YANGAROO Inc.

Management's Discussion and Analysis

For the year ended December 31, 2018

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Introduction

Unless the context suggests otherwise, references to "the Company" or similar terms refer to YANGAROO Inc. This Management's Discussion and Analysis ("MD&A") is a discussion and review of operations, current financial position and outlook for YANGAROO and should be read in conjunction with the audited financial statements and related notes for the years ended December 31, 2018 and 2017 (the "Financial Statements") which are prepared in accordance with International Financial Reporting Standards ("IFRS"). The information below is prepared in accordance with IFRS.

Forward Looking Information

The Company's reporting structure reflects how it manages its business and how it classifies its operations for planning and for measuring its 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 the Company's business, in those markets in which it operates, and on various estimates and assumptions.

These forward-looking statements describe the Company's expectations at April 24, 2019. The Company's actual results could be materially different from its expectations if known or unknown risks affect the business, or if the Company's estimates or assumptions turn out to be inaccurate. As a result, the Company 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 the business. The Company disclaims any intention or obligation to update any forward-looking statements, except as required by law, even if new information becomes available through future events or for any other reason. Risks that could cause the Company's actual results to differ materially from its 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 media management solution for the entertainment and advertising industries. DMDS is an end to end technology solution that provides a fully integrated work flow based digital distribution and data management solution. DMDS replaces the physical and less effective proprietary hardware/software distribution solutions. DMDS provides 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 distribution of broadcast quality media via the Internet. YANGAROO also offers comprehensive asset management and post production services to clients in the music and advertising industries.

Outlook

"As anticipated, revenue in the final quarter of 2018 grew over the prior quarter, reflecting the seasonal trends in both segments of our business," said Gary Moss, President and CEO of YANGAROO. "Notwithstanding the impact of seasonality and general customer activity on a quarter to quarter basis, we remain confident that our prior stated goal of a 15% exit annual run rate growth for 2019 in our Advertising division is achievable. We commenced our share buy-back program in January 2019 and are pleased with the response to date. The program remains in place for the balance of 2019, subject to normal trading blackout restrictions. We expect to lift the current blackout period in the third week of May 2019. To date the Company has bought-back 104,500 shares at an average price of $0.155."

Gary Moss further added, "the Company's recent quarterly sales growth, combined with its ability to keep costs low, have contributed to a strengthened balance sheet. Working capital and cash balances at year-end were significantly improved from the prior-quarter and prior-year, which can be expected to continue for the foreseeable future, as the Company looks to deploy its improved balance sheet strength to grow the business."

As at April 24, 2019, the Company had a cash balance of $1,776,235.

The Company will continue to invest funds in building its business to achieve key market and growth targets. The Company has identified a goal of 10% market share of the North American advertising distribution market. Currently, the Company's operations are generating positive cash flow and the Company does not anticipate having to raise additional capital at this time.

Results of Operations

Summary of Quarterly Results

	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Working capital	$ 2,724,443	$ 2,317,519	$ 2,169,189	$ 2,118,059
Revenues[(a)]	$ 2,005,479	$ 1,735,291	$ 1,797,924	$ 1,949,090
Expenses	$ 1,643,413	$ 1,650,445	$ 1,816,752	$ 1,864,119
Income (loss) for the period	$ 362,066	$ 84,846	$ (18,828)	$ 84,971
Reconciling items:				
Interest income	$ (4,901)	$ (4,525)	$ (5,391)	$ (2,983)
Interest expense	$ 17,661	$ 17,775	$ 18,204	$ 18,600
Depreciation of property and equipment	$ 24,390	$ 27,883	$ 30,659	$ 30,478
Income tax expense	$ 6,193	$ -	$ 389	$ -
EBITDA (loss)	$ 405,409	$ 125,979	$ 25,033	$ 131,066
Income (loss) per share - basic	$ 0.01	$ 0.00	$ 0.00	$ 0.00
Income (loss) per share - diluted	$ 0.01	$ 0.00	$ 0.00	$ 0.00

The following table sets out selected financial information, presented in Canadian dollars.

