Cynn worked in Morgan Stanley's Mergers and Acquisition Department for four years as well as two years in HSBC's Mergers and Acquisition Department. Mr. Cynn received an MBA from the University of Chicago's Graduate School of Business where he graduated with high honors and received a BS from Cornell University.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year, has the Corporation relied on the exemptions in section 2.4 (De Minimis Non-audit Services) or an exemption granted under Part 8 (Exemptions) of MI 52-110. However, the Corporation is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of MI 52-110 given that it is a venture issuer as defined in MI 52-110, and the Corporation thus is relying upon the exemption set forth in section 6.1 of MI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee of the Corporation has adopted specific policies and procedures for the engagement of non-audit services as described in the Charter of the Audit Committee attached hereto as Schedule "A".

Remuneration of Auditors

The following table presents, by category, the fees incurred by the Corporation in connection with services provided by the external auditors of the Corporation, BDO Canada, LLP, Chartered Accountants, for 2012 and 2013.

Category of fees	**2013 ($)**	**2012 ($)**
Audit Fees(1)	78,120	148,799
Audit-Related Fees	0	0
Tax Fees(2)	31,131	40,999
All Other Fees	0	0
Total	109,251	189,798

(1) Professional services provided in connection with the audit of the annual financial statements of the Corporation and a review by the auditors of the Corporation's Q3 financial statements.
(2) Professional services mainly for tax compliance, tax advice and tax planning.

REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

National Policy 58-201 Corporate Governance Guidelines and National Instrument 58-101 Disclosure of Corporate Governance Practices set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation's required annual disclosure of its corporate governance practices.

1. Board of Directors

The Corporation's Board of Directors currently consists of four (4) members. All of these members are proposed for re-election as directors for the ensuing year.

Evan Price, Guy Charette and David Cynn are considered independent. Philippe Marleau is not considered independent in light of his position as President and Chief Executive Officer of the Corporation.

The Board has delegated responsibilities to three committees, being the Corporate Governance Committee, the HRRC and the Audit Committee. The Board of Directors has adopted a mandate for each of the Audit Committee, HRRC, and the Corporate Governance Committee. The Charter of the Audit Committee is attached as Schedule A of this Information Circular. These committees are each composed of a majority of independent directors.

The Board of Directors holds meetings on occasion without the presence of members of management, including Philippe Marleau, following the Corporation's scheduled Board meetings.

2. Directorships

Certain director nominees are also directors of reporting issuers other than the Corporation. This information is set forth within the biographies of director nominees in Section C of this Information Circular.

3. Orientation and Continuing Education

The Board of Directors has not adopted a formal process for the orientation of new directors and the continuing education of directors. However, all directors possess considerable experience and skills in the business and finance industries. The directors are given access to the Corporation's legal advisors for any questions they may have relating to their responsibilities as a director of a public company.

4. Ethical Business Conduct

In 2011, the Board of Directors has adopted a Code of Ethics, which provides guidelines to ensure that all directors, officers and employees of the Corporation and all consultants and other persons working on behalf of the Corporation respect its commitment to conduct business relationships with the highest standards of ethical conduct. The Code of Ethics provides that each of the Corporation's employees must communicate to their manager, to the CEO or to the Chairman of the Board of Directors any situation of non-compliance or suspected violation of the Code of Ethics.

The Corporation has also established procedures approved by the Audit Committee for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, auditing or other matters. In accordance with this policy, any person who wishes to submit a complaint may do so by sending it to the attention of CEO or the Chairman of the Board of Directors.

The Code of Ethics and the Procedure for Complaints and Concerns Regarding Accounting, Internal Accounting Controls, Auditing and Other Matters were communicated to all of the Corporation's employees.

5. Nomination of Directors

The Corporate Governance Committee is responsible for identifying potential new Board Members, based on recommendations from the CEO and from the Corporation's directors. The Corporate Governance Committee is responsible for recommending to the Board of Directors candidates for nomination as director and for reviewing the nominees for re-election before each annual meeting. The Corporate Governance Committee and the Board of Directors have not established any procedure for the selection of new director candidates.

