YANGAROO Inc.
December 31, 2011
Management's Discussion and Analysis ("MD&A")

Introduction

Unless the context suggests otherwise, references to "YANGAROO", "the Company" or similar terms refer to YANGAROO Inc.

This MD&A is a discussion and review of operations, current financial position and outlook for YANGAROO and should be read in conjunction with the financial statements and related notes for the year ended December 31, 2011.

Review and Approval by the Board of Directors

The Board of Directors, on recommendation of the Audit Committee, approved the content of this MD&A on April 19, 2012. Disclosure contained in this document is current to this date, unless otherwise stated.

Forward Looking Information

Our reporting structure reflects how we manage our business and how we classify our operations for planning and for measuring our performance. This MD&A contains assertions about the objective, strategies, financial conditions, and results of operations. These statements are considered "forward-looking" because they are based on current expectations of our business, on the markets we operate in, and on various estimates and assumptions.

These forward-looking statements describe our expectations at April 19, 2012. Our actual results could be materially different from our expectations if known or unknown risks affect our business, nor if our estimates or assumptions turn out to be inaccurate. As a result, we cannot guarantee that any forward-looking statements will materialize. Forward-looking statements do not take into account the effects that transactions or non-recurring items, announced or occurring after the statements are made, may have on our business. We disclaim any intention or obligation to update any forward-looking statements, except as required by law, even if new information becomes available through future events of for any other reason. Risks that could cause our actual results to differ materially from our current expectations are stated in the Risk Management section.

Description of Business

YANGAROO's patented Digital Media Distribution System (DMDS) is a leading secure B2B digital delivery solution for the music and advertising industries. DMDS is a Web-based delivery system that pioneers secure digital file distribution by incorporating biometrics, high-value encryption and watermarking. DMDS replaces the physical distribution of audio and video content for music, music

videos, and advertising to television, radio, media, retailers, award shows and other authorized recipients with more accountable, effective, and far less costly digital delivery of broadcast quality media via the Internet.

Named one of Canada's Top 100 Tech Companies for 2009 by Canadian Business, YANGAROO has offices in Toronto, New York, Dallas, and Los Angeles.

Results of Operations

Understanding Results of Operations – Accounting Standards

The Company adopted IFRS in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1") with a transition date to IFRS of January 1, 2010. Consequently, the comparative figures for 2010 and the Company's statement of financial position as at January 1, 2010 have been restated from Canadian generally accepted accounting principles ("GAAP") to comply with IFRS. The first reporting period for the Company is for the three month period ended March 31, 2011. Complete details of the transition to IFRS are included in the Company's year ended December 31, 2011 financial statements.

Summary of Quarterly Results

The following table sets out selected financial information, presented in Canadian dollars. The information is prepared in accordance with IFRS:

	2011 Q4	2011 Q3	2011 Q2	2011 Q1
Working capital	$ (4,369,579)	$ (4,033,380)	$ (3,375,283)	$ (1,238,374)
Sales	$ 455,756	$ 410,360	$ 307,976	$ 275,799
Expenses	$ 754,068	$ 1,128,839	$ 2,547,909	$ 1,632,370
Loss for the period	$ 298,312	$ 718,479	$ 2,239,933	$ 1,356,571
Loss per share (basic & diluted)	$ 0.002	$ 0.01	$ 0.02	$ 0.01

	2010 Q4	2010 Q3	2010 Q2	2010 Q1
Working capital	$ (345,229)	$ 590,111	$ 4,698	$ 28,889
Sales	$ 252,939	$ 171,729	$ 196,534	$ 185,290
Expenses	$ 2,879,606	$ 1,162,655	$ 975,486	$ 879,242
Loss for the period	$ 2,626,667	$ 990,926	$ 778,952	$ 693,952
Loss per share (basic & diluted)	$ 0.02	$ 0.01	$ 0.01	$ 0.01

Revenue

Total revenue of $455,756 was the result of growth in both the Advertising and Entertainment Divisions resulting in over 80% increase in revenue over the same period in 2010.

