



TINKERINE STUDIOS LTD.

Condensed Consolidated Interim Financial Statements

September 30, 2017

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

TINKERINE STUDIOS LTD.

NOTICE TO READER

Under National Instrument 51-102, Part 4 subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by management and approved by the Board of Directors of the Company.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of the condensed interim financial statements by an entity's auditors.

TINKERINE STUDIOS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Notes	September 30, 2017	December 31, 2016
ASSETS			
Current			
Cash and cash equivalents	3	\$ 214,511	\$ 41,601
Receivables	4	42,011	134,915
Inventory	5	313,409	443,927
Prepays and deposits		23,369	57,159
Total current assets		593,301	677,602
Property and equipment	6	24,357	32,267
Intangible asset	7	36,608	73,208
TOTAL ASSETS		\$ 654,266	\$ 783,077
LIABILITIES			
Current			
Trade payables and accrued liabilities	8,9	\$ 394,016	\$ 262,256
Customer deposits and deferred revenue		4,431	4,430
		398,447	266,686
EQUITY			
Share capital	10	4,329,369	4,329,369
Reserve	10	302,524	380,088
Deficit		(4,376,075)	(4,193,066)
		255,819	516,391
TOTAL LIABILITIES AND EQUITY		\$ 654,266	\$ 783,077

Nature and continuance of operations (Note 1)

Commitment (Note 12)

Approved on behalf of the Directors:

"Justin Sy"

"Eugene Suyu"

The accompanying notes are an integral part of these consolidated financial statements.

TINKERINE STUDIOS LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE
(Expressed in Canadian Dollars)

	Notes	For the three months ended September 30,		For the nine months ended September 30,	
		2017	2016	2017	2016
REVENUE	11	\$ 203,489	\$ 163,929	\$ 636,612	\$ 614,328
COST OF SALES					
Cost of Goods Sold		128,431	95,180	383,723	370,452
		75,057	68,749	252,888	243,876
Production training and start-up		-	-	-	-
GROSS PROFIT		75,057	68,749	252,888	243,876
EXPENSES					
Amortization	6, 7	15,866	19,500	48,236	57,074
Bad debts		-	-	-	-
Bank and credit card charges		2,167	1,618	6,479	6,248
Foreign exchange (gain)		8,442	(1,134)	13,428	(2,179)
Insurance		4,745	7,373	16,862	23,064
Interest		186	190	529	381
Office and general		1,516	3,501	8,391	12,389
Product promotion, trade shows and travel		1,497	1,158	3,426	27,264
Professional and consulting fees		42,060	61,570	98,974	144,846
Rent and utilities		13,840	27,937	53,171	88,045
Research and development		1,849	28,918	12,329	97,452
Remuneration and benefits	10	72,196	62,352	212,272	296,635
Stock-based compensation	9	(72,281)	13,011	(77,564)	105,118
Shareholder communications, filing & transfer agency		14,132	15,040	39,365	58,546
		106,216	241,034	435,897	914,883
NET PROFIT (LOSS)		(31,159)	(172,284)	\$ (183,009)	\$ (671,006)
OTHER ITEMS					
Interest income		-	1	-	1
Research grant		-	-	-	-
Transaction costs of RTO		-	-	-	-
NET AND COMPREHENSIVE PROFIT (LOSS)		\$ (31,159)	\$ (172,283)	\$ (183,009)	\$ (671,005)
NET PROFIT (LOSS) PER COMM SHARE- BASIC & DILUTED		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED		49,238,349	42,362,759	49,238,349	42,362,759

The accompanying notes are an integral part of these consolidated financial statements.

TINKERINE STUDIOS LTD.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Notes	Share capital		Equity Reserve	Deficit	Total
		Number of shares	Amount			
Balance at December 31, 2015		42,638,349	\$ 4,014,412	\$ 366,580	\$ (3,481,079)	\$ 899,913
Transactions with owners, in their capacity as owners and other transfers:						
Shares issued for cash - private placement	10	6,300,000	\$ 315,000			315,000
Shares issued for cash - private placement	10	300,000	\$ 15,000			15,000
Share issuance cost			\$ (15,043)			
Stock-based compensation	10	-	-	105,118	-	105,118
Cancellation of stock options	10	-	-	-	-	-
Net and comprehensive loss		-	-		(671,005)	(671,005)
Balance at September 30, 2016		49,238,349	4,329,369	471,698	(4,152,084)	664,026
Balance at December 31, 2016		49,238,349	4,329,369	380,088	(4,193,066)	516,391
Transactions with owners, in their capacity as owners and other transfers:						
Stock-based compensation	10	-	-	19,516	-	19,516
Cancellation of stock options		-	-	(97,080)	-	(97,080)
Net and comprehensive loss		-	-	-	(183,009)	(183,009)
Balance at September 30, 2017		49,238,349	\$ 4,329,369	\$ 302,524	\$ (4,376,075)	\$ 255,819