6. Compensation of Directors and Officers

The Human Resources and Compensation Committee is responsible for evaluating the remuneration of the Corporation's directors and senior executives, and making recommendations to the Board, which makes the final determination. A summary of the compensation received by the Corporation's Directors and senior executives for the most recently completed financial year is provided in this Information Circular under the heading "D. Disclosure of Compensation and Other Information".

7. Board Committees

The Board of Directors does not have any standing committees other than the Audit Committee, the HRRC and the Corporate Governance Committee.

8. Assessments

As part of its written mandate, the Corporate Governance Committee is responsible for evaluating the role of the various committees of the Board and of recommending to the Board changes to these committees. The Corporate Governance Commmittee is also responsible for evaluating the effectiveness of the Board of Directors, its committees and individual directors, and of reporting its findings to the Board of Directors. These assessments are done on an informal basis.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

In 2013, the Corporation subscribed, at its sole cost, to liability insurance for its directors and officers covering them against liability arising while engaged in those capacities. The policy provided maximum coverage of $2,000,000 per occurrence and a maximum coverage of $2,000,000 per each policy period subject to a deductible of $50,000 per occurrence for the Corporation. The premium paid for the policies was $17,500. Neither the policies nor the premium paid make any distinction between the liability insurance for the Corporation's Directors and officers, since the coverage is the same for both groups.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as otherwise disclosed in this Information Circular, the management of the Corporation is not aware of any material interest, direct or indirect, of any Director, officer or any associate or affiliate of any of the foregoing persons, in any matter to be acted upon, other than the election of Directors.

Directors and officers have been granted and may receive in the future stock options in accordance with the Stock Option Plan which is presented for reapproval by the Corporation's shareholders.

Mr. Philippe Marleau, the Corporation's CEO, and The Marleau Capital Corporation, an insider of the Corporation, may be considered related parties and have an interest in the Palos High Yield Fund Resolution, as further described in this Information Circular.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

The following table sets forth the aggregage indebtedness of two officers of IOU USA which is outstanding on the date of this Information Circular. No other officer, director nor any of their respective associates or affiliates are indebted to the Corporation.

AGGREGATE INDEBTEDNESS		
Purpose	**To the Company or its Subsidiaries**	**To Another Entity**
Purchase of Securities	-	-
Other	$50,699	-

The following table sets forth information as to the indebtedness of each of these two officers, individually.

INDEBTEDNESS OF EXECUTIVE OFFICERS UNDER SECURITIES PURCHASE AND OTHER PROGRAMS						
Name and principal position	**Involvement of Company or Subsidiary**	**Largest Amount Outstanding during 2013**	**Amount Outstanding as at April 17, 2014**	**Financially Assisted Securities Purchases during 2013**	**Security for Indebtedness**	**Amount Forgiven during 2013**
Securities Purchase Program	-	-	-	-	-	-
Other Programs						
- Robert Gloer, COO, President and Director of IOU USA	The Corporation is the Lender	$25,451.39	$25,451.39	-	-	0
- Madeline Wade, Vice-President of Operation of IOU USA	The Corporation is the Lender	$25,247.37	$25,247.37	-	-	0

On December 31, 2013, the Corporation made a loan to Robert Gloer and Madeline Wade, two officers of IOU USA, which in the aggregate amounted to USD$47,668, which amount was converted to $50,699 Canadian dollars for the purpose of presenting this information in this Information Circular; the exchange rate applied was 1.0636, which is the closing exchange rate of the Bank of Canada on December 31, 2013. These loans were consented to these officers for the payment of their income tax obligations related to their cashless exercise of warrants to purchase Class B common shares of the Corporation. The loans are non-interest bearing and have no specific terms of repayment. No security was provided by these officers and there exists no specific understanding, agreement or intention to limit recourse.

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

Other than as disclosed below, the management of the Corporation is not aware of any material interest, direct or indirect, of any insider of the Corporation, or any associate or affiliate of any such person in any transaction during the most recently completed financial year, or in any proposed transaction, that has materially affected or would materially affect the Corporation or any of its subsidiaries.

Mr. Philippe Marleau, President, CEO and director of the Corporation, is a shareholder in a company that owns a significant stake in Palos Capital Corporation, the parent company of Palos, one of the Corporation’s co-lead brokers in a private placement that commenced in December 2012. Palos received commissions and warrants relating to the $5 million private placement amounting to $70,217 and $175,543, respectively.

