



**TINKERINE STUDIOS LTD.**

**Condensed Consolidated Interim Financial Statements**

**June 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	June 30, 2017	December 31, 2016
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	3	\$ 175,006	\$ 41,601
Receivables	4	71,801	134,915
Inventory	5	369,860	443,927
Prepays and deposits		20,842	57,159
<b>Total current assets</b>		<b>637,510</b>	<b>677,602</b>
<b>Property and equipment</b>	6	<b>27,348</b>	<b>32,267</b>
<b>Intangible asset</b>	7	<b>48,808</b>	<b>73,208</b>
<b>TOTAL ASSETS</b>		<b>\$ 713,666</b>	<b>\$ 783,077</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade payables and accrued liabilities	8	\$ 354,408	\$ 262,256
Customer deposits and deferred revenue		-	4,430
		<b>354,408</b>	<b>266,686</b>
<b>EQUITY</b>			
Share capital	10	4,329,369	4,329,369
Reserve	10	374,805	380,088
Deficit		(4,344,916)	(4,193,066)
		<b>359,258</b>	<b>516,391</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 713,666</b>	<b>\$ 783,077</b>

**Nature and continuance of operations** (Note 1)

**Commitment and Contingency** (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 LOSS**  
**(Expressed in Canadian Dollars)**

	Notes	For the three months ended June 30,		For the six months ended June 30,	
		2017	2016	2017	2016
<b>REVENUE</b>	11	\$ 266,276	\$ 278,710	\$ 433,123	\$ 450,399
<b>COST OF SALES</b>					
Cost of Goods Sold		148,285	168,155	255,292	275,272
		117,991	110,555	177,831	175,127
Production training and start-up		-	-	-	-
<b>GROSS PROFIT</b>		117,991	110,555	177,831	175,127
<b>EXPENSES</b>					
Amortization	6	15,689	18,787	32,370	37,574
Bad Debts		-	2,606	-	2,606
Bank and credit card charges		2,427	2,334	4,312	4,630
Foreign exchange (gain)		2,479	339	4,986	(1,045)
Insurance		4,744	7,041	12,117	15,691
Interest		186	-	342	191
Office and general		3,178	3,229	6,875	8,888
Product promotion, trade shows and travel		1,563	15,238	1,928	26,106
Professional and consulting fees		29,650	50,420	56,913	83,276
Rent and utilities		11,816	30,564	39,331	60,108
Research and development		2,327	33,192	10,479	68,534
Remuneration and benefits	9	77,154	102,521	140,076	234,283
Stock-based compensation	10	(12,020)	12,768	(5,283)	92,107
Shareholder communications, filing & transfer agency		13,933	21,430	25,233	43,506
		153,128	300,468	329,681	676,455
<b>NET (LOSS)</b>		(35,137)	(189,913)	\$ (151,850)	\$ (501,328)
<b>OTHER ITEMS</b>					
Interest income		-	-	-	1
<b>NET AND COMPREHENSIVE (LOSS)</b>		\$ (35,137)	\$ (189,913)	\$ (151,850)	\$ (501,327)
<b>NET (LOSS) PER COMMON SHARE - BASIC AND DILUTED</b>		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED</b>		49,238,349	46,180,338	49,238,349	42,268,426

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		Reserve	Deficit	Total	
		Number of shares	Amount				
<b>Balance at December 31, 2015</b>		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	6,600,000	\$	330,000			330,000
Share Issuance Cost	10	-	\$	(15,043)			(15,043)
Stock-based compensation	10	-	-	-	134,654	-	134,654
Cancellation of Stock Options					(121,146)	121,146	-
Net and comprehensive loss						(833,133)	(833,133)
<b>Balance at December 31, 2016</b>		49,238,349	-	4,329,369	380,088 #	(4,193,066)	516,391
Stock-based compensation	10	-	-	-	(5,283)	-	(5,283)
Net and comprehensive loss						(151,850)	(151,850)
<b>Balance at June 30 2017</b>		49,238,349	-	4,329,369	374,805 #	(4,344,916)	359,258

