YANGAROO Inc.
For the six months ended June 30, 2018
Management Discussion and Analysis

Introduction

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

This Management 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 for the three and six months ended June 30, 2018 and the audited financial statements and related notes for the year ended December 31, 2017.

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.

The Company believes EBITDA and revenue, net of commission and production costs are useful measures because they provide 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 August 22, 2018. 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 August 22, 2018. 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 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 will not fill the vacancy at this time. 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.

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:

	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Working capital	$ 2,169,189	$ 2,118,059	$ 1,960,841	$ 1,889,281
Revenues[a]	$ 1,797,924	$ 1,949,090	$ 1,909,974	$ 1,978,395
Expenses	$ 1,816,752	$ 1,864,119	$ 1,821,481	$ 2,194,106
Income (loss) for the period	$ (18,828)	$ 84,971	$ 88,493	$ (215,711)
Reconciling items:				
Interest income	$ (5,391)	$ (2,983)	$ (386)	$ (277)
Interest expense	$ 18,204	$ 18,600	$ 19,116	$ 19,205
Depreciation of property and equipment	$ 30,659	$ 30,478	$ 30,285	$ 29,134
Income tax expense	$ 389	$ -	$ -	$ 3,572
EBITDA (loss)	$ 25,033	$ 131,066	$ 137,508	$ (164,077)
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)

	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Working capital	$ 1,922,361	$ 1,768,336	$ 1,207,905	$ 1,047,966
Revenues	$ 2,026,731	$ 1,740,066	$ 1,569,355	$ 1,262,709
Expenses	$ 1,855,134	$ 1,707,217	$ 1,429,368	$ 1,491,425
Income (loss) for the period	$ 171,597	$ 32,849	$ 139,987	$ (228,716)
Reconciling items:				
Interest income	$ (444)	$ -	$ (132)	$ (359)
Interest expense	$ 18,241	$ 13,757	$ 11,606	$ 11,958
Depreciation of property and equipment	$ 28,771	$ 27,247	$ 28,450	$ 30,854
Income tax expense	$ -	$ 336	$ 1,483	$ 4,130
EBITDA (loss)	$ 218,165	$ 74,189	$ 181,394	$ (182,133)
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 2018 and Q2 2018*

EBITDA

In the quarter ended June 30, 2018, the Company's EBITDA was $25,033, which decreased by $193,132 (89%) year over year and decreased by $106,033 (81%) compared to the quarter ended March 31, 2018. The decrease in EBITDA from prior year was mainly the result of decreased revenues in the Advertising division and an increase in overall operating expenses in the current period. The decrease in EBITDA from prior period was mainly due to decreased revenues in the Advertising division, which was offset by a reduction of overall operating expenses in the current quarter compared to the previous quarter.

Normalized EBITDA

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

	Q2 2018	**Q1 2018**	**Q4 2017**	**Q3 2017**
EBITDA (loss)	$ 25,033	$ 131,066	$ 137,508	$ (164,077)
Reconciling items:				
Stock option expenses	$ 66,021	$ 101,095	$ 17,440	$ 28,621
Foreign exchange loss (gain)	$ (42,689)	$ (52,595)	$ (4,069)	$ 85,877
Restructuring costs	$ -	$ -	$ -	$ 428,506
Normalized EBITDA (loss)	$ 48,365	$ 179,566	$ 150,879	$ 378,927

	Q2 2017	**Q1 2017**	**Q4 2016**	**Q3 2016**
EBITDA (loss)	$ 218,165	$ 74,189	$ 181,394	$ (182,133)
Reconciling items:				
Stock option expenses	$ 32,156	$ 26,850	$ 3,623	$ 18,659
Foreign exchange loss (gain)	$ 51,631	$ 19,474	$ (24,924)	$ (15,479)
Restructuring costs	$ -	$ -	$ -	$ -
Normalized EBITDA (loss)	$ 301,952	$ 120,513	$ 160,093	$ (178,953)

In the quarter ended June 30, 2018, the Company's normalized EBITDA was $48,365, which decreased by 84% ($253,587) year over year and decreased by 73% ($131,201) compared to the quarter ended March 31, 2018. The reasons for the changes from prior year and prior period are consistent with those of the EBITDA discussed above, excluding the impact of the foreign exchange gain and stock option expenses.

Revenue

Total revenue was $1,797,924, which decreased by 11% ($228,807) over the same period in 2017 (June 30, 2017 - $2,026,731) and decreased by 8% ($151,166) from the previous quarter (March 31, 2018 - $1,949,090).