Please refer to page 6 of this Information Circular concerning Mr. Marleau and MCC’s respective interest in the sale of loans by IOU USA to the Palos/IOU High Yield Fund.

GENERAL

Except as otherwise mentioned, the information contained herein is given as of the 17th day of April, 2014.

ADDITIONAL INFORMATION

Additional financial and other information relating to the Company is included in its most recent audited annual and unaudited quarterly financial statements, annual and quarterly Management's Discussion and Analysis and other continuous disclosure documents, which are available on SEDAR at www.sedar.com and on the Corporation's website at www.IOU Financial.com.

APPROVAL OF THE DIRECTORS

The Directors of the Corporation have approved the content and mailing of this Information Circular to the shareholders, Directors and auditors of the Corporation.

[signed]

Philippe Marleau
President and CEO
Montreal, April 17, 2014

SCHEDULE A

IOU FINANCIAL INC.
CHARTER OF THE AUDIT COMMITTEE

1. Election

The Audit Committee shall be composed of a minimum of three (3) directors appointed by the Board of Directors. Such directors shall meet all applicable regulatory requirements and shall exercise their duties until the next annual general meeting of shareholders or until their successors have been chosen and appointed.

2. Vacancies

In the event of a vacancy in the committee, the Board of Directors may appoint a new member to fill the vacancy of the committee.

3. Meetings

The meetings of the committee may be held at the head office of the Corporation or at such other place that the committee may determine from time to time. Meetings of the committee may be held at all times on the call of any member of the committee. At the request of the Chief Executive Officer or the Chairman of the Board, the committee chairperson shall hold a meeting of the committee to address any question that, in the opinion of the Chief Executive Officer or the Chairman of the Board, should be put to the attention of the committee.

4. Chairperson

The Audit Committee shall appoint a chairperson who shall be responsible for preparing an agenda and reporting to the Board of Directors at the next meeting of the Board of Directors or earlier, if required under the circumstances.

5. Quorum

The quorum for the committee shall be a simple majority of its members.

6. Procedures

The procedures for the committee shall be similar to those followed by the Board of Directors. The minutes of the meetings of the committee shall be kept in a minute book and made available for review by the directors of the Corporation.

7. Mandate

The committee shall exercise all rights and prerogatives granted to it by the Board of Directors. It shall report to the Board of Directors without interference from management or shareholders. It may call upon outside legal counsel or accountants or any other expert required to complete a specific mandate or where there is a suspicion of wrongdoing and arrange the compensation to be paid to such consultant. Any single committee member shall be empowered to call a special meeting of the Board of Directors in the event of any wrongdoing, whether factual or perceived.

8. Remuneration

The members of the committee shall be remunerated for their services as determined by the Board of Directors.

9. Statement of Policy

The Audit Committee shall provide assistance to the Board of Directors in fulfilling its oversight responsibility to shareholders, potential shareholders, the investment community, and other stakeholders relating to the Corporation's financial statements and the financial reporting process, the systems of internal accounting and financial controls, the internal control systems and the annual independent audit of the Corporation's financial statements. In so doing, it is the responsibility of the committee to maintain free and open communication between the committee, the external auditor and the Corporation's management. In discharging its oversight role, the committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Corporation, and the power to retain outside counsel, or other experts for this purpose.

10. Responsibilities and Processes

The primary responsibility of the Audit Committee is to oversee the Corporation's financial reporting process on behalf of the Board and report the results of their activities to the Board. Management is responsible for preparing the Corporation's financial statements, and the external auditor is responsible for auditing those financial statements. The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible in order to best react to changing conditions and circumstances. The committee should take the appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices, and ethical behaviour.

The following shall be the principal recurring processes of the Audit Committee in carrying out its oversight responsibilities. The processes are set forth as a guide with the understanding that the committee may supplement them as appropriate.

