YANGAROO Inc.
December 31, 2015
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 audited financial statements and related notes for the year ended December 31, 2015.

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 April 21, 2016. 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 April 21, 2016. 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 29, 2015, the Company announced the granting of stock options in accordance with the terms and conditions of the Company's stock option plan to directors, officers, insiders, employees and consultants of the Company to purchase an aggregate of 1,092,500 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 $0.18 per share. Following 10% of the options vesting on the date of grant, the remaining 90% will vest as to a third on each 6 month anniversary following the date of grant.

On February 11, 2015, the Company announced that it had entered into a two year extension to provide its industry leading digital awards show platform for the 2015 and 2016 "MTV Movie Awards" and "MTV Video Music Awards" (VMAs). MTV will utilize YANGAROO's DMDS to distribute nominated movie and music video clips submitted for consideration to its voting members throughout the U.S., allowing them to stream the content online for review and to vote electronically.

On February 25, 2015, the Company announced it had entered into a partnership with Mediaocean, a leading software platform for the advertising world, to bring Mediaocean users a cost-effective solution to streamline their ad delivery and traffic management. Mediaocean users have the option to select YANGAROO on an advertiser-by-advertiser basis to deliver the media content in a fast and secure manner in Mediaocean’s Optica platform. Optica connects media buys to traffic instructions, talent usage, ad distribution, and broadcasters so that everything is in one place to help make the right decision at the right time.

On April 14, 2015, the Company announced that it was co-sponsoring, along with RDR Music, “Street Idol 2015” at Canadian Music Week (CMW), which took place in Toronto from May 1 through May 9, 2015. Street Idol 2015 was a search for the most ‘radio friendly’ Canadian recording. This search was open to all Canadian Independent/Emerging Artists and record labels in every genre including, Rock, Country, Pop, Adult Contemporary, Top 40, R n’ B, Hip Hop and Hot A/C.

On May 12, 2015, the Company announced a non-brokered private placement to raise a minimum of $500,000 and up to $750,000 through the issuance of a minimum of 2,083,333 and up to 3,125,000 common shares at a price of $0.24 per share.

On May 13, 2015, the Company announced the expansion of their ad delivery service to all major broadcast and cable destinations throughout Canada. Canadian agencies and U.S. based media agencies and advertisers can now easily extend distribution of their advertising content to the Canadian market when utilizing YANGAROO’s state of the art cloud-based platform.

On May 20, 2015, the Company announced a partnership with Dubsat, the global software solutions provider for the management and fulfillment of advertising, to provide Dubsat's customers with an expanded ad delivery service. Dubsat currently provides management and delivery services to thousands of media companies globally, including major brands, media agencies, ad agencies, production companies, publishers, and broadcasters.

The new partnership enables Dubsat customers to seamlessly manage and deliver their spots across YANGAROO's network of over 16,000 destinations throughout North America.

On May 22, 2015, the Company announced that it had completed its non-brokered private placement financing of common shares sold at a price of $0.24 per share, as was previously announced in the news release dated May 12, 2015. The Company raised gross proceeds of $626,200, which the Company used primarily for working capital purposes. The Company issued 2,609,166 shares pursuant to the private placement and paid finder’s fees consisting of $6,000.

As certain directors of the Company participated in the private placement, this private placement constitutes a related party transaction under Multilateral Instrument 61-101 (“MI 61-101”) and TSX Venture Exchange Policy 5.9. The Company relied on exemptions from the formal valuation and minority approval requirements of MI 61-101, based on a determination that the securities of the Company were listed on the TSX Venture Exchange only, and that the fair market value of the private placement, insofar as it involved interested parties, did not exceed 25% of the market capitalization of the Company at the time the private placement was initially announced. No new insiders were created, nor has there been any change of control as a result of the private placement. The Company did not file a material change report 21 days prior to the closing of the private placement as the private placement had not yet been offered at such time.

All securities issued to purchasers under the private placement were subject to a four-month hold period pursuant to securities legislation and the policies of the TSX Venture Exchange, beginning as of May 21, 2015.

