

This document is important and requires your immediate attention. If you are in doubt as to how to respond to the Qwave Partial Offer (as defined herein), you should consult with your investment dealer, stockbroker, lawyer or other professional advisor. Enquiries concerning information in this document should be directed to IOU Financial Inc. at 1-877-419-0934 (toll free in North America) or investors@ioufinancial.com.



DIRECTORS' CIRCULAR

RECOMMENDING

REJECTION

OF THE UNSOLICITED PARTIAL OFFER BY

QWAVE CAPITAL LLC

TO PURCHASE 34,000,000 COMMON SHARES OF

IOU FINANCIAL INC.

FOR \$0.50 PER COMMON SHARE

RECOMMENDATION TO SHAREHOLDERS

The Board of Directors of IOU **UNANIMOUSLY** recommends that Shareholders

REJECT the Qwave Partial Offer and **NOT TENDER** their Common Shares.

Any Shareholder who has tendered his, her or its Common Shares under the Qwave Partial Offer should **WITHDRAW** those Common Shares.

THE BOARD OF DIRECTORS HAS UNANIMOUSLY CONCLUDED THAT THE QWAVE PARTIAL OFFER IS INADEQUATE AND NOT IN THE BEST INTERESTS OF IOU AND THE SHAREHOLDERS.

WE RECOMMEND YOU READ THE REASONS FOR REJECTION.

July 9, 2015

NO NEED FOR ACTION

The Qwave Partial Offer is scheduled to expire at 5:00 p.m. (Eastern Standard Time) on July 31, 2015 and is subject to a number of conditions that may never be satisfied.

The Board of Directors of IOU recommends that you do not take any action to ensure that you are able to consider all of the options available to you.

If you have already tendered your Common Shares to the Qwave Partial Offer, you should **WITHDRAW** them, If you require further information on how to withdraw your Common Shares, you should contact IOU at 1-877-419-0934 (toll free in North America) or investors@ioufinancial.com.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS REJECT THE QWAVE PARTIAL OFFER AND NOT TENDER ANY COMMON SHARES.

If you have any questions, please contact IOU at North American Toll Free 1-877-419-0934 or investors@ioufinancial.com



July 9, 2015

Dear fellow shareholders,

RE: QWAVE'S UNSOLICITED, OPPORTUNISTIC AND FINANCIALLY INADEQUATE PARTIAL OFFER

You recently received an unsolicited partial offer (the "**Qwave Partial Offer**") from Qwave Capital LLC ("**Qwave**") to purchase 34,000,000 issued and outstanding common shares (the "**Common Shares**") of IOU Financial Inc. ("**IOU**") at a price of \$0.50 per Common Share, representing as at July 9, 2015, approximately 55.3% of the issued and outstanding Common Shares and 50.4% of the issued and outstanding Common Shares on a fully-diluted basis.

Your Board of Directors (your "**Board**"), after having received the benefit of advice from IOU's financial and legal advisors, carefully reviewed and considered the Qwave Partial Offer as well as the factors described in the Directors' Circular accompanying this letter to you and, determined that the Qwave Partial Offer is opportunistic, financially inadequate, fails to recognize the full value of IOU and its growth story, and is a coercive attempt by Qwave to acquire effective control of IOU without offering you a fair value or having paid you an appropriate premium for that control. Your Board further believes that the Qwave Partial Offer is neither in the best interests of IOU (which includes you) nor fair to you. Your Board unanimously recommends that you **REJECT** the Qwave Partial Offer and **NOT TENDER** your Common Shares to the Qwave Partial Offer.

The Board has been informed that, as of the date hereof, each of IOU's directors and officers will **REJECT** the Qwave Partial Offer and **NOT TENDER** their Common Shares.

You do not need to take action now as the Qwave Partial Offer's initial expiry date is July 31, 2015. In making your decision regarding the Qwave Partial Offer, your Board would like you to take into consideration the following reasons for its rejection of the Qwave Partial Offer:

- the Qwave Partial Offer significantly undervalues IOU's market position, assets, brand presence and long-term business prospects;
- the Qwave Partial Offer is financially inadequate;
- the timing of the Qwave Partial Offer is opportunistic;
- Qwave has not articulated a credible plan for IOU's business;
- Qwave's track record is unknown;
- the Qwave Partial Offer seeks to provide Qwave with effective control of IOU, without offering you an appropriate control premium for the Common Shares purchased and no premium for the Common Shares not purchased;
- the Qwave Partial Offer is at a price lower than Qwave has indicated it would pay in the recent past;

THE BOARD OF DIRECTORS **UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS REJECT THE QWAVE PARTIAL OFFER AND NOT TENDER ANY COMMON SHARES.**

If you have any questions, please contact IOU at North American Toll Free 1-877-419-0934 or investors@ioufinancial.com

- the Qwave Partial Offer is, by its nature, coercive as you will only be able to sell at most 55.3% of your Common Shares;
- the Qwave Partial Offer is an unfettered right to walk, subject to 15 conditions;
- the Qwave Partial Offer will have a material adverse effect on the liquidity of the Common Shares;
- the Qwave Partial Offer involves certain risks such as the potential loss of key management personnel and Qwave's lack of operating experience;
- the Qwave Partial Offer is not a permitted bid under IOU's shareholder rights plan; and
- Qwave acted in breach of a confidentiality agreement with IOU.

The recommendation of your Board is also supported by an opinion from IOU's financial advisor, Raymond James Ltd., that the consideration offered pursuant to the Qwave Partial Offer is inadequate, from a financial point of view, to you.

In response to the Qwave Partial Offer, your Board has implemented a shareholder rights plan effective as of June 29, 2015, which aims to provide the Board with sufficient time to properly consider any take-over bid made for IOU, to allow enough time for competing bids and alternative proposals to emerge and be pursued, and to consider all appropriate alternatives. Your Board has also authorized the filing of a motion for an injunction with the Québec Superior Court with respect to the breach by Qwave of a confidentiality agreement with IOU. Finally, your Board has also instructed its financial advisor, Raymond James Ltd., to explore alternative transactions to the Qwave Partial Offer. The Board intends to use the time provided by the shareholder rights plan to vigorously pursue such alternative transactions.

We expect to provide you with important additional information in the weeks ahead so that you can consider the advances we have made and any material change to our recommendation before the initial expiry of the Qwave Partial Offer, and recommend that you **DO NOT TENDER** your Common Shares to the Qwave Partial Offer unless your Board changes its recommendation as a result of new information becoming available to it. If you have tendered your Common Shares to the Qwave Partial Offer, you should **WITHDRAW** those shares.

The attached Directors' Circular explains in detail the background to and reasons for your Board's recommendation to **REJECT** the Qwave Partial Offer and **NOT TENDER** your Common Shares. We strongly encourage you to read the Directors' Circular in its entirety, in particular the "Rejection of Qwave Partial Offer" and "Reasons for Rejection", and consider all these points carefully.

If you have any questions concerning our recommendation that you **REJECT** the Qwave Partial and **NOT TENDER** your Common Shares or if you want to know how to **WITHDRAW** your Common Shares, please contact us at 1-877-419-0934 (toll free in North America) or investors@ioufinancial.com.

On behalf of your Board, I would like to thank you for your continued support.

Sincerely,

(signed) EVAN PRICE
Evan Price, Chairman of the Board

THE BOARD OF DIRECTORS **UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS REJECT THE QWAVE PARTIAL OFFER AND NOT TENDER ANY COMMON SHARES.**

If you have any questions, please contact IOU at North American Toll Free 1-877-419-0934 or investors@ioufinancial.com

TABLE OF CONTENTS

QUESTIONS AND ANSWERS ABOUT THE OPPORTUNISTIC AND FINANCIALLY INADEQUATE PARTIAL OFFER FROM QWAVE.....	i
GLOSSARY OF TERMS AND CERTAIN CALCULATIONS.....	iv
NOTICE TO NON-CANADIAN RESIDENTS.....	iv
FORWARD-LOOKING STATEMENTS.....	iv
NOTICE REGARDING INFORMATION AND AVAILABILITY OF DISCLOSURE DOCUMENTS.....	iv
CURRENCY AND EXCHANGE RATE INFORMATION.....	v
ENQUIRIES.....	v
SUMMARY.....	vi
THE QWAVE PARTIAL OFFER.....	1
DIRECTORS' RECOMMENDATION.....	1
REJECTION OF QWAVE PARTIAL OFFER.....	1
REASONS FOR REJECTION.....	2
CONCLUSION AND RECOMMENDATION.....	9
HOW TO WITHDRAW YOUR DEPOSITED COMMON SHARES.....	9
BACKGROUND TO THE QWAVE PARTIAL OFFER AND IOU'S RESPONSE.....	11
INADEQUACY OPINION OF RAYMOND JAMES.....	12
IOU FINANCIAL INC.....	13
PRINCIPAL SHAREHOLDERS.....	13
DIRECTORS AND OFFICERS OF IOU AND OWNERSHIP OF SECURITIES.....	14
INTENTION OF DIRECTORS AND OFFICERS WITH RESPECT TO THE QWAVE PARTIAL OFFER.....	14
TRADING IN SECURITIES OF IOU.....	15
ISSUANCES OF SECURITIES BY IOU.....	15
AGREEMENTS BETWEEN IOU AND ITS DIRECTORS AND OFFICERS.....	16
OWNERSHIP OF SECURITIES OF QWAVE OR ITS AFFILIATES.....	16
INTERESTS OF DIRECTORS AND OFFICERS OF IOU IN MATERIAL TRANSACTIONS WITH QWAVE.....	16
OTHER TRANSACTIONS.....	16
MATERIAL CHANGES IN THE AFFAIRS OF IOU.....	16
OTHER MATERIAL INFORMATION.....	17
ADDITIONAL INFORMATION.....	17
STATUTORY RIGHTS.....	17
APPROVAL OF DIRECTORS' CIRCULAR.....	17
CONSENT OF RAYMOND JAMES LTD.....	18

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS REJECT THE QWAVE PARTIAL OFFER AND NOT TENDER ANY COMMON SHARES.

If you have any questions, please contact IOU at North American Toll Free 1-877-419-0934 or investors@ioufinancial.com

CERTIFICATE.....19
APPENDIX “A” GLOSSARY OF TERMS..... A-1
APPENDIX “B” INADEQUACY OPINION OF RAYMOND JAMES LTD.....B-1
APPENDIX “C” SUMMARY OF RIGHTS PLAN.....C-1

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS REJECT THE QWAVE PARTIAL OFFER AND NOT TENDER ANY COMMON SHARES.

If you have any questions, please contact IOU at North American Toll Free 1-877-419-0934 or investors@ioufinancial.com

**QUESTIONS AND ANSWERS ABOUT THE OPPORTUNISTIC AND FINANCIALLY INADEQUATE
PARTIAL OFFER FROM QWAVE**

All capitalized terms used in this “Q&A” section but not otherwise defined herein have the meanings set forth under “Glossary of Terms” which is attached as Appendix A to this Directors’ Circular.

Is the Qwave Partial Offer a “hostile” take-over bid? **YES.** In a friendly take-over, the two companies work together to come to an agreement intended to enhance shareholder value. On June 25, 2015, Qwave launched an unsolicited hostile offer without the support of IOU to purchase, on the terms and subject to the conditions of the Qwave Partial Offer, 34,000,000 of the issued and outstanding Common Shares at a price of \$0.50 per Common Share.

Is the Qwave Partial Offer an offer for all of the outstanding Common Shares of IOU? **NO.** The Qwave Partial Offer is a partial offer to purchase 34,000,000 of the issued and outstanding Common Shares, representing approximately 55.3% of the issued and outstanding Common Shares and 50.4% of the issued and outstanding Common Shares on a fully-diluted basis.

Should I accept or reject the Qwave Partial Offer? The Board of Directors unanimously recommends that Shareholders **REJECT** the Qwave Partial Offer and **NOT TENDER** their Common Shares.

Why does the Board of Directors believe that the Qwave Partial Offer should be rejected? The Board believes that the Qwave Partial Offer is opportunistic, financially inadequate, fails to recognize the full value of IOU and its growth story, and is a coercive attempt by Qwave to acquire effective control of IOU without offering fair value to Shareholders or having paid Shareholders an appropriate premium for that control. The Board further believes that the Qwave Partial Offer is neither in the best interests of IOU and the Shareholders nor fair to the Shareholders.

The following is a summary of the principal reasons for the **UNANIMOUS** recommendation of the Board of Directors to the Shareholders that they **REJECT** the Qwave Partial Offer and **NOT TENDER** their Common Shares:

- the Qwave Partial Offer significantly undervalues IOU’s market position, assets, brand presence and long-term business prospects;
- the Qwave Partial Offer is financially inadequate;
- the timing of the Qwave Partial Offer is opportunistic;
- Qwave has not articulated a credible plan for IOU’s business;
- Qwave’s track record is unknown;
- the Qwave Partial Offer seeks to provide Qwave with effective control of IOU, without offering Shareholders an appropriate control premium for the Common Shares purchased and no premium for the Common Shares not purchased;
- the Qwave Partial Offer is at a price lower than Qwave has indicated it would pay in the recent past;
- the Qwave Partial Offer is, by its nature, coercive: tendering Shareholders will only be able to sell at most 55.3% of their Common Shares;

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS REJECT THE QWAVE PARTIAL OFFER AND NOT TENDER ANY COMMON SHARES.

If you have any questions, please contact IOU at North American Toll Free 1-877-419-0934 or investors@ioufinancial.com

- the Qwave Partial Offer is an unfettered right to walk, subject to 15 conditions;
- the Qwave Partial Offer will have a material adverse effect on the liquidity of the Common Shares;
- the Qwave Partial Offer involves certain risks such as the potential loss of key management personnel and Qwave's lack of operating experience;
- the Qwave Partial Offer is not a permitted bid under IOU's shareholder rights plan;
- Qwave acted in breach of a confidentiality agreement with IOU; and
- all of IOU's directors and officers will **REJECT** the Qwave Partial Offer and **NOT TENDER** their Common Shares.

