YANGAROO Inc.
September 30, 2013
Management's Discussion and Analysis

Introduction

Unless the context suggests otherwise, references to "Yangaroo", "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 condensed unaudited interim financial statements and related notes for the three and nine months ended September 30, 2013 and the audited year ended December 31, 2012.

Use of Non-IFRS Financial Measure

The following non-IFRS definition is used in this MD&A because management believes that it provides useful information regarding the Company's ongoing operations. Readers are cautioned that the definition is not a recognized measure under IFRS, does not have a standardized meaning 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 this measure may differ from the method used by other entities and accordingly the measure may not be comparable to a similarly titled measure used by other entities or in other jurisdictions.

Adjusted 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. Adjusted EBITDA is derived from the statements of comprehensive loss, and can be computed as revenues less salaries and consulting expenses and property, technology, marketing and administration expenses. The Company believes adjusted EBITDA is a useful measure because it provides information to both management and investors with respect to the operating and financial performance of the Company.

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 November 25, 2013. Disclosure contained in this document is current to this date, unless otherwise stated.

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 November 25, 2013. 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.

Corporate Activities

On January 16, 2013, the Company and The Latin Recording Academy® entered into a multi-year agreement to digitize and manage the process of Latin GRAMMY Awards submissions and provide its international membership the ability to listen and vote for the music considered for the world's premier Latin music award, digitally. A web-based digital solution, YANGAROO Awards, which is powered by YANGAROO's Digital Media Distribution System (DMDS) platform, is an end-to-end solution that instantly and securely connects artists, judges, event organizers, and auditors. It streamlines every element of award show management, including nominations, committee review, voting, results tabulation, and auditing.

On February 5, 2013, the Company announced a multi-year, multiplatform deal to provide The National Academy of Television Arts & Sciences (NATAS) with a digital method for determining Emmy® winners beginning with News & Documentary Awards on October 1st of this year followed by others in 2014. Through the Company’s YANGAROO Awards digital platform, entries will be submitted, content under consideration will be reviewed, and ultimately, judges will electronically cast their ballots. Marking YANGAROO's most comprehensive partnership to date, the relationship with NATAS will collectively involve over 3,500 submissions in 149 various categories with over 6000 hours of video all reviewed and voted on by 1,750 judges.

On March 15, 2013, the Company's Board of Directors adopted a renewed Shareholder Rights Plan following its expiration. The Rights Plan has received conditional approval from the TSX Venture Exchange. The Rights Plan is substantially similar to the Company's previous Shareholder Rights Plan, ratified by the shareholders in June 2009. The Company has not received a take-over bid, and a copy of the Rights Plan is available on SEDAR. Although effective immediately, the Rights Plan was presented to the shareholders and approved at the Company's Annual General and Special Meeting held on August 15, 2013.

On April 11, 2013, the Company announced a multi-year, comprehensive partnership with New York based USA Studios, a leading provider of postproduction and distribution services for brands and agencies. As a result of the partnership, YANGAROO and USA will jointly sell and market their services, using YANGAROO's leading digital distribution technology and USA's full spectrum of capabilities to drive growth and revenue. At the same time, YANGAROO and USA will benefit by being integrated into each other's workflows and that of their customers as well as from opportunities for collaborative, customer-centric product development.

On April 29, 2013, the Company announced the resignation of Karen Dealy, President, Advertising Operations. Effective May 17, 2013, Dealy continued to serve as a consultant to the Company as YANGAROO further grows its advertising business.

On August 21, 2013, the Company announced that it has named Sarah Foss as President, Advertising Division, effective immediately.

On May 8, 2013, the Company announced the launch of its Digital Media Distribution System (DMDS) platform API. It enables advertising agencies and broadcasters to digitally transport the data from their media and traffic management systems into DMDS. This eliminates the need to re-key data, reduces the potential for error in the distribution process, and makes it easier for partners, customers and broadcasters to integrate with YANGAROO while maintaining their existing systems and workflows.

On May 17, 2013, the customer claim disclosed in the audited financial statements for the year ended December 31, 2012 was resolved with no financial impact on the Company.