- The committee must be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting. The committee shall have a clear understanding with management and the external auditor that the external auditor is ultimately accountable to the Board and the Audit Committee, as a representative of the Corporation's shareholders. The committee shall have the ultimate authority and responsibility to evaluate and, where appropriate, to recommend the replacement of the external auditor. The committee shall discuss with the auditor its independence from management and the Corporation and the matters included in the written disclosures. The committee must also review and approve the issuer's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the issuer. Annually, the committee shall review and recommend to the Board the selection of the Corporation's external auditor, subject to shareholders' approval, as well as the compensation to be paid to such auditor.

- The committee shall discuss with the external auditor the overall scope and plans for its audit including the adequacy of staffing and compensation. Also, the committee shall discuss with management, and the external auditor, the adequacy and effectiveness of the accounting and financial controls, including the Corporation's system to monitor and manage business risk, and legal and ethical compliance programs. Further, the committee shall meet separately with the external auditor, with and without management present, to discuss the results of its examinations.

- The committee must review the issuer's financial statements, MD&A and annual and interim earnings press releases before the Corporation publicly discloses this information and must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the issuer's financial statements, other than the public disclosure hereinbefore mentioned, and must periodically assess the adequacy of those procedures. Also, the committee shall discuss the results of the quarterly review and any other matters required to be communicated to the committee by the external auditor under generally accepted auditing standards. The committee chairperson may represent the entire committee for the purposes of this latter review.

- The committee shall review with management and the external auditor the financial statements to be included in the Corporation's Annual Report, including their judgment about the quality, not just acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements. The committee shall discuss the results of the annual audit and any other matters required to be communicated to the committee by the external auditor under generally accepted auditing standards.

- The committee must establish procedures for: (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.

- The committee must pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditor. The Audit Committee satisfies the pre-approval requirement if:

  (a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Corporation and its subsidiary entities to the Corporation's external auditor during the fiscal year in which the services are provided;

  (b) the Corporation or its subsidiary entities, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and

  (c) the services are promptly brought to the attention of the Audit Committee of the Corporation and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Audit Committee.

  The Audit Committee may delegate to one or more independent members the authority to pre-approve non-audit services. The pre-approval of non-audit services by any member to whom authority has been delegated must be presented to the Audit Committee at its first scheduled meeting following such pre-approval.

SCHEDULE B

IOU FINANCIAL INC.
STOCK OPTION PLAN

Adopted on November 24, 2010 and
amended on May 24, 2012 and on November 28, 2013

1. **Implementation of the Stock Option Plan.** IOU Financial Inc. (the "Company")'s Stock Option Plan (the "Plan") aims to promote the Company's interests by allowing it to attract, retain and motivate employees, officers, directors and Consultants by granting them Class B common share ("Shares") options in the Company ("Options"). All Options granted hereunder shall be subject to the Plan.

2. **Individuals admissible to the Plan.** Except when otherwise mentioned in Section 6 hereafter, all employees, officers, directors and Consultants of the Company and its subsidiaries are eligible to participate to the Plan (the "Participants"). The extent and conditions of the participation by the Participants shall be determined by the Board of Directors. The Company and the person who is granted Options in accordance with this Plan ("Optionee") are responsible for ensuring and confirming that the Optionee is a bona fide Participant.

3. **Implementation of the Plan;** The total number of Shares which may be issued following the exercise of the Options according to the terms of the present Plan may not exceed 10% of the issued and outstanding Shares of the Company at the time of any stock Option grant on a "rolling" basis, and therefore, as further Shares of the Company may be issued by the Company from time to time, additional Options to purchase up to 10% of such number of Shares may become available to be granted by the Company.

4. **Shares which may be issued pursuant to the terms of the Plan**. The right of a Participant to receive Options shall be determined by the Board of Directors at its discretion, provided that the number of Shares reserved for issuance from time to time: (i) to a single Person, according to the terms and conditions of the present Plan and Other Plans, does not exceed 5% of the Current Issue, and does not exceed 2% of the Current Issue if such Person is a Consultant, (ii) to all Persons retained to provide Investor Relations Activities, according to the terms and conditions of the present Plan and Other Plans, does not in the aggregate exceed 2% of the Current Issue and (iii) to all directors and officers, within a 12 month period, does not exceed 10% of the Current Issue, unless disinterested shareholder approval is obtained.