On June 11, 2015, the Company announced an agreement with the Hollywood Foreign Press Association (HFPA) for the 73rd Annual Golden Globe® Awards. The 73rd Annual Golden Globe Awards was held January 10, 2016 in Beverly Hills, CA. YANGAROO Awards digital platform provided the sole system for Golden Globe motion picture and television award entries, and content under consideration was also made available online for viewing by HFPA members.

This partnership with the HFPA collectively involved entries for English-language and foreign-language motion pictures and for television programming submitted for awards in 25 categories. YANGAROO provided, maintained and hosted a digital awards system for the Association, which allowed Golden Globe Awards entrants to submit their entry forms online. The system also allowed for the secure uploading of films, television shows, digital media productions, trailers, photos and more.

On June 30, 2015, the Company announced an agreement with the Academy of Canadian Cinema & Television (Academy.ca) to expand use of the YANGAROO Awards digital platform to provide online jury and balloting services. The Academy has been utilizing the YANGAROO Awards submission platform since the 2013 Canadian Screen Awards and this agreement extended the partnership for an additional three award seasons.

On August 5, 2015, the Company announced a multi-year agreement with Ireland’s music writers association, IASCA, to provide secure delivery of music from record labels and independent music artists to broadcasters, music reviewers and other destinations in Ireland and Northern Ireland. The DMDS was officially launched in Q4 of 2015 in Ireland, and the introduction of this world class technology solved a number of issues for artists, labels, as well as broadcasters and other media outlets in Ireland.

On August 14, 2015, the Company announced the voting results from the Company’s Annual General Meeting of shareholders held on August 13, 2015. The six nominees as proposed by the Company were elected to the Board of Directors, 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 TSX Venture Exchange.

On September 8, 2015, the Company announced the launch of a major update to its technology platform, an extension of the Company’s DMDS, which provides a new look and user interface that is faster, more responsive, and optimized for use on desktops, laptops, tablets, and mobile devices. The enhancements encompass the entire YANGAROO Advertising and YANGAROO Music applications.

On December 14, 2015, the Company announced it had entered into a Credit Facility Agreement (the “Agreement”) with Espresso Capital Investment Fund IV Limited Partnership (“Espresso”), whereby Espresso has provided the Company with a revolving credit facility (the “Credit Facility”) of up to the lesser of $500,000 and the Authorized Credit Amount (as defined in the Agreement). The Credit Facility may be drawn down in one or more tranches in the Company’s discretion subject to a minimum amount to be drawn on or before January 31, 2016.

The Credit Facility will be used, if necessary, to fund working capital requirements. Amounts drawn down under the Credit Facility will bear interest at the rate of 1.5% per month from the date of each advance, with a minimum interest amount payable with respect to each advance. Further, a fee for each advance will be payable to Espresso.

Subject to early termination, the Credit Facility will mature on December 31, 2017. A general security agreement (the “GSA”) was issued by the Company in favour of Espresso to secure the Credit Facility. For further details on the terms of the Credit Facility, please refer to the Agreement and the GSA, which are both available for review on SEDAR (SEDAR.com).

On December 24, 2015, the Company announced that Mr. Gerald Quinn had resigned as an independent member of the Board of Directors.

On January 13, 2016, 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, insiders, employees and consultants of the Company to purchase an aggregate of 312,500 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 $0.15 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 26, 2016, the Company announced the appointment of Mr. Gerry Hurlow and Mr. Phil Benson as Independent Directors, replacing Mr. Sander Shalinsky and Mr. Gerald Quinn, who have resigned.

The Board of Directors appointed Mr. Hurlow to the Audit Committee and both Mr. Hurlow and Mr. Benson to the Compensation Committee.

On January 26, 2016, the Company withdrew $100,000 from the Credit Facility, as was previously announced in the news release dated December 14, 2015.