(i) Advertising

The Company saw significant growth in the three month period from all divisions. This growth was led by new business generated by DMDS Advertising. Ad revenues resulted from the delivery of SD and HD spots to television broadcasters led by Horizon Media in the U.S., plus new revenues coming from other advertising groups including activity in the Canadian market.

(ii) Entertainment

Entertainment Division revenues were up sharply, growing over 41% from the same period in 2010. This growth is a result of increased use of DMDS for music video delivery and music audio delivery in North America. Adding to this were music audio delivery revenues from Australia.

	2011 Q4	**2010 Q4**	**$ Change**	**% Change**
Advertising	$ 98,344	$ -	$ 98,344	100%
Music audio	160,268	137,958	22,310	16%
Music video	55,684	10,980	44,704	407%
Awards management	99,293	96,415	2,878	3%
Subscriptions fees	42,167	7,586	34,581	456%
Total revenue	$ 455,756	$ 252,939	$ 202,817	80%

Operating Expenses

Total operating expenses for the three months ended December 31, 2011 decreased by 67% compared to the same period in fiscal 2010 to $931,216 (2010 - $2,832,954). The main contributor to the change was the fiscal 2010 one time impairment of intangible assets of $1,543,575 and the final amortization of intangible assets of $145,780. On top of these differences, operating expenses were reduced by a decrease in general and administrative expense of 45% ($203,688), marketing and promotion expense of 17% ($6,881), depreciation of property and equipment of 15% ($3,490) over the same quarter in the prior year. Finally, the Company has also earned a $70,005 recovery on technology development expenses in the fourth quarter of 2011. The net change from the prior period was partially offset by an increase in salaries and consulting of 12% ($74,534) over the prior year. The overall changes reflect the Company's continued adherence to its cost cutting initiative that began in late fiscal 2010.

(i) Salaries and Consulting

Salaries and consulting expense for the three months ended December 31, 2011 was $697,816, this created a 12% increase ($74,534) over the same period in the prior year (2010 - $623,282). The primary reason for this change was the continuous expansion of the advertising department, accounting for 75% ($56,086) of the total increase of salaries and consulting expense. The technology development department incurred an increase in costs of $75,747, which accounted for

102% of the total increase in salaries and consulting as a result of no longer capitalizing the expense for the technology development. Personnel changes in the operations department caused an increase of $18,968, which accounted for 26% of the total increase in salaries and consulting.

Offsetting this increase was the cost reduction in the administration department of $63,144, which accounted for a decrease of 85% in the total change in salaries and consulting expenses. This decrease was mainly due to an adjustment of stock option expenses to reflect the cancellation of stock options granted to the previous Chief Executive Officer. In addition, a decrease of $13,123 in the entertainment department, representing a decrease of 18% in the total change of salaries and consulting expense, resulted from renegotiation of compensation agreements with existing consultants.

(ii) General and Administrative

General and administrative expense for the three months ended December 31, 2011 was $250,066, which is a decrease of 45% ($203,688) over the same period in the prior year (2010 - $453,754), as a result of decreases in legal fees, investor relations, bad debt expense, and rental costs. This decrease was partially offset by an increase of recruitment charges, production costs for the advertising deliveries and shareholder registry and transfer agent expenses.

(iii) Research and Development

Technology development expense for the three months ended December 31, 2011 decreased by $72,858 over the same period in the prior year (2010 - $2,853). This decrease is mainly due to increased investment tax credit of $70,496 compared to the same period in the prior year.

(iv) Marketing and Promotion

Marketing and promotion expense for the three months ended December 31, 2011 was $33,265, a 17% ($6,881) decrease over the same period in the prior year (2010 - $40,146). This decrease is a result of a decrease in public relations and travelling expenses. These costs have been partially offset by an increase in royalty and commission expenses.