How do I reject the Qwave Partial Offer?

You do not need to do anything. **DO NOT TENDER** your Common Shares to the Qwave Partial Offer. Do not complete any of the documents (Letter of Transmittal, Notice of Guaranteed Delivery, etc.) delivered to you by or on behalf of Qwave.

Can I withdraw my Common Shares if I have already tendered them to the Qwave Partial Offer?

YES. Any Shareholder who has tendered his, her or its Common Shares under the Qwave Partial Offer should **WITHDRAW** those Common Shares.

Common Shares that have been deposited to the Qwave Partial Offer may be withdrawn:

- at any time before they have been taken up by Qwave pursuant to the Qwave Partial Offer;
- at any time before the expiration of ten days from the day Qwave mails a notice announcing that it has changed or varied the Qwave Partial Offer unless, among other things,
 - prior to the filing of such notice Qwave has taken them up, or
 - the variation in the Qwave Partial Offer consists solely of an increase in the consideration offered and the Qwave Partial Offer is not extended for more than ten days and/or the variation in the Qwave Partial Offer consists solely of a waiver of one or more conditions of the Qwave Partial Offer; or
- if they have not been paid for by Qwave within three business days after having been taken up by Qwave pursuant to the Qwave Partial Offer.

How can I withdraw my tendered Common Shares?

If you have already tendered your Common Shares to the Qwave Partial Offer, we recommend you withdraw your Common Shares deposited to the Qwave Partial Offer. Please see page 9 of this Directors' Circular for information on how to withdraw your Common Shares. We recommend you contact your broker or IOU for assistance with withdrawing your Common Shares from the Qwave Partial Offer.

THE BOARD OF DIRECTORS **UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS REJECT THE QWAVE PARTIAL OFFER AND NOT TENDER ANY COMMON SHARES.**

If you have any questions, please contact IOU at North American Toll Free 1-877-419-0934 or investors@ioufinancial.com

Do I have to decide now?

No. You do not have to take any action at this time. The Qwave Partial Offer is scheduled to expire at 5:00 p.m. (Eastern Standard Time) on July 31, 2015 and is subject to 15 conditions that have not yet been satisfied. The Board of Directors UNANIMOUSLY recommends that Shareholders NOT TENDER their Common Shares, unless the Board of Directors receives additional information which causes it to indicate you otherwise prior to the expiry of the Qwave Partial Offer.

What is the Board of Directors doing in response to the Qwave Partial Offer?

In response to the Qwave Partial Offer, the Board of Directors has implemented the Rights Plan, a shareholder rights plan effective as of June 29, 2015, which aims to provide the Board and Shareholders with sufficient time to properly consider any take-over bid made for IOU, to allow enough time for competing bids and alternative proposals to emerge and be pursued, and to consider all appropriate alternatives. The Board has also authorized the filing of a motion for an injunction with the Québec Superior Court with respect to the breach by Qwave of a confidentiality agreement with IOU. Finally, the Board of Directors has also instructed its financial advisor, Raymond James, to explore alternative transactions to the Qwave Partial Offer. The Board intends to use the time provided by the Rights Plan to vigorously pursue such alternative transactions.

Are the directors and executive officers of IOU planning to tender their Common Shares to the Qwave Partial Offer?

No. The Board of Directors has been informed that, as of the date of this Directors' Circular, each of the directors and officers of IOU **WILL REJECT** the Qwave Partial Offer and **WILL NOT TENDER** their Common Shares.

Who should I contact if I have more questions?

The Board of Directors recommends that you read the information contained in the Directors' Circular, more particularly the sections entitled "Rejection of Qwave Partial Offer" and "Reasons for Rejection" herein. Any questions or requests for assistance may be directed to IOU at 1-877-419-0934 (toll free in North America) or investors@ioufinancial.com.

THE BOARD OF DIRECTORS **UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS REJECT THE QWAVE PARTIAL OFFER AND NOT TENDER ANY COMMON SHARES.**

If you have any questions, please contact IOU at North American Toll Free 1-877-419-0934 or investors@ioufinancial.com

GLOSSARY OF TERMS AND CERTAIN CALCULATIONS

Certain terms used in this Directors' Circular have the meanings set forth in Appendix A hereto, unless such terms are defined elsewhere in this Directors' Circular.

Unless indicated otherwise, calculations of percentage amounts or amounts per Common Share set forth in this Directors' Circular are based on 61,473,292 Common Shares outstanding as at July 9, 2015.

NOTICE TO NON-CANADIAN RESIDENTS

The Qwave Partial Offer is made for the securities of a Canadian issuer, and while the Qwave Partial Offer is subject to disclosure requirements applicable under Canadian laws, investors should be aware that these requirements are different from those of the United States and other non-Canadian jurisdictions. Financial statements, if any, included in or described herein have been prepared in accordance with foreign generally accepted accounting principles and therefore may not be comparable to financial statements of United States companies. The enforcement by non-Canadian Shareholders of civil liabilities under the United States federal securities laws, or under other non-Canadian laws, may be adversely affected by the fact that IOU is a Canadian corporation and that a majority of its officers and directors are resident in countries other than the United States.

FORWARD-LOOKING STATEMENTS

This Directors' Circular contains forward-looking statements. Forward-looking statements are statements, other than statements of historical fact, that address or discuss activities, events or developments that IOU expects or anticipates may occur in the future. These forward-looking statements can be identified by the use of words such as "anticipates", "believes", "estimates", "expects", "may", "plans", "projects", "should", "will", or the negative thereof or other variations thereon. These forward-looking statements reflect management's current views and are based on certain assumptions including assumptions as to future economic conditions and courses of action, as well as other factors management believes are appropriate in the circumstances. Such forward-looking statements are subject to risks and uncertainties and no assurance can be given that any of the events anticipated by such statements will occur or, if they do occur, what benefit IOU will derive from them. A number of factors could cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements, including, but not limited to, risks related to the actions taken by Qwave in connection with the Qwave Partial Offer, risks related to the actions taken by the Shareholders in response to the Qwave Partial Offer, risks related to the possible effects of the Qwave Partial Offer on the business and prospects of IOU, risks inherent in growing a new business, dependence on third-party service providers, competition, regulatory risk, dependence on key personnel, risks related to rapid growth of IOU, security and confidentiality risk, risk related to inability to attract borrowers and lenders, technological development risk, IT disruptions, maintenance of client relationships, litigation risk, volatility of stock price, and other factors that are beyond its control. Additional information concerning these and other factors can be found beginning on page 13 under the heading "Risks and Uncertainties" in IOU's management's discussion and analysis dated May 27, 2015, which is available under IOU's profile on SEDAR at www.sedar.com.

IOU disclaims any intention or obligation (except as required by applicable law) to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, or to comment on any analyses, expectations or statements of third parties concerning any forward looking statements.

Investors are cautioned not to place undue reliance on forward-looking statements. No forward-looking statement is a guarantee of future results.

NOTICE REGARDING INFORMATION AND AVAILABILITY OF DISCLOSURE DOCUMENTS

IOU is a reporting issuer or equivalent in the Provinces of British Columbia, Alberta, Ontario and Québec and files its continuous disclosure documents and other documents with such provincial securities regulatory authorities. Certain information in this Directors' Circular has been taken from or is based on documents that are expressly referred to in this Directors' Circular. All summaries of, and references to, documents that are specified in

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this Directors' Circular as having been filed, or that are contained in documents specified as having been filed, on SEDAR are qualified in their entirety by reference to the complete text of those documents as filed, or as contained in documents filed, under IOU's profile on SEDAR at www.sedar.com. Shareholders are urged to read carefully the full text of those documents, which may also be obtained on request without charge from IOU at 1 Place Ville Marie, Suite 1670, Montréal, Québec H3B 2B6.

Information contained in this Directors' Circular concerning Qwave and its affiliates and the Qwave Partial Offer, including forward-looking statements or information, is based solely upon, and, except as disclosed in this Directors' Circular, the Board of Directors has relied, without independent verification, exclusively upon information contained in the Qwave Partial Offer and the Qwave Circular or that is otherwise publicly available. Neither IOU nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information or for any failure by Qwave or its affiliates to disclose events or facts that may have occurred or may affect the significance or accuracy of any such information.

CURRENCY AND EXCHANGE RATE INFORMATION

Unless otherwise indicated, all dollar amounts in this Directors' Circular are expressed in Canadian dollars and references to "CDN\$", "\$" or "dollars" in this Directors' Circular refer to Canadian dollars. On July 8, 2015, the noon rate of exchange as reported by the Bank of Canada was \$1 = US\$0.7860, and US\$1 = \$1.2722.

ENQUIRIES

This document is important and requires your immediate attention. If you are in doubt as to how to respond to the Qwave Partial Offer, you should consult with your investment dealer, stockbroker, lawyer or other professional advisor. **Enquiries concerning information in this document should be directed to IOU at 1-877-419-0934 (toll free in North America) or investors@ioufinancial.com.**

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS REJECT THE QWAVE PARTIAL OFFER AND NOT TENDER ANY COMMON SHARES.

If you have any questions, please contact IOU at North American Toll Free 1-877-419-0934 or investors@ioufinancial.com

SUMMARY

The information set out below is intended as a summary only and is qualified in its entirety by the more detailed information appearing elsewhere in this Directors' Circular. This Directors' Circular should be read carefully and in its entirety as it provides important information regarding IOU and the Qwave Partial Offer. All capitalized terms used in this Summary but not otherwise defined herein have the meanings set forth under "Glossary of Terms" which is attached as Appendix A to this Directors' Circular.

Recommendation of the Board of Directors:

REJECT THE QWAVE PARTIAL OFFER AND DO NOT TENDER YOUR COMMON SHARES.

The Board has carefully reviewed and considered the Qwave Partial Offer and has received the benefit of advice from the Company's financial and legal advisors, and unanimously recommends that Shareholders **REJECT** the Qwave Partial Offer and **NOT TENDER** their Common Shares. Any Shareholder who has tendered his, her or its Common Shares under the Qwave Partial Offer should **WITHDRAW** those Common Shares.

The Board believes that the Qwave Partial Offer is opportunistic, financially inadequate, fails to recognize the full value of IOU and its growth story, and is a coercive attempt by Qwave to acquire effective control of IOU without offering fair value to Shareholders or having paid Shareholders an appropriate premium for that control. The Board further believes that the Qwave Partial Offer is neither in the best interests of IOU and the Shareholders nor fair to the Shareholders. Further, the Qwave Partial Offer is not a "Permitted Bid" under the Rights Plan.

Reasons for Rejection:

In unanimously concluding that the Qwave Partial Offer is inadequate and not in the best interests of IOU and the Shareholders, the Board of Directors identified a number of factors as being most relevant, including the following:

- **The Qwave Partial Offer Significantly Undervalues IOU's Market Position, Assets, Brand Presence and Long-Term Business Prospects.** The Board believes the Qwave Partial Offer does not reflect the underlying and long-term value of IOU's assets and businesses and provides inadequate value to Shareholders as the business of IOU is poised to undergo a significant transformation with respect to how it is funded. This is due to the business now having the scale and experience to allow for additional (lower-cost) on-balance-sheet funding that will significantly enhance the earnings profile of the assets under management by IOU. The Company has consistently been an industry leader, and continues to build momentum. IOU's proprietary platform has enabled it to fund over \$200 million in small business loans, leveraging technology to provide a faster and more efficient loan process.
- **The Qwave Partial Offer is Financially Inadequate.** IOU's financial advisor, Raymond James, has delivered an opinion that the consideration offered pursuant to the Qwave Partial Offer is inadequate, from a financial point of view, to the Shareholders. The Board of Directors has instructed Raymond James to explore alternative transactions to the Qwave Partial Offer. The Board intends to use the time provided by the Rights Plan to vigorously

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pursue such alternative transactions.

- **The Timing of the Qwave Partial Offer is Opportunistic.** The Board believes that the Qwave Partial Offer was opportunistically made at a time when the Common Shares were trading near their 52-week low.
- **Qwave Has Not Articulated A Credible Plan for IOU's Business.** Qwave claims that the Qwave Partial Offer will help "grow" the Company while the Qwave Partial Offer does not provide for additional financing which could help such claimed growth as the Qwave Partial Offer does not add to IOU's treasury. Qwave has failed to provide any visibility as to any planned changes to IOU's business plan, management or board of directors. It is unclear what benefits, if any, there would be for Shareholders through a successful Qwave Partial Offer. What is evident is that with effective control of the Company, Qwave can act in a self-interested manner to the detriment of other Shareholders.
- **Qwave's Track Record is Unknown.** Qwave claims to have a "strong track record of success" at "finding and investing in companies with breakthrough technologies and excellent potential for growth and value creation". IOU is not aware of any previous investments made by Qwave in companies similar to IOU or involved in a similar industry. Therefore, IOU doubts that an investor such as Qwave, which is "focused on physics and materials science", has the expertise or experience needed to "grow the company, increase market share and create value for Shareholders".
- **The Qwave Partial Offer Seeks to Provide Qwave with Effective Control of IOU, without Offering Shareholders an Appropriate Control Premium for the Common Shares Purchased and no Premium for the Common Shares not Purchased.** If successful, the Qwave Partial Offer will in effect remove Shareholders' decision-making rights in connection with, among other things, (i) fundamental changes such as certain acquisitions, mergers, amalgamations or other liquidity events, (ii) election of the Board of Directors and (iii) the declaration of dividends.
- **The Qwave Partial Offer is at a Price Lower than Qwave Has Indicated It Would Pay in the Recent Past.** In respect of the Qwave February Proposal, Qwave indicated in its press release of June 15, 2015 that it had then offered \$0.58 per Common Share for a NON-CONTROL ownership stake in the Company, which is more than the Qwave Partial Offer of \$0.50 per Common Share for a CONTROL position in IOU. The June 15, 2015 press release is misleading in that the Qwave February Proposal was in fact a proposal for an investment in units of the Company, each unit being comprised of one Common Share and one-half of a warrant to purchase Common Shares at a price of \$1.16 per Common Share. See "Background to the Qwave Partial Offer and IOU's Response". Shareholders should not accept this low-ball offer

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which in no way reflects a control premium. In addition, Qwave itself has a robust view of IOU's near term prospects as in the Qwave February Proposal, Qwave was ready to invest in warrants to purchase Common Shares, exercisable over a 36-month period at a price of \$1.16, which is significantly higher than the Qwave Partial Offer of \$0.50 per Common Share.