On June 4, 2013, the Company announced a new partnership with the Academy of Canadian Cinema & Television. The Company will provide, maintain and host a digital awards system for the Academy, allowing Canadian Screen Awards entrants to submit their projects online, including the secure uploading of films, television shows, digital media productions, trailers, photos and more.

On June 25, 2013, the Company announced the beta launch of "Connector", a centralized integrations platform that ties together various systems related to spot distribution, dissemination of traffic instructions, and inventory management used by agencies, brands, and broadcasters.

On July 23, 2013, the Company announced a partnership with RAMP (Radio and Music Pros), a prominent music industry trade publication. This alliance will provide the industry in the U.S. expanded access to YANGAROO's DMDS to deliver music to radio, and other destinations as well as the ability to deliver music videos to all major national and regional television broadcasters in North America. This partnership will also provide DMDS with the most comprehensive radio lists available, setting a new standard for radio distribution of promotional music.

On September 4, 2013, the Company announced that the Chief Technology Officer, Richard Klosa, travelled with representatives of select broadcasting technologies and new media companies from Ontario, Canada, to IBC2013. Taking place in Amsterdam, The Netherlands, IBC is the world's leading electronic media and entertainment event. IBC annually gathers the world's electronic media and entertainment industry together to challenge, direct and set the industry's agenda through a world-class conference and vibrant exhibition.

On September 5, 2013, the Company announced that it had completed the brokered private placement financing of subscription receipts sold at a price of $0.25 per subscription receipt, based on the post-consolidation share price, as was previously announced in a news release dated July 3, 2013 with subsequent updates issued on August 22, 2013. The Company also announced that it exceeded its original expectations as it neared the closing of the private placement. To accommodate an additional investor, and with the approval of the TSX Venture Exchange with respect to the increased maximum amount of the private placement, the Company raised gross proceeds of $1,600,000, the majority of which were deposited into escrow with Equity Financial Trust Company, an escrow agent to be held until their release upon the satisfaction by the Company of the release conditions as defined in the July 3, 2013 news release, or otherwise returned in the event that the release conditions are not satisfied, in accordance with the Subscription Receipt Agreement.

On September 19, 2013, the Company announced that it had entered into shares for debt agreements with a majority of its current debenture holders whereby, of the current outstanding indebtedness of the Company equal to $6,379,656.84, a total of $4,245,128.26 will be converted into post-consolidation common shares of the Company at a deemed price of $0.25 per common share. The Company exceeded the 40% conversion threshold it had previously set and announced in a news release on July 3, 2013, as over 66% of the total debt was being converted under the shares for debt transaction. 16,980,513 common shares were issued on October 7, 2013.

The Company entered into an advisory agreement with Fraser Mackenzie Merchant Capital Partnership ("FMMC") with respect to the services provided by FMMC in connection with the shares for debt transaction and the debenture amendment and, under such agreement, FMMC was entitled to receive, subject to approval of the TSX Venture Exchange, 384,281 common shares and 336,364 non-transferable warrants. Both common shares and warrants were issued on October 7, 2013.

The Company also announced that it had completed the consolidation of its issued and outstanding common shares, as previously announced in the July 3, 2013 news release. The Company's common shares were consolidated on a basis of ten pre-consolidation shares for each one post-consolidation share.

On October 1, 2013, the Company announced that it had completed its debt restructuring and satisfied the escrow release conditions of its recent private placement of subscription receipts, sold at a price of $0.25 per subscription receipt, based on the post-consolidation share price, as was initially announced in a news release dated July 3, 2013, and the closing of which was announced on September 5, 2013.

As the escrow release conditions had been satisfied in accordance with the Subscription Receipt Agreement, each subscription receipt was automatically converted into one common share of the Company and one warrant of the Company, issued as of September 30, 2013. Each warrant will entitle the holder, upon exercise, to purchase one common share during a period of 36 months following the conversion date, at a price of $0.25 within the first year of the warrant exercise period and at a price of $0.35 within the second and third years of the warrant exercise period.