TINKERINE STUDIOS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the nine months ended	
	Sept 30, 2017	Sept 30 2016
Cash Flow from Operating Activities		
Net loss for the period	\$ (183,009)	\$ (671,005)
Items not involving cash		
Amortization	48,236	57,074
Stock-based compensation	(77,564)	105,118
Changes in non-cash working capital items		
Receivables	92,904	(61,324)
Inventory	130,519	49,339
Prepays and deposits	33,790	8,010
Trade payables and accrued liabilities	131,760	94,078
Customer deposits and deferred revenue	-	-
Net cash provided by (used in) operating activities	<u>176,637</u>	<u>(418,710)</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(3,727)	-
Intangible asset	-	-
Net cash used in investing activities	<u>(3,727)</u>	<u>-</u>
Cash Flow from Financing Activities		
Net proceeds from share issuances	-	330,000
Net cash provided by financing activities	<u>-</u>	<u>330,000</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	172,910	(88,710)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>41,601</u>	<u>200,748</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 214,511</u>	<u>\$ 112,038</u>

Supplemental cash flow information:

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature and continuance of operations

Tinkerine Studios Ltd. (formerly White Bear Resources Inc.) (the "Company") was incorporated on May 25, 2006 under the laws of the province of British Columbia, Canada. The Company was previously listed on the TSX Venture Exchange ("TSX-V") under the trading symbol WBR. The Company's main activity was the acquisition, exploration and evaluation of resource properties.

In April 2014, White Bear Resources Inc. ("White Bear") completed a share exchange with Tinkerine Studio Ltd. ("Tinkerine"), a private company incorporated on May 8, 2012 under the laws of British Columbia, Canada, resulting in a reverse take-over ("RTO"). Immediately following the RTO, White Bear changed its name to Tinkerine Studios Ltd. and Tinkerine changed its name to Tinkerine 3D Print Systems Ltd. For purposes of these consolidated financial statements, the "Company" is defined as the consolidated entity. Also in April 2014, the Company commenced trading on the TSX-V under its current trading symbol TTD.

The Company's primary business is the design and distribution of 3D printers, software and related online educational content.

The Company's registered and records office at 1500-1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7 and its head office is located at 213A-8725 92nd Street, Delta British Columbia, Canada, V4G 0A4.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The continuing operations of the Company are dependent upon its ability to generate profitable operations in the future, and to continue to secure additional financing. There can be no assurance that the Company will be successful in its efforts to raise additional financing or if financing is available, that it will be on terms that are acceptable to the Company. These events cast significant doubt about the Company's ability to continue as a going concern.

Based on the Company's operating history and its relationship with its stakeholders, Management expects that it will require additional equity to have sufficient capital to fund operations for the next twelve months. Further discussion of liquidity risk has been disclosed in Note 14. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue operations as a going concern.

2. Basis of Presentation

The financial statements were authorized for issue on November __, 2017 by the directors of the Company.

Statement of compliance

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2. Basis of Presentation (Cont'd)

These condensed consolidated interim financial statements do not include all of the information required of a full annual financial report and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2016.

Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted, which is the Company's functional currency.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its 100% controlled entity, Tinkerine 3D Print Systems Ltd.

	Jurisdiction of incorporation	Percentage owned		
		Sept. 30, 2017	December 31, 2016	Sept. 30, 2016
Tinkerine 3D Print Systems Ltd.	Canada	100%	100%	100%

In conformity with the principles of GAAP and IFRS, in the consolidated financial statements, inter-company transactions and balances are eliminated upon consolidation.