- **The Qwave Partial Offer is, by its Nature, Coercive: Tendering Shareholders will only Be Able to Sell at Most 55.3% of their Common Shares.** The Qwave Partial Offer is a “partial bid”, meaning it is an offer to acquire less than all of the Common Shares, and accordingly, it is not possible for all Common Shares deposited to the Qwave Partial Offer to be taken up and paid for by Qwave (due to proration). If the Qwave Partial Offer is successful and 100% of the Common Shares held by Shareholders tender to the Qwave Partial Offer, a maximum of 55.3% of a tendering Shareholder's Common Shares will be taken up by Qwave, providing Shareholders with no assurance as to how the balance of their Common Shares will be valued on the TSX-V. The Qwave Partial Offer contains a condition that a number of Common Shares which, when combined with any Common Shares then held by Qwave and its affiliates, represents not less than 50% of the outstanding Common Shares on a fully-diluted basis be deposited to the offer. Qwave may waive such condition from time to time and take up and pay for less than 50% of the Common Shares. There is no guarantee that at most 50% of the Common Shares will be taken up and paid for by Qwave.
- **The Qwave Partial Offer is an Unfettered Right to Walk, Subject to 15 Conditions.** The Qwave Partial Offer is highly conditional for the benefit of Qwave, resulting in substantial uncertainty for Shareholders as to whether Qwave will acquire any Common Shares under the Qwave Partial Offer. The Qwave Partial Offer is subject to 15 conditions, the majority of which are subject to Qwave's determination “in its sole judgment”, providing Qwave with an unfettered right to not take up and pay for the Common Shares.
- **The Qwave Partial Offer will have a Material Adverse Effect on the Liquidity of the Common Shares.** The Board believes that the liquidity of the Common Shares after completion of the Qwave Partial Offer will be adversely affected, which may in turn have a negative impact on the trading price of the Common Shares. In the absence of a liquid trading market, the market price of the Common Shares will likely not reflect the fair value of the Common Shares and selling Shareholders may be forced to accept a market price that is not reflective of the fair value of their Common Shares.
- **Risks Associated with Potential Loss of Key Management Personnel and Qwave's Lack of Operating Experience.** The loss of IOU's current management team, or any member thereof, including, without limitation, its President and Chief Executive Officer, Mr. Philippe Marleau, would adversely affect the

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS REJECT THE QWAVE PARTIAL OFFER AND NOT TENDER ANY COMMON SHARES.

If you have any questions, please contact IOU at North American Toll Free 1-877-419-0934 or investors@ioufinancial.com

Company's business and would also deprive IOU of such management's intellectual and operational expertise, which is at the core of IOU's competitive advantage and success. Qwave's lack of experience and expertise in this highly specialized industry, combined with a potential exodus of senior, experienced management of IOU, could adversely affect the value of the Common Shares after completion of the Qwave Partial Offer.

- **The Qwave Partial Offer is not a Permitted Bid.** The Rights Plan was adopted by IOU effective on June 29, 2015 in response to the Qwave Partial Offer. Under the Rights Plan, any offer for less than all of the Company's issued and outstanding Common Shares, including the Qwave Partial Offer, will not be considered a "Permitted Bid" if, among other things, the offer is not open for at least 60 days and does not contain an irrevocable and unqualified conditions that no Common Shares can be taken up or paid for if only 50% or less of the outstanding Common Shares held by independent Shareholders have been tendered to the offer and not withdrawn, unless the Board otherwise waives these conditions (which it may, as appropriate).
- **Qwave Acting in Breach of a Confidentiality Agreement with IOU.** Pursuant to a Confidentiality Agreement with IOU dated November 5, 2014, Qwave obtained access to non-public information about IOU. See "Background to the Qwave Partial Offer and IOU's Response". On June 19, 2015, following the filing of Qwave's press release of June 15, 2015, IOU informed Qwave in writing of its anticipated breach of the Confidentiality Agreement, which breach has now occurred following the launch of the Qwave Partial Offer. In response to the Qwave Partial Offer, IOU filed a motion with the Québec Superior Court seeking to prohibit the misuse by Qwave of IOU's confidential information and suspend the Qwave Partial Offer. On July 9, 2015, Justice Riordan of the Québec Superior Court issued an interim order providing "that any acceptance of the Qwave offer to purchase is to be held in trust by the Depositary and Information Agent and not remitted to the Offeror." This interim order shall expire upon judgment by the Québec Superior Court on the motion for a safeguard order to be heard on July 15, 2015.
- **Rejection of the Qwave Partial Offer by all of IOU's Directors and Officers.** The Board has been informed that, as of the date of this Directors' Circular, each of IOU's directors and officers will **REJECT** the Qwave Partial Offer and **NOT TENDER** their Common Shares.

To reject the Qwave Partial Offer, you do not need to do anything. If you have tendered your Common Shares to the Qwave Partial Offer, you can withdraw them until they are taken up under the Qwave Partial Offer. The Board of Directors recommends that **you withdraw** any tendered Common Shares immediately. See "How to Withdraw Your Deposited Common Shares" on page 9 of this Directors' Circular.

THE BOARD OF DIRECTORS **UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS REJECT THE QWAVE PARTIAL OFFER AND NOT TENDER ANY COMMON SHARES.**

If you have any questions, please contact IOU at North American Toll Free 1-877-419-0934 or investors@ioufinancial.com

THE QWAVE PARTIAL OFFER

This Directors' Circular is issued by the Board of Directors in connection with the unsolicited partial offer made by Qwave on June 25, 2015 to purchase 34,000,000 of the issued and outstanding Common Shares at a price of \$0.50 per Common Share, representing approximately 55.3% of the issued and outstanding Common Shares and 50.4% of the issued and outstanding Common Shares on a fully-diluted basis.

The Qwave Partial Offer is subject to 15 conditions, including, among others: (i) there having been validly deposited under the Qwave Partial Offer and not withdrawn such number of Common Shares that, together with Common Shares held by Qwave and its affiliates, represents at least 50% of the Common Shares (calculated on a fully-diluted basis), (ii) receipt of all governmental or regulatory approvals required to complete the Qwave Partial Offer, including any necessary stock exchange or other securities or regulatory authorities, (iii) as determined by Qwave in its sole judgment, the absence of any change, transaction, event, condition or effect in the business, assets, operations, capitalization, condition (financial or otherwise), prospects, share or debt ownership, results of operation, cash flows, properties, constating documents, licenses, permits, rights or privileges, whether contractual or otherwise, or liabilities, whether contractual or otherwise, of IOU or its subsidiaries which is or may be adverse, or that could reasonably be expected to be adverse, to IOU or any of its subsidiaries or the value of the Common Shares to Qwave.

The Qwave Partial Offer is only for Common Shares and is not made for any options, Common Share purchase warrants or other securities exercisable for or convertible into Common Shares.

The expiry time of the Qwave Partial Offer is stated to be 5:00 p.m. (Eastern Standard Time) on July 31, 2015, unless withdrawn or extended by Qwave. Reference is made to the Qwave Circular for full details of the additional terms and conditions of the Qwave Partial Offer.

There is no need for Shareholders to take any action with respect to the Qwave Partial Offer at this time.

DIRECTORS' RECOMMENDATION

The Board has carefully reviewed and considered the Qwave Partial Offer. The Board has also consulted with and has had the benefit of advice from their financial advisor, Raymond James, and legal advisors, Davies, counsel to IOU.

Based on a number of reasons, including those listed below and detailed in this Directors' Circular, the Board of Directors has unanimously determined that the Qwave Partial Offer is opportunistic, financially inadequate, fails to recognize the full value of IOU and its growth story, and is a coercive attempt by Qwave to acquire effective control of IOU without offering fair value to Shareholders or having paid Shareholders an appropriate premium for that control. The Board of Directors believes that the Qwave Partial Offer is neither in the best interests of IOU and the Shareholders nor fair to the Shareholders. See "Reasons for Rejection" below.

REJECTION OF QWAVE PARTIAL OFFER

The Board of Directors unanimously recommends that Shareholders REJECT the Qwave Partial Offer and NOT TENDER their Common Shares to the Qwave Partial Offer.

Any Shareholder who has tendered his, her or its Common Shares under the Qwave Partial Offer should WITHDRAW those Common Shares.

To reject the Qwave Partial Offer, you do not need to do anything. If you have tendered your Common Shares to the Qwave Partial Offer, you can withdraw them until they are taken up under the Qwave Partial Offer.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS REJECT THE QWAVE PARTIAL OFFER AND NOT TENDER ANY COMMON SHARES.

If you have any questions, please contact IOU at North American Toll Free 1-877-419-0934 or investors@ioufinancial.com

The Board of Directors recommends that you withdraw any tendered Common Shares immediately. See “How to Withdraw Your Deposited Common Shares” on page 9 of this Directors’ Circular.

Shareholders should consider the terms of the Qwave Partial Offer and the recommendation of the Board of Directors contained in this Directors’ Circular carefully and come to their own decision as to whether to accept or reject the Qwave Partial Offer. Shareholders who are in doubt as to how to respond to the Qwave Partial Offer should consult their own investment dealer, stockbroker, lawyer or other professional advisors. Acceptance of the Qwave Partial Offer may have tax consequences specific to the circumstances of individual Shareholders, and Shareholders should consult their own professional tax advisors. Enquiries concerning the information in this Directors’ Circular should be directed to IOU at 1-877-419-0934 (toll free in North America) or investors@ioufinancial.com.

REASONS FOR REJECTION

In unanimously concluding that the Qwave Partial Offer is inadequate and not in the best interests of IOU and the Shareholders nor fair to the Shareholders, the Board of Directors identified a number of factors as being most relevant, including the following:

1. The Qwave Partial Offer Significantly Undervalues IOU’s Market Position, Assets, Brand Presence and Long-Term Business Prospects.

The Board believes the Qwave Partial Offer does not reflect the underlying and long-term value of IOU’s assets and businesses and provides inadequate value to Shareholders as the business of IOU is poised to undergo a significant transformation with respect to how it is funded. This is due to the business now having the scale and experience to allow for additional (lower-cost) on-balance-sheet funding that will significantly enhance the earnings profile of the assets under management by IOU. The Company has consistently been an industry leader, and continues to build momentum. IOU’s proprietary platform has enabled it to fund over \$200 million in small business loans, leveraging technology to provide a faster and more efficient loan process.

2. The Qwave Partial Offer is Financially Inadequate.

The Board has received an Inadequacy Opinion dated July 9, 2015 from its financial advisor, Raymond James, to the effect that, as of such date and based upon and subject to the assumptions, limitations and qualifications set out therein, the consideration offered to Shareholders pursuant to the Qwave Partial Offer is inadequate from a financial point of view to Shareholders. A copy of the Inadequacy Opinion is attached to this Directors’ Circular as Appendix B. You should read the Inadequacy Opinion carefully and in its entirety.

Raymond James has delivered an opinion that the consideration offered pursuant to the Qwave Partial Offer is inadequate, from a financial point of view, to Shareholders.

The Board of Directors has instructed Raymond James to explore alternative transactions to the Qwave Partial Offer. The Board of Directors intends to use the time provided by the Rights Plan to vigorously pursue such alternative transactions.

3. The Timing of the Qwave Partial Offer is Opportunistic.

The Board believes that the Qwave Partial Offer was opportunistically made at a time when the Common Shares were trading near their 52-week low, and represents a **25.4% discount** to the IOU trading price of \$0.67 on June 19, 2014 and a **13.8% discount** to the IOU trading price of \$0.58 on February 24, 2015. The Qwave Partial Offer was also made at the end of a 12-month period in which the S&P/TSX Venture Composite Index fell by 31.65%.

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Source: Capital IQ, Company Reports

4. Qwave Has Not Articulated A Credible Plan for IOU's Business.

The Board questions Qwave's stated motives for making the Qwave Partial Offer and Qwave's plans for IOU if it is successful in acquiring effective control of the Company.

In the Qwave Circular, Qwave claims that the Qwave Partial Offer will help "grow" the Company while the Qwave Partial Offer does not provide for additional financing which could help "grow" IOU as the Qwave Partial Offer does not add to IOU's treasury. To date, Qwave has not provided any visibility as to any planned changes to IOU's business plan, management or board of directors. Notwithstanding Qwave's claims, it is unclear what benefits, if any, there would be for Shareholders through the Qwave Partial Offer.

What is evident is that with effective control of the Company, Qwave can act in a self-interested manner to the detriment of other Shareholders.

5. Qwave's Track Record is Unknown.

Qwave claims to have a "strong track record of success" at "finding and investing in companies with breakthrough technologies and excellent potential for growth and value creation". IOU is not aware of any previous investments made by Qwave in companies similar to IOU or involved in a similar industry. Therefore, IOU doubts that an investor such as Qwave which is "focused on physics and materials science" has the expertise or experience needed to "grow the company, increase market share and create value for Shareholders".