On February 22, 2016, the Company announced that long-form advertising delivery is available through its cloud-based, patented DMDS platform. The new functionality expands the Company’s service offerings and positions them for continued growth in the advertising market. Users of the platform are afforded the ability to access one single User Interface (UI) to upload and distribute both short and long-form advertising content digitally to broadcast and cable destinations throughout the United States and Canada. Similar to short-form advertising delivery, YANGAROO’s platform also sends a Proof of Delivery (POD) report to the user, which provides signed confirmation that the destination site has taken action with content.

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:

	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Working capital	$ 1,291,810	$ 965,235	$ 1,135,154	$ 999,556
Sales	$ 1,610,115	$ 1,384,533	$ 1,251,931	$ 1,242,491
Expenses	$ 1,275,166	$ 1,566,015	$ 1,782,169	$ 1,647,520
Income (loss) for the period	$ 331,986	$ (193,933)	$ (530,238)	$ (405,029)
Reconciling items:				
Interest income	$ (724)	$ (445)	$ (296)	$ (1,126)
Interest expense	$ 4,273	$ 2,286	$ 1,987	$ 2,214
Depreciation of property and equipment	$ 34,731	$ 32,632	$ 28,588	$ 28,808
Loss on extinguishment of debt	$ -	$ -	$ -	$ -
Income tax expense	$ -	$ 12,451	$ -	$ -
Adjusted EBITDA income (loss)	$ 370,266	$ (147,009)	$ (499,959)	$ (375,133)
Income (loss) per share (basic & diluted)	$ 0.01	$ (0.00)	$ (0.01)	$ (0.01)

	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Working capital	$ 1,314,585	$ 1,296,370	$ 1,425,011	$ (1,213,430)[1]
Sales	$ 1,508,617	$ 1,005,326	$ 852,695	$ 899,612
Expenses	$ 1,506,957	$ 1,503,211	$ 1,656,014	$ 1,394,493
Income (loss) for the period	$ 1,660	$ (497,885)	$ (803,319)	$ (494,881)
Reconciling items:				
Interest income	$ (1,972)	$ (1,978)	$ (487)	$ (1,527)
Interest expense	$ 1,762	$ 1,865	$ 57,859	$ 76,852
Depreciation of property and equipment	$ 26,849	$ 25,994	$ 23,649	$ 17,322
Loss on extinguishment of debt	$ -	$ -	$ 99,436	$ -
Income tax expense	$ -	$ -	$ -	$ -
Adjusted EBITDA income (loss)	$ 28,299	$ (472,004)	$ (622,862)	$ (402,234)
Income (loss) per share (basic & diluted)	$ 0.00	$ (0.01)	$ (0.02)	$ (0.01)

[1] Debentures were reclassified from long term liabilities to current liabilities resulting in a working capital deficiency in Q1 2014.

Adjusted EBITDA

In the quarter ended December 31, 2015, the Company's adjusted EBITDA was $370,266, which increased by $341,967 (1,208%) year over year and increased by $517,275 (352%) compared to the quarter ended September 30, 2015. The Company has invested in personnel and technology during the first three quarters of 2015 to facilitate the expansion of the Advertising Division. The increase in the adjusted EBITDA was mainly due to the revenue increase resulting from the investment in the infrastructure.

Adjusted Normalized EBITDA

Adjusted normalized EBITDA excludes the impact of any non-recurring and non-cash operating expenses therefore representing normalized cash flows from operations.

	Q4 2015	**Q3 2015**	**Q2 2015**	**Q1 2015**
Adjusted EBITDA income (loss)	$ 370,266	$ (147,009)	$ (499,959)	$ (375,133)
Reconciling items:				
Stock option expenses	$ (14,327)	$ 52,699	$ 82,072	$ 82,981
Foreign exchange loss (gain)	$ (34,895)	$ (71,919)	$ 17,442	$ (82,222)
Adjustment on accrued royalty	$ (89,969)	$ -	$ -	$ -
Adjusted normalized EBITDA income (loss)	$ 231,075	$ (166,229)	$ (400,445)	$ (374,374)

