



TINKERINE STUDIOS LTD.
(Formerly White Bear Resources Inc.)

Condensed Interim Financial Statements

June 30, 2014

(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

**TINKERINE STUDIOS LTD.
(Formerly White Bear Resources 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 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 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.
(Formerly White Bear Resources Inc.)
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Notes	June 30, 2014	December 31, 2013
ASSETS			
Current			
Cash	3	\$ 2,326,214	\$ 88,856
Receivables	4	27,218	4,544
Inventory	5	107,531	33,465
Prepays and deposits		66,249	2,047
Total current assets		2,527,212	128,912
Equipment and Leasehold improvements	6	82,811	-
Education and online content development costs		55,762	-
TOTAL ASSETS		\$ 2,665,785	\$ 128,912
LIABILITIES			
Current			
Accounts payables and accrued liabilities		\$ 83,043	\$ 24,025
Due to shareholders	8	-	61,817
Customer deposits and deferred revenue		30,518	6,784
		113,561	92,626
EQUITY			
Share capital	7	4,351,783	50,100
Equity reserve	7	374,632	70,215
Deficit		(2,174,191)	(84,029)
		2,552,224	36,286
TOTAL LIABILITIES AND EQUITY		\$ 2,665,785	\$ 128,912

Nature and continuance of operations (Note 1)

Commitments (Note 10)

Approved on behalf of the Directors:

"Martin Burian"

"Eugene Suyu"

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

TINKERINE STUDIOS LTD.
(Formerly White Bear Resources Inc.)
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Notes	For the three months ended June 30,		For the six months ended June 30,	
		2014	2013	2014	2013
REVENUE	9	\$ 58,034	\$ 14,844	\$ 150,135	\$ 47,625
COST OF SALES	8	13,249	2,783	38,608	16,225
GROSS PROFIT (LOSS)		44,785	12,061	111,527	31,400
EXPENSES					
Amortization		5,820	-	5,820	-
Foreign exchange gain		(1,404)	(104)	(1,751)	-
Insurance		8,430	-	8,430	-
Interest and bank charges		2,946	638	5,260	2,294
Office and general		14,557	460	16,872	1,329
Product promotion, trade shows and travel		61,770	963	97,289	963
Professional and consulting fees		132,425	-	136,109	550
Rent and Utilities		13,287	-	13,287	-
Research and development		12,010	-	19,570	-
Remuneration and benefits		89,339	-	96,812	2,292
Stock based compensation	7	261,645	-	261,645	-
Shareholder communications, filing & transfer agency		28,312	-	28,312	-
		629,137	1,957	687,655	7,428
NET INCOME (LOSS)		\$ (584,352)	\$ 10,104	\$ (576,128)	\$ 23,972
COMPREHENSIVE INCOME (LOSS)					
Transaction cost of share exchange and RTO		\$ 1,514,034		\$ 1,514,034	
NET COMPREHENSIVE INCOME (LOSS)		\$ (2,098,386)	\$ 10,104	\$ (2,090,162)	\$ 23,972
BASIC AND DILUTED LOSS PER COMMON SHARE		\$ (0.06)	\$ 0.00	\$ (0.10)	\$ 0.00
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		35,660,733	6,000,000	20,874,117	6,000,000

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

TINKERINE STUDIOS LTD.
(Formerly White Bear Resources Inc.)
STATEMENTS OF SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Notes	Share capital		Equity Reserve	Deficit	Total
		Number of shares	Amount			
	7					
Balance at December 31, 2012		6,000,000	100	-	(11,827)	(11,727)
Shares issued for cash - private placement		-	-	-	-	-
Stock based compensation		-	-	-	-	-
Net and comprehensive loss		-	-	-	23,972	23,972
Balance at June 30, 2013		6,000,000	\$ 100	\$ -	\$ 12,145	\$ 12,245
Balance at December 31, 2013		12,000,000	\$ 50,100	\$ 70,215	\$ (84,029)	\$ 36,286
Shares outstanding in White Bear at time of RTO		17,182,233	1,525,356	-	-	1,525,356
Units issued for \$0.25 in private placement		12,351,000	2,811,579	-	-	2,811,579
Fair value of finders' warrants in private placement		-	(42,752)	\$ 42,752	-	-
Fee shares issued to Sponsor in RTO		40,000	(10,000)	-	-	(10,000)
Stock based compensation		-	-	261,665	-	261,665
Warrants exercised into shares		175,000	17,500	-	-	17,500
Net and comprehensive loss		-	-	-	(2,090,162)	(2,090,162)
Balance at June 30, 2014		41,748,233	\$ 4,351,783	\$ 374,632	\$ (2,174,191)	\$ 2,552,224