6. The Qwave Partial Offer Seeks to Provide Qwave with Effective Control of IOU, without Offering Shareholders an Appropriate Control Premium for the Common Shares Purchased and no Premium for the Common Shares not Purchased.

If the Qwave Partial Offer is successfully completed, Qwave will have acquired effective control over IOU without having paid an appropriate premium for that control, and no premium for those Common Shares that are not purchased.

As disclosed in the Qwave Circular, Qwave does not currently exercise control or direction over any Common Shares. The 34,000,000 Common Shares that Qwave is seeking to acquire through the Qwave Partial Offer represent approximately 55.3% of the issued and outstanding Common Shares as at June 25, 2015 and as at the date hereof.

Impact on Shareholder Resolutions

If successful, the Qwave Partial Offer will in effect remove Shareholders' decision-making rights in connection with, among other things, (i) fundamental changes such as certain acquisitions, mergers, amalgamations or other liquidity events, (ii) election of the Board of Directors, and (iii) the declaration of dividends. This is not an "opportunity" for the Shareholders, as asserted in the Qwave Circular, but rather an attempt by Qwave to marginalize the rights of other Shareholders in favour of Qwave's own self-interest.

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The Qwave Partial Offer will provide Qwave with a veto on most fundamental transactions involving IOU, including any takeover-bid or amalgamation, and therefore, it effectively removes Shareholders' decision-making rights in connection with such potential future liquidity events. Indeed, if the Qwave Partial Offer is successful, the ability of Qwave to vote (or control or direct the voting of) those Common Shares would, in and of itself, permit Qwave to exercise a veto in respect of any matter that requires approval by way of a "special resolution" under the *Business Corporations Act* (Québec) (the "QBCA") (including virtually any proposal by a third party to acquire all of the Common Shares).

Additionally, the ability of Qwave to vote (or control or direct the voting of) its Common Shares would also guarantee that Qwave would be able to determine the outcome of any ordinary resolution of Shareholders, including the election of directors of IOU or the declaration a dividend. This would give Qwave complete control of the Company and the Board.

Low Premium Implied by the Qwave Partial Offer

The Board believes that the premium represented by the Qwave Partial Offer is insufficient for the acquisition of effective control over IOU. As the Qwave Partial Offer is for only approximately 55.3% of the Common Shares, the weighted average value to Shareholders of the Qwave Partial Offer is \$0.444 per Common Share. The weighted average value of \$0.444 per Common Share is calculated based on the weighted average of 34,000,000 Common Shares at \$0.50 and the balance of Common Shares which would not be acquired pursuant to the Qwave Partial Offer, after giving effect to the Qwave Partial Offer, at \$0.376, being the 20-day VWAP of the Common Shares prior to the announcement of the intention to make the Qwave Partial Offer.

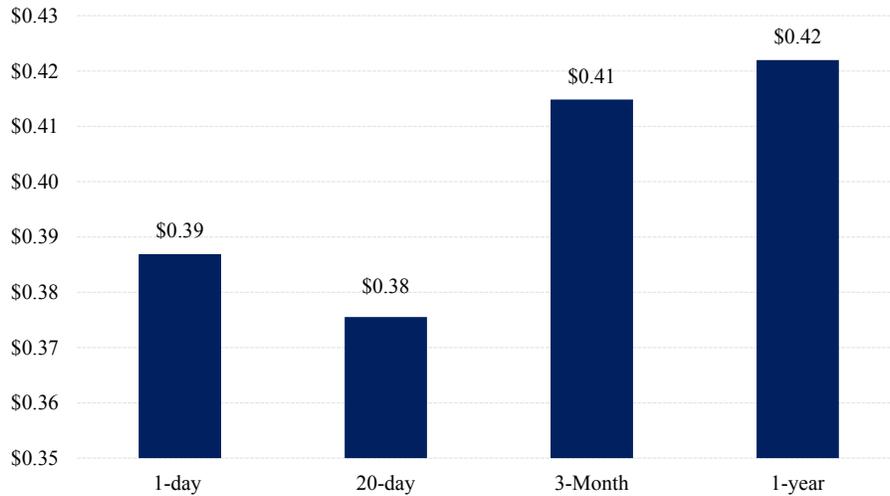
The Qwave Partial Offer price of \$0.50 per Common Share represents a premium of 33.1% over the 20-day VWAP of \$0.376 and a premium of 18.5% to the 1-year VWAP of \$0.422 per Common Share, in each case, calculated based on a VWAP of the Common Shares prior to the announcement of Qwave's intention to make the Qwave Partial Offer on June 15, 2015.

The weighted average value of \$0.444 per Common Share represents an effective premium of only 18.2% over the 20-day VWAP of \$0.376, and an effective **premium of only 5.2% to the 1-year VWAP** of \$0.422 per Common Share, in each case, calculated based on a VWAP of the Common Shares prior to the announcement of Qwave's intention to make the Qwave Partial Offer on June 15, 2015.

The chart on the next page shows the VWAP of the Common Shares for the 1-day, 20-day, 3-month and 1-year preceding the announcement of Qwave's intention to make the Qwave Partial Offer.

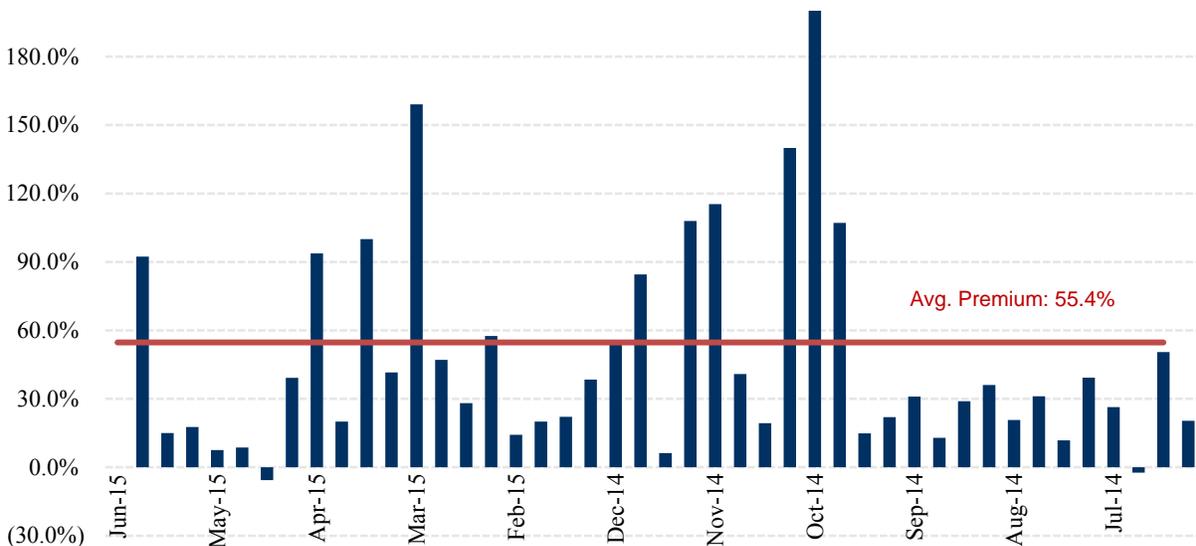
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Source: Capital IQ

A comparison of the Qwave Partial Offer price of \$0.50 per Common Share to average takeover bid premiums in the Canadian market illustrates that the Qwave Partial Offer offers a substantially below-market premium for effective control of IOU. As shown in the chart below, the average 1-day announced premium in transactions from June 15, 2014 to June 15, 2015 (the date Qwave announced its intention to make the Qwave Partial Offer) involving a change of control was 55.4%, compared to the 33.3% premium being offered by Qwave for only a portion of the Common Shares (based on the \$0.50 offer price). Moreover, this premium being offered by Qwave is less than the 38.3% average 1-day announced premium in transactions from June 15, 2010 to June 15, 2015 involving a change of control.



Source: Capital IQ, Company Reports

Note: Based on announced transactions for Canadian targets from June 15, 2014 to June 15, 2015.

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7. The Qwave Partial Offer is at a Price Lower than Qwave Has Indicated It Would Pay in the Recent Past.

As indicated by Qwave in its press release of June 15, 2015, as part of the Qwave February Proposal, it had offered \$0.58 per Common Share for a NON-CONTROL ownership stake in the Company, which is more than the Qwave Partial Offer of \$0.50 per Common Share for a CONTROL position in IOU. See “Background to the Qwave Partial Offer and IOU’s Response”.

In addition to the fact that the June 15, 2015 press release is misleading in that the Qwave February Proposal was in fact a proposal for an investment in units of the Company, each unit being comprised of one Common Share and one-half of a warrant to purchase Common Shares at a price of \$1.16 per Common Share, Shareholders should not accept this low-ball offer which in no way reflects a control premium. It also appears that Qwave itself has a robust view of IOU’s near term prospects as in the Qwave February Proposal, Qwave was also ready to invest in warrants to purchase Common Shares, exercisable over a 36-month period at a price of \$1.16 per Common Share, which is significantly higher than the Qwave Partial Offer of \$0.50 per Common Share.

8. The Qwave Partial Offer is, by its Nature, Coercive: Tendering Shareholders Will Only Be Able to Sell at Most 55.3% of their Common Shares.

Shareholders will not be able to sell all of their Common Shares under the Qwave Partial Offer due to proration. Since the Qwave Partial Offer is only for 34 million Common Shares, approximately 27.4 million Common Shares will not be purchased by Qwave. If the Qwave Partial Offer is successful and 100% of the Common Shares held by Shareholders tender to the Qwave Partial Offer, a maximum of 55.3% of a tendering Shareholder’s Common Shares will be taken up by Qwave, providing Shareholders with no assurance as to how the balance of their Common Shares will be valued. Furthermore, the Qwave Partial Offer contains a condition that a number of Common Shares which, when combined with any Common Shares then held by Qwave and its affiliates, represents not less than 50% of the outstanding Common Shares on a fully-diluted basis be deposited to the offer. Qwave may waive such condition from time to time and take up and pay for less than 50% of the Common Shares. There is no guarantee that at most 50% of the Common Shares will be taken up and paid for by Qwave.

The Qwave Partial Offer is a “partial bid”, meaning it is an offer to acquire less than all of the Common Shares. A partial bid structure is, by its very nature, coercive because it forces shareholders to make a decision as to whether to accept the offer (and in respect of how many shares), sell into the market, or reject such offer and maintain their position without knowing whether and to what extent other shareholders will accept the offer and without the ability to know the price at which the shares (which are not tendered or are returned to shareholders as a result of proration) will trade after such offer. Shareholders are confronted with increased uncertainty as to the future value (in part as a result of uncertainty as to the plans of the acquiror and discounts applied by the market to “controlled” companies) and the reduced liquidity of the shares that are not acquired under the partial bid. Information about the post-bid trading price is material to a shareholder’s investment decision since the extent to which any one shareholder can have its shares purchased at the offer price, as opposed to sold in the market at the post-bid settled price, depends on the extent to which other shareholders tender their shares to a partial bid.

If Shareholders deposit their Common Shares under the Qwave Partial Offer as a result of this coercion, they may reduce the risks associated with those Common Shares that are acquired under the Qwave Partial Offer (after prorating), but will expose their remaining holdings to these increased uncertainties and reduced liquidity. Indeed, due to the partial nature of the bid, it is not possible for all shares deposited to the Qwave Partial Offer to be taken up and paid for by Qwave. All remaining Common Shares must be returned to Shareholders and will be subject to reduced liquidity.

9. The Qwave Partial Offer is an Unfettered Right to Walk, Subject to 15 Conditions.

The Qwave Partial Offer is highly conditional for the benefit of Qwave, resulting in substantial uncertainty for Shareholders as to whether Qwave will acquire any Common Shares under the Qwave Partial Offer. The Qwave

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Partial Offer is subject to 15 conditions. Each of these conditions must be satisfied or waived before Qwave will be obligated to take up any Common Shares deposited under the Qwave Partial Offer.

The majority of the 15 conditions is subject to Qwave's determination "in its sole judgment" as to whether the conditions have been satisfied. Other conditions are not subject to customary materiality thresholds or other objective criteria, but rather provide Qwave with a broad range of grounds upon which it may decline to proceed with the Qwave Partial Offer. For example, Qwave can decide not to proceed with the Qwave Partial Offer if any event occurs which would have the effect of "diminishing the expected economic value to Qwave" of the acquisition of Common Shares to Qwave. The Qwave Partial Offer is also conditional on: (i) the valid deposit of a minimum number of Common Shares which, when combined with any Common Shares then held by Qwave and its affiliates, represents not less than 50% of the outstanding Common Shares on a fully-diluted basis, and (ii) the provision or the giving of access to Qwave of the same non-public information relating to IOU and access to management of IOU as provided or given to any other potential acquiror of Common Shares or any other party considering a take-over bid, merger, amalgamation, statutory arrangement, business combination, etc. or similar transaction with IOU at any time within 120 days prior to the announcement of the Qwave Partial Offer or at any time after the announcement of the Qwave Partial Offer. In a context of an unsolicited partial takeover bid such as the Qwave Partial Offer and given the proceedings that are currently before the Québec Superior Court with respect to the breach of the Confidentiality Agreement, the Board finds this condition more than unusual.

Therefore, Qwave has an unfettered right not to take up and pay for the Common Shares deposited under the Qwave Partial Offer. There is no need for Shareholders to make a decision with respect to the Qwave Partial Offer until Qwave has confirmed the waiver or satisfaction of those conditions.