The majority of the proceeds were deposited into escrow with Equity Financial Trust Company on the date of closing of the private placement. The escrowed proceeds, less professional and escrow fees, were released to the Company, as well as to the Company’s agent, Fraser Mackenzie Limited, which will be entitled to receive its commission comprised of (i) a cash fee equal to 8% of the gross subscription proceeds, and (ii) broker warrants entitling Fraser Mackenzie Limited, upon exercise of the broker warrants, to purchase, in aggregate, common shares equal to 8% of the number of common shares sold pursuant to the private placement. Such broker warrants shall be exercisable at a price of $0.25 per common share until the warrant expiry date. 443,200 broker warrants were issued on October 7, 2013.

The Company also announced it had issued amended debenture agreements effective as of September 12, 2013, to two of three classes of debenture holders who provided the requisite consent. Subject to approval of the TSX Venture Exchange, the Company will offer a one-half of one warrant for every $1.00 of current indebtedness to the debenture holders as consideration for amending the debenture agreements to reflect more favourable terms. Each whole warrant will be exercisable for a period of 36 months from the date of issuance at a price equal to $0.25.

The amended debentures provide for the reduction of the interest rate from 14% to 10%, an extension of the term by an additional 12 months to October 3, 2016, and the waiver of the cash sweeps, as defined in the debenture agreements. Previously, pursuant to the cash sweeps, the Company was required to pay 25% of each equity, debt or equity-like financing, including the private placement, to the debenture holders. Such requirement has been eliminated in connection with the private placement and all future debt, equity, and equity-like financings pursuant to the amended debentures.

In addition to the above transactions, the Company also announced that it had amended its "fixed" stock option plan (the "Old Plan") to a 10% "rolling" plan (the "Amended Plan"). Under the Old Plan, the Company had reserved a fixed number of 11,804,761 (pre-consolidation) common shares for the grant of stock options. Under the Amended Plan, the Company is entitled to grant stock options to purchase up to 10% of the issued capital of the Company at the time of an applicable option grant. The Amended Plan was approved by the TSX Venture Exchange on September 25, 2013 as well as the Company’s shareholders at the Annual and Special Meeting of the Shareholders held on August 15, 2013.

On October 7, 2013, the Company announced that it had received TSX Venture Exchange approval to issue the bonus warrants, related to the amended debentures issued on September 12, 2013 and as initially announced in the news release dated October 1, 2013. As a result of certain regulatory requirements, the Company will be issuing a portion of those bonus warrants, originally anticipated to be issued under Exchange Policy 5.1, instead under the shares for debt transaction. 2,382,726 warrants were issued on October 7, 2013.

On October 17, 2013, the Company announced that Sean 'Diddy' Combs' REVOLT television network has selected YANGAROO's Digital Media Distribution System (DMDS) for the delivery of high-definition (HD) music videos to REVOLT for airing. Premiering on October 21, 2013, REVOLT will initially be available in 20 to 30 million Comcast and Time Warner Cable homes in major markets like Chicago, Dallas, Los Angeles, and New York.

On October 30, 2013, the Company entered into an exclusive multi-year agreement with Göran Andersson, a leading music industry entrepreneur, with Brazilian-based offices in Sao Paulo and Rio. Andersson's company, Universi Brazil, works with leading major and independent record labels, and has strong ties with the major radio and television broadcasters in the country. The parties have entered into an exclusive three year renewable agreement whereby YANGAROO will provide its patented industry leading Digital Media Distribution System (DMDS) and Göran Andersson will provide his market expertise, proven marketing and customer support team, and well-established customer base.

On November 5, 2013, the Company announced that Joanne Eckert, seasoned media sales professional, had joined the Company as its Vice President, Sales and Business Development, for the advertising division. In this role, she will drive the revenue strategy and growth for the advertising division, based in YANGAROO's recently established New York City office.