	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Working capital	$ 1,960,841	$ 1,889,281	$ 1,922,361	$ 1,768,336
Revenues	$ 1,909,974	$ 1,978,395	$ 2,026,731	$ 1,740,066
Expenses	$ 1,821,481	$ 2,194,106	$ 1,855,134	$ 1,707,217
Income (loss) for the period	$ 88,493	$ (215,711)	$ 171,597	$ 32,849
Reconciling items:				
Interest income	$ (386)	$ (277)	$ (444)	$ -
Interest expense	$ 19,116	$ 19,205	$ 18,241	$ 13,757
Depreciation of property and equipment	$ 30,285	$ 29,134	$ 28,771	$ 27,247
Income tax expense	$ -	$ 3,572	$ -	$ 336
EBITDA (loss)	$ 137,508	$ (164,077)	$ 218,165	$ 74,189
Income (loss) per share - basic	$ 0.00	$ (0.00)	$ 0.00	$ 0.00
Income (loss) per share - diluted	$ 0.00	$ (0.00)	$ 0.00	$ 0.00

[a] *Revenue was derived using IFRS 15 Revenue from Contracts with Customers for Q1-Q4 2018*

EBITDA

For the quarter ended December 31, 2018, the Company's EBITDA was $405,409, an increase of $267,901 or 195% year over year and an increase of $279,430 or 222% compared to the quarter ended September 30, 2018. The increase in EBITDA from the prior year was primarily attributed to an increase in entertainment revenues, lower salaries and consulting and technical development expenses, and higher foreign exchange gains. The increase in EBITDA from the prior quarter was primarily attributed to an increase in advertising and entertainment revenues and foreign exchange gains, partially offset by an increase in general and administrative expenses.

Normalized EBITDA

Normalized EBITDA excludes the impact of any nonrecurring and non-cash operating expenses, therefore representing normalized cash flows from operations.

	Q4 2018	**Q3 2018**	**Q2 2018**	**Q1 2018**
EBITDA (loss)	$ 405,409	$ 125,979	$ 25,033	$ 131,066
Reconciling items:				
Stock option expenses	$ 33,567	$ 41,330	$ 66,021	$ 101,095
Foreign exchange loss (gain)	$ (99,714)	$ 36,992	$ (42,689)	$ (52,595)
Restructuring costs	$ -	$ -	$ -	$ -
Normalized EBITDA	$ 339,262	$ 204,301	$ 48,365	$ 179,566

	Q4 2017	**Q3 2017**	**Q2 2017**	**Q1 2017**
EBITDA (loss)	$ 137,508	$ (164,077)	$ 218,165	$ 74,189
Reconciling items:				
Stock option expenses	$ 17,440	$ 28,621	$ 32,156	$ 26,850
Foreign exchange loss (gain)	$ (4,069)	$ 85,877	$ 51,631	$ 19,474
Restructuring costs	$ -	$ 428,506	$ -	$ -
Normalized EBITDA	$ 150,879	$ 378,927	$ 301,952	$ 120,513

For the quarter ended December 31, 2018, the Company's normalized EBITDA was $339,262, an increase of $188,383 or 125% year over year and an increase of $134,961 or 66% compared to the quarter ended September 30, 2018. The increase in normalized EBITDA versus prior year period and prior period are consistent with those of the EBITDA discussed above, excluding the impact of the foreign exchange gains and stock option expenses.

Revenue

For the quarter ended December 31, 2018, revenue was $2,005,479, an increase of $95,505 or 5% over the same period in 2017 (December 31, 2017 - $1,909,974) and increased by $270,188 or 16% from the previous quarter (September 30, 2018 - $1,735,291).

	Q4 2018[a]	Q4 2017	$ Change	% Change
Advertising Division	$ 1,185,529	$ 1,179,637	$ 5,892	0%
Entertainment Division	$ 819,950	$ 730,337	$ 89,613	12%
Total Revenue	$ 2,005,479	$ 1,909,974	$ 95,505	5%

[a] *Revenue was derived using IFRS 15 Revenue from Contracts with Customers for Q4 2018*

(i) Advertising

YANGAROO earned advertising revenue of $1,185,529 in the current quarter, which was flat over the same period in 2017 (December 31, 2017 - $1,179,637) and an increase of $148,668 or 14% versus the previous quarter (September 30, 2018 - $1,036,861). The increase from the previous quarter was primarily attributed to seasonality and ramp up of advertising campaigns from existing customers.