5. **Press Release**. Upon the grant of Options to the Company's directors, officers or to Persons retained to provide Investor Relations Activities, the Company shall issue a press release which shall set forth the terms of such Option grant.

6. **No Assignment**. Options granted hereunder may not be assigned, transferred or pledged.

7. **Management of the Plan**. The Board of Directors shall have the unconditional right to interpret the provisions of the present Plan, to adopt such rules and policies it deems necessary or useful relative to the management of the Plan, and to make all modifications it deems appropriate in order to serve the best interests of the Company, subject to obtaining, if required, the necessary prior approval from the Stock Exchange. The Board of Directors shall also have the unconditional right to terminate the Plan at its convenience, provided however that no such termination may affect the rights of one or more Optionees or of Options granted hereunder, without the prior written consent of the affected Optionee(s).

8. **Management Costs.** The Company shall be responsible for all costs related to the management of the Plan.

9. **Exercise Price.** The exercise price of each Share issued following the exercise of an Option granted under the terms hereof (the "Exercise Price") shall be determined by the Board of Directors at a price which shall be not be lower than the Discounted Market Price based on the last closing market prices of the Shares on the Stock Exchange before the date of the grant of the Option. Disinterested Shareholder approval will be obtained for any reduction in the Exercise Price if the Optionee is an Insider of the Company at the time of the proposed amendment. A minimum Exercise Price cannot be established unless the Options are allocated to particular Persons.

10. **Share Purchase and Term.**

a) Subject to the provisions of Section 10 hereof, and unless the Board of Directors decides otherwise, each Option granted under the terms and conditions hereof shall have a specific term of no more than ten (10) years subject to extension where the expiry date falls within a Blackout Period as provided in subsection 9 c) below.

b) Each Option granted hereunder shall vest in accordance with the vesting period determined by the Board of Directors if any, subject to any mandatory vesting restrictions which may be imposed by the Stock Exchange. Notwithstanding the foregoing, Options issued to Persons retained to provide Investor Relation Activities shall vest in stages over a period of not less than 12 months with no more than one quarter (¼) of the Options vesting in any three month period and no acceleration to the vesting provisions is allowed without prior Stock Exchange acceptance.

c) The expiry date of each Option will be automatically extended if such expiry date falls within a Blackout Period, subject to the following:

   i) The Blackout Period must be formally imposed by the Company pursuant to its internal trading policies as a result of bona fide existence of undisclosed material information. For greater certainty, in the absence of the Company formally imposing a Blackout Period, the expiry date of any options will not be automatically extended in any circumstances.

   ii) The Blackout Period must expire upon the general disclosure of the undisclosed material information. The expiry date of the affected stock options can be extended to no later than ten (10) business days after the expiry of the Blackout Period.

   iii) The automatic extension of an Optionee's options will not be permitted where the Optionee or the Company is subject to a cease order (or similar order under securities laws) in respect of the Company's securities.

11. **Purchase and Early Expiry.** All issued unvested Options shall be considered as being vested, and may be exercised, at the time of the Sale of the Company. Notwithstanding the foregoing, at the time of the Sale of the Company, all issued and unvested Options shall be considered as being vested and may be exercised, conditionally to the successful Sale of the Company, ten (10) days before the expected closing date of the Sale of the Company. The Board of Directors may unilaterally modify the Expiry Date of Options granted hereunder so that such Expiry Date falls on the business day following the date of the conclusion of the Sale of the Company. However, should the Sale of the Company not take place on the expected date of closing, any early acquisition and any modification to the Expiry Date set forth in this Section 9 shall be null and void and deemed to not have taken place, and any acceleration to the vesting of Options as per this Section 9 shall also be null and void.

12. **Termination of the Optionee's Business Relationship.**

(a) If an Optionee's Business Relationship with the Company terminates, the Optionee may exercise the Options which had vested on the date of termination of the Business Relationship, within the shortest of the following periods: (i) ninety (90) days following the date of termination of the Business Relationship; or (ii) the remaining period up until the Options' Expiry Date. All Options which had not vested on the date of termination of the Business Relationship shall automatically expire on such date.