Net Loss

The net loss for the three months ended December 31, 2011 is $298,312 representing a 89% ($2,328,355) decrease from the same period in the prior year (2010 - $2,626,667). This decrease is due to increase of revenue and overall reduction of operating expenses.

Summary of Annual Results

Total revenues of $1,449,891 resulted from growth in both the Advertising and Entertainment Divisions representing an 80% increase in revenue over the prior year.

Revenue

(i) Advertising

The Company's significant growth in revenue was led by the new business generated by Advertising. The Company continues to strengthen its foothold with all major markets and broadcasters in the US, which is evident from the increases in revenue quarter over quarter. Ad revenues are led by the Company's strategic partnership with Horizon Media in the U.S.

(ii) Entertainment

Entertainment Division revenues have also grown sharply in fiscal 2011. This growth is a result of increased use of DMDS for music video delivery and music audio delivery in North America and the profitable expansion of the DMDS Awards Management business. The Company also focused on expanding its worldwide presence in fiscal 2011 by providing music audio delivery services in Australia.

The increase in both the Advertising and Entertainment created an 80% increase in revenue over the prior year.

Operating Expenses

Operating expenses for the year ended December 31, 2011 decreased by 26% compared to the same period in fiscal 2010 to $4,253,274 (2010 - $5,753,435). When normalizing the operating expense for the year, the operating expense decreased by 13%. The main contributor to the change was the fiscal 2010 one time impairment charge to intangible assets of $1,543,575 and the fiscal 2011 $600,000 settlement of a lawsuit. The 13% decrease in operating expenses was led by a decrease in general and administrative expense of 49% ($660,722), a decrease in marketing and promotion expense of 35% ($72,963), while the Company has also incurred a $29,573 recovery on technology development expenses for the fiscal year. The net change from the prior year was partially offset by an increase in salaries and consulting of 44% ($851,198) over the prior year. Overall, the 13% change reflects the Company's continued adherence to its cost cutting initiative that began in late fiscal 2010.

(i) Salaries and Consulting

Salaries and consulting expense for the year ended December 31, 2011 was $2,767,611, which accounted for an increase of 44% ($851,198) over the same period in the prior year (2010 - $1,916,413). The primary reason for the change was the continuous expansion of the advertising department, which accounted for 56% ($480,379) of the total increase of salaries and consulting expense. The technology development department incurred an increase in costs of $289,930, which accounted for 34% of the total increase in salaries and consulting as a result of no longer capitalizing the salaries and consulting expense for the technology development. The Company also added personnel to its administration department which resulted in an increase of $186,169,

representing 22% of the total increase of salaries and consulting expense. Finally, personnel changes in the operations department caused an increase of $8,803, representing 1% of the total increase of salaries and consulting expense.

The entertainment department salaries and consulting expense decreased by 13% ($114,083), which is due to the Company renegotiating its compensation agreements with existing consultants. The Company also did not provide special compensation through warrants as was done in the previous fiscal year.

(ii) General and Administrative

General and administrative expenses for the year ended December 31, 2011 was $695,962, a decrease by 49% ($660,722) over the same period in the prior year (2010 - $1,356,684). This change was due to a decrease in legal fees, recruitment charges, investor relations, and bad debt expense and rental costs.

(iii) Marketing and Promotion

Marketing and promotion expense for the year ended December 31, 2011 was $137,061 and decreased by 35% ($72,963) over the same period in the prior year (2010 - $210,024). This change was a result of a decrease in public relations and travelling expenses, while royalty and commission expenses have increased.

Net Loss

The net loss for the year ended December 31, 2011 is $4,613,295. This balance decreased by 9% ($477,202) from the same period in the prior year (2010 - $5,090,497). The net loss for the period includes the settlement of a long standing lawsuit with a competitor and cost attributable to new financing during the year. Without these two one-time payments and the impairment loss in fiscal 2010, the net loss in fiscal 2011 remains at a 9% decrease over fiscal 2010.