(ii) Entertainment

YANGAROO earned entertainment revenue of $819,950 in the current quarter, representing an increase of $89,613 or 12% over the same period in 2017 (December 31, 2017 - $730,337) and an increase of $121,520 or 17% versus the previous quarter (September 30, 2018 - $698,430). The increase from prior year and previous quarter was mainly attributed to growth in the awards management division resulting from additional development work from existing customers.

Operating Expenses

	Q4 2018	Q4 2017	$ Change	% Change
Total commission and production costs	$ 112,125	$ 114,806	$ (2,681)	-2%
Total fixed costs:				
Salaries and consulting	$ 1,117,741	$ 1,200,778	$ (83,037)	-7%
Marketing and promotion	$ 95,433	$ 112,434	$ (17,001)	-15%
General and administrative	$ 351,807	$ 270,645	$ 81,162	30%
Technology development	$ 22,678	$ 77,872	$ (55,194)	-71%
Depreciation of property and equipment	$ 24,390	$ 30,285	$ (5,895)	-19%
Total fixed costs	$ 1,612,049	$ 1,692,014	$ (79,965)	-5%
Total operating expenses	$ 1,724,174	$ 1,806,820	$ (82,646)	-5%

Commission and Production Costs

Total commission and production costs for the quarter ended December 31, 2018 was $112,125 and represents a decrease of $2,681 or 2% from the prior year (December 31, 2017 - $114,806) and an increase of $24,353 or 28% from the previous quarter (September 30, 2018 - $87,772). Commission and production costs are highly correlated to advertising and entertainment revenue, respectively, and as such trend carefully with these two line items.

Fixed Costs

Total fixed costs for the quarter ended December 31, 2018 was $1,612,049, a decrease of $79,965 or 5% over the prior year period (December 31, 2017 - $1,692,014) and increased by $99,618 or 7% from the previous quarter (September 30, 2018 - $1,512,431).

(i) Salaries and Consulting

Salaries and consulting expenses for the quarter ended December 31, 2018 were $1,117,741 representing a decrease of $83,037 or 7% over the same period in the prior year (December 31, 2017 - $1,200,778) and a decrease of $17,359 or 2% from the previous quarter (September 30, 2018 - $1,135,100). The decrease from the prior year is primarily attributed to the elimination of bonus compensation in the current year off-set by a slightly higher head count and higher base pay for various employees. The decrease from the prior period is primarily attributed to lower payroll taxes due to seasonality of payments.

(ii) Marketing and Promotion

Marketing and promotion expenses for the quarter ended December 31, 2018 were $95,433 representing a decrease of $17,001 or 15% versus the prior year period (December 31, 2017 - $112,434) and a decrease of $12,158 or 11% versus the prior quarter (September 30, 2018 - $107,591). The decrease from prior year is primarily attributed to lower travel expenditures due to timing of related work partially offset by higher merchandising and promotional expenses. The decrease from prior period is primarily attributed to fewer conference attendance and sponsorship expenses.

(iii) General and Administrative

General and administrative expenses for the quarter ended December 31, 2018 were $351,807 representing an increase of $81,162 or 30% over the same period in the prior year (December 31, 2017 - $270,645) and an increase of $157,699 or 81% from the previous quarter (September 30, 2018 - $194,108). The increase from prior year and prior period are both attributed to an increase in the allowance for bad debts the Company estimates it will incur on sales receivables.

(iv) Technology Development

Technology development expenses for the quarter ended December 31, 2018, were $22,678 representing a decrease of $55,194 or 71% over the same period in the prior year (December 31, 2017 - $77,872) and a decrease of $25,071 or 53% from the previous quarter (September 30, 2018 - $47,749). The increase from prior year and prior period are both primarily attributed to higher investment tax credits recognized in the current period.