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

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

	For the six months ended	
	June 30, 2017	June 30 2016
<b>Cash Flow from Operating Activities</b>		
Net loss for the period	\$ (151,850)	\$ (501,327)
Items not involving cash		
Amortization	32,370	37,574
Stock-based compensation	(5,283)	92,107
Transaction costs of RTO	-	-
Changes in non-cash working capital items		
Receivables	63,114	(54,650)
Inventory	74,067	28,274
Prepays and deposits	36,317	(5,697)
Trade payables and accrued liabilities	92,152	101,122
Due to shareholders	-	-
Customer deposits and deferred revenue	(4,430)	-
Net cash provided by (used in) operating activities	<u>136,457</u>	<u>(302,597)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(3,051)	(24,400)
Intangible asset	(0)	24,401
Net cash acquired on reverse take-over	-	-
Net cash used in investing activities	<u>(3,052)</u>	<u>1</u>
<b>Cash Flow from Financing Activities</b>		
Net proceeds from share issuances	-	330,000
Net cash provided by financing activities	<u>-</u>	<u>330,000</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	133,405	27,403
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>41,601</u>	<u>200,748</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>\$ 175,006</u>	<u>\$ 228,151</u>

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.

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 113A-8725 92<sup>nd</sup> 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 August 14, 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”).

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

TINKERINE STUDIOS LTD.

Notes to the Financial Statements  
June 30, 2017  
(Expressed in Canadian dollars)

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 controlled entity, as follows:

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

The consolidated financial statements include the accounts of White Bear from April 4, 2014, the date of the share exchange. The financial statements prior to this date include only the accounts of Tinkerine. Inter-company transactions and balances are eliminated upon consolidation.

**3. Cash**

The components of cash and cash equivalents are as follows:

	June 30, 2017	December 31, 2016
Cash	\$ 175,006	\$ 41,601
	\$ 175,006	\$ 41,601

**4. Receivables**

	June 30, 2017	December 31, 2016
Trade receivables	\$ 71,801	\$ 98,800
GST and other receivables	-	36,115
	\$ 71,801	\$ 134,915



TINKERINE STUDIOS LTD.

Notes to the Financial Statements  
June 30, 2017  
(Expressed in Canadian dollars)

**5. Inventory**

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
Raw materials	\$ 172,930	\$ 175,442
Finished goods	196,930	268,485
	<b>\$ 369,860</b>	<b>\$ 443,927</b>

**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
<b>Cost:</b>				
December 31, 2015	\$ 58,673	\$ 11,861	\$ 34,819	\$ 105,353
Additions	-	713	2,936	3,649
Disposal	-		(34,819)	(34,819)
December 31, 2016	58,673	12,574	2,936	74,183
Additions	-	-	3,051	3,051
June 30, 2017	58,673	12,574	5,987	77,234
<b>Amortization:</b>				
December 31, 2015	\$ 19,250	\$ 6,920	\$ 19,438	\$ 45,608
Additions	11,736	4,010	11,136	26,882
Disposal			(30,574)	(30,574)
December 31, 2016	30,986	10,930	-	41,916
Additions	5,868	1,101	1,000	7,970
June 30, 2017	36,854	12,031	1,000	49,885
<b>Net book value:</b>				
December 31, 2016	\$ 27,687	\$ 1,644	\$ 2,936	\$ 32,267
June 30, 2017	\$ 21,819	\$ 543	\$ 4,987	\$ 27,349

**7. Intangible Asset**

Intangible asset represents a development stage portal or application called Tinkerine U, the purpose of which is to develop and share 3D printer content.

At June 15, 2016 management has assessed the intangible asset for recoverability and no events or circumstances indicated that the carrying value may not be recoverable. Therefore, there was no impairment of this asset at June 30, 2017.