	Q2 2018[a]	**Q2 2017**	**$ Change**	**% Change**
Advertising Division	$ 1,025,092	$ 1,224,767	$ (199,675)	(16)%
Entertainment Division	$ 772,832	$ 801,964	$ (29,132)	(4)%
Total Revenue	$ 1,797,924	$ 2,026,731	$ (228,807)	(11)%

[a] *Revenue was derived using IFRS 15 Revenue from Contracts with Customers for Q2 2018*

(i) Advertising

YANGAROO earned advertising revenue of $1,025,092 in the quarter, which marked a 16% ($199,675) decrease over the same period in 2017 (June 30, 2017 - $1,224,767) and a 17% ($204,363) decrease in revenue from the previous quarter (March 31, 2018 - $1,229,455). The decrease from prior year and prior period was due to inconsistent timing of campaign spending by a major client, as evidenced by higher revenues from the client in the previous quarter.

(ii) Entertainment

Entertainment Division revenues were $772,832 for the quarter, which decreased by 4% ($29,132) over the same period in 2017 (June 30, 2017 - $801,964) and increased by 7% ($53,197) over those in the previous quarter (March 31, 2018 - $719,635). The decrease from prior year was due to the change in revenue recognition standards in the current period, resulting in a decrease in the Awards Management revenue stream, in addition to the general decline in subscription and music video delivery revenues. The increase in revenue from prior period was mainly due to seasonal changes in the volume of music audio and video deliveries.

Operating Expenses

	Q2 2018	Q2 2017	$ Change	% Change
Total commission and production costs	$ 98,842	$ 141,103	$ (42,261)	(30)%
Total fixed costs:				
Salaries and consulting	$ 1,388,661	$ 1,262,841	$ 125,820	10%
Marketing and promotion	$ 90,231	$ 121,140	$ (30,909)	(26)%
General and administrative	$ 196,816	$ 201,113	$ (4,297)	(2)%
Technology development	$ 41,030	$ 30,738	$ 10,292	33%
Depreciation of property and equipment	$ 30,659	$ 28,771	$ 1,888	7%
Total fixed costs	$ 1,747,397	$ 1,644,603	$ 102,794	6%
Total operating expenses	$ 1,846,239	$ 1,785,706	$ 60,533	3%

Commission and Production Costs

Total commission and production costs for the three months ended June 30, 2018 was $98,842. This balance marked a 30% ($42,261) decrease over the same period in the prior year (June 30, 2017 - $141,103) and a 5% ($4,751) decrease from the previous quarter (March 31, 2018 - $103,593). The decrease from prior year and prior period was mainly due to lower commission costs as a result of a decrease in advertising revenue. The decrease from prior year was also due to the termination of certain sales staff who earned higher commission percentages.

Fixed Costs

Total fixed costs for the three months ended June 30, 2018 was $1,747,397, which increased by 6% ($102,794) over the same period in fiscal 2017 (June 30, 2017 - $1,644,603) and decreased by 3% ($50,107) from the previous quarter (March 31, 2018 - $1,797,504).

(i) Salaries and Consulting

Salaries and consulting expense for the three months ended June 30, 2018 was $1,388,661. This balance marked a 10% ($125,820) increase over the same period in the prior year (June 30, 2017 - $1,262,841) and a 2% ($30,241) decrease from the previous quarter (March 31, 2018 - $1,418,902). The increase from prior year was mainly due to the following: increase in bonus accruals due to a change in the phasing of the accrual compared to the prior year (the total annual bonus accrual remains similar to the prior year, so this is a timing difference only), higher value of stock options granted, salary adjustments, and additional consulting work performed in the current period. The decrease from prior period was due to lower value of stock option expenses, net of an increase in consulting expenses in the current period.

(ii) Marketing and Promotion

Marketing and promotion expense decreased by 26% ($30,909) from $121,140 for the quarter ended June 30, 2017 to $90,231 for the quarter ended June 30, 2018. This expense decreased by 26% ($31,670) from the previous quarter (March 31, 2018 - $121,901). The decrease from prior year and prior period was mainly due to timing differences in the recognition of sponsorship expenses, net of an increase in overall travel costs. The decrease from prior period was also due to fewer conferences attended in the current period resulting in lower costs.