10. The Qwave Partial Offer will have a Material Adverse Effect on the Liquidity of the Common Shares.

If successful, the Qwave Partial Offer would impair the liquidity of the Common Shares. If the Qwave Partial Offer is successful, Qwave will exercise control or direction over approximately 55.3% of the issued and outstanding Common Shares (on a non-diluted basis).

The Board believes that the liquidity of the Common Shares after completion of the Qwave Partial Offer will be adversely affected, which may in turn have a negative impact on the trading price of the Common Shares, for a number of reasons, including the following:

- the resulting significant decrease in the public float will impair the trading liquidity of the Common Shares and thereby potentially reduce (i) the ability of Shareholders to readily sell their remaining Common Shares in the market, and as a corollary, (ii) the number of investors that will be interested in investing in the Common Shares;
- in the absence of a liquid trading market, the market price of the Common Shares will likely not reflect the fair value of the Common Shares and selling Shareholders may be forced to accept a market price that is not reflective of the fair value of their Common Shares;
- in the absence of a liquid trading market, the Company's ability to fund and complete accretive acquisitions using its Common Shares may potentially be impaired; and
- as noted above, the fact that a controlling position will be held by Qwave will likely impose a minority discount on the other Common Shares and, in the view of the Board, significantly reduces the likelihood of an offer at a premium to fair value by a third party in the future.

11. Risks Associated with Potential Loss of Key Management Personnel and Qwave's Lack of Operating Experience.

The loss of IOU's current management team, or any member thereof, including without limitation, its President and Chief Executive Officer, Mr. Philippe Marleau, would adversely affect the Company's business and

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would also deprive IOU of such management's intellectual and operational expertise, which is at the core of IOU's competitive advantage and success.

If the Qwave Partial Offer is successful, it will result in an effective control position being acquired by Qwave, which, to the knowledge of IOU, has limited, if any, experience and expertise in operating a business in IOU's industry. Qwave's lack of experience and expertise in this highly specialized industry, combined with a potential exodus of senior, experienced management of IOU, could adversely affect the value of the Common Shares after completion of the Qwave Partial Offer.

12. The Qwave Partial Offer is not a "Permitted Bid".

IOU has adopted the Rights Plan effective on June 29, 2015 in response to the Qwave Partial Offer. A summary of the Rights Plan is attached to this Directors' Circular as Appendix C.

The purpose of the Rights Plan is to provide the Board and Shareholders with sufficient time to properly consider any take-over bid made for IOU, to allow enough time for competing bids and alternative proposals to emerge and be pursued, and to consider all appropriate alternatives. The Rights Plan also seeks to ensure that all Shareholders are treated fairly in any transaction involving a change in control of IOU and have an equal opportunity to participate in the benefits of a take-over bid. The Rights Plan requires that any take-over offer be made to all Shareholders for all of their Common Shares. The Rights Plan was adopted in direct response to the Qwave Partial Offer.

While the Board believes that there are better options available to the Company at this time, it continues to be open to Qwave to make a Permitted Bid under the Rights Plan. The protections afforded by the Rights Plan are designed for the benefit of all Shareholders.

The Board has determined to defer the "Separation Time" for rights under the Rights Plan in connection with the Qwave Partial Offer to a later date to be determined by a subsequent decision of the Board. Under the Rights Plan, any offer for less than all of the Company's issued and outstanding Common Shares, including the Qwave Partial Offer, will not be considered a "Permitted Bid" if, among other things, the offer is not open for at least 60 days and does not contain an irrevocable and unqualified conditions that no Common Shares can be taken up or paid for if only 50% or less of the outstanding Common Shares held by independent Shareholders have been tendered to the offer and not withdrawn, unless the Board otherwise waives these conditions (which it may, as appropriate).

13. Qwave Breached the Confidentiality Agreement with IOU.

Finstar, an entity related to Qwave, entered into the Confidentiality Agreement with IOU on November 5, 2014, pursuant to which it has obtained access to non-public information about IOU. See "Background to the Qwave Partial Offer and IOU's Response". On June 19, 2015, following the filing of Qwave's press release of June 15, 2015, IOU informed Qwave in writing of its anticipated breach of the Confidentiality Agreement, which breach has now occurred following the launch of the Qwave Partial Offer. In response to the Qwave Partial Offer, IOU filed a motion with the Québec Superior Court seeking to prohibit the misuse by Qwave of IOU's confidential information and suspend the Qwave Partial Offer. On July 9, 2015, Justice Riordan of the Québec Superior Court issued an interim order providing "that any acceptance of the Qwave offer to purchase is to be held in trust by the Depositary and Information Agent and not remitted to the Offeror." This interim order shall expire upon judgment by the Québec Superior Court on the motion for a safeguard order to be heard on July 15, 2015.

14. Rejection of the Qwave Partial Offer by all of IOU's Directors and Officers.

The Board has been informed that, as of the date of this Directors' Circular, each of the directors and officers of IOU will **REJECT** the Qwave Partial Offer and **WILL NOT TENDER** their Common Shares.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS REJECT THE QWAVE PARTIAL OFFER AND NOT TENDER ANY COMMON SHARES.

If you have any questions, please contact IOU at North American Toll Free 1-877-419-0934 or investors@ioufinancial.com

CONCLUSION AND RECOMMENDATION

The Board has carefully reviewed and considered the Qwave Partial Offer and has received the benefit of advice from the Company's financial and legal advisors. The Board believes that the Qwave Partial Offer is opportunistic, financially inadequate, fails to recognize the full value of IOU and its growth story, and is a coercive attempt by Qwave to acquire effective control of IOU without offering fair value to Shareholders or having paid Shareholders an appropriate premium for that control. The Board further believes that the Qwave Partial Offer is neither in the best interests of IOU and the Shareholders nor fair to the Shareholders. Further, the Qwave Partial Offer is not a Permitted Bid under the Rights Plan.

**The Board of Directors unanimously recommends that Shareholders
REJECT the Qwave Partial Offer and NOT TENDER their Common Shares to the Qwave Partial Offer.**

**Any Shareholder who has tendered his, her or its Common Shares under the Qwave Partial Offer should
WITHDRAW those Common Shares.**

There is no need for Shareholders to take any action with respect to the Qwave Partial Offer at this time.

The foregoing summary of the information and factors considered by the Board of Directors is not intended to be exhaustive of the factors considered by the Board in reaching its conclusion and making its recommendation, but includes the material information, factors and analysis considered by the Board. The members of the Board evaluated the various factors summarized above in light of their own knowledge of the business, financial condition and prospects of IOU, and based upon the advice of financial and legal advisors. In view of the numerous factors considered in connection with its evaluation of the Qwave Partial Offer, the Board did not find it practicable to, and did not, quantify or otherwise attempt to assign relative weight to specific factors in reaching its conclusion and recommendation. In addition, individual members of the Board may have given different weight to different factors. The conclusion and unanimous recommendation of the Board was made after considering all of the information and factors involved.

HOW TO WITHDRAW YOUR DEPOSITED COMMON SHARES

Shareholders who have tendered their Common Shares to the Qwave Partial Offer and who wish to obtain assistance in withdrawing their Common Shares are urged to contact their broker or IOU by telephone at: 1-877-419-0934 (toll free in North America); or by email at: investors@ioufinancial.com. The process for withdrawing Common Shares from the Qwave Partial Offer (according to the Qwave Partial Offer) is summarized below.

Any Common Shares deposited in acceptance of the Qwave Partial Offer may be withdrawn by and on behalf of the deposited Shareholder:

- (a) at any time provided that the Common Shares have not been taken up by Qwave pursuant to the Qwave Partial Offer;
- (b) at any time before the expiration of ten days from the date upon which either:
 - (i) a notice of change relating to a change which has occurred in the information contained in the Qwave Partial Offer or the Qwave Circular, as amended from time to time, that would reasonably be expected to affect the decision of a Shareholder to accept or reject the Qwave Partial Offer (other than a change that is not within the control of Qwave or of an affiliate of Qwave) in the event that such change occurs: (A) before the expiry time of the Qwave Partial Offer, or (B) after the expiry time of the Qwave Partial Offer but before the expiry of all rights of withdrawal in respect of the Qwave Partial Offer; or
 - (ii) a notice of variation concerning a variation in the terms of the Qwave Partial Offer (other than: (A) a variation consisting solely of an increase in the consideration offered for the Common

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS REJECT THE QWAVE PARTIAL OFFER AND NOT TENDER ANY COMMON SHARES.

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Shares where the expiry time of the Qwave Partial Offer is not extended for more than ten days; or
(B) a variation consisting solely of the waiver of a condition of the Qwave Partial Offer),

is mailed, delivered or otherwise properly communicated, but subject to abridgement or elimination of that period pursuant to such order or orders as may be granted by applicable courts or securities regulatory authorities, and only if such deposited Common Shares have not been taken up by Qwave at the date of the notice; or

- (c) if the Common Shares have not been paid for by Qwave within three business days after having been taken up by Qwave pursuant to the Qwave Partial Offer.

If Qwave waives any terms or conditions of the Qwave Partial Offer and extends the Qwave Partial Offer in circumstances where the rights of withdrawal set forth in (b) above are applicable, the Qwave Partial Offer shall be extended without Qwave first taking up the Common Shares which are subject to the rights of withdrawal.

Withdrawals of Common Shares deposited pursuant to the Qwave Partial Offer must be effected by notice of withdrawal made by or on behalf of the depositing Shareholder and must be actually received by Qwave's depository, Laurel Hill Advisory Group, at the place of deposit before such Common Shares are taken up and paid for. Notice of withdrawal: (i) must be made by a method, including facsimile transmission, that provides Qwave's depository, Laurel Hill Advisory Group, with a written or printed copy; (ii) must be signed by or on behalf of the person who signed the Letter of Transmittal accompanying, or the Notice of Guaranteed Delivery in respect of, the Common Shares which are to be withdrawn; and (iii) must specify such person's name, the number of Common Shares to be withdrawn, the name of the registered holder and the certificate number shown on each certificate representing the Common Shares to be withdrawn. Any signature in a notice of withdrawal must be guaranteed by an Eligible Institution (as such term is defined in the Qwave Circular) in the same manner as in a Letter of Transmittal (as described in the instructions and rules set out in such letter), except in the case of Common Shares deposited for the account of an Eligible Institution (as such term is defined in the Qwave Circular). The withdrawal will take effect upon receipt by Qwave's depository, Laurel Hill Advisory Group, of the properly completed notice of withdrawal.

Shareholders who hold Common Shares through an investment advisor, stockbroker, bank, trust company or other nominee should contact such nominee for assistance if they wish to withdraw Common Shares. If the Common Shares have been deposited pursuant to the procedures for book-entry transfer, as set out in Section 3 of the Qwave Circular, "Manner of Acceptance", any notice of withdrawal must specify the name and number of the account at CDS Clearing and Depository Services Inc. or the Depository Trust Company, as applicable, to be credited with the withdrawn Common Shares and otherwise comply with the procedures of CDS Clearing and Depository Services Inc. or the Depository Trust Company, as applicable.

All questions as to the validity (including timely receipt) and form of notices of withdrawal will be determined by Qwave in its sole discretion, and such determination will be final and binding. None of the Qwave's depository, Laurel Hill Advisory Group, Qwave or any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal or will incur any liability for failure to give such notification.

If Qwave extends the period of time during which the Qwave Partial Offer is open, is delayed in taking up or paying for Common Shares or is unable to take up or pay for Common Shares for any reason, then, without prejudice to Qwave's other rights, Common Shares deposited under the Qwave Partial Offer may be retained by Qwave's depository, Laurel Hill Advisory Group, on behalf of Qwave and such Common Shares may not be withdrawn except to the extent that depositing Shareholders are entitled to withdrawal rights as set forth in Section 8 of the Qwave Circular, "Withdrawal of Deposited Shares", or pursuant to applicable laws.

Any Common Shares withdrawn will be deemed not validly deposited for the purposes of the Qwave Partial Offer, but may be redeposited at any subsequent time prior to the expiry time of the Qwave Partial Offer by following any of the procedures described in Section 3 of the Qwave Partial Offer, "Manner of Acceptance".

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS REJECT THE QWAVE PARTIAL OFFER AND NOT TENDER ANY COMMON SHARES.

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BACKGROUND TO THE QWAVE PARTIAL OFFER AND IOU'S RESPONSE

In October 2014, a representative of Qwave, Mr. Serguei Kouzmine (“**Kouzmine**”) expressed an interest in meeting IOU representatives to discuss the possibility of an investment in IOU.

On November 5, 2014, Kouzmine transmitted a non-disclosure agreement to IOU which was signed by Finstar, an entity organized under the laws of the Republic of Cyprus, “to discuss and explore a possible transaction pursuant to which [Finstar] would invest in IOU” (the “**Confidentiality Agreement**”).

Between November 5, 2014 and February 13, 2015, Qwave and IOU discussed the possible investment, and IOU provided Kouzmine and Qwave with certain confidential materials requested by Kouzmine for the purposes of the investment under discussion.

On February 13, 2015, Kouzmine transmitted to IOU a non-binding letter of intent contemplating an investment in IOU by a special purpose vehicle to be designated by Finstar and controlled by Kouzmine. This letter provided for a \$15,000,000 investment in units of IOU, at a price of \$0.58 per unit, where each unit would have been comprised of one Common Share and one-half of a Common Share purchase warrant of IOU, each whole warrant entitling its holder to purchase one Common Share at a price of \$1.16 per Common Share, for a period of 36 months (the “**Qwave February Proposal**”). After due consideration, the Board determined that the Qwave February Proposal was not in the best interests of IOU. Other than the Confidentiality Agreement, no agreement was ever reached with Qwave, Kouzmine or Finstar.

