YANGAROO Inc.
For the nine months ended September 30, 2014
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 unaudited condensed interim financial statements and related notes for the three and nine months ended September 30, 2014 and the audited financial statements for the year ended December 31, 2013.

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 20, 2014. 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 20, 2014. 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 7, 2014, the Company announced another hire within the Advertising Division with Susan Aitken (Romanowski) joining as a Director of Sales. Aitken is responsible for overseeing the continued growth of business for key Advertising Agencies, Production Houses & Content Producers segments. She is based in YANGAROO's recently established New York City office.

On March 5, 2014, the Company announced that it had granted a total of 852,500 stock options effective March 3, 2014 to certain directors, officers and employees of the Company pursuant to the Company's stock option plan. The options were exercisable at a price of $0.34 per share. The options will expire five years following the date of grant.

On March 6, 2014, the Company announced that it had entered into a multi-year agreement with The Canadian Country Music Association (CCMA) to enable online awards management services for the Canadian Country Music Association Awards and Country Music Week Showcases.

On April 2, 2014, the Company announced that it had partnered with a group headed by Federation X Holdings headquartered in Malmo, Sweden and its affiliate, Music2Be based in London, UK. This group will provide YANGAROO's industry leading digital delivery service to record labels, independent artists and promoters to deliver broadcast quality music audio and music video files to radio and television broadcasters and other destinations throughout the European Union plus Norway and Switzerland.

Two new Advertising Division staffers, both with extensive history and contacts, were announced in separate press releases in April. Francis Pizzani was announced as the Director, Direct Response (DR) Sales, for the Advertising Division on April 23, 2014. He brings more than 15 years of advertising sales into the DR market segment. For the Company's operations team, Michael Liebman joined as the Director, Advertising Technical Operations, to build Yangaroo's broadcast media and software support staff as the Company grows. His appointment was announced on April 29, 2014.

On May 5, 2014, the Company announced, subject to regulatory approvals, a brokered private placement to raise a minimum of $1,500,000 and up to $3,000,000 through the issuance of a minimum of 5,000,000 and up to 10,000,000 common shares at a price of $0.30 per share. The proceeds of the private placement will be used primarily for the retirement of the entire outstanding indebtedness of YANGAROO under previously issued debentures. There is no penalty clause in the debenture agreement for the early retirement of the issued debentures. The balance of the proceeds will be used for working capital and focusing on accelerating growth in the Advertising Division.

YANGAROO engaged Global Maxfin Capital Inc. to act as lead agent in connection with the private placement. YANGAROO will pay to the agent, and any and all sub-agents and/or finders, a total of 7% cash compensation and 7% in compensation options based on that portion of the proceeds raised by the agent, sub-agent and/or finders. The compensation options entitle the holder to subscribe for common shares of the Company on the same terms as the private placement, being $0.30 per share, for a period of 24 months from closing. All the securities issuable will be subject to a four-month hold period from the date of issuance.

On May 14, 2014, the Company announced it will provide a cloud-based platform to Cablevision Media Sales (CMS), a division of Cablevision, Inc. that allows advertisers to deliver their television ads to the media company. With more than 240 file formats available, this new portal provides seamless delivery of multiple types of media formats in a fast, secure, and cost-effective way. In addition, the commercial content can be disseminated to all of the properties represented by or affiliated with CMS, including the New York Interconnect, News 12, and regional and local cable systems—making it a powerful and easily accessible method for advertisers to deliver their commercial content.

On May 20, 2014, the Company announced continued growth in the advertising market. Since February 2014, the Company has added 22 new media agency clients with marquee national, regional, and local brands. Revenue from these clients will continue to ramp up in the remainder of the year. YANGAROO's patented platform serves as a commercial content management and distribution tool for agencies to send their content to more than 6500 destinations quickly and securely.

On May 30, 2014, the Company announced that it had completed the brokered private placement financing of common shares sold at a price of $0.30 per share, as was previously announced in the news release dated May 5, 2014. The Company announced that it had surpassed the minimum amount of the private placement, raising gross proceeds of $2,471,000, which the Company used primarily to repay existing indebtedness in the form of debentures. The Company issued 8,236,669 shares pursuant to the private placement.