3. Cash

The components of cash and cash equivalents are as follows:

	September 30, 2017	December 31, 2016
Cash	\$ 214,511	\$ 41,601
	\$ 214,511	\$ 41,601

4. Receivables

	September 30, 2017	December 31, 2016
Trade receivables	\$ 42,011	\$ 98,800
GST and other receivables	-	36,115
	\$ 42,011	\$ 134,915

5. Inventory

	September 30, 2017	December 31, 2016
Raw materials	\$ 189,840	\$ 175,442
Finished goods	123,569	268,485
	\$ 313,409	\$ 443,927

6. Property and Equipment

Equipment is amortized on a straight-line basis over five years, computer hardware and software on a straight-line basis over 3 years and leasehold improvements on a straight-line basis over three years.

	Equipment	Computers	Leasehold improvements	Total
Cost:				
December 31, 2015	\$ 58,673	\$ 11,861	\$ 34,819	\$ 105,353
Additions	-	713	2,938	3,651
Disposal		-	(34,819)	(34,819)
December 31, 2016	58,673	12,574	2,938	74,185
Additions	-	-	3,725	3,725
September 30, 2017	58,673	12,574	6,663	77,910
Amortization:				
December 31, 2015	\$ 19,250	\$ 6,920	\$ 19,438	\$ 45,608
Additions	11,736	4,011	11,136	26,883
Disposal			(30,574)	(30,574)
December 31, 2016	30,986	10,931	-	41,917
Additions	8,802	1,166	1,668	11,636
September 30, 2017	39,788	12,097	1,668	53,553
Net book value:				
December 31, 2016	\$ 27,687	\$ 1,643	\$ 2,938	\$ 32,268
September 30, 2017	\$ 18,885	\$ 477	\$ 4,995	\$ 24,357

7. Intangible Asset

Intangible asset represents a portal and related applications and content called Tinkerine U, the purpose of which is to develop and share 3D printer content. The asset was put into service in the third quarter of 2015 and commenced to be amortized in the quarter on a straight-line basis over three years.

	Total
Cost:	
December 31, 2015 and 2016	\$ 146,409
Addition	-
	<u>\$ 146,409</u>
Amortization:	
December 31, 2015	24,400
Additions	48,801
December 31, 2016	73,201
Additions	36,600
September 30, 2017	<u>109,801</u>
Net Book Value:	
December 31, 2016	\$ 73,208
September 30, 2017	<u>\$ 36,608</u>

8. Trade Payables and Accrued Liabilities

	September 30, 2017	December 31, 2016
Trade payables (note 10)	\$ 80,218	\$ 55,039
Accrued liabilities	318,229	211,647
	<u>\$ 398,447</u>	<u>\$ 266,686</u>

9. Related party transactions

As at September 30, 2017, included in prepaid and deposits is \$2,435 (December 31 2016 - \$2,435), which has been paid to a director of the Company

As at September 30, 2017, included in trade payables is \$10,048.58 (December 31, 2016 - \$8,430), which is due to related parties. These amounts are unsecured, non-interest bearing and without specific terms of repayment.

9. Related party transactions (Cont'd)

The compensation of officers and directors for the nine months period was as follows:

	September 30, 2017	September 30, 2016
Remuneration, fees and short-term benefits	\$ 91,930	\$ 78,750
Stock-based compensation		-
	\$ 91,930	\$ 78,750

10. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued and outstanding at September 30, 2017: 49,238,349 shares.

Changes in issued share capital

There are no changes to share capital in the first nine months of 2017 fiscal year.

During the nine months ended September 30, 2016, 6,600,000 shares were issued with regards to the private placement in March 24, 2016 and April 15, 2016, which resulted in \$330,000 in new capital.

Warrants

The continuity schedule for outstanding warrants is as follows:

	Number of warrants
Balance December 31 2015	-
Issued	6,600,000
Expired/cancelled	-
Balance, December 31, 2016	6,600,000
Balance September 30, 2017	6,600,000

Warrants were issued in the private placement on a 1:1 basis and entitles the holder to purchase one warrant share at a price of \$0.10. The warrants expire on Mar 24, 2018.

Stock options

On September 25th 2017 the Company granted 725,000 stock options with an exercise price of \$0.075. The fair value of the stock option issuances was calculated using the Black-Scholes Option Pricing Model using the following assumptions: risk free rate of 1.73%, expected life of 5 years, volatility of 110% and no expected dividends. The fair value is expensed to stock-based compensation over the one year vesting period using the grading recognition system. In the third quarter, \$10,903.92 was recognized as stock-based compensation based on this recognition system.