Revenue, Net of Commission and Production Costs

	Q4 2018[(a)]	Q4 2017	$ Change	% Change
Total revenues	$ 2,005,479	$ 1,909,974	$ 95,505	5%
Total commission and production costs	$ 112,125	$ 114,806	$ (2,681)	-2%
Revenue, net of commission and production costs	$ 1,893,354	$ 1,795,168	$ 98,186	5%

(a) *Revenue was derived using IFRS 15 Revenue from Contracts with Customers for Q4 2018*

Revenue, net of commission and production costs was $1,893,354 for the quarter ended December 31, 2018, an increase of $98,186 or 5% over the same period in 2017 (December 31, 2017 - $1,795,168) and an increase of $245,835 or 15% from the previous quarter (September 30, 2018 - $1,647,519). See above variance analysis on revenues and variable costs.

Net Income and Comprehensive Income

The Company incurred net income of $362,066 in the current period, an increase of $273,573 or 309% from the same period in the prior year (December 31, 2017 - $88,493) and an increase of $277,220 or 327% versus the prior period (September 30, 2018 - $84,846). The reasons for the changes from prior year and prior period are consistent with those of the EBITDA and normalized EBITDA discussions above. Additionally, see above variance analysis on revenues and operating expenditures.

Selected Annual Information

The following is the selected annual information for the Company for the three most recently completed years.

For the years ended	**December 31, 2018**	**December 31, 2017**	**December 31, 2016**
Financial Results:			
Total Revenue	$ 7,487,784	$ 7,655,166	$ 5,336,831
Net Income (loss) and Comprehensive Income (loss)	$ 513,055	$ 77,228	$ (834,933)
Basic Income Per Share	$ 0.01	$ 0.00	$ (0.01)
Diluted Income Per Share	$ 0.01	$ 0.00	$ (0.01)

As at	**December 31, 2018**	**December 31, 2017**	**December 31, 2016**
Financial Position:			
Working Capital	$ 2,724,443	$ 1,960,841	$ 1,207,905
Total Assets	$ 3,712,662	$ 3,410,065	$ 2,277,586
Non-Current Liabilities	$ 612,841	$ 663,287	$ 22,504
Deficit	$ (36,846,957)	$ (37,360,012)	$ (37,437,240)
Dividends	$ -	$ -	$ -
Number of Shares Issued & Outstanding	61,339,140	61,288,140	61,208,140

Corporate Activities

On January 8, 2018, the Company announced a grant of stock options (the "Options") in accordance with the terms and conditions of the Company's Stock Option Plan, to certain officers, directors, employees and consultants of the Company, to purchase an aggregate of 1,392,500 common shares in the capital stock of the Company. The Options are exercisable for a period of five years from the date of grant at a price of $0.275 per share. Following 10% of the Options vesting on the date of grant, the remaining 90% will vest as to a third on each 6-month anniversary following the date of grant.

On January 23, 2018, the Company announced a multi-year, multi-platform renewal to continue providing The National Academy of Television Arts & Sciences (NATAS) with a digital method for determining the winners of their three national programs: the News & Documentary Emmy® Awards, the Daytime Emmy® Awards and the Sports Emmy® Awards.

On April 26, 2018, the Company announced the resignation of Howard Atkinson from the Company's Board of Directors, effective April 25, 2018 in order to focus his efforts on other business and board commitments. The Board has not filled this vacancy. The Company would also like to announce the appointment of Gerry Hurlow as Chair of the Company's Audit Committee, effective as of April 25, 2018, replacing Howard Atkinson. Mr. Hurlow is currently a member of the Board of Directors and Audit Committee. Mr. Philip Benson, a member of the Board of Directors, has also been appointed to the Audit Committee effective April 25, 2018.

On May 1, 2018, the Company announced it has extended its broadcast, cable and OTT TV commercial delivery coverage by connecting to the Pan-regional cable network for the Central and South American markets.

On August 1, 2018, the Company announced the signing of a renewal with the Hollywood Foreign Press Association (HFPA), the organization behind the Golden Globe® Awards. With options, the term of the renewal is 3 years. YANGAROO will continue to provide its digital awards management platform, which is powered by the Company's patented Digital Media Distribution System (DMDS), a platform that streamlines every aspect of awards show management. The Golden Globe Awards are presented annually to recognize excellence in film and television.