The Company also announced, subject to regulatory approvals, a second and immediate brokered private placement to raise a minimum of $750,000 and up to $2,000,000 through the issuance of a minimum of 2,500,000 and up to 6,666,667 common shares at a price of $0.30 per new share.

The proceeds of the second brokered private placement will be used primarily for working capital and accelerating growth in the Advertising Division.

On June 6, 2014, the Company announced that it will be joining forces with European based monitoring company Kollector and partner Federation X at The New Music Seminar in New York during June 8-10, 2014. This collaboration provides the European independent music industry with a world-class solution for delivering music and music videos to radio and television broadcasters via YANGAROO's Digital Media Distribution System and also offers the opportunity to monitor airplay in real-time via Kollector's monitoring service.

On June 11, 2014, the Company announced that it had redeemed all of its outstanding debentures early, without penalty and in full for the aggregate amount of $2,327,876.62 in principal and interest, and entered into debenture redemption agreements with the debenture holders.

The Company also announced the appointment of Sara Hill to its Advisory Board. Ms. Hill will contribute to strategic business development efforts, for the Advertising Division, in Canada. Over her 25+ year media agency career, Ms. Hill has delivered innovative and award winning media planning and buying expertise to many of Canada's leading advertisers.

In conjunction with her appointment to the Advisory Board, the Company granted Ms. Hill 25,000 incentive stock options exercisable for a period of five years from the date of grant at a price of $0.30 per share.

On June 12, 2014, the Company announced that it had completed the first tranche of its brokered private placement financing of common shares sold at a price of $0.30 per share, as was previously announced in the news release dated May 30, 2014. Under the first tranche, the Company raised gross proceeds of $1,216,000, which the Company used primarily for working capital and accelerating growth in the Advertising Division. The Company issued 4,053,334 shares pursuant to the first tranche of the private placement.

While the Company was entitled to raise up to $2,000,000 through the issuance of up to 6,666,667 shares under this private placement, the Company decided that it was in the best interest of the Company and its shareholders to limit the maximum gross aggregate proceeds to $1,600,000.

In respect of the first tranche, the Company paid agent's commissions/finder's fees consisting of an aggregate of $85,120 plus expenses and issued 283,734 broker's warrants, which were exercisable for a period of 24 months at an exercise price of $0.30. All securities issued to purchasers and agents/finders under the first tranche were subject to a four-month hold period pursuant to securities legislation and the policies of the TSXV, beginning as of June 11, 2014.

The Company would continue to offer shares under the private placement to accommodate a single investor, namely Killbear Acquisition Corp ("Killbear"), a "capital pool company" in accordance with the policies of the TSXV. Killbear proposed to subscribe for the shares under the private placement, which would constitute its qualifying transaction to the policies of the Exchange. On the advice of the Exchange, the Company instead closed the private placement and announced the opening of a new brokered private placement for the sole purpose of accommodating the qualifying transaction.

In respect of the new private placement, the Company engaged Global Maxfin Capital Inc. to act as agent. The Company will pay to the agent, and any and all sub-agents and/or finders, a total of up to 7% cash compensation and up to 7% in compensation options, based on the proceeds of the new private placement, the compensation options entitling the holder to subscribe for common shares of the Company on the same terms as the new private placement, being $0.30 per share, for a period of 24 months from closing.

On July 9, 2014, the Company announced that Emilienne Gray, former Sr. Vice President Music and Talent Programming & Strategy, MTV + VH1 will be joining the YANGAROO team as special consultant and broadcast advisor. Emilienne will be responsible for establishing relationships with new music video broadcasters in North America and Europe, and expanding YANGAROO's relationships with current broadcasters, record labels, and artists.

On August 18, 2014, the Company announced the voting results from the Company's Annual General and Special meeting of shareholders held on August 14, 2014. The six nominees as proposed by the Company were elected to the board, being Mr. Gary Moss, Mr. Clifford Hunt, Mr. Anthony Miller, Mr. Howard Atkinson, Mr. Gerald Quinn, and Mr. Sander Shalinsky. The shareholders approved a resolution appointing Collins Barrow Toronto LLP as auditors for the Company for the ensuing year, and re-approved the 10% rolling stock option plan of the Company in accordance with the policies of the TSXV.