10. Share Capital (Cont'd)

During the third quarter, 920,000 stock options were cancelled, and the corresponding amount of \$97,079.69 was reallocated from reserves to deficit.

During the first 9 months of 2016 the Company amended the stock option agreements on January 7th, 2016 by re-pricing the exercise price to \$0.075 per share. The fair value of the stock option issuances was calculated using the Black-Scholes Option Pricing Model using the following assumptions: risk free rate of 0.5%, expected life of 3.8 years, volatility of 97.6% and no expected dividends. The fair value gets expensed to stock-based compensation over the one year vesting period using the grading recognition system. \$25,255 was recognized as stock-based compensation in Q1 2016 based on this recognition system.

During the first quarter ended March 31, 2016 the company granted 1,075,000 stock options, and in the second quarter on June 23, 2016 granted 1,195,000 stock options. The fair value of the stock option issuances was calculated using the Black-Scholes Option Pricing Model using the following assumptions: risk free rate of 0.50%, expected life of 5 years, volatility of 97.6% and no expected dividends. The fair value gets expensed to stock-based compensation over the one year vesting period using the grading recognition system. \$54,084 was recognized as stock-based compensation in Q1 2016 and in Q2 2016 an amount of \$12,768, and in Q3 \$13,011 based on this recognition system.

A continuity schedule of stock options is as follows:

Number of options	Exercise Price	Expiry date
1,100,000	\$0.075	Apr 4, 2019
4,000	\$0.075	Mar 5, 2020
66,000	\$0.075	May 23, 2020
110,000	\$0.075	June 24, 2020
860,000	\$0.075	Jan 27, 2021
895,000	\$0.075	Jun 24 2021
145,000	\$0.075	Sept 30, 2022

10. Share Capital (Cont'd)

As at September 30, 2017, the following stock options were outstanding and exercisable

	Number of stock options
Balance December 31 2015	2,425,000
Issued	2,255,000
Expired/cancelled	(725,000)
Balance December 31 2016	3,955,000
Issued	725,000
Expired/cancelled	(920,000)
Balance September 30, 2017	3,760,000
Exercisable September 30, 2017	3,180,000

Equity reserve

Equity reserve records items recognized as stock based compensation expense and the fair value of warrants issued. In the third quarter 920,000 stock options were cancelled, and the corresponding amount of \$97,079.69 was reallocated from reserves to deficit. At the time that the stock options or warrants are exercised, the corresponding amount is reallocated to share capital.

11. Segmented Information

The Company operates in one reportable operating segment, being the sale of 3D printers and provision of related services. The summarized financial information for the revenue derived by geographic segment is as follows:

	Sept 30 2017	Sept 30 2016
Total Revenue		
Canada	\$ 424,819	\$ 395,636
United States	181,418	188,988
Other	30,375	29,704
	\$ 636,612	\$ 614,328

During the nine months ended September 30, 2017 sales to two customers were each in excess of 10% of total revenue. During the previous nine months period ended September 30, 2016 there were two customers that each generated in excess of 10% of the total revenue.

12. Commitments

Lease agreement

On December 1st, 2016, the Company entered into a three-year lease agreement with a director of the Company for its premises, commencing January 1st, 2017. The annual basic lease payments was \$52,735 in the first year and \$58,286 in the second and third years. In addition, the Company pays operating costs and a management fees equal to 5% of the annual basic rent.

13. Capital Management

The Company's policy is to maintain a strong capital base to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, net of cash.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

14. Financial instruments and financial risk management

The fair value of the Company's financial assets and liabilities approximates its carrying amount.

The Company's financial assets and liabilities are classified and measured as follows:

<i>Asset/Liability</i>	<i>Category</i>	<i>Measurement</i>
Cash	Fair value through profit or loss	Fair value
Trade receivables	Loans and receivables	Amortized cost
Trade payables	Other financial liability	Amortized cost
Due to shareholders	Other financial liability	Amortized cost

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

As at September 30, 2017 and December 31, 2016, the Company measures its cash based on Level 1 inputs.

Financial instrument risk exposure and management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves, to ensure that it meets its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash from operations.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company may from time to time extend unsecured credit to its customers and therefore, the collection of trade receivables may be affected by changes in economic or other conditions. The Company has not experienced any credit loss in the collection of trade receivable to date. The Company's other exposure to credit risk is on its cash held in bank accounts. The Company manages this risk by maintaining bank accounts with reputable financial institutions.