(iii) General and Administrative

General and administrative expense for the three months ended June 30, 2018 was $196,816, which decreased by 2% ($4,297) over the same period in the prior year (June 30, 2017 - $201,113) and increased by 7% ($13,027) from the previous quarter (March 31, 2018 - $183,789). The decrease from prior year was mainly due to the following: lower legal costs related to general business matters, lower banking and credit card processing fees, and a recovery of bad debts in the current period. This overall decrease was net of an increase in rent expense due to head office relocation. The increase from prior period was mainly due to the following: new monthly charges for long-form advertising content delivery and storage and an increase in expenses related to the Company's Annual Meeting of the Shareholders which took place in the current period. This overall increase was net of a decrease in rent expense as a result of a one-time adjustment and lower banking and credit card processing fees in the current period.

(iv) Technology Development

For the three months ended June 30, 2018, technology development expense was $41,030. This expense increased by 33% ($10,292) over the same period in the prior year (June 30, 2017 - $30,738), and decreased by 3% ($1,404) from the previous quarter (March 31, 2018 - $42,434). The increase from prior year was mainly due to a smaller accrual for investment tax credits in the current period as a result of lower estimated expenses to be incurred in 2018, and a reduction in the tax credit rate. The decrease from prior period was mainly due to a decrease in software license expenses.

Revenue, Net of Commission and Production Costs

Revenue, net of commission and production costs was $1,699,082 for the three months ended June 30, 2018, which decreased by 10% ($186,546) over the same period in 2017 (June 30, 2017 - $1,885,628) and decreased by 8% ($146,415) from the previous quarter (March 31, 2018 - $1,845,497).

	Q2 2018[(a)]	**Q2 2017**	**$ Change**	**% Change**
Total revenues	$ 1,797,924	$ 2,026,731	$ (228,807)	(11)%
Total commission and production costs	$ 98,842	$ 141,103	$ (42,261)	(30)%
Revenue, net of commission and production costs	$ 1,699,082	$ 1,885,628	$ (186,546)	(10)%

[(a)] *Revenue was derived using IFRS 15 Revenue from Contracts with Customers for Q2 2018*

Net Income (Loss) and Comprehensive Income (Loss)

The Company incurred a net loss of $18,828 in the current period, a decrease of 111% ($190,425) from the same period in the prior year (June 30, 2017 - net income of $171,597). The current period net loss represents a 122% ($103,799) decrease from the previous quarter (March 31, 2018 - net income of $84,971). The reasons for the changes from prior year and prior period are consistent with those of the EBITDA and normalized EBITDA discussed above.

Outlook

Consolidated sales for the year to date is $3,747,014, which is flat over the prior year. Normalized EBITDA year to date is $227,931 compared to $422,465 in 2017.

"The flat revenue year to date, both consolidated and in the Advertising Division, does not yet reflect the business development efforts outlined last quarter," said Gary Moss, President and CEO of YANGAROO. "YANGAROO continues to develop its Advertising Division sales force and opportunity pipeline. The Company recently added ad sales representatives in the Los Angeles and Miami markets and they are already contributing to sales opportunities. The Advertising Division pipeline continues to grow and mature and the first significant new customers are completing their testing and onboarding processes. The Company expects new customer business to start making a contribution to revenue in the latter part of 2018. Until revenue growth accelerates, the Company will continue to carefully control costs."

As at August 17, 2018, the Company had a cash balance of $1,674,486 and working capital of $2,225,539.

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 does not anticipate having to raise additional capital at this time. See Going Concern.

Share Capital

The following securities were outstanding as at August 22, 2018:

Common shares	61,339,140
Warrants	3,009,845
Stock options - Non vested	982,500
Stock options - Vested	5,562,000

Off-Balance Sheet Arrangements

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

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 adopted the following standard during the six months ended June 30, 2018:

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.

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

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 unaudited condensed interim statements of income for the period ended June 30, 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.

Going Concern

The financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. For the six months ended June 30, 2018, the Company reported net income of $66,143 (2017 - $204,446) and received net cash in operating activities of $188,045 (2017 - $106,711). Although the Company has generated net income and positive cash flows from operations during the six months ended June 30, 2018, the Company has a deficit of $37,293,869 (December 31, 2017 - $37,360,012). The Company's ability to continue as a going concern is dependent upon its ability to develop and maintain profitable operations or to obtain additional financing. However, there is no assurance that the outcome of these matters will be successful and, as a result, there are material uncertainties that cause significant doubt regarding the going concern assumption. To date, the Company has been successful raising capital and additional financing.

The financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern, and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the financial statements. Such adjustments could be material.

Internal Controls

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

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

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

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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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*
Michael Galloro	*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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