On August 26, 2014, the Company announced that it had completed its brokered private placement financing of common shares sold at a price of $0.30 per share, as was previously announced in the news release dated June 12, 2014. The Company raised gross proceeds of $300,000, which the Company used primarily for working capital and accelerating growth in the Advertising Division. 1,000,000 shares were issued.

In respect of the private placement, the Company paid agent's commissions equal to $21,000 plus expenses and issued 70,000 broker's warrants, which were exercisable for a period of 24 months at an exercise price of $0.30.

On September 9, 2014, the Company announced that Sarah Foss was leaving her position as President Advertising Division effective October 2, 2014, to pursue other opportunities. Sarah Foss' responsibilities will be shared by current Advertising Division executives Todd Barkes, Biren Bharucha, and Joanne Eckert, who will report directly to President and CEO, Gary Moss.

On September 25, 2014, the Company announced a grant of stock options to acquire shares of the Company in accordance with the terms and conditions of the Company's Stock Option Plan. Independent Directors of the Company were granted a total of 105,000 options as compensation for their services. Employees were granted a total of 10,000 options as incentive compensation. The options are exercisable for a period of five years from the date of grant at a price of $0.28 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 October 15, 2014, the Company announced Life Alert as the newest customer to utilize the Company's expanded direct response advertising distribution and production services. Life Alert is a leading Personal Emergency Response and Home Medical Alert System company that saves lives from catastrophic outcomes, using a unique technology to provide superior home audio monitoring protection.

On October 27, 2014, the Company announced a strategic relationship with Media 360 Partners to expand YANGAROO services and visibility in Los Angeles and other key West Coast Markets. Media 360 Partners is a full service ad management and business development company in the media and advertising space, which functions as a completely integrated part of the internal sales and business development teams at partner companies, while also providing executive level advisory services; specifically working with ad clients, media agencies and related services to optimize advertising platform solutions.

On November 10, 2014, the Company announced a multi-year agreement with SpeedMedia to distribute movie trailers for a major Hollywood studio. The initial film under this agreement was slated for release in late November 2014, with close to two dozen additional films scheduled to be released throughout the term of this agreement.

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 2014	**Q2 2014**	**Q1 2014**	**Q4 2013**
Working capital	$ 1,296,370	$ 1,425,011	$ (1,213,430)[1]	$ 1,244,070
Sales	$ 1,005,326	$ 852,695	$ 899,612	$ 1,059,481
Expenses (income)	$ 1,503,211	$ 1,656,014	$ 1,394,493	$ 3,141,124
Loss (income) for the period	$ 497,885	$ 803,319	$ 494,881	$ 2,081,643
Reconciling items:				
Interest income	$ 1,978	$ 487	$ 1,527	$ 2,267
Interest expense	$ (1,865)	$ (57,859)	$ (76,852)	$ (77,138)
Depreciation of property and equipment	$ (25,994)	$ (23,649)	$ (17,322)	$ (14,635)
Gain (loss) on extinguishment of debt	$ -	$ (99,436)	$ -	$ (1,872,251)
Adjusted EBITDA loss	$ (472,004)	$ (622,862)	$ (402,234)	$ (119,886)
Loss (income) per share (basic & diluted)	$ 0.01	$ 0.02	$ 0.01	$ 0.05

[1] Debentures were re-classed from long term liabilities to current liabilities resulting in a working capital deficiency in Q1 2014. See Corporate Activities.

	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 (income)	$ (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 of property and equipment	$ (21,549)	$ (20,015)	$ (19,703)	$ (17,776)
Gain (loss) on extinguishment of debt	$ 1,669,880	$ -	$ -	$ -
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

Adjusted EBITDA

In the quarter ended September 30, 2014, the Company's adjusted EBITDA loss increased by $323,106 (217%) year over year and decreased by $150,858 (24%) compared to the quarter ended June 30, 2014. The Company has been continuously investing in personnel and technology over the past year to accommodate the expansion of the Advertising Division. Incremental revenue generated from these investments was comparatively minimal up to the period ended September 30, 2014, thus resulting in a greater adjusted EBITDA loss compared to prior year. In the latter part of the current quarter, the Company began to see the revenue increase due to the investment in the infrastructure, thus improving the adjusted EBITDA compared to the previous quarter.

Adjusted Normalized EBITDA

In 2013, the Company began tracking adjusted normalized EBITDA. This excludes the impact of any non-recurring and non-cash operating expenses therefore representing normalized cash flows from operations.