(b) Notwithstanding Section 10(a), if an Optionee ceases to maintain a Business Relationship with the Company because of death or physical or mental disability, the Optionee's legal representative, administrator or heir of the Optionee, as the case may be, may exercise the Optionee's Options which had vested on the date of termination of the Business Relationship, within the shortest of the following periods: (i) twelve (12) months following the date of termination of the Business Relationship; or (ii) the remaining period up until the Options' Expiry Date. All Options which had not vested on the date of termination of the Business Relationship shall automatically expire on such date.

(c) Notwithstanding Section 10(a), if the Company terminates an Optionee's Business Relationship for willful misconduct, fraud, dishonesty, theft, breach of fiduciary duty, failure to perform employment responsibilities in the best interest of the Company, or breach of any provision of any employment, consulting, advisory, non-disclosure, non-competition, non-solicitation or other similar agreement between the Optionee and the Company, all issued and outstanding Options of such Optionee, whether vested or unvested, shall automatically expire on the date of termination of the Business Relationship.

13. **Exercise of Options.** Subject to the other provisions of this Plan, including without limitation those set forth in Section 10, all Options granted hereunder may be exercised by the Optionee as of their vesting date and until their Expiry Date, by remitting to the Secretary of the Company, at its head office, a written notice of exercise (essentially similar to the one provided in Schedule B hereto), indicating the number of Shares for which the Option is exercised and accompanied by a payment in cash or by certified cheque in the name of the Company, for an amount equal to the Exercise Price of each Share to be purchased multiplied by the number of Shares for which the Option is exercised.

14. **Adjustment in the case of reorganization, merger, dissolution or sale.** Subject to any measures which must be undertaken by shareholders and to the approval of the Stock Exchange, should the Company take part in any reorganization, merger, dissolution or sale regarding all or substantially all of its assets, whether the Company be the surviving entity or not, Options shall be adjusted so that they apply to the securities to which the bearer of the number of Shares of the Company's capital that is subject of the Options would have been entitled to by virtue of such reorganization, merger, dissolution or sale.

15. **Adjustment in case of a Share split.** In the event of a split in the Company's Shares into a greater number of Shares, the Company shall remit, at the time of the exercise of his Options, in addition to the number of Shares for which such Options were granted, such number of additional Shares ensuing from the split of Shares for which the Option is exercised, without any additional payment or compensation being owed by the Optionee.

16. **Adjustment in case of consolidation.** In the event of a consolidation of the Company's Shares into an inferior number of Shares, the Optionee shall accept, at the time of the exercise of an Option, instead of the number of Shares for which his Options are exercised, such lower number of Shares ensuing from the grouping of Shares for which the Options are exercised.

17. **Other adjustment.** In the event of the modification of the Shares, the Company shall remit, at the time of the exercise of the Options, such number of Shares resulting from the modification which the Optionee exercising the Option would have been entitled to with regards to the number of Shares so purchased if the Option had been exercised prior to the modification.

18. **Readjustment based on the Exercise Price.** In the event of a readjustment of the number of Shares which may be acquired at the time of the exercise of the Options in circulation within the terms of Sections 13, 14, 15 or 16, the Exercise Price of those Options in circulation shall be adjusted to maintain, proportionately, the rights and obligations of the Optionees on the basis established by the Board of Directors as being fair and adequate, all this subject to the approval of the Stock Exchange.

19. **Absence of Share fraction.** The Company shall not be obligated to issue Share fractions in order to fulfill any of its obligations hereunder.

20. **Absence of readjustment in the case of the granting of subscription rights.** If, at some point, the Company grants to its shareholders rights allowing them to subscribe and to purchase, proportionately, additional securities of the Company or of any other company or entity, no readjustment shall be made to the number of Shares subject to the Options nor to the Options themselves as a result thereof.

21. **Shares that may be granted.** Despite all other provisions hereof, only Shares of the Company without any nominal or par value may be granted to the Participants within the terms of the Plan. All cancelled and expired options are returned to Plan.

22. **Annual approval of Plan.** The Plan must receive shareholder and Exchange approval annually, at the Company's Annual General Meeting of shareholders.

23. **Applicable law.** The present Plan shall be governed by the laws of the Province of Quebec and by the Canadian laws which apply therein.