On February 26, 2015, IOU announced that it had entered into an agreement with Haywood Securities Inc. (“**Haywood**”) to act as lead agent and sole book-runner on behalf of a syndicate of agents which included Cormark Securities Inc. to complete a fully marketed private placement of up to 14,000,000 Common Shares at an issue price of \$0.50 per Common Share for gross proceeds of up to \$7,000,000, with an option by such agents to increase the size of the offering by up to 4,000,000 Common Shares, or an additional \$2,000,000 (the “**Brokered Private Placement**”).

Following the announcement of the Brokered Private Placement by IOU, Qwave expressed to Haywood an interest to purchase \$2,000,000 worth of Common Shares in the Brokered Private Placement. IOU was advised of such interest thereafter.

Between February and June, 2015, due to unfavorable market circumstances, IOU had to revise the terms of the Brokered Private Placement, after discussions with Haywood.

On May 28, 2015, representatives of Qwave requested a list of shareholders from IOU. In light of this, amongst other things, IOU decided to reject Qwave’s subscription to the Brokered Private Placement.

On June 2, 2015, IOU announced that, under the Brokered Private Placement, it would now issue up to 5,500,000 Common Shares at an issue price of \$0.40 per Common Share for gross proceeds of up to \$2,200,000.

On June 3, 2015, Qwave wrote to IOU, requesting an opportunity to meet with the Board and present to it an alternative proposal to the Brokered Private Placement. The Chairman of the Board responded to Qwave that representatives from IOU and its Board were willing to discuss with Qwave any new and additional information Qwave wished to provide, but that the Board would not entertain an alternative proposal that the Board already fully considered and rejected. In light of Qwave’s failure to do so, no further discussions were held between Qwave and representatives of IOU.

On June 15, 2015, Qwave announced its intention to make a partial offer for 30,000,000 Common Shares at a price of \$0.50, representing 55.9% of the issued and outstanding Common Shares as at that date (and representing 50.8% of the issued and outstanding Common Shares as at the same date on a fully-diluted basis). The Board met on the same day, with its legal advisors, Davies, to review the Qwave press release and various other matters in respect therewith. Davies described to the Board the take-over bid process, and provided to the Board an explanation of its duties in the context of an unsolicited takeover bid and of possible responses in respect thereof. IOU issued a press release the same day, reminding Shareholders that no formal bid had been made by Qwave and advising them not to

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take any action with respect to Qwave's potential unsolicited partial bid until the Board and its advisors have evaluated same and IOU's other alternatives, and until IOU has made a statement with respect thereto.

On June 19, 2015, the Brokered Private Placement was completed and IOU issued 7,795,000 Common Shares at a price of \$0.40 per Common Share for gross proceeds of \$3,118,000.

On June 22, 2015, the Board met to discuss various matters, including the hiring of a financial advisor in connection with the potential unsolicited partial bid by Qwave.

On June 25, 2015, Qwave announced the launch of the Qwave Partial Offer.

On June 26, 2015, the Board met to consider the Qwave Partial Offer with its legal advisors, Davies. After a discussion of the Qwave Partial Offer, the Board agreed to hire Raymond James, as its financial advisor in connection with the Qwave Partial Offer. Given the unsolicited nature of the Qwave Partial Offer and the time required to thoroughly consider alternatives to the Qwave Partial Offer, the Board agreed to adopt the Rights Plan effective as of June 29, 2015. A summary of the Rights Plan is attached to this Directors' Circular as Appendix C.

On June 29, 2015, IOU issued a press release advising the Shareholders not to take action with respect to the Qwave Partial Offer, and advising of the hiring of Raymond James as financial advisor in connection with the Qwave Partial Offer and the adoption of the Rights Plan.

On July 7, 2015, in response to the Qwave Partial Offer, IOU filed a motion with the Québec Superior Court seeking to prohibit the misuse by Qwave of IOU's confidential information and suspend the Qwave Partial Offer. The motion is supported by IOU's claim that, among other things, Qwave misused the confidential information provided to it under the Confidential Agreement in connection with the Qwave Partial Offer and otherwise acted in a manner not permitted by the Confidentiality Agreement.

On July 9, 2015, Justice Riordan of the Québec Superior Court issued an interim order providing "that any acceptance of the Qwave offer to purchase is to be held in trust by the Depositary and Information Agent and not remitted to the Offeror." This interim order shall expire upon judgment by the Québec Superior Court on the motion for a safeguard order to be heard on July 15, 2015.

On the same day, the Board met with its legal and financial advisors and undertook a careful review of the Qwave Partial Offer and the Qwave Circular, as well as other relevant matters. The Board also met to: (i) receive and review a report by its financial advisor as to the inadequacy of the Qwave Partial Offer, (ii) discuss and determine its recommendation to the Shareholders with respect to the Qwave Partial Offer, and (iii) approve this Directors' Circular. See "Inadequacy Opinion of Raymond James". Based upon a careful consideration of all of the foregoing and consultation with its advisors, and taking into account the best interests of IOU and the Shareholders, the Board unanimously determined that the Qwave Partial Offer (i) is opportunistic, financially inadequate, fails to recognize the full value of IOU and its growth story, and is a coercive attempt by Qwave to acquire effective control of IOU without offering fair value to Shareholders or having paid Shareholders an appropriate premium for that control, and (ii) is neither in the best interests of IOU and the Shareholders nor fair to the Shareholders, and determined to recommend that Shareholders reject the Qwave Partial Offer and not tender their Common Shares.

INADEQUACY OPINION OF RAYMOND JAMES

On July 9, 2015, Raymond James delivered an Inadequacy Opinion to the Board to the effect that, as of such date and based upon and subject to the assumptions, limitations and qualifications set out therein, the consideration offered to Shareholders pursuant to the Qwave Partial Offer is inadequate, from a financial point of view, to Shareholders.

The Inadequacy Opinion was one of a number of factors taken into consideration by the Board in making its unanimous determination that the Qwave Partial Offer is inadequate to Shareholders and is not in the best interests of IOU and the Shareholders, nor fair to Shareholders, and to recommend that Shareholders reject the Qwave Partial Offer.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS REJECT THE QWAVE PARTIAL OFFER AND NOT TENDER ANY COMMON SHARES.

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A copy of the Inadequacy Opinion, setting forth the scope of review and the assumptions, limitations and qualifications relating to their respective opinions, is reproduced in full at Appendix B to this Directors' Circular. **The Board recommends that you read the opinion carefully and in its entirety.**

Raymond James has advised IOU that it is not an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Québec)) of IOU, Qwave or any of their respective associates or affiliates. Other than the engagement letter, there are no understandings, agreements or commitments between either Raymond James, on the one hand, and IOU, on the other hand, or any of their respective associates or affiliates with respect to any future business dealings. Raymond James may in the future, in the ordinary course of business, perform financial advisory or investment banking services for IOU or any of its associates or affiliates for which services it would expect to receive compensation. In the ordinary course of business, Raymond James and its affiliates may actively trade or hold securities of IOU for its own account or for the accounts of customers and, accordingly, may at any time hold a long or short position in such securities.

Pursuant to the terms of its engagement letter with IOU, Raymond James is to be paid a fee for its services as financial advisor, including a fee for the Inadequacy Opinion and fees that are contingent on a change of control of IOU or certain other events, and will be reimbursed for its reasonable out-of-pocket expenses. IOU has also agreed to indemnify Raymond James against certain liabilities.

IOU FINANCIAL INC.

IOU is a corporation existing under the QBCA. IOU's head and registered office is located at 1 Place Ville Marie, Suite 1670, Montréal, Québec H3B 2B6.

IOU is a public company and its Common Shares are listed and posted for trading on the TSX-V under the symbol "IOU".

Recent Developments

Private Placement

On June 19, 2015, IOU completed the Brokered Private Placement for gross proceeds of \$3,118,000. A syndicate of agents led by Haywood Securities Inc. and including Cormark Securities Inc. completed the offering of 7,795,000 Common Shares at a price of \$0.40 per Common Share. Of the 7,795,000 Common Shares issued and sold pursuant to the Brokered Private Placement, 1,250,000 Common Shares were issued and sold to Palos Fund.

Share Capital

IOU's authorized capital consists of an unlimited number of Common Shares, of which 61,473,292 Common Shares are issued and outstanding.

PRINCIPAL SHAREHOLDERS

As of the date of this Directors' Circular, to the knowledge of the directors and officers of IOU, after reasonable enquiry, the only persons or companies who beneficially own, or exercise control or direction over, directly or indirectly, more than 10% of the Common Shares, are the following:

Name	Number of Common Shares	Number and Percentage of Common Shares Beneficially Owned or Controlled ⁽¹⁾
Marleau Group	8,979,111 ⁽²⁾	14.61%

Notes:

- (1) The information as to Common Shares beneficially owned or over which control or direction is exercised, directly or indirectly, not being within the knowledge of IOU, its directors or officers, has been furnished by Marleau Group.

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- (2) Of the 8,979,111 Common Shares beneficially owned or over which control or direction is exercised, directly or indirectly, by the Marleau Group, 5,578,178 Common Shares are held by Marleau Corporation and 3,400,933 are held by Palos Fund.

DIRECTORS AND OFFICERS OF IOU AND OWNERSHIP OF SECURITIES

The following table sets out the names and positions with IOU of each of its directors and officers and the number and percentage of outstanding securities of IOU beneficially owned, or over which control or direction is exercised, directly or indirectly, by each such person, and, where known after reasonable enquiry, by their respective associates and affiliates:

Name	Position(s) Held	Number and Percentage of Common Shares Beneficially Owned or Controlled ⁽¹⁾	Number and Percentage of Options ⁽¹⁾	Number and Percentage of Common Shares purchase warrants ⁽¹⁾
Philippe Marleau.....	President, Chief Executive Officer and director	9,199,111 ⁽²⁾ (14.96%)	1,700,000 (37.92%)	473,804 ⁽³⁾ (31.03%)
Robert Gloer	President and Chief Operating Officer of IOU Central Inc.	159,433 (0.26%)	800,000 (17.84%)	—
Mayco Quiroz.....	Chief Financial Officer and Secretary	140,000 (0.23%)	800,000 (17.84%)	—
Madeline Wade.....	Vice-President of Operation of IOU Central Inc.	147,049 (0.24%)	95,000 (2.14%)	—
Evan Price.....	Chairman of the Board	107,500 (0.18%)	270,000 (6.02%)	25,000 (1.64%)
Guy Charette.....	Director	—	210,000 (4.68%)	—
David Cynn.....	Director	290,625 (0.47%)	45,000 (1.00%)	—

Notes:

- (1) The information as to securities of IOU beneficially owned or over which control or direction is exercised, directly or indirectly, not being within the knowledge of IOU, has been furnished by the directors and officers of IOU.
- (2) Of the 9,199,111 Common Shares beneficially owned or over which control or direction is exercised, directly or indirectly, by Mr. Marleau, 220,000 Common Shares are beneficially owned by him personally and respectively 5,578,178 and 3,400,933 Common Shares are controlled or directed, directly or indirectly, through Marleau Corporation and Palos Fund.
- (3) These Common Share purchase warrants are beneficially owned by Palos Management.

In total, the directors and officers of IOU, and their respective associates, beneficially own, or exercise control or direction over, directly or indirectly, 10,043,718 outstanding Common Shares (and have the ability to exercise 3,920,000 options and 498,804 warrants to purchase Common Shares). The Board of Directors is not aware of any person acting jointly or in concert with IOU.

INTENTION OF DIRECTORS AND OFFICERS WITH RESPECT TO THE QWAVE PARTIAL OFFER

The Board has made reasonable enquiries of each director and officer of IOU and their respective associates. Each of the directors and officers of IOU together with their respective associates have indicated his or her intention to **REJECT** the Qwave Partial Offer and **NOT TENDER** any of his or her Common Shares (including Common Shares underlying options held immediately prior to the expiry time of the Qwave Partial Offer) to the Qwave Partial Offer.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS REJECT THE QWAVE PARTIAL OFFER AND NOT TENDER ANY COMMON SHARES.

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TRADING IN SECURITIES OF IOU

During the six-month period preceding the date of this Directors' Circular, none of IOU, nor any director or officer of IOU or, to the knowledge of the directors and officers of IOU after reasonable enquiry, their respective associates or affiliates or other insiders of IOU or any person acting jointly or in concert with IOU, has traded any securities or rights to acquire securities of IOU, except for those trades set out below:

<u>Name</u>	<u>Date of Transaction</u>	<u>Number and Designation of Securities</u>	<u>Price Per Security</u>	<u>Nature of Transaction</u>
Robert Gloer	January 14, 2015	30,000 Common Shares	US\$0.372	Disposition in the public market
Robert Gloer	January 16, 2015	20,000 Common Shares	US\$0.363	Disposition in the public market
Robert Gloer	January 19, 2015	20,000 Common Shares	US\$0.363	Disposition in the public market
Robert Gloer	February 11, 2015	10,000 Common Shares	US\$0.395	Disposition in the public market
Robert Gloer	February 11, 2015	10,000 Common Shares	US\$0.385	Disposition in the public market
IOU	June 19, 2015	7,795,000 Common Shares	\$0.40	Private placement
IOU	June 19, 2015	545,650 compensation options ⁽¹⁾	\$0.40 ⁽¹⁾	Compensation to agents ⁽¹⁾

Note:

- (1) In connection with the Brokered Private Placement, IOU granted an aggregate of 545,650 non-transferable compensation options to the syndicate of agents, which included Haywood, each such option entitling the agents to purchase one Common Share at a price of \$0.40 per Common Share until June 19, 2017.

No director or officer of IOU intends to purchase Common Shares during the Qwave Partial Offer or knows of the existence of such an intention on the part of any other person.