Results of Operations

Summary of Quarterly Results

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

	Q3 2013	**Q2 2013**	**Q1 2013**	**Q4 2012**
Working capital	$ 1,234,958	$ 304,656	$ 385,759	$ 579,767
Sales	$ 836,155	$ 835,751	$ 763,103	$ 761,280
Expenses	$ (458,126)	$ 1,134,051	$ 1,307,875	$ 1,161,859
Loss (income) for the period	$ (1,294,281)	$ 298,300	$ 544,772	$ 400,579
Reconciling items:				
Interest income	$ 11	$ 32	$ 286	$ 1,155
Interest expense	$ (205,163)	$ (219,245)	$ (204,127)	$ (204,903)
Depreciation and amortization of intangibles	$ (21,549)	$ (20,015)	$ (19,703)	$ (17,776)
Gain on extinguishment	$ 1,669,880	$ -	$ -	$ -
Legal fees re: refinancing	$ -	$ -	$ -	$ -
Adjusted EBITDA loss	$ (148,898)	$ (59,072)	$ (321,228)	$ (179,055)
Loss (income) per share (basic & diluted)	$ (0.08)	$ 0.02	$ 0.03	$ 0.03

	Q3 2012	Q2 2012	Q1 2012	Q4 2011
Working capital	$ (5,741,021)	$ (5,331,876)	$ (4,996,607)	$ (4,369,579)
Sales	$ 752,760	$ 629,352	$ 546,822	$ 455,756
Expenses	$ 1,206,733	$ 1,339,243	$ 1,217,431	$ 754,068
Loss (income) for the period	$ 453,973	$ 709,891	$ 670,609	$ 298,312
Reconciling items:				
Interest income	$ -	$ 67	$ 544	$ 1,613
Interest expense	$ (240,454)	$ (479,320)	$ (343,426)	$ (618,209)
Depreciation and amortization of intangibles	$ (16,577)	$ (16,932)	$ (18,180)	$ (20,074)
Gain on extinguishment	$ -	$ -	$ -	$ 793,744
Legal fees re: refinancing	$ (21,421)	$ -	$ -	$ -
Adjusted EBITDA loss	$ (175,521)	$ (213,706)	$ (309,547)	$ (455,386)
Loss (income) per share (basic & diluted)	$ 0.03	$ 0.05	$ 0.05	$ 0.02

Adjusted EBITDA

Excluding the impact of any non-recurring operating expenses, normalised adjusted EBITDA loss for the quarter is $62,250, substantially in line with the prior quarter.

In the quarter ended September 30, 2013, the Company's adjusted EBITDA loss decreased by $26,623 (15%) year over year and increased by $89,826 (152%) compared to the quarter ended June 30, 2013. The decrease from prior year was mainly due to the following: the increase in revenue, particularly in Advertising and Awards Management was greater than the increase in operating expenses. The increase from prior quarter was due to significant corporate, non-recurring expenses, as well as a foreign exchange loss on reported revenue.

Revenue

The Company saw year on year growth in the three month period ended September 30, 2013 from both divisions. Total revenue of $836,155 was the result of growth in both the Advertising and Entertainment Divisions resulting in a 11% ($83,395) increase in revenue over the same period in 2012 and an increase of 0.05% ($404) from the previous quarter (June 30, 2013 - $835,751).

	Q3 2013	Q3 2012	$ Change	% Change
Advertising Division	$277,649	$235,172	$42,477	18%
Entertainment Division	$558,506	$517,588	$40,918	8%

Total Revenue	$836,155	$752,760	$83,395	11%

(i) Advertising

YANGAROO earned revenue of $277,649 in the quarter, which marked an 18% ($42,477) increase over the same period in 2012 (September 30, 2012 - $235,172) and a 12% ($38,800) decrease in revenue from the previous quarter (June 30, 2013 - $316,449).

The decrease from prior quarter was mainly due to cyclical revenue reduction from existing customers. However, during the current period, the advertising division continued to grow compared to prior year, with increased usage by new and existing YANGAROO users: broadcasters, agencies and production houses.