**7. Intangible Asset (Cont'd)**

	Total
<b>Cost:</b>	
December 31 2015 and 2016	\$ 146,409
Addition	-
June 30, 2017	<u>\$ 146,409</u>
<b>Amortization:</b>	
December 31 2015	\$ 24,400
Additions	\$ 48,801
December 31 2016	<u>\$ 73,201</u>
Additions	\$ 24,400
June 30, 2017	<u>\$ 97,601</u>
<b>Net Book Value</b>	
December 31, 2016	<u>\$ 73,208</u>
June 30, 2017	<u>\$ 48,808</u>

**8. Trade Payables and Accrued Liabilities**

	June 30, 2017	December 31, 2016
Trade payables (note 10)	\$ 45,297	\$ 55,039
Accrued liabilities	309,111	207,217
	<u>\$ 354,408</u>	<u>\$ 262,256</u>

**9. Related party transactions**

As at June 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 June 30, 2017, included in trade payables is \$13,684 (December 31, 2016 - \$8,430), which is due to a director of the Company. These amounts are unsecured, non-interest bearing and without specific terms of repayment.

The compensation of officers and directors for the six month period was as follows:

	June 30, 2017	June 30, 2016
Remuneration, fees and short-term benefits	\$52,500	\$ 52,500
Stock-based compensation		

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\$52,500                      \$ 52,500

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**10. Share capital*****Authorized share capital***

Unlimited number of common shares without par value.

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

***Changes in issued share capital***

There are no changes to share capital in the first 6 months of 2017 fiscal year.

During the six months ended June 30, 2016, 6,300,000 shares were issued with regards to the private placement in January 24, 2016 and April 15, 2016, which resulted in \$330,000 in new capital.

***Warrants***

A continuity schedule is as follows:

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

The weighted average exercise price is \$0.10 and the expiry date of warrants is 24 months from the date of issue

***Stock options***

No stock options were issued in the first six months of the 2017 fiscal year. During the period 130,000 stock options were cancelled, and the corresponding amount of \$13,894.82 was reallocated from reserves to deficit.

During the first 6 months of 2016 the Company amended the stock option agreements on January 7<sup>th</sup> using the Black-Scholes Option Pricing Model using the following assumptions: risk free rate of 0.05%, 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 .050%, 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 based on this recognition system.

TINKERINE STUDIOS LTD.

Notes to the Financial Statements  
June 30, 2017  
(Expressed in Canadian dollars)

Stock Options (Cont'd)

Continuity Schedule - June 30, 2017

	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	-
Expired/cancelled	(130,000)
Balance June 30 2017	3,825,000
Exercisable June 30, 2017	3,825,000

As at June 30th 2017 the following stock options were outstanding:

Number of options	Exercise Price	Expiry date
1,350,000	\$0.075	Apr 4, 2019
20,000	\$0.075	Dec 2, 2019
79,000	\$0.075	Mar 5, 2020
141,000	\$0.075	May 23, 2020
110,000	\$0.075	June 24, 2020
866,400	\$0.075	Jan 27, 2021
956,000	\$0.075	Jun 24 2021

As at June 30th 2017 the weighted average exercise price is \$0.075 with an average remaining term of 2.74 years.

**Equity reserve**

Equity reserve records items recognized as stock based compensation expense and the fair value of warrants issued. 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:

TINKERINE STUDIOS LTD.

Notes to the Financial Statements  
June 30, 2017  
(Expressed in Canadian dollars)

Segment Information

	June 30, 2017	June 30, 2016
Total revenues:		
Canada	\$ 327,667	\$ 312,293
United States	98,235	123,209
Other	7,221	14,897
	\$ 433,123	\$ 450,399

During the six months ended June 30, 2017 sales to one US based customer was in excess of 10% of total revenue.

**12. Commitments**

On December 1<sup>st</sup>, 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.

**Contingency**

The Company may be subject to a variety of claims and suits that arise from time to time in the ordinary course of business. These matters are subject to inherent uncertainties

**13. Capital Management**

The Company's policy is to maintain a strong capital base so as 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 June 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 in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash from operations.

At June 30, 2017, all the Company's non-derivative financial liabilities mature within one year.

#### ***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.