Outlook

Our outlook for the next 12 months remains positive. Revenues are growing; both on a quarter to quarter basis and against the 2010 comparatives. Costs are being monitored closely, balancing a right sized infrastructure with the resources necessary to grow.

DMDS Entertainment Division:

The music business continues to grow, with increases in all lines of business, year on year. YANGAROO has delivered more audio files, to more destinations than ever before. Additional US based major labels have adopted DMDS as their delivery platform of choice and we have also seen continued growth in DMDS usage by the Independent sector. Video delivery has gained traction and virtually all North American major music television broadcasters are DMDS clients. The migration in 2012 from standard to high definition (HD) will accelerate revenue growth in this area. The DMDS Awards revenue is now a significant profit generator for the Company, with every major North American music related award show

currently under contract or in advanced discussions.

DMDS Advertising Division:

The advertising destination footprint has now reached critical mass, with all major markets and broadcasters in the US on board. This has resulted in an increase in business activity as a result of the Company's strategic partnership with Horizon Media, which in turn has resulted in other third party interest and business. In 2012, so far, DMDS Advertising has set new records for single order, daily, weekly and monthly deliveries, and continues to prove that DMDS is an efficient and cost effective method for delivery of advertising content, particularly in the HD format. HD advertising spots received and deliveries made approximately 40% of the throughput handled. This coupled with the continued migration to HD bodes well for future revenue growth.

The Company continues to refine DMDS, although the major enhancements are now in place. DMDS 5.0 is now not only able to handle the current workload, but is capable of dealing with a significantly higher throughput. The Company believes that the scalability of the platform positions Yangaroo for profitable growth.

The Company continues to seek out strategic partners globally, not only to generate direct business, but licensing opportunities as well. The strategic partnership deal in Australia which began to generate revenue mid-2011 will be the model for other territories and will continue to grow revenue through 2012.

The Company is currently engaged in raising additional financing by way of an equity offering. It is expected that we will raise between $1.25M and $2M and that this will be finalised in April 2012.

Liquidity, Capital Resources and Financing

At February 29, 2012, the Company has cash and cash equivalents balance of $31,174 and a negative working capital of $4,723,808. As outlined in the *Subsequent Events* section, the Company secured a private placement of equity units of a minimum of $1,250,000 and up to a maximum of $2,000,000. The Company will issue the units at $0.05 per unit. This is a partially brokered private placement and the Company currently has commitments for the minimum amount of the raise which is expected to close by the end of April 2012. The Company also received approval from Debenture holders to amend all of the existing debentures, by extending the timeline for repayment for an additional 36 months, and reducing the interest rate payable on the outstanding indebtedness from 18% to 14%.

The Company will continue to invest funds in building its business to achieve key market and growth targets. The Company's operations are not yet generating positive cash flow, so in future the Company will need to source additional funds in order to fulfil its business objectives. While the Company believes it will be able to secure sufficient funding to carry out its business plans, insufficient capital will affect its ability to pursue its marketing and business development strategies.

Share Capital

The following securities were outstanding as at April 12, 2012:

Common shares	131,569,119
Warrants	5,471,000
Stock options - Non vested	3,078,488
Stock options - Vested	4,596,238

Off Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Conversion to International Financial Reporting Standards

The Company adopted IFRS effective January 1, 2011. Prior to the adoption of IFRS, the Company prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles for publically accountable profit oriented enterprises. An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in year ended December 31, 2011 financial statements.

Future Accounting Standards

The IFRS Board periodically issues new standards and amendments or interpretations to existing standards. The following accounting standards, amendments and interpretations have been issued but are not yet effective for the Company. Management is currently assessing the impact of the new standards on the Company's accounting policies and financial statement presentation.

(i) IFRS 9 *Financial Instruments* was issued by the IASB in October 2010 and will replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The IASB has proposed to move the effective date of IFRS 9 to January 1, 2015.