	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Adjusted EBITDA loss	$ (472,004)	$ (622,862)	$ (402,234)	$ (119,886)
Reconciling items:				
Stock option expenses	$ 102,768	$ 120,586	$ 149,780	$ 150,236
One-time bonus payment	$ -	$ -	$ -	$ -
Financing related expenses	$ -	$ -	$ -	$ 15,000
Foreign exchange (gain)/loss	$ (37,536)	$ 29,681	$ (29,912)	$ (16,129)
Adjusted normalized EBITDA income (loss)	$ (406,772)	$ (472,595)	$ (282,366)	$ 29,221

	Q3 2013	Q2 2013	Q1 2013
Adjusted EBITDA loss	$ (148,898)	$ (59,072)	$ (321,228)
Reconciling items:			
Stock option expenses	$ 3,582	$ (8,357)	$ 132,482
One-time bonus payment	$ 30,000	$ -	$ -
Financing related expenses	$ 39,726	$ -	$ -
Foreign exchange (gain)/loss	$ 13,340	$ (10,946)	$ (9,430)
Adjusted normalized EBITDA income (loss)	$ (62,250)	$ (78,375)	$ (198,176)

In the quarter ended September 30, 2014, the Company's adjusted normalized EBITDA loss increased by 553% ($344,522) year over year and decreased by 14% ($65,823) compared to the quarter ended June 30, 2014. The reasons for the changes are consistent with those of the adjusted EBITDA discussed above.

Revenue

Total revenue of $1,005,326 was the result of growth in both the Entertainment and Advertising Divisions resulting in a 20% ($169,171) increase in revenue over the same period in 2013 (September 30, 2013 - $836,155) and an increase of 18% ($152,631) from the previous quarter (June 30, 2014 - $852,695).

	Q3 2014	**Q3 2013**	**$ Change**	**% Change**
Advertising Division	$ 346,813	$ 277,649	$ 69,164	25%
Entertainment Division	$ 658,513	$ 558,506	$ 100,007	18%
Total Revenue	$ 1,005,326	$ 836,155	$ 169,171	20%

(i) Advertising

YANGAROO earned revenue of $346,813 in the quarter, which marked a 25% ($69,164) increase over the same period in 2013 (September 30, 2013 - $277,649) and a 19% ($54,932) increase in revenue from the previous quarter (June 30, 2014 - $291,881). The increase from prior year and prior period was due to the sign on of several new major customers in the current period, as well as the continuous growth of existing customers.

(ii) Entertainment

Entertainment Division revenues of $658,513 continued to grow with an 18% ($100,007) increase in the quarter over the same period in 2013 (September 30, 2013 - $558,506) and a 17% ($97,699) increase over those in the previous quarter (June 30, 2014 - $560,814). The increase in revenues from the prior year and prior quarter is due to international revenue, new awards shows, growth in music video delivery and closed captioning and seasonal differences.

Operating Expenses

Total operating expenses for the three months ended September 30, 2014 was $1,540,860 which increased by 53% ($534,258) over the same period in fiscal 2013 (September 30, 2013 - $1,006,602) and increased by 5% ($71,335) from the previous quarter (June 30, 2014 - $1,469,525).

	Q3 2014	Q3 2013	$ Change	% Change
Salaries and Consulting	$ 1,090,674	$ 698,561	$ 392,113	56%
General and Administrative	$ 258,421	$ 220,489	$ 37,932	17%
Marketing and Promotion	$ 153,666	$ 117,156	$ 36,510	31%
Technology Development (Recovery)	$ 12,105	$ (51,153)	$ 63,258	(124)%
Depreciation of Property and Equipment	$ 25,994	$ 21,549	$ 4,445	21%
Total Operating Expenses	$ 1,540,860	$ 1,006,602	$ 534,258	53%

(i) Salaries and Consulting

Salaries and consulting expense for the three months ended September 30, 2014 was $1,090,674. This balance marked a 56% ($392,113) increase over the same period in the prior year (September 30, 2013 - $698,561) and a 6% ($62,308) increase from the previous quarter (June 30, 2014 - $1,028,366). The increase from the prior year and prior period was due to an increase in sales, customer support and development personnel required to accommodate the ongoing expansion of the Company.