24. **Definitions**. In addition to other terms which are defined herein, the following terms shall have the following meaning **:**

    a) "Associate", where used to indicate a relationship with any Person or company, means,
    (i) any company of which such person or company beneficially owns, directly or indirectly, voting securities carrying more than 10 per cent of the voting rights attached to all voting securities of the company for the time being outstanding,
    (ii) any partner of that Person,
    (iii) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity,
    (iv) any relative of that Person who resides in the same home as that person,
    (v) any person who resides in the same home as that person and to whom that Person is married, or any person of the opposite sex or the same sex who resides in the same home as that person and with whom that Person is living in a conjugal relationship outside marriage, or
    (vi) any relative of a Person mentioned in clause (v) who has the same home as that person.

    This definition may be modified from time to time if it is modified in the *Securities Act* (Ontario).

b) “Blackout Period” means a period during which the Company prohibits Optionees from exercising their Options.

c) “Board of Directors” means the Company’s Board of Directors.

d) “Business Relationship” means a business relationship between the Company and the Optionee as an employee, officer, director or Consultant of the Company.

e) “Consultant” means a Person providing services to the Company.

f) “Current Issue” means the number of Shares issued and outstanding, on a non-diluted basis, on the date of the grant of the Options.

g) “Discounted Market Price” as the meaning defined in Policy 1.1 *Interpretation* of the TSX Venture Exchange.

h) “Executive Officer” means:
(i) the Chair and the Vice-Chair of the Board of Directors, the President, a Vice-President, the Chief Financial Officer, the head of operations or the Secretary or any other individual who, within the Company, exercises duties similar to those exercised normally by an individual occupying one of these positions;
(ii) one of the five highest paid employees of the Company, including any individual described in paragraph i).

i) “Expiry Date” means the date on which the right to exercise an Option expires.

j) “Insider” means :
  (i) any director or Executive Officer of the Company;
  (ii) any director or executive officer of a Person which is an Insider or a subsidiary of the Company;
  (iii) any Person who is the true owner, directly or indirectly, of Voting Shares in the Company or who has control of those Voting Shares, or a combination of both, these Voting Shares representing more than 10% of the votes attached to all the Company’s issued and outstanding Voting Shares, with the exception of Voting Shares that such Person holds as a firm underwriter of an investment, and
  (iv) the Company having bought or bought back or otherwise acquired one of its Shares, for as long as it holds such Shares.

k) “Investor Relations Activities” as the meaning defined in Policy 1.1 *Interpretation* of the TSX Venture Exchange.

l) “Option” means the right to purchase Shares under the terms of the Plan.

m) “Other Plans” means any other agreement(s) which provides for remuneration in shares, which the Company may establish in addition to this Plan.

n) “Person” means an individual, a partnership, a limited partnership, a limited liability company, a joint venture, a syndicate, a sole proprietorship company, a joint-stock company with or without capital, an unincorporated association, a trust, a trustee, an estate's executor or liquidator, the administrator of an estate or any other legal representative, a government or an authority or a governmental entity, whatever their designation or their mode of constitution.

o) "Plan" means IOU Financial Inc.'s Stock Option Plan, as it may be modified from time to time.

p) "Sale of the Company" means the sale of the Company which takes place at the conclusion of an operation pursuant to an offer presented in good faith by one or many buyers who is not an Associate (the "Buyer") to all shareholders of the Company and which carries compensation in cash or in negotiable securities or both, and which entail the purchase of the Company (whether it be by way of merger, purchase of Shares, purchase of all or essentially all of the assets of the Company or otherwise) by the Buyer or the acquisition by the Buyer of a number of Shares which, added to the Shares that the Buyer and members of its group already owned prior to the completion of the operation, is equivalent to 100% of all issued Shares.

q) "Stock Exchange" means the TSX Venture Exchange and/or any other recognized stock exchange on which the Shares of the Company are traded.

r) "Voting Shares" mean the Company's shares which, in accordance with their modalities or the terms of a shareholders' agreement, confer upon their bearer the right to vote during the election of the Company's directors.