(ii) IFRS 10 *Consolidated Financial Statements* was issued by the IASB in May 2011. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC-12 *Consolidation—Special Purpose Entities* and IAS 27 *Consolidated and Separate Financial Statements* and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(iii) IFRS 11 *Joint Arrangements* was issued by the IASB in May 2011. IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*, and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(iv) IFRS 12 *Disclosure of Interests in Other Entities* was issued by the IASB in May 2011. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(v) IFRS 13 *Fair Value Measurement* was issued by the IASB in May 2011. IFRS 13 establishes new guidance on fair value measurement and disclosure requirements for IFRSs and US generally accepted accounting principles (GAAP). The guidance, set out in IFRS 13 and an update to Topic 820 in the FASB's Accounting Standards Codification (formerly referred to as SFAS 157), completes a major project of the boards' joint work to improve IFRSs and US GAAP and to bring about their convergence. The standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(vi) IAS 1 *Presentation of Financial Statements* was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

Critical Accounting Estimates

The preparation of the Company's financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the financial results of the Company. Such estimates and assumptions affect the carrying value of assets and impact decisions as to when and development costs should be capitalized or expensed.

Other significant estimates made by the Company include factors affecting valuations of share-based compensation. The Company regularly reviews its estimates and assumptions, however, actual results could differ from these estimates and these differences could be material.

Internal Controls

Disclosure controls and procedures within the Company have been designed to provide reasonable assurance that all relevant information is identified to its management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow required disclosures to be made in a timely fashion.

Internal controls over financial reporting have been designed by management, under the supervision of and with the participation of the Company's CEO and CFO, to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

In the Company's yearend filings, the Company's CEO and CFO certify, as required by National Instrument 52-109, the appropriateness of the financial disclosure, the design of the Company's disclosure controls and procedures, and the design of internal controls over financial reporting.

The CEO and CFO of the Company have also evaluated whether there were changes to the Company's internal control over financial reporting during the year ended December 31, 2011 that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting. There were no changes identified during their evaluation. Furthermore, the Company has determined that there has been no material change in internal controls over financial reporting as a result of the adoption of IFRS

Subsequent Events

On April 16, 2012, the Company announced a private placement of a minimum of $1,250,000 and up to a maximum of $2,000,000 in units. Each unit will consist of one common share in the capital stock of the Company and one warrant, entitling the subscriber to purchase an additional share at $0.10 per share within 36 months of closing. The Company will issue the units at $0.05 per unit, resulting in the issue of a minimum of 25,000,000 shares and up to a maximum of 40,000,000 shares upon closing, non-diluted. This financing is a partially brokered private placement and the Company currently has commitments for the minimum amount of the raise.

The Company received approval from the Debenture holders to amend all of the existing debentures, by extending the timeline for repayment for an additional 36 months, and reducing the interest rate payable on the outstanding indebtedness from 18% to 14%.

The Company will pay an agent's fee to Fraser Mackenzie Limited on their portion of the raised proceeds, and will pay a finder's fee to certain other parties that assisted in the private placement.

The net proceeds from the private placement will be used for general working capital. The proposed financing has been submitted to the TSX Venture Exchange ("TSX-V") for conditional approval, and is subject to TSX-V final approval.

Risk Management

The Company is exposed to a variety of risks, including, but not limited to the risks set out below. The Company considers these risks the most significant to potential investors, but not all of the risks associated with an investment in securities of Yangaroo Inc.

(i) Financial Risk Management

The Company is exposed to a variety of financial risks by virtue of its activities: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by management under policies approved by the Board of Directors. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

(a) Market risk:

Market risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in the market prices. Market prices are comprised of two types of risk:

(i) Currency risk:

The Company operates internationally and is exposed to foreign exchange risk from various currencies, primarily United States dollars and Australian dollars. Foreign exchange risk arises from purchase transactions as well as recognized financial assets and liabilities denominated in foreign currencies.

Balances in foreign currencies at December 31, 2011 are as follows:

	USD	**AUD**
Accounts receivable	121,875	33,527
Accounts payable and accrued liabilities	160,749	-

(ii) Interest rate risk:

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions and potential increases on the prime rate applied on the line of credit available to the Company. The Company considers this risk to be immaterial. In interest on the debentures and convertible debentures are not subject to interest rate risk as these instruments bear interest at fixed rates.