On November 8, 2018, the Company announced a multi-year agreement with the Producers Guild of America (PGA) to provide the PGA with the YANGAROO Awards industry-leading digital platform to facilitate and administer online entries for the Producers Mark ("p.g.a.") and the Producers Guild Awards, beginning in May 2019 for its 2020 awards show.

On December 20, 2018, the Company announced that the TSX Venture Exchange (the "TSX-V") had accepted the Company's application for a normal course issuer bid (the "Bid") for up to 3,066,957 of its common shares (the "Shares"), representing 5% of the issued and outstanding shares of the Company. The Company had received approval from the TSX-V to commence the Bid on January 2, 2019 and to continue until December 31, 2019, or earlier in the event that the Company has acquired the maximum Shares that may be purchased under the Bid. The Company may also terminate the Bid earlier if it feels it's appropriate to do so. The Bid will be made through the facilities of the TSX-V and the purchase and payment for the Shares will be made in accordance with TSX-V requirements at the market price of the Shares at the time of acquisition. All Shares purchased by the Company under the Bid will be cancelled. The Company has engaged Echelon Wealth Partners as its broker to conduct the Bid transactions.

Subsequent Events

On January 10, 2019, the Company announced a grant of stock options in accordance with the terms and conditions of the Company's Stock Option Plan to certain officers, directors, employees and consultants of the Company, to purchase an aggregate of 2,155,000 common shares in the capital stock of the Company, following the expiration of 1,535,000 stock options in the final quarter of 2018. The stock options are exercisable for a period of five years from the date of grant at a price of $0.155 per share. Following 10% of the Options vesting on the date of grant, the remaining 90% will vest as to a third on each 6-month anniversary following the date of grant.

On February 20, 2019, the Company announced that it has appointed Dom Kizek as Chief Financial Officer of the Company. The Company granted Mr. Kizek 100,000 stock options, which are exercisable for a period of five years from the date of grant at a price of $0.15 per share. Following 10% of the stock options vesting on the date of grant, the remaining 90% will vest as to a third on each 6-month anniversary following the date of grant. Mr. Kizek succeeds Michael Galloro, who has resigned from his role as Chief Financial Officer. The Company thanks Michael Galloro and the ALOE Finance team for their services throughout our growth phase.

Use of Non-IFRS Financial Measures

The following non-IFRS definitions are used in this MD&A because management believes that they provide useful information regarding the Company's ongoing operations. Readers are cautioned that the definitions are not recognized measures under IFRS, do not have standardized meanings prescribed by IFRS, and should not be construed to be alternatives to revenues and net earnings determined in accordance with IFRS or as an indicator of performance, liquidity or cash flows. The Company's method of calculating these measures may differ from the methods used by other entities and accordingly, these measures may not be comparable to similarly titled measures used by other entities or in other jurisdictions.

EBITDA as defined by the Company means Earnings Before Interest and financing costs (net of interest income), Income Taxes, Depreciation and Amortization, and other nonrecurring items. EBITDA is derived from the statements of comprehensive income (loss), and can be computed as revenues less salaries and consulting expenses and property, technology, marketing and administration expenses.

Revenue, net of commission and production costs as defined by the Company means total revenues less total commission and production costs, excluding fixed costs. Revenue, net of commission and production costs is derived from the statements of comprehensive income (loss), and can be computed as total revenues, including advertising, music audio & video, awards management and licensing revenue streams, less total commission and production costs, including commission costs related to sales personnel, and post-production costs related to its advertising production activities. The Company does not incur fixed costs as it sells technology services, not tangible goods, thus the calculation of revenue, net of commission and production costs excludes fixed costs.

Working capital as defined by the Company means current assets less current liabilities.

The Company believes EBITDA revenue, net of commission and production costs, and working capital, are useful measures because they provide information to both management and investors with respect to the operating and financial performance of the Company.

Share Capital

The following securities were outstanding as at April 24, 2019:

Common shares	61,234,640
Warrants	3,009,845
Stock Options	6,506,500

Liquidity Risk and Capital Resources

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.

As at December 31, 2018, the Company had a cash balance of $1,421,620. and working capital of $2,724,443.