	Q4 2014	**Q3 2014**	**Q2 2014**	**Q1 2014**
Adjusted EBITDA income (loss)	$ 28,299	$ (472,004)	$ (622,862)	$ (402,234)
Reconciling items:				
Stock option expenses	$ 22,224	$ 102,768	$ 120,586	$ 149,780
Foreign exchange loss (gain)	$ (29,122)	$ (37,536)	$ 29,681	$ (29,912)
Adjustment on accrued royalty	$ -	$ -	$ -	$ -
Adjusted normalized EBITDA income (loss)	$ 21,401	$ (406,772)	$ (472,595)	$ (282,366)

In the quarter ended December 31, 2015, the Company's adjusted normalized EBITDA increased by 980% ($209,674) year over year and increased by 239% ($397,304) compared to the quarter ended September 30, 2015. The reasons for the changes from prior year and prior period are consistent with those of the adjusted EBITDA discussed above.

Revenue

Total revenue was $1,610,115, which increased by 7% ($101,498) over the same period in 2014 (December 31, 2014 - $1,508,617) and increased by 16% ($225,582) from the previous quarter (September 30, 2015 - $1,384,533).

	Q4 2015	**Q4 2014**	**$ Change**	**% Change**
Advertising Division	$ 820,553	$ 656,948	$ 163,605	25%
Entertainment Division	$ 789,562	$ 851,669	$ (62,107)	(7)%
Total Revenue	$ 1,610,115	$ 1,508,617	$ 101,498	7%

(i) Advertising

YANGAROO earned advertising revenue of $820,553 in the quarter, which marked a 25% ($163,605) increase over the same period in 2014 (December 31, 2014 - $656,948) and a 23% ($154,770) increase in revenue from the previous quarter (September 30, 2015 - $665,783). The increase from prior year was due to the continuous growth from existing customers and new customers signed on during the second half of 2015. The increase from prior period was mainly due to seasonal differences and new customers with significant sales in the current quarter.

(ii) Entertainment

Entertainment Division revenues were $789,562 for the quarter, which decreased by 7% ($62,107) over the same period in 2014 (December 31, 2014 - $851,669) and increased by 10% ($70,812) over those in the previous quarter (September 30, 2015 - $718,750). The decrease from prior year was due to a one time recognition of revenue streams from a European partnership in Q4 2014. The increase in revenues from prior period was primarily due to seasonal differences in the Awards Management platform. The recognition of revenue from individual award shows within a quarter created quarterly variances.

Operating Expenses

Total operating expenses for the three months ended December 31, 2015 was $1,306,512, which decreased by 15% ($229,777) over the same period in fiscal 2014 (December 31, 2014 - $1,536,289) and decreased by 20% ($329,581) from the previous quarter (September 30, 2015 - $1,636,093).

	Q4 2015	Q4 2014	$ Change	% Change
Salaries and Consulting	$ 1,097,453	$ 1,097,733	$ (280)	(0.03)%
General and Administrative	$ 213,844	$ 297,174	$ (83,330)	(28)%
Marketing and Promotion (Recovery)	$ (16,261)	$ 100,505	$ (116,766)	(116)%
Technology Development (Recovery)	$ (23,255)	$ 14,028	$ (37,283)	(266)%
Depreciation of Property and Equipment	$ 34,731	$ 26,849	$ 7,882	29%
Total Operating Expenses	$ 1,306,512	$ 1,536,289	$ (229,777)	(15)%

(i) Salaries and Consulting

Salaries and consulting expense for the three months ended December 31, 2015 was $1,097,453. This balance marked a 0.03% ($280) decrease over the same period in the prior year (December 31, 2014 - $1,097,733) and an 8% ($92,130) decrease from the previous quarter (September 30, 2015 - $1,189,583). The decrease from prior year was due to an adjustment to stock option expenses in the current period, which was offset by an increase in advertising personnel costs, resulting in a minor variance. The decrease from prior quarter was due to an adjustment to stock option expenses and the reduction of consulting, customer support and technology development personnel in the current period.

(ii) General and Administrative

General and administrative expense for the three months ended December 31, 2015 was $213,844, which decreased by 28% ($83,330) over the same period in the prior year (December 31, 2014 - $297,174) and decreased by 19% ($49,725) from the previous quarter (September 30, 2015 - $263,569). The decrease from prior year and prior quarter was mainly due to transferring certain advertising production activities in house, which reduced third party costs as well as the termination of services from an investor relations firm in the current period.

