FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

IOU Financial Inc. ("IOU Financial")
1 Place Ville Marie, suite 1812
Montréal, Québec
H3B 4A9

Item 2 Date of Material Change

December 28, 2012

Item 3 News Release

A press release was issued on December 28, 2012 from Montréal, Québec and disseminated by CNW Telbec.

Item 4 Summary of Material Change

IOU Financial announced the completion of the second tranche of its private placement for total gross proceeds of $665,000.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

On December 28, 2012, IOU Financial announced that it had closed the second tranche of its previously announced $5 million private placement of class B shares (the "**Class B Shares**") and warrants to purchase Class B Shares (the "**Warrants**", and together with the Class B Shares, collectively the "**Units**") for total gross proceeds of approximately $665,000. The Units were offered to investors at a price of $0.40 per Unit.

Philippe Marleau, CEO and director of IOU Financial, is a shareholder in a company that owns a significant stake in Palos Capital Corporation, the parent company of Palos Management Inc. ("**Palos**"), one of IOU Financial's co-lead brokers in the private placement. Palos will receive 83,094 Warrants in the second tranche of the private placement as compensation for its services and insiders of Palos will subscribe for 225,000 Units in the private placement.

The issuance of securities to such persons may be considered a related party transaction within the meaning of Regulation 61-101 *respecting Protection of Minority Security Holders in Special Transactions*. This transaction is exempt from the valuation and minority approval requirements provided under such regulation since the fair market value of the private placement to such persons is less than 25% of the market capitalization of IOU Financial. The Board of Directors of IOU Financial has approved the private placement. Philippe Marleau declared his interest prior to the approval by the Board of Directors of IOU Financial and abstained from voting thereon.

When combined with the first tranche closing of its previously announced $5 million private placement, IOU Financial has closed on total gross proceeds of $3.1 million.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

The following senior officer of IOU Financial is knowledgeable about the material change and this report:

Philippe Marleau
President & Chief Executive Officer
(514) 789-0694 ext. 225

Item 9 Date of Report

January 7, 2013.