The Company also has available an operating line of credit of $20,000. Borrowings under the operating line of credit are due on demand and bear interest at prime plus 2.5% per annum and are secured by a general security agreement. As of December 31, 2018, the Company had a balance outstanding of $Nil (December 31, 2017 $Nil) on this line of credit.

As at December 31, 2018, the Company had no capital commitments, other than as disclosed in the financial statements.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements, other than as disclosed in the financial statements.

Related Party Transactions

Key management personnel are comprised of the Company's directors and executive officers. In addition to their salaries, key management personnel also participate in the Company's share option program. Details are disclosed in the financial statements.

In addition, during the year ended December 31, 2017, the Company issued debentures with a principal amount of $100,000 and issued 100,000 bonus warrants to a director of the Company pursuant to an offering of secured, non-convertible debentures for aggregate gross proceeds of $500,000, completed on February 24, 2017.

Future Accounting Standards

Certain new standards, interpretations, amendments and improvements to existing standards issued by the IASB or IFRS Interpretations Committee ("IFRIC") that are applicable for accounting periods beginning after December 31, 2018, are as follows:

- Effective for annual periods beginning on or after January 1, 2019, *IFRS 16 Leases* was issued by the IASB in January 2016 and will replace *IAS 17 Leases*. IFRS 16 introduces a single accounting model for lessees and for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments. The accounting treatment for lessors will remain largely the same as under IAS 17. Earlier application is permitted only if the Company early adopts IFRS 15.

  The Company plans to adopt the new standard beginning January 1, 2019 on a modified retrospective basis. The Company is currently conducting a review of its contracts with suppliers to assess the impact of the new standard and to collect data necessary for adoption of the new standard. The Company expects that the new standard will result in an increase in assets and liabilities, as well as a corresponding increase in amortization and finance expense. The Company also expects that cash flow from operating activities will increase under the new standard because lease payments for most leases will be recorded as cash outflows from financing activities in the statement of cash flows. The magnitude of these impacts of adopting the new standard have not yet been determined.

The Company adopted the following standards during the year ended December 31, 2018:

IFRS 9, Financial Instruments

The Company adopted IFRS 9 *Financial Instruments*, effective January 1, 2018, which supersedes IAS 39, *Financial Instruments: recognition and measurement* (IAS 39). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains three primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI), and fair value through profit and loss (FVTPL).

Where financial assets are measured at fair value, gains and losses are either recognized entirely in profit or loss (FVTPL), or recognized in other comprehensive income (fair value through other comprehensive income, FVTOCI).

For debt instruments, the FVTOCI classification is mandatory for certain assets unless the fair value option is elected. Whilst for equity investments, the FVTOCI classification is an election. Furthermore, the requirements for reclassifying gains or losses recognized in other comprehensive income are different for debt instruments and equity investments.

The classification of a financial asset is made at the time it is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. If certain conditions are met, the classification of an asset may subsequently need to be reclassified.

A debt instrument that meets both the business model test and cash flow characteristics test must be measured at amortized cost (net of any write down for impairment) unless the asset is designated at FVTPL under the fair value option.

IFRS 9 utilized a forward-looking expected credit loss (ECL) model. The ECL model requires a more timely recognition of expected credit losses using judgement determined on a probability weighted basis. The new impairment model is applied at each balance sheet date to financial assets measured at amortized cost.

Below is a summary showing the classification and measurement bases of the Company's financial instruments as at January 1, 2018 as a result of adopting IFRS 9 (along with a comparison to IAS 39). There was no material impact on the Company's financial statements from the adoption of IFRS 9.

Financial instrument	IAS 39	IFRS 9
Financial assets		
Cash	Fair value through profit or loss	Fair value through profit or loss
Accounts receivable	Loans and receivables	Amortized cost
Contractual assets	Loans and receivables	Amortized cost
Financial liabilities		
Trade and other payables	Other financial liabilities	Amortized cost
Finance lease obligations	Other financial liabilities	Amortized cost
Loan payable	Other financial liabilities	Amortized cost
Debentures	Other financial liabilities	Amortized cost
Contractual severance payable	Other financial liabilities	Amortized cost

IFRS 15, Revenue from Contracts with Customers

The Company adopted IFRS 15 *Revenue from Contracts with Customers*, effective January 1, 2018. IFRS 15 supersedes previous accounting standards for revenue, including IAS 18, *Revenue* (IAS 18) and IFRIC 13, *Customer loyalty programmes* (IFRIC 13).