ISSUANCES OF SECURITIES BY IOU

During the two years preceding the date of this Directors' Circular, no Common Shares (or securities exercisable for or convertible into Common Shares) have been issued to the directors or officers of IOU nor, to the knowledge of the directors and officers of IOU, after reasonable enquiry, any other insiders of IOU, except as set out below:

<u>Name</u>	<u>Date of Issue</u>	<u>Number of Common Shares Issued</u>	<u>Number of Options Granted</u>	<u>Price or Exercise Price Per Security</u>
Philippe Marleau.....	April 24, 2014	—	600,000	\$0.60
Robert Gloer	April 24, 2014	—	300,000	\$0.60
Mayco Quiroz	April 24, 2014	—	300,000	\$0.60
Madeline Wade.....	April 24, 2014	—	35,000	\$0.60

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<u>Name</u>	<u>Date of Issue</u>	<u>Number of Common Shares Issued</u>	<u>Number of Options Granted</u>	<u>Price or Exercise Price Per Security</u>
Evan Price.....	May 23, 2014	—	60,000	\$0.60
Guy Charette.....	May 23, 2014	—	45,000	\$0.60
David Cynn.....	July 15, 2014	—	45,000	\$0.60
Palos Fund.....	June 19, 2015	1,250,000	—	\$0.40

AGREEMENTS BETWEEN IOU AND ITS DIRECTORS AND OFFICERS

No agreement, commitment or understanding has been made or is proposed to be made between IOU and any of its directors or officers pursuant to which a payment or other benefit is to be made or given by way of compensation for loss of office or as to their remaining in or retiring from office if the Qwave Partial Offer is successful.

OWNERSHIP OF SECURITIES OF QWAVE OR ITS AFFILIATES

None of IOU, the directors and officers of IOU nor, to the knowledge of the directors and officers of IOU after reasonable enquiry, any of their respective associates or affiliates, other insiders of IOU or any person acting jointly or in concert with IOU beneficially owns or exercises control or direction over securities of Qwave or any of its affiliates.

INTERESTS OF DIRECTORS AND OFFICERS OF IOU IN MATERIAL TRANSACTIONS WITH QWAVE

None of the directors and officers of IOU and any of their respective associates nor, to the knowledge of the directors and officers of IOU after reasonable enquiry, any person or company who owns more than 10% of any class of equity securities of Qwave for the time being outstanding has any interest in any material transaction to which Qwave is a party or is a party to any agreement, arrangement or understanding, made, or proposed to be made with Qwave relating to any matter, including arrangements, agreements or understanding pursuant to which a payment or other benefit is to be made or given by way of compensation for loss of office or as to their remaining in or retiring from office. None of the directors or officers of IOU is also a director or officer of Qwave or of any of its affiliates.

OTHER TRANSACTIONS

Other than as described elsewhere in this Directors' Circular, there is no transaction, directors' resolution, agreement in principle or signed contract of IOU in response to the Qwave Partial Offer or any negotiations underway in response to the Qwave Partial Offer which relates to or would result in (a) an extraordinary transaction such as a merger or reorganization involving IOU or a subsidiary, (b) the purchase, sale or transfer of a material amount of assets by IOU or any of its subsidiaries, (c) a competing take-over bid, (d) a bid by IOU for its own securities or for those of another issuer, or (e) any material change in the present capitalization or dividend policy of IOU.

Notwithstanding the foregoing, the Board may engage in negotiations in response to the Qwave Partial Offer that could have one or more effects specified in the preceding paragraph and IOU management may enter into discussions from time to time regarding one or more strategic initiatives.

MATERIAL CHANGES IN THE AFFAIRS OF IOU

Except for the Qwave Partial Offer and as publicly disclosed by IOU or as otherwise described or referred to in this Directors' Circular, the directors or officers of IOU are not aware of any information that indicates any

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material change in the affairs of IOU since March 31, 2015, the date of the last published unaudited interim consolidated financial statements of IOU.

OTHER MATERIAL INFORMATION

Except as disclosed in this Directors' Circular, the directors of IOU are not aware of any information that would reasonably be expected to affect the decision of the Shareholders (or holders of securities exercisable for or convertible into Common Shares) to accept or reject the Qwave Partial Offer.

ADDITIONAL INFORMATION

Except as disclosed in this Directors' Circular, IOU is not aware of any additional information that would be required to be disclosed by the Qwave Circular to make the information therein correct or not misleading.

STATUTORY RIGHTS

Securities legislation in the provinces and territories of Canada provides security holders of IOU with, in addition to any other rights that they may have at law, one or more rights of rescission, price revisions or to damages, if there is a misrepresentation in a circular or a notice that is required to be delivered to such security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

APPROVAL OF DIRECTORS' CIRCULAR

The contents of this Directors' Circular have been approved and the delivery hereof has been authorized by the Board of Directors.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS REJECT THE QWAVE PARTIAL OFFER AND NOT TENDER ANY COMMON SHARES.

If you have any questions, please contact IOU at North American Toll Free 1-877-419-0934 or investors@ioufinancial.com

CONSENT OF RAYMOND JAMES LTD.

TO: The Board of Directors of IOU Financial Inc.

We refer to the offer of Qwave Capital LLC to acquire common shares of IOU Financial Inc. (“**IOU**”) dated June 25, 2015 (the “**Qwave Partial Offer**”).

We hereby consent to the inclusion of our opinion letter dated July 9, 2015 in the Directors’ Circular of IOU dated July 9, 2015 in response to the Qwave Partial Offer and to the references to such opinion in such Directors’ Circular.

Montréal, Québec
July 9, 2015

(Signed) RAYMOND JAMES LTD.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS REJECT THE QWAVE PARTIAL OFFER AND NOT TENDER ANY COMMON SHARES.

If you have any questions, please contact IOU at North American Toll Free 1-877-419-0934 or investors@ioufinancial.com

CERTIFICATE

DATED: July 9, 2015

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

On behalf of the Board of Directors

(Signed) EVAN PRICE
Chairman of the Board of Directors

(Signed) PHILIPPE MARLEAU
Director, President and Chief Executive Officer

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**APPENDIX “A”
GLOSSARY OF TERMS**

In this Directors’ Circular, unless the context otherwise requires:

“**acting jointly or in concert**” has the meaning ascribed to that term in Multilateral Instrument 62-104 *Takeover Bids and Issuer Bids* (referred to in Québec as *Regulation 62-104 respecting Takeover Bids and Issuer Bids*) and section 91 of the *Securities Act* (Ontario);

“**affiliate**” has the meaning ascribed to that term in the *Securities Act* (Québec);

“**associate**” has the meaning ascribed to that term in the *Securities Act* (Québec);

“**Board**” or the “**Board of Directors**” means the Board of Directors of IOU;

“**Common Shares**” means the common shares in the capital of IOU, together with the associated rights issued and outstanding under the Rights Plan;

“**Company**” or “**IOU**” means IOU Financial Inc.;

“**Confidentiality Agreement**” means the non-disclosure agreement dated as of November 5, 2014 between IOU and Finstar;

“**Davies**” means Davies Ward Phillips & Vineberg LLP, IOU’s legal counsel;

“**Directors’ Circular**” means this directors’ circular dated July 9, 2015;

“**Finstar**” means Finstar Management (Overseas) Ltd, an entity organized under the laws of the Republic of Cyprus;

“**Inadequacy Opinion**” means a written opinion from Raymond James, dated July 9, 2015, to the effect that, as of such date and based upon and subject to the assumptions, limitations and qualifications set out therein, the consideration offered to Shareholders pursuant to the Qwave Partial Offer is inadequate from a financial point of view to Shareholders.

“**insider**” has the meaning ascribed to that term in the *Securities Act* (Québec);

“**Kouzmine**” means Mr. Serguei Kouzmine, an authorized representative of Qwave, as so stated in the Qwave Circular;

“**Marleau Corporation**” means The Marleau Capital Corporation, a company of which Mr. Philippe Marleau, the President and Chief Executive Officer of IOU, beneficially owns 50% of the shares;

“**Marleau Group**” means, collectively, Marleau Corporation, Palos Fund, Palos Management and Palos Capital;

“**Options**” means options to subscribe for Common Shares issued under the Company’s option plan, as it may be amended from time to time;

“**Palos Capital**” means Palos Capital Corporation, a company controlled, directly or indirectly, by Marleau Corporation;

“**Palos Fund**” means Palos Merchant Fund L.P., a limited partnership of which Palos Management is the general partner;

“**Palos Management**” means Palos Management Inc., a wholly-owned subsidiary of Palos Capital;

“**Permitted Bid**” has the meaning ascribed to that term in the Rights Plan;

“**Qwave**” means Qwave Capital LLC, a company registered in Nevada, United States;

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“**Qwave Circular**” means the take-over bid circular dated June 25, 2015 accompanying and forming part of the Qwave Partial Offer;

“**Qwave February Proposal**” means the proposal made on February 13, 2015, by Kouzmine, providing for a \$15,000,000 investment in units of IOU to be made by a special purpose vehicle to be designated by Finstar and controlled by Kouzmine, at a price of \$0.58 per unit, where each unit would have been comprised of one Common Share and one-half of a Common Share purchase warrant of IOU, each whole warrant entitling its holder to purchase one Common Share at a price of \$1.16 per Common Share, for a period of 36 months;

“**Qwave Partial Offer**” means the unsolicited partial offer made by Qwave on June 25, 2015 by way of a take-over bid to purchase 34,000,000 Common Shares for \$0.50 per Common Share in cash, upon the terms and subject to the conditions set forth in the offer to purchase accompanying the Qwave Circular;

“**Raymond James**” means Raymond James Ltd., IOU’s financial advisor;

“**Rights Plan**” means the shareholder rights plan agreement dated as of June 29, 2015 between IOU and Computershare Investor Services Inc.;

“**SEDAR**” means the Canadian Securities Administrators’ System for Electronic Document Analysis and Retrieval, which is accessible online at www.sedar.com;

“**Shareholders**” means the holders of the Common Shares of IOU;

“**TSX-V**” means the TSX Venture Exchange; and

“**VWAP**” means the volume-weighted average price of a security.

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**APPENDIX “B”
INADEQUACY OPINION OF RAYMOND JAMES LTD.**

RAYMOND JAMES

July 9, 2015

The Board of Directors
IOU Financial Inc.
1 Place Ville Marie - Suite 1812
Montréal, Québec H3B 4A9

To the Board of Directors:

Raymond James Ltd. (“**Raymond James**”, “**we**” or “**us**”) understands that Qwave Capital LLC (“**Qwave**” or the “**Offeror**”) has made an offer (the “**Offer**”) dated June 25, 2015 to purchase 34,000,000 of the issued and outstanding common shares (the “**Shares**”) of IOU Financial Inc. (“**IOU**” or the “**Company**”) from holders of the Shares (“**Shareholders**”) for cash consideration of \$0.50 per Share (the “**Consideration**”). We further understand that the Shares subject to the Offer represent approximately 55.3% of the outstanding Shares (50.4% on a fully diluted basis) as at the date of the Offer. If more than the maximum number of Shares are deposited to the Offer and not withdrawn, the Shares to be purchased from each tendering Shareholder will be determined on a pro-rata basis as set out in the Offer and accompanying take-over bid circular (collectively the “**Take-over Bid Circular**”). The terms and conditions of the Offer are described in the Take-over Bid Circular.

Engagement of Raymond James

Raymond James was formally engaged by the Company pursuant to an engagement letter (the “**Engagement Letter**”) dated June 29, 2015. Under the terms of the Engagement Letter, Raymond James has agreed to provide the Company and the board of directors (the “**Board of Directors**”) of the Company with various advisory services, including the provision of our opinion as to the adequacy, from a financial point of view, of the Consideration offered to Shareholders pursuant to the Offer (the “**Opinion**”).

Pursuant to the Engagement Letter, Raymond James will receive fees from the Company including a fee for the delivery of this Opinion and fees that are contingent on the completion of a change of minority or majority control transaction involving the Company. Raymond James will also be paid an independence fee if the Board of Directors does not recommend that Shareholders accept the Offer and there is no change of control involving the Company. Raymond James is to be reimbursed for all reasonable legal and other out-of-pocket expenses. In addition, Raymond James and its affiliates and their respective directors, officers, partners, employees, agents and controlling persons are to be indemnified by the Company from and against certain potential liabilities arising out of its engagement.

Credentials of Raymond James

Raymond James is a North American full-service investment dealer with operations located across Canada and the United States. Raymond James is a member of the Toronto Stock Exchange, the TSX Venture Exchange, the Montreal Exchange, the Investment Industry Regulatory Organization of Canada, the Investment Funds Institute of Canada, and the Canadian Investor Protection Fund. Raymond James and its officers have prepared numerous valuations and fairness opinions and have participated in a significant number of transactions involving private and publicly traded companies. Raymond James is indirectly wholly-owned by Raymond James Financial, Inc. (“**Raymond James Financial**”). Raymond James Financial is a diversified financial services holding company whose subsidiaries engage primarily in investment and financial planning, including securities and insurance, brokerage, investment banking, asset management, banking and cash management, and trust services.

Raymond James acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of the Company and, from time to time, may have executed or may execute transactions for such companies and clients from whom it received or may receive compensation. Raymond James, as an investment dealer, conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to the Company.

The Opinion expressed herein represents the opinion of Raymond James and the form and content of this Opinion have been reviewed and approved for release by a committee of managing directors of Raymond James. The committee members are professionals experienced in providing valuations and fairness opinions for mergers and acquisitions as well as providing capital markets advice.