(ii) General and Administrative

General and administrative expense for the three months ended September 30, 2014 was $258,421 which increased by 17% ($37,932) over the same period in the prior year (September 30, 2013 - $220,489) and increased by 17% ($38,262) from the previous quarter (June 30, 2014 - $220,159). The increase from prior year and prior period were mainly due to the increase in advertising production costs and recruitment expenses in the current period.

(iii) Marketing and Promotion

Marketing and promotion expense for the three months ended September 30, 2014 increased by 31% ($36,510) from $117,156 for the quarter ended September 30, 2013 to $153,666 for the period ended September 30, 2014. This expense decreased by 14% ($25,212) from the previous quarter (June 30, 2014 - $178,878). The increase from the prior year was mainly due to higher travelling costs incurred by advertising staff, which was required to support the expansion of the Advertising

Division during the past nine months. The decrease from prior period was due to lower awards show related sponsorship costs and lower travelling costs in the current period.

(iv) Technology Development (Recovery)

The technology development expense for the three months ended September 30, 2014 was $12,105, which increased by 124% ($63,258) over the same period in the prior year (September 30, 2013 – recovery of $51,153), and decreased by 34% ($6,368) from the previous quarter (June 30, 2014 - $18,473). The increase from prior year was due to the absence of one-time adjustments for a watermark license and a tax credit, which were both recorded in the previous year. The decrease from prior period was due to a decrease in networking and software costs in the current period.

Net Income (Loss) and Comprehensive Income (Loss)

The Company saw an increase in net loss for the current period to $497,885 representing a 138% ($1,792,166) increase from the same period in the prior year (September 30, 2013 – net income of $1,294,281). The current period net loss represents a 38% ($305,434) decrease from the previous quarter (June 30, 2014 - $803,319). The increase from prior year was due to a one-time gain related to the extinguishment of debt that was recorded in the prior year. The increase was also due to a significant increase in operating expenses and a slight increase in revenues in the current period. The decrease from prior quarter was due to a one-time recording of a loss on extinguishment of debt resulting from the early debenture redemption which created a greater loss in the prior quarter.

Outlook

Both the Advertising and Entertainment Divisions have produced record performances during September and October. While the investment in infrastructure has now stabilized, sales have started to ramp up. Highlights for the two months include:

- September set a record for monthly advertising billings of $145,000. This was surpassed in October with monthly sales of $203,000.
- Contributing to October’s revenue, was the largest single advertising order that the Company has processed to date, with deliveries to over 12,000 destinations. The order was processed flawlessly, well within required service levels.
- The Entertainment Division set several weekly records for music videos delivered and close captioning revenue.
- Yangaroo has signed over 80 new advertising customers so far this year with no sign of the momentum slowing.
- Yangaroo closed significant deals with SpeedMedia and Media 360, both of which will have an immediate impact on revenue growth.

While the revenue ramp has taken longer to materialize than expected, the Company is now seeing the results of the efforts over the past six months. The increase in sales is primarily the result of new customers and deals signed, with minimal seasonal impact from existing clients.

The current infrastructure and resources are now capable of handling significant revenue growth and Yangaroo does not expect any further material increases in fixed costs in the near term. The Company expects that the fourth quarter will be a record revenue quarter. A preliminary review of 2015 indicates that advertising revenues should be approximately double the fourth quarter annualized sales. The Entertainment Division will continue to produce steady growth in 2015.

As at November 14, 2014, the Company had cash and cash equivalents balance of $875,957 and a working capital of $1,344,200. During fiscal 2013, the Company underwent a comprehensive restructuring exercise. This included 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 may 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, 2014:

Common shares	53,579,282
Warrants	13,436,556
Stock options - Non vested	1,192,750
Stock options – Vested	2,688,548

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 applicable for accounting periods beginning after December 31, 2013, 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. Requirements relating to hedge accounting representing a new hedge accounting model have also been added to IFRS 9. The mandatory effective date for IFRS 9, which is to be applied retrospectively, would be annual periods beginning on or after January 1, 2018.

- In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions involving Advertising Services. IFRS 15 establishes a single five-step model for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted.

The Company is currently evaluating the impact of the above mentioned standards on financial statements.

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 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.

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, 2014, the Company had a working capital of $1,296,370 and shareholders' equity of $1,439,334.

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

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*

Stock Exchange Listing

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

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