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

TINKERINE STUDIOS LTD.
(Formerly White Bear Resources Inc.)
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the six months ended June 30,	
	2014	2013
Cash Flow from Operating Activities		
Net comprehensive income (loss) for the period	\$ (2,090,162)	\$ 23,972
Items not involving cash		
Amortization	5,820	-
Share-based compensation	261,645	-
Transaction costs of Share Exchange and RTO	1,514,034	-
Changes in non-cash working capital items		
Receivables	(22,674)	647
Inventory	(74,066)	(15,338)
Prepays and deposits	(64,202)	-
Trade payables and accrued liabilities	59,018	408
Due to shareholders	(61,817)	(2,543)
Customer deposits and deferred revenue	23,734	(978)
Net cash provided by operating activities	<u>(448,670)</u>	<u>6,168</u>
Cash Flow from Investing Activities		
Purchase of Equipment and leaseholds	(88,631)	-
Education and online content development	(55,762)	-
Net cash used in Investing activities	<u>(144,393)</u>	<u>-</u>
Cash flows from Financing Activities		
Net proceeds from Share issuances	2,830,421	-
Net cash provided by Financing Activities	<u>2,830,421</u>	<u>-</u>
CHANGE IN CASH	2,237,358	6,168
CASH - BEGINNING	<u>88,856</u>	<u>12,344</u>
CASH - ENDING	<u>\$ 2,326,214</u>	<u>\$ 18,512</u>

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

1. Nature and continuance of operations

Tinkerine Studios Ltd. (the "Company") (formerly White Bear Resources Inc. which was incorporated on May 25, 2006 under the laws of the province of British Columbia, Canada) has its registered and records office at 900 – 885 West Georgia Street, British Columbia, Canada, V6C 2H1.

On April 4, 2014, Tinkerine Studio Ltd. and White Bear Resources Inc. ("White Bear"), a TSX Venture listed company, completed a reverse take over transaction ("RTO") through the closing of a share exchange agreement dated February 27, 2014. Under the terms of the agreement, White Bear issued 12,000,000 common shares and 900,000 stock options for all of the securities outstanding in Tinkerine Studio Ltd. Upon closing of the RTO, Tinkerine Studio Ltd. became a wholly owned subsidiary of White Bear and the shareholders of the Tinkerine Studio Ltd. acquired control of White Bear. After the RTO White Bear changed its name to Tinkerine Studios Ltd. and the acquired operating entity changed its names to Tinkerine 3D Print Systems Ltd. For financial statement presentation Tinkerine Studio Ltd. is considered the continuing entity.

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

During the first quarter 2014, the Company completed a 60,000 to 1 stock split. All references to number of shares and per share amounts have been retroactively restated to reflect the split.

2. Basis of Presentation

The financial statements were authorized for issue on August 28, 2014 by the directors of the Company.

Statement of compliance

These condensed 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 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, 2013 (the annual financial statements were filed within the Information Circular dated as of February 27, 2014 and bearing a filing date on www.sedar.com of March 11, 2014).

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.

3. Cash

At June 30, 2014 cash includes a \$1,250,000 Guaranteed Investment Certificate with a maturity of less than one year.

4. Accounts Receivable

At June 30, 2014 account receivable is primarily composed of Goods and Service Tax receivable.

5. Inventory

	June 31, 2014	December 31, 2013
Raw materials	\$ 87,771	\$ 31,703
Finished goods	18,478	1,762
	<u>\$ 106,189</u>	<u>\$ 33,465</u>

6. Equipment and Leasehold Improvements

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 straight line over three years.

Prior to April 4, 2014 the Company did not own any equipment but utilized equipment owned by certain of its shareholders.

	Equipment	Computers	Leasehold Improvements	Total
Cost:				
December 31, 2014	-	-	-	-
Additions	\$ 47,000	\$ 10,529	\$ 31,102	\$ 88,631
As at June 30, 2014	<u>47,000</u>	<u>10,529</u>	<u>31,102</u>	<u>88,631</u>
Amortization:				
December 31, 2014	-	-	-	-
Charge for the period	2,350	878	2,592	5,820
As at June 30, 2014	<u>2,350</u>	<u>878</u>	<u>2,592</u>	<u>5,820</u>
Net Book Value				
As at June 30, 2014	<u>\$ 44,650</u>	<u>\$ 9,651</u>	<u>\$ 28,510</u>	<u>\$ 82,811</u>

7. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued and outstanding at June 30, 2014: 41,748,233 shares.

Changes in issued share capital

On February 12, 2014 the Tinkerine Studio Ltd. completed a stock split on a 60,000:1 basis. All references to the issuance, granting, exercising of common stock, stock options and warrants and

loss per share amounts in the financial statements have been adjusted to reflect the retro-active effect of the stock split. As of December 31, 2013 there were 12,000,000 shares outstanding.

On April 4, 2014, Tinkerine Studio and White Bear completed a RTO and 12,000,000 common shares and 900,000 stock options were issued for the 12,000,000 issued and outstanding shares and 900,000 outstanding stock options in the Tinkerine Studio Ltd, respectively. At the date of the RTO White Bear had 17,182,233 shares issued and outstanding.