Scope of Review

In connection with rendering our Opinion, we have reviewed and relied upon, among other things, the following:

- i. the Take-over Bid Circular;
- ii. a draft of the directors' circular of the Board of Directors to be issued in connection with the Offer (the "**Directors' Circular**");
- iii. the Company's interim consolidated unaudited financial statements, and management's discussion and analysis, for the quarters ended March 31, 2015, December 31, 2014, September 30, 2014, June 30, 2014 and March 31, 2014;
- iv. the annual reports of the Company, including its comparative audited consolidated financial statements and management's discussion and analysis, for the years ended December 31, 2014, 2013, 2012 and 2011;
- v. relevant public disclosure by the Company as filed on the System for Electronic Document Analysis and Retrieval, including press releases issued by the Company from January 1, 2013 to the date hereof;
- vi. various verbal and written proposals in respect of the Company submitted by Qwave;
- vii. certain internal financial, operational, corporate and other information with respect to the Company, including a financial model prepared by management as well as internal operating and financial projections prepared by management;
- viii. selected public market trading statistics and financial information of the Company and other entities considered by us to be relevant;
- ix. a certificate addressed to us, dated as of the date hereof, from two senior officers of the Company as to the completeness and accuracy of the Information (as defined below); and
- x. such other information, analyses, investigations, and discussions as we considered necessary or appropriate in the circumstances.

In addition, we have participated in discussions with members of the senior management regarding the Company's business, operations, financial condition and prospects and potential alternatives to the Offer.

We have also participated in discussions with Davies Ward Phillips & Vineberg LLP, external legal counsel to the Company, and the Board of Directors concerning the Offer and related matters.

Assumptions and Limitations

Our Opinion is subject to the assumptions, qualifications and limitations set forth below.

We have not been asked to prepare and have not prepared a formal valuation or appraisal of any of the assets or securities of the Company or any of its affiliates and our Opinion should not be construed as such. We have relied upon the advice of counsel to the Company that the Offer is not subject to the requirements of Multilateral Instrument 61-101 of the Ontario Securities Commission and the Autorité des marchés financiers.

With your permission, we have relied upon, and have assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions and representations obtained by us from public sources, or provided to us by the Company or its affiliates or advisors or otherwise obtained by us pursuant to our engagement, and our Opinion is conditional upon such completeness, accuracy and fair presentation. We have not been requested to, or attempted to verify independently the accuracy, completeness or fairness of presentation of any such information, data,

advice, opinions and representations. We have not met separately with the independent auditors of the Company in connection with preparing this Opinion and with your permission, we have assumed the accuracy and fair presentation of, and relied upon, the Company's audited financial statements and the reports of the auditors thereon and the Company's interim unaudited financial statements.

With respect to the historical financial data, operating and financial forecasts and budgets provided to us concerning the Company and relied upon in our financial analyses, we have assumed that they have been reasonably prepared on bases reflecting the most reasonable assumptions, estimates and judgements of management of the Company, having regard to the Company's business, plans, financial condition and prospects.

We have also assumed that the Offer would be completed substantially in accordance with its terms and all applicable laws and that the 'Take-over Bid Circular and the Directors' Circular will disclose all material facts relating to the Offer and will satisfy all applicable legal requirements. We have assumed that the Directors' Circular will be in substantially the form of the draft reviewed by us.

The Company has represented to us, in a certificate of two senior officers of the Company dated the date hereof, among other things, that the information, data and other material (financial or otherwise) provided to us by or on behalf of the Company, including the written information and discussions concerning the Company referred to above under the heading "Scope of Review" (collectively, the "**Information**"), are complete and correct at the date the Information was provided to us and that, since the date on which the Information was provided to us, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company or any of its affiliates and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Opinion.

We are not legal, tax or accounting experts and we express no opinion concerning any legal, tax or accounting matters concerning the Offer or the sufficiency of this letter for your purposes.

Our Opinion is rendered on the basis of securities markets, economic and general business and financial conditions prevailing as at the date hereof and the conditions and prospects, financial and otherwise, of the Company as they are reflected in the Information and as they were represented to us in our discussions with management of the Company and its affiliates and advisors. In our analyses and in connection with the preparation of our Opinion, we made numerous assumptions with respect to industry performance, general business, markets and economic conditions and other matters, many of which are beyond the control of any party involved in the Offer.

The Opinion is being provided to the Board of Directors for its exclusive use only in considering the Offer and may not be published, disclosed to any other person, relied upon by any other person, or used for any other purpose, without the prior written consent of Raymond James. Our Opinion is not intended to be and does not constitute a recommendation to any Shareholder to accept or reject the Offer, nor as an opinion concerning the trading price or value of any securities of the Company following the announcement, completion or termination of the Offer.

Raymond James believes that its analyses must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinion. The preparation of an Opinion is complex and is not necessarily susceptible to partial analysis or summary description and any attempt to do so could lead to undue emphasis on any particular factor or analysis.

The Opinion is given as of the date hereof and, although we reserve the right to change or withdraw the Opinion if we learn that any of the information that we relied upon in preparing the Opinion was inaccurate, incomplete or misleading in any material respect, we disclaim any obligation to change or withdraw the Opinion, to advise any person of any change that may come to our attention or to update the Opinion after the date of this Opinion.

Opinion

Based upon and subject to the foregoing and such other matters as we considered relevant, it is our opinion that, as of the date hereof, the Consideration offered to Shareholders pursuant to the Offer is inadequate, from a financial point of view, to Shareholders.

Yours very truly,

(Signed) Raymond James Ltd.

RAYMOND JAMES

**APPENDIX “C”
SUMMARY OF RIGHTS PLAN**

Summary of Rights Plan

The following is a summary of the principal terms of the shareholder rights plan agreement (the “**Rights Plan**”) dated June 29, 2015 between IOU Financial Inc. (the “**Company**”) and Computershare Investor Services Inc. Except as otherwise defined herein, capitalized terms used below have the meanings ascribed thereto in the Rights Plan.

Issue of Rights

Effective June 29, 2015, one right (a “**Right**”) was issued and is attached to each outstanding common share in the capital of the Company (and any other share in the capital voting interests of the Company entitled to vote generally in the election of directors) (collectively, the “**Common Shares**”). One Right will also be issued and attach to each Common Share issued thereafter, subject to the limitations set forth in the Rights Plan.

Acquiring Person

An Acquiring Person is a person that beneficially owns 20% or more of the outstanding Common Shares. An Acquiring Person does not, however, include the Company or any Subsidiary or Affiliate of the Company, or any person that becomes the Beneficial Owner of 20% or more of the Common Shares as a result of certain exempt transactions.

These exempt transactions include where any person becomes the Beneficial Owner of 20% or more of the outstanding Common Shares as a result of, among other things: (i) specified acquisitions or redemptions of securities of the Company, (ii) acquisitions pursuant to a Permitted Bid or Competing Permitted Bid (as described below), (iii) specified distributions of securities of the Company, (iv) certain other specified exempt acquisitions, and (v) transactions to which the application of the Rights Plan has been waived by the Board, or a combination of the foregoing.

Rights Exercise Privilege

The Rights will separate from the Common Shares to which they are attached and will become exercisable at the close of business (the “Separation Time”) on the tenth business day after the earliest of: (a) the first date of public announcement that an Acquiring Person has become an Acquiring Person; (b) the date of commencement of, or first public announcement of the intent of any person to commence a take-over bid, other than a Permitted Bid or a Competing Permitted Bid, and (c) the date upon which a Permitted Bid or a Competing Permitted Bid ceases to be such, or such later date as the Board of Directors may determine in its sole discretion. On June 29, 2015, the Board has determined to defer the “Separation Time” for rights under the Rights Plan in connection with the Qwave Partial Offer to a later date to be determined by a subsequent decision of the Board. Subject to adjustment as provided in the Rights Plan, each Right will entitle the holder to purchase one Common Share for an exercise price (the “Exercise Price”) equal to four times the prevailing market price of a Common Share as at the Separation Time.

A transaction in which a person becomes an Acquiring Person is referred to as a “Flip-in Event”. Any Rights held by an Acquiring Person, any affiliate or associate of an Acquiring Person, or any person acting jointly or in concert with an Acquiring Person or with any affiliate or associate of an Acquiring Person, on or after the earlier of the Separation Time or the first date of public announcement by the Company or an Acquiring Person that an Acquiring Person has become such, will become null and void upon the occurrence of a Flip-in Event. After the close of business on the tenth business day after the first date of a public announcement by the Company or an Acquiring Person that an Acquiring Person has become such, the Rights (other than those held by the Acquiring Person, any affiliate or associate of an Acquiring Person, or any person acting jointly or in concert with an Acquiring Person or with any affiliate or associate of an Acquiring Person) will entitle the holder to purchase, for

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the Exercise Price, that number of Common Shares having an aggregate market price (based on the prevailing market price at the time of the consummation or occurrence of the Flip-in Event) equal to twice the Exercise Price. A Flip-in Event does not include acquisitions approved by the Board of Directors or acquisitions that are “Permitted Bids”

Impact Once Rights Plan is Triggered

Upon a Flip-in Event occurring and the Rights separating from the attached Common Shares, reported earnings per Common Share on a fully diluted or non-diluted basis may be affected. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution. By permitting holders of Rights other than an Acquiring Person to acquire Common Shares of the Company at a discount to market value, the Rights may cause substantial dilution to a person or group that acquires 20% or more of the Common Shares other than by way of a Permitted Bid or other than in circumstances where the Rights are redeemed or the Board of Directors waives the application of the Rights Plan.

Certificates and Transferability

Prior to the Separation Time, certificates for Common Shares will also evidence one Right for each Common Share represented by the certificate. Certificates issued after June 29, 2015 will bear a legend to this effect. Rights are also attached to Common Shares that were outstanding on June 29, 2015, although share certificates issued as at that date will not bear such a legend. Prior to the Separation Time, the Rights will not be transferable separately from the attached Common Shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates which will be transferable and traded separately from the Common Shares.

Permitted Bids and Competing Permitted Bids

The Rights Plan is not triggered if an offer would allow sufficient time for the shareholders to consider and react to the offer and would allow shareholders to decide to tender or not tender without the concern that they will be left with illiquid Common Shares should they not tender.

A Permitted Bid is a take-over bid where the bid is made by way of a take-over bid circular and: (i) is made to all holders of Common Shares, other than the offeror and its affiliates and associates; (ii) the bid is subject to irrevocable and unqualified conditions that no Common Shares shall be taken up or paid for prior to a date which is not less than 60 days after the date of the bid and only if more than 50% of the outstanding Common Shares held by Independent Shareholders have been tendered to the bid and not withdrawn; (iii) Common Shares may be deposited pursuant to the bid (unless the bid is withdrawn) at any time prior to the close of business on the date Common Shares are first taken up and paid for under the bid; and (iv) if the 50% condition set forth in (ii) above is satisfied, that fact will be publicly announced and the bid will be extended for at least 10 business days following such announcement.

A “Competing Permitted Bid” is a take-over bid made after a Permitted Bid has been made and prior to the expiry of the Permitted Bid and that satisfied all the criteria of a Permitted Bid except that since it is made after a Permitted Bid has been made, the minimum deposit period and the time period for the take-up of and payment for shares tendered under a Competing Permitted Bid is not 60 days, but is instead the later of (i) the last day on which a takeover bid must be open for acceptance after the date of such bid under applicable securities legislation, and (ii) the earliest date for take-up and payment of shares under any other Permitted Bid then in existence.

Neither a Permitted Bid nor a Competing Permitted Bid is required to be approved by the Board and such bids may be made directly to shareholders. Acquisitions of Common Shares made pursuant to a Permitted Bid or a Competing Permitted Bid do not give rise to a Flip-in Event.

The Rights Plan requires than any offer to acquire shares of the Company be made to all shareholders for all of their shares to ensure that all shareholders of the Company are treated equally and fairly in connection with any take-over bid for the Company. The purpose of the Rights Plan is to provide the Board of Directors with the

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ability to prevent the acquisition of control of, or a creeping takeover bid offer to acquire shares of the Company by means of a partial bid and to discourage discriminatory, coercive or unfair attempts to take-over the Company.

Waiver and Redemption

The Board of Directors may, at any time prior to the occurrence of a Flip-in Event, waive the application of the Rights Plan to such Flip-in Event. In such event, such Flip-in Event and the Separation Time shall be deemed not to have occurred.

The Board may also waive the application of the Rights Plan to a Flip-in Event provided that the Board has determined that the Acquiring Person has become an Acquiring Person by inadvertence without any intention to become or knowledge that it would become, an Acquiring Person and such Acquiring Person has reduced its beneficial ownership of Common Shares such that at the time of the waiver it is no longer an Acquiring Person.

Until the occurrence of a Flip-in Event which has not been waived by the Board of Directors, the Board may elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.0001 per Right. In the event that a person acquires Common Shares pursuant to a Permitted Bid, a Competing Permitted Bid or pursuant to a transaction for which the Board of Directors has waived the application of the Rights Plan, then the Board shall, immediately upon the consummation of such acquisition, without further formality, be deemed to have elected to redeem the Rights at the redemption price.

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The Board of Directors unanimously recommends that Shareholders

REJECT the Qwave Partial Offer and **NOT TENDER** their Common Shares.

Any Shareholder who has tendered his, her or its Common Shares under the Qwave Partial Offer should

WITHDRAW those Common Shares.

The Board of Directors has **UNANIMOUSLY** concluded that the Qwave Partial Offer is inadequate and not in the best interests of IOU and the Shareholders.

We recommend you read the reasons for rejection.

NO NEED FOR ACTION

The Qwave Partial Offer is scheduled to expire at 5:00 p.m. (Eastern Standard Time) on July 31, 2015 and is subject to a number of conditions that may never be satisfied.

The Board of Directors of IOU recommends that you do not take any action to ensure that you are able to consider all of the options available to you.

If you have already tendered your Common Shares to the Qwave Partial Offer, you should **WITHDRAW** them, If you require further information on how to withdraw your Common Shares, you should contact IOU at 1-877-419-0934 (toll free in North America) or investors@ioufinancial.com.

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