<u>**SCHEDULE C**</u>

RESOLUTION APPROVING THE SALE OF LOANS TO THE PALOS FUND

To be passed by Shareholders at the Meeting

BE IT RESOLVED THAT:

1. the sale of up to US$250 million of loans by IOU Central Inc., a Delaware corporation that is a wholly-owned subsidiary of IOU Financial Inc. (the "**Corporation**"), to the Palos/IOU High Yield Fund (the "**Fund**"), a fund managed by Palos Management Inc., over the 60 month period following the date of the approval by the Corporation's shareholders of the present resolution, pursuant to debt assignment agreements (the "**Agreements**"), is hereby ratified, authorized and approved;

2. notwithstanding that this resolution has been passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered, without further notice to, or approval of, the shareholders of the Corporation: (i) to amend the terms of the Agreements to the extent permitted therein; and (ii) if they deem it necessary and advisable, to terminate any such transactions or any such Agreements;

3. all of the transactions ancillary to the implementation of such transactions and the Agreements as described herein are hereby authorized and approved; and

4. any officer or director of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute or cause to be executed, under the seal of the Corporation or otherwise, the Agreements and to deliver or cause to be delivered all such other documents, agreements or instruments, and to perform or cause to be performed all such other acts and things, as such officer or director shall determine to be necessary or desirable to give full effect to this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such documents, agreements or instruments or the performing or causing to be performed of such other acts or things.

SCHEDULE D

RESOLUTION APPROVING THE PROPOSED SHARE CAPITAL

To be passed by Shareholders at the Meeting

ARTICLES OF AMENDMENT

BE IT RESOLVED THAT:

1. The articles of IOU Financial Inc. (the "**Corporation**"), as amended, be further amended as follows:

   (a) by changing the authorized share capital of the Corporation by creating a new class of shares designated as Common Shares, the rights, privileges, restrictions and conditions attached thereto being described in Schedule "D" of this Information Circular;

   (b) by changing, upon the issuance of the Certificate of Amendment in respect of these Articles, each of the Class B Common Shares (*actions à droit de vote multiple catégorie B*) issued and outstanding immediately prior to the issuance of the said Certificate of Amendment into one (1) Common Share;

   (c) by changing, upon the issuance of the Certificate of Amendment in respect of these Articles, each of the Class B Common Shares reserved for issuance into one (1) Common Share;

   (d) by cancelling the authorized but unissued Class A subordinate shares (*actions subalternes votantes catégorie* A), Class A preferred shares (*actions privilégiées catégorie A*) and Class B preferred shares (*actions privilégiées catégorie B*); and

   (e) by repealing and replacing Schedule A to the Certificate and Articles of Continuance dated February 15, 1982, Schedule A-1 to the Certificate and Articles of Amendment dated October 18, 1985, Schedule A to the Certificate and Articles of Amendment dated May 2, 1994 and the provisions contained in Section 4 of the Certificate and Articles of Amendment dated May 29, 1995, all of which describe the Corporation's authorized share capital, with Schedule "D" of this Information Circular; and

2. Notwithstanding any approval of the shareholders as herein provided, the Corporation's Board of Directors may, in its sole discretion, revoke this special resolution and abandon the modification of its share capital before it is acted upon without further approval of the shareholders.

3. Any officer or director of the Corporation be and each of them is hereby authorized, for and on behalf of the Corporation, to execute and deliver or cause to be delivered Articles of Amendment under the *Business Corporations Act* (Québec), and to execute and deliver such other documents and instruments and take such other actions as such officer or director may determine to be necessary or advisable to implement this special resolution and the matters authorized thereby.

SCHEDULE E

PROPOSED SHARE CAPITAL OF

FINANCIÈRE IOU INC.
and its version
IOU FINANCIAL INC.
(the "**Corporation**")

The Corporation is authorized to issue an unlimited number of common shares without par value.

The common shares shall have attached thereto the following rights:

(a) Each common share shall entitle the holder thereof to one (1) vote at all meetings of the shareholders of the Corporation.

(b) The holders of the common shares shall be entitled to receive non-cumulative dividends, as and when declared by the board of directors.

(c) In the event of the liquidation or dissolution of the Corporation, whether voluntary or involuntary, the holders of the common shares shall be entitled to receive the remaining property of the Corporation.