Concurrent with the RTO, the Company completed a private placement of 12,351,000 units (each a "Unit") at \$0.25 for gross proceeds of \$3,087,750. Each Unit consisted of a share and one half a share purchase warrant, each whole warrant exercisable into an additional share at an exercise price of \$0.40 until October 4, 2015. In connection with the private placement the Company issued 640,000 broker warrant to finders, having the same terms as the warrants forming part of the Units, and issued 40,000 shares to the sponsor of the RTO.

During the quarter ended June 30, 2014, 175,000 shares were issued from the exercise of warrants for proceeds of \$17,500.

Warrants

At December 31, 2013 the Company had no warrants outstanding.

At the date of the RTO, April 4, 2014, White Bear had 7,059,291 warrants outstanding. In conjunction with the private placement that closed April 4, 2014, 6,175,500 warrants were issued to investors and 640,000 warrants issued to finders. A continuity schedule is as follows:

Expiry date	Exercise Price	Opening	Issued	Exercised	Expired	Closing
Outstanding in White Bear at April 4, 2014 and expiring Nov 15 and 18, 2015	\$0.10	7,059,291	-	(175,000)	-	6,884,291
Oct 4, 2015	\$0.40	-	6,815,500	-	-	6,815,500
		7,059,291	6,815,500	(175,000)		13,699,791

Weighted average exercise price is \$0.25 with an average remaining term of 1.32 years.

Stock options

As at December 31, 2013 the Company had 900,000 options outstanding exercisable until December 20, 2016.

As at the date if the RTO White Bear had 42,500 options outstanding with an exercise price of \$2.00 which expired July 3, 2014.

On the RTO date, April 4, 2014 the Company issued 2,825,000 stock options having an exercise price of \$0.25 and expiring April 4, 2019. On June 17, 2014 the Company issued 350,000 stock options having an exercise price of \$0.40 and expiring June 17, 2019. All options vest in a scheduled manner over an one year period. \$261,664 was recognized in the second quarter of 2014 for share-based compensation expense for these options issued in the second quarter 2014. The fair value of the stock options granted was calculated using the Black-Scholes Option Pricing Model using the following assumptions: risk free rate of 1.75%, expected life of 5 years, volatility of 84.5%, and no expected dividends.

A continuity schedule of stock options is as follows:

TINKERINE STUDIOS LTD.
(formerly White Bear Resources Inc.)
Notes to the Financial Statements
June 30, 2014
(Expressed in Canadian dollars)

Expiry date	Exercise					
	Price	Opening	Granted	Exercised	Expired	Closing
July 3, 2014	\$2.00	42,500	-	-	-	42,500
December 20, 2016	\$0.15	900,000	-	-	-	900,000
April 5, 2019	\$0.25	-	2,825,000	-	-	2,825,000
June 17, 2019	\$0.40	-	350,000	-	-	350,000
		942,500	3,175,000	-	-	4,117,500

The weighted average exercise price is \$0.241 with an average remaining term of 4.27 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 will be reallocated to share capital.

8. Related party transactions

Due to shareholders and transactions with shareholders

Balances due to shareholders are unsecured, non-interest bearing and have no fixed terms of repayment. In the second quarter of 2014 all \$61,817 shareholder loans were repaid and the balance at June 30, 2014 was NIL. The five shareholders of Tinkerine Studio Ltd. that had loans were Eugene Suyu, Dan (Ying-Ta) Yang, Andy (Chun-Ning) Yang, Justing Sy and Chang-Chi Suyu, the initial four of which were also directors of Tinkerine Studio Ltd before the RTO.

On April 4, 2014 the Company purchased \$47,619 of equipment from a company controlled by the parents of Eugene Suyu, the Company's CEO. This equipment made up the equipment of that Tinkerine Studio Ltd. had use of for its regular operation but did not yet own.

Key management personnel compensation

During the six months ended June 30, 2014, the officers of the Company were paid salaries or independent contractor fees as follows: Eugene Suyu, CEO, \$7,260; Martin Burian, CFO, \$27,000; and Todd Blatt, VP Market Direction, \$9,150 (comparative period 2013 - \$2,292 in aggregate) of which an aggregate of \$1,560 was included in cost of sales (comparative period 2013 – NIL). John Veltheer was paid independent contractor fees of \$10,500 in his capacity as a director and member of the audit and compensation committees.

9. 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:

	June 30, 2014	June 30, 2013
Total revenues:		
Canada	\$ 63,120	\$ 32,141
United States	66,479	14,036
Other	20,536	1,448
	\$ 150,135	\$ 47,625

During the two reporting periods there were no sales to a single customer that constituted more than 10% of total revenue.

10. Commitments

Lease agreement

On March 7, 2014, the Company entered into a three-year lease agreement for its premises with MPW Properties Partnership commencing April 1, 2014. The annual basic lease payments will be \$72,137 for year one and \$79,118 for years two and three. In addition, the Company will pay operating costs and a management fees equal to 5% of the annual basic rent.