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IOU FINANCIAL INC.

For immediate release

News Release

IOU Financial Inc. announces a proposed private placement of Units for up to \$5,000,000

MONTRÉAL, December 18, 2012 – IOU Financial Inc. (“**IOU Financial**”) (CNSX: IOU) announced today that it intends to carry out a private placement of Units for up to \$5,000,000 with a syndicate of exempt market dealers. Each “Unit” will be comprised of one Class B Common Share of IOU Financial (a “**Share**”) and $\frac{3}{4}$ of a warrant to purchase one Share for an eighteen-month term. It is intended that each Unit be priced at \$0.40. IOU Financial intends to raise no less than \$2,000,000 and up to \$5,000,000, subject to its right to increase the offering at its sole discretion. The net proceeds of the proposed private placement will be used by IOU Financial to fund the growth of its US-based operating subsidiary IOU Central Inc. and for general corporate purposes.

Completion of the proposed private placement is subject to customary closing conditions for transactions of this nature, including the approval of the CNSX. The closing thereof is expected to take place during the first quarter of 2013, but may occur if warranted, in multiple tranches.

This news release shall not constitute an offer to sell nor the solicitation of an offer to buy nor shall there be any securities of IOU Financial offered in any jurisdiction in which such offer, solicitation or sale would be unlawful. The Units will be offered on a private placement basis in Canada and only to “accredited investors”, as such term is defined under applicable Canadian securities laws.

THE SECURITIES WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “**1933 ACT**”) AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION UNDER OR AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT.

Forward Looking Statements

Certain information set forth in this news release may contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of IOU Financial including, but not limited to, the impact of general economic conditions, industry conditions, dependence upon regulatory and shareholder approvals, the execution of definitive documentation and the uncertainty of obtaining additional financing. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. IOU Financial does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events, or otherwise. The CNSX has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.