(ii) Entertainment

Entertainment Division revenues continued to grow with an 8% ($40,918) increase in the quarter over the same period in 2012 (September 30, 2012 - $517,588), and an 8% ($39,204) increase over those in the previous quarter (June 30, 2013 - $519,302). The Company benefited from the greater adoption of YANGAROO's Digital Media Distribution System (DMDS) for audio and video distribution by major label and independent customers, primarily in the U.S. market compared to the prior year. Revenue growth in the music video distribution sector was driven by MTV Networks' move to High Definition (HD) and their announcement to the industry that they were requesting that all HD music videos be delivered via DMDS. The YANGAROO Awards platform expanded its horizons significantly with the addition of the Latin GRAMMYS, the Emmys and the Canadian Screen Awards. YANGAROO Awards has become the standard for award shows in North America, with The GRAMMYS, The Emmys, The JUNOS, The Academy of Country Music Awards, and The MTV Movie Awards, among others.

The increase in revenues from the prior quarter is mainly due to seasonal differences in the Awards Management platform. The recognition of revenue from individual award shows, within a quarter, creates quarterly variances.

Operating Expenses

Total operating expenses for the three months ended September 30, 2013 was $1,006,602 which increased by 4% ($40,323) over the same period in fiscal 2012 (September 30, 2012 - $966,279). This increase was mainly attributed to an increase in salaries and consulting expenses resulting from greater customer support personnel required due to the expansion of the business. The increase was also due to higher marketing and promotion costs resulting from hiring a public relations firm in December 2012 and greater royalty and commission costs from increased sales compared to prior year period. Total operating expenses increased by 10% ($91,764) from the previous quarter (June 30, 2013 - $914,838). The increase was mainly due to higher salaries and consulting expenses resulting from a non-recurring bonus payment made and increase in vacation accruals. The increase was also due to higher legal costs related to the Company's restructuring expenses and a foreign exchange loss recorded in the current period.

	Q3 2013	Q3 2012	$ Change	% Change
Salaries and Consulting	$698,561	$624,490	$74,071	12%
General and Administrative	$220,489	$260,694	$(40,205)	(15)%
Marketing and Promotion	$117,156	$55,543	$61,613	111%
Technology Development (Recovery)	$(51,153)	$8,975	$(60,128)	(670)%
Depreciation and Amortization of Intangibles	$21,549	$16,577	$4,972	30%
Total Operating Expenses	$1,006,602	$966,279	$40,323	4%

(i) Salaries and Consulting

Salaries and consulting expense for the three months ended September 30, 2013 was $698,561. This balance marked a 12% ($74,041) increase over the same period in the prior year (September 30, 2012 - $624,490) and a 10% ($63,410) increase from the previous quarter (June 30, 2013 - $635,151). The increase from prior year is mainly due to the increase in customer support personnel required due to the expansion of the Company. The increase from prior quarter was due to a non-recurring bonus payment and increase in vacation accruals in the current period.

(ii) General and Administrative

General and administrative expense for the three months ended September 30, 2013 was $220,489, which decreased by 15% ($40,205) over the same period in the prior year (September 30, 2012 - $260,694) and increased by 26% ($45,462) from the previous quarter (June 30, 2013 – $175,027). The decrease from prior year was mainly due to lower production and delivery costs resulting from a change in service provider. The increase from prior quarter was mainly due to higher legal costs related to the Company's restructuring expenses and a foreign exchange loss that incurred in the current period.

(iii) Marketing and Promotion

Marketing and promotion expense for the three months ended September 30, 2013 increased by 111% ($61,613) from $55,543 for the quarter ended September 30, 2012 to $117,156 for the period ended September 30, 2013. This expense increased by 52% ($40,159) from the previous quarter (June 30, 2013 - $76,997). The increase from prior year was mainly due to the costs of hiring a public relations firm in December 2012 and greater royalty and commission costs from increased sales. The increase from prior quarter is due to increased advertising and sponsorship costs in the current period.

(iv) Technology Development

Technology development expense for the three months ended September 30, 2013 decreased by 670% ($60,128) over the same period in the prior year (September 30, 2012 - $8,975), and decreased by 769% ($58,801) from the previous quarter (June 30, 2013 - $7,648). The decrease from prior year and prior quarter was due to greater than anticipated investment tax credits realized during the current period.