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1. identify the contract with a customer;
2. identify the performance obligations in the contract;
3. determine the transaction price;
4. allocate the transaction price to the performance obligations in the contract; and

5. recognize revenue when (or as) the entity satisfies a performance obligation.

The Company has elected to adopt IFRS 15 using the cumulative effect method as of the date of initial application on January 1, 2018, with no restatement of comparative period amounts. As the effect of adopting IFRS 15 did not have a material impact on the financial statements, there was no adjustment made to the opening balance of equity at the date of initial application.

Under the cumulative effect method, the Company chose to apply the requirements of the new standard to only contracts that were open, (not complete as defined under the new standard) at the date of initial application. The application of IFRS 15 impacted the awards management revenue stream. The other revenue streams such as advertising, audio/video delivery, licensing and subscription fees were not impacted by the application of IFRS 15 as the performance obligations were fulfilled within a short period of time or at the point of sale with customers.

Under IAS 18, the Company recognized revenue related to awards management projects based on the percentage of completion of certain milestones during the project. These milestones were mutually set by the Company and its customers based on billing schedules. Under IFRS 15, revenue is recognized upon satisfying performance obligations, which include the transfer of promised goods and/or services to a customer, such that the customer obtains control of the goods and/or services. The performance obligations include successfully developing and implementing customized awards management solutions, which include but are not limited to awards submission sites and awards judging sites, getting the sites ready for use, and providing customer support services during the submission and/or judging periods.

IFRS 15 affected the revenue line item on the audited statements of income and comprehensive income for the years ended December 31, 2018 and 2017. In addition, new assets and liabilities have been recognized on the unaudited condensed interim statements of financial position. Specifically, a contract asset and contract liability is recognized to account for any timing differences between the revenue recognized and the amounts billed to the customer.

The Company records a contract asset when it has provided goods and services to its customer but its right to related consideration for the performance obligation is conditional on satisfying other performance obligations. Contract assets primarily relate to the Company's rights to consideration for successfully developing and implementing customized awards management solutions, which include but are not limited to awards submission sites and awards judging sites. The Company recognizes a contractual asset when the site is ready for use, however remaining obligations such as providing customer support services during the submission and/or judging periods have not been fully provided. The Company records a contract liability when it bills a customer in advance of providing goods and services. These include situations when a milestone payment is due before the customized awards management solution is completely developed or related services fully provided.

Critical Accounting Policies and Estimates

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements include the following: share-based payments, revenue recognition, investment tax credits, functional currency, and collectability of accounts receivable. Please refer to the audited financial statements for the year-ended December 31, 2018 for further information.

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.

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.

1. Financial Risk Management

- Market risk
- Currency risk
- Interest rate risk
- Credit risk
- Liquidity risk
- Fair value

2. Operational Risks

- Seasonality of advertising revenue
- Dependent on the internet as a medium for business and communication
- The lack of a defined market for the Company's product
- Online commerce security
- The ability to generate revenue and control operating costs
- Lack of profitability
- Contingencies
- Impact of human error
- Customer concentration risk (Major customer accounted for 21% of year to date revenue)

3. Non-Financial Risks

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

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 23, 2019. Disclosure contained in this document is current to this date, unless otherwise stated.

Other Information

Additional information relating to the Company is available under the Company's profile on SEDAR at www.sedar.com.

CORPORATE INFORMATION

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Board of Directors

Anthony Miller	*Chair, Member of Audit Committee & Compensation Committee (Chairman)*
Gary Moss	*Chief Executive Officer, President & Secretary*
Gerry Hurlow	*Member of Audit Committee (Chairman) & Compensation Committee*
Phil Benson	*Member of Audit Committee & Compensation Committee*

Officers

Gary Moss	*Chief Executive Officer, President & Secretary*
Dom Kizek	*Chief Financial Officer*
Richard Klosa	*Chief Technology Officer*
Grant Schuetrumpf	*President, Advertising*
Adam Hunt	*Senior Vice President - Entertainment*

Stock Exchange Listing

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

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