(iii) Marketing and Promotion (Recovery)

Marketing and promotion expense decreased by 116% ($116,766) from $100,505 for the quarter ended December 31, 2014 to a recovery of $16,261 for the quarter ended December 31, 2015. This expense decreased by 113% ($144,329) from the previous quarter (September 30, 2015 - $128,068). The decrease from prior year and prior period was mainly due to a one-time adjustment to royalty expense, which was reversed in the current period.

(iv) Technology Development (Recovery)

For the three months ended December 31, 2015, there was a technology development recovery of $23,255. This expense decreased by 266% ($37,283) over the same period in the prior year (December 31, 2014 - expense of $14,028), and decreased by 205% ($45,496) from the previous quarter (September 30, 2015 - expense of $22,241). The decrease from prior year and prior period was due to adjustments made to investment tax credits received in the current period.

Net Income and Comprehensive Income

The Company saw a net income of $331,986 in the current period, representing a $330,326 increase from the same period in the prior year (December 31, 2014 - $1,660). The current period net income represents a $525,919 increase from the previous quarter (September 30, 2015 - net loss of $193,933). The increase from prior year and prior period was due to an increase in total revenues and a decrease in total operating expenses.

Outlook

Consolidated sales for the quarter grew by 7% over the same quarter in 2014, with Advertising up by 25% and Entertainment down by 7%. Sales continue to grow as the customer base expands, with 103 new Advertising clients signed in 2015.

Consolidated annual sales for 2015 grew to $5.5M in 2015, a 29% increase over 2014. Annual Advertising revenue grew by 70% over the same period. Of note, total annual expenses only grew by 3%, year on year, demonstrating the ability of the Company to leverage the current cost base as it continues to grow. It is not expected that costs will increase materially in 2016.

The Company continues to pursue growth in the Advertising sector, following the strategy of signing up, both direct agency accounts, and white labelling YANGAROO's platform to resellers. The Company is also targeting to sign up several new awards shows during 2016.

Sales growth, cost containment and working capital management remain the focus going into 2016.

As at April 15, 2016, the Company had cash and cash equivalents balance of $264,761 and working capital of $997,657.

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 or further utilize its debt facility to fund operations until such point that revenues from its technology platform are able to fund operations. See Going Concern.

Share Capital

The following securities were outstanding as at April 21, 2016:

Common shares	56,188,448
Warrants	10,250,591
Stock options - Non vested	579,750
Stock options - Vested	4,200,548

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, 2015, are as follows:

- IFRS 9 *Financial Instruments* was issued in final form in July 2014 by the IASB 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 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.
- In May 2014, IASB issued IFRS 15 Revenue from Contracts with Customers. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 supersedes the following standards: 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.

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

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 and functional currency.

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 year ended December 31, 2015, the Company reported a net loss of $797,214 (2014 - $1,794,425) and used net cash in operating activities of $890,809 (2014 - $1,261,866). 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

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

Address

YANGAROO Inc.
18 Mowat Avenue
Toronto, Ontario, Canada M6K 3E8
Phone: 416-534-0607 Fax: 416-534-9427
Website: www.yangaroo.com

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) & Compensation Committee*
Gerry Hurlow	*Member of Audit Committee & Compensation Committee*
Phil Benson	*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*

Registrar and Transfer Agent

Computershare
100 University Ave., 8th Floor
Toronto, Ontario, Canada M5J 2Y1
Phone: 1-800-564-6253 Fax: 1-888-453-0330

Auditors

Collins Barrow Toronto LLP
11 King Street West, Suite 700
Toronto, Ontario, Canada M5H 4C7
Phone: 416-480-0160 Fax: 416-480-2646

Legal Counsel

Shalinsky & Company LLP
40 Holly Street, Suite 302
Toronto, Ontario, Canada M4S 3C3
Phone: 416-966-2188 Fax: 416-728-4577