Net Income (Loss)

The Company incurred a net income of $1,294,281 representing a 385% ($1,748,254) decrease in net loss from the same period in the prior year (September 30, 2012 – net loss of $453,973). The current period net income represents a 534% ($1,592,581) decrease in net loss from the previous quarter (June 30, 2013 – net loss of $298,300). The significant decrease in net loss from prior year and prior quarter was due to a non-recurring gain of $1,669,880 related to the extinguishment of debt from the amended debentures in the current period. Excluding the impact of this non-recurring gain would result in a net loss of $375,599.

Outlook

Consolidated revenue increased by 11% over the same quarter in 2012 and was flat over the prior quarter. Advertising revenue declined quarter over quarter due to cyclical advertising declines from existing clients. There were no significant new clients signed during the quarter. Revenue from existing and new clients is expected to increase going forward.

Adjusted EBITDA for the quarter was a loss of $148,898. There were significant non-recurring costs related to the corporate financing and restructuring in the period. While most expenses were offset against the financing proceeds, certain costs related to the restructuring of debt, the amended stock options plan and share consolidation were expensed. There was also an unfavourable foreign exchange loss of $13,340 in the quarter. Excluding the impact of the non-recurring costs and the foreign exchange loss, the normalised EBITDA loss is $62,250.

As mentioned above, the sales in the quarter have increased over the prior year. Revenue from existing clients is expected to increase in Q4 2013 sequentially, benefitting from the holiday season. Revenue from recently signed clients is expected to ramp up in Q1 2014.

The Entertainment Division revenues are expected to increase in Q4 2013 sequentially, benefitting from the deal signed with REVOLT. The revenue from the multi-year agreement with Göran Andersson will commence in 2014. See Corporate Activities.

As at November 20, 2013, the Company had cash and cash equivalents balance of $1,140,224 and a working capital of $1,296,453. As detailed in the Corporate Activities section, the Company has undertaken a comprehensive restructuring exercise. This includes raising growth capital, reducing debt levels, amending the terms of a portion of the residual debt and consolidating the common shares on a 10 for 1 basis. YANGAROO believes the end result of the debt restructuring will position the Company structurally for the future and will ultimately create a balance sheet that enables value creation for its shareholders.

The Company will continue to invest funds in building its business to achieve key market and growth targets. Currently, the Company's operations are not yet generating positive cash flow. The Company will have to raise additional capital to fund operations until such point that revenues from their technology are able to fund operations. See Going Concern.

Share Capital

The following securities were outstanding as at November 20, 2013:

Common shares	40,089,271
Warrants	12,897,055
Stock options - Non vested	893,548
Stock options – Vested	2,121,750

Off Balance Sheet Arrangements

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

Future Accounting Standards

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRS Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2015. The standard that is applicable to the Company is as follows:

- 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, 2015.

Critical Accounting Policies and Estimates

The preparation of the Company's condensed unaudited interim 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 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.

Going Concern

The Company may have to raise additional capital to fund operations until such point that revenues from their technology are able to fund operations. If the Company is not able to raise sufficient capital then there is the risk that the Company will not be able to realize the value of its assets and discharge its liabilities. At September 30, 2013, the Company had working capital of $1,234,958 and deficit of $31,929,025.

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 year-end 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, 2012 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.

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

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

Other Information

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

On behalf of the Board of Directors

Gary Moss
Director, President and Chief Executive Officer

CORPORATE INFORMATION

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Board of Directors

Anthony Miller	*Chair, Member of Audit Committee & Compensation Committee (Chairman)*
Clifford G. Hunt	*Vice-Chairman, Chief Operating Officer & Secretary*
Gary Moss	*Chief Executive Officer & President*
Howard Atkinson	*Member of Audit Committee (Chairman) and Compensation Committee*
Gerald C. Quinn	*Member of Audit Committee and Compensation Committee*
Sander Shalinsky	*Member of Compensation Committee*

Officers

Gary Moss	*Chief Executive Officer & President*
Clifford G. Hunt	*Vice-Chairman, Chief Operating Officer & Secretary*
Michael Galloro	*Chief Financial Officer*
Richard Klosa	*Chief Technology Officer*
Sarah C. Foss	*President - Advertising*

Stock Exchange Listing

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

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