(b) *Credit risk:*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consists primarily of non-payment of accounts receivable. The Company mitigates this risk by monitoring the credit worthiness of its customers and by offering an ecommerce service to smaller customers. As at December 31, 2011, approximately 38% (December 31, 2010 - 27%) of accounts receivable and 20% (December 31, 2010 - 24%) of revenue are from two customers (2010 - two customers).

Aging of trade receivables that are past due, but not impaired:

	December 31 2011	December 31 2010
0 to 30 days past due	$ 77,796	$ 40,401
31 to 60 days	69,592	22,290
Over 60 days	42,986	37,009
Total past due	$ 190,374	$ 99,700

Continuity of allowance for doubtful accounts:

	December 31 2011	December 31 2010
Balance, beginning of year	$ 15,472	$ 43,575
Less: Accounts written off to impairment loss	(3,275)	(61,479)
Charge during the year	6,810	33,376
Less: Amounts previously provided, recovered during the year	(894)	-
Balance, end of year	$ 18,113	$ 15,472

(c) *Liquidity risk:*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

As at December 31, 2011, the Company has trade and other payables of $642,664 (December 31, 2010 - $833,410, January 1, 2010 - $538,666), due within 12 months, and has cash and cash equivalents and accounts receivable of $597,186 (December 31, 2010 - $365,356, January 1, 2010 - $453,184) to meet its current obligations. As disclosed in note 2(c), the Company will have to raise additional capital to fund further development of their product and operations. As discussed under *Subsequent Events*, the Company will have to raise additional capital to fund further development of their product and operations. Subsequent to year-end, the Company secured a private placement of equity units of a minimum of $1,250,000 and up to a maximum of $2,000,000. The Company will issue the units at $0.05 per unit. This is a partially brokered private placement and the Company currently has commitments for the minimum amount of the raise which is expected to close by the end of April 2012. Additionally, the Company received approval from Debenture holders to amend all of the existing debentures, by extending the timeline for repayment for an additional 36 months.

(d) Fair value:

The Company has determined that the carrying value of its short-term financial assets and liabilities, including cash and cash equivalents, trade and other receivables, trade and other payables and accrued interest on debentures and debentures, approximate their fair value because of the relatively short period to maturity of the instruments or in the case of the line of credit, the fair value approximates its carrying value as it bears interest at floating rates. The fair value of the convertible debentures approximate its carrying value due to the effective interest rates implicit in the debt.

(ii) Operational risks

- Seasonality of advertising revenue
- Dependent on the internet as a medium for business and communication
- The lack of a defined market for our product
- Online commerce security
- The ability to generate revenue and control operating costs
- Lack of profitability
- Contingencies

(iii) Non-Financial Risks

- Heavily relying on upper management
- Management of growth
- Competition risks
- Availability and dependence on management and outside advisors
- Price and public volatility of public stock
- Global financial conditions

CORPORATE INFORMATION

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Clifford G. Hunt	*Chairman, Chief Operating Officer& Secretary*
Gary Moss	*Interim Chief Executive Officer& President*
Howard Atkinson	*Member of Audit Committee (Chairman) and Compensation Committee*
Justin D. C. LaFayette	*Member of Audit Committee and Compensation Committee*
Anthony Miller	*Member of Audit Committee and Compensation Committee (Chairman)*

Officers

Gary Moss	*Interim Chief Executive Officer& President*
Clifford G. Hunt	*Chairman, Chief Operating Officer& Secretary*
Michael Galloro	*Chief Financial Officer*
Richard Klosa	*Chief Technology Officer*
Karen R. Dealy	*President, Advertising Operations*

Stock Exchange Listing

TSX Venture Exchange	*Stock Symbol – YOO*
OTCBB	*Stock Symbol – YOOIF*

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