



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

**Condensed Consolidated Interim Financial Statements**

**September 30, 2015**

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

	Notes	September 30, 2015	December 31, 2014
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	3	\$ 293,102	\$ 1,471,072
Receivables	4	71,561	23,310
Inventory	5	454,492	235,999
Prepays and deposits		139,734	36,857
<b>Total current assets</b>		<b>958,889</b>	<b>1,767,238</b>
<b>Property and equipment</b>	6	<b>66,570</b>	<b>77,610</b>
<b>Intangible asset</b>	7	<b>134,208</b>	<b>137,773</b>
<b>TOTAL ASSETS</b>		<b>\$ 1,159,667</b>	<b>\$ 1,982,621</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade payables and accrued liabilities	8, 10	\$ 155,285	\$ 179,466
Customer deposits and deferred revenue		-	9,113
		<b>155,285</b>	<b>188,579</b>
<b>EQUITY</b>			
Share capital	9	4,005,662	3,949,362
Reserve	9	569,772	600,278
Deficit		(3,571,052)	(2,755,598)
		<b>1,004,382</b>	<b>1,794,042</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 1,159,667</b>	<b>\$ 1,982,621</b>

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

**Commitment** (Note 12)

Approved on behalf of the Directors:

*"Martin Burian"*

*"Eugene Suyu"*

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

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

	Notes	For the three months ended September 30,		For the nine months ended September 30,	
		2015	2014	2015	2014
<b>REVENUE</b>	11	\$ 465,780	\$ 98,896	\$ 919,308	\$ 239,157
<b>COST OF SALES</b>					
Cost of Goods Sold		207,554	52,468	390,566	82,401
		258,226	46,428	528,742	156,756
Production training and start-up		-	12,005	76,284	12,005
<b>GROSS PROFIT</b>		258,226	34,423	452,458	144,751
<b>EXPENSES</b>					
Amortization	6, 7	19,813	6,165	32,675	11,985
Bad debts		2,579	-	2,579	-
Bank and credit card charges		3,672	2,412	10,200	7,672
Foreign exchange (gain)		(11,636)	(110)	(14,925)	(1,861)
Insurance		8,910	8,430	26,348	16,860
Office and general		10,596	8,904	22,184	25,776
Product promotion, trade shows and travel		38,361	49,623	164,112	146,912
Professional and consulting fees		46,676	109,397	207,246	245,506
Rent and utilities		28,929	26,044	87,131	39,331
Research and development		42,160	5,746	99,175	25,316
Remuneration and benefits	10	167,991	179,155	556,074	275,967
Stock-based compensation	9	9,416	147,086	106,321	408,731
Shareholder communications, filing & transfer agency		29,348	27,952	160,627	80,277
		396,815	570,804	1,459,747	1,282,472
<b>NET (LOSS)</b>		(138,589)	(536,381)	\$ (1,007,289)	\$ (1,137,721)
<b>OTHER ITEMS</b>					
Interest income		-	5,172	5,008	6,371
Research grant		-	-	50,000	-
Transaction costs of RTO		-	-	-	(1,061,174)
<b>NET AND COMPREHENSIVE (LOSS)</b>		\$ (138,589)	\$ (531,209)	\$ (952,281)	\$ (2,192,524)
<b>NET (LOSS) PER COMMON SHARE - BASIC AND DILUTED</b>		\$ (0.00)	\$ (0.01)	\$ (0.02)	\$ (0.07)
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED</b>		42,548,349	41,769,005	42,362,759	31,482,672

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

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

	Notes	Share capital			Equity Reserve	Deficit	Total
		Number of shares	Amount				
<b>Balance at December 31, 2013</b>		12,000,000	\$ 50,100	\$	70,215	\$ (84,029)	\$ 36,286
Transactions with owners, in their capacity as owners and other transfers:							
Recapitalization transaction:							
Equity of White Bear		17,182,233	4,251,946		128,943	(4,494,089)	(113,200)
Elimination of White Bear's equity		-	(4,251,946)		(128,943)	4,494,089	113,200
Shares acquired of legal parent		(12,000,000)	-		-	-	-
Shares issued on reverse take-over		12,040,000	947,974		-	-	947,974
Shares issued for cash - private placement		12,351,000	2,907,262		42,753	-	2,950,015
Warrants issued for services		-	-		19,627	-	19,627
Stock-based compensation		-	-		408,731	-	408,731
Shares issued for cash - exercise of warrants	9	200,000	20,000		-	-	20,000
Shares issued for cash - exercise of stock options		22,000	5,014		(1,714)	-	3,300
Net and comprehensive loss		-	-		-	(2,192,524)	(2,192,524)
<b>Balance at September 30, 2014</b>		41,795,233	3,930,350		539,612	(2,276,553)	2,193,409
<b>Balance at December 31, 2014</b>		41,985,349	3,949,362		600,278	(2,755,598)	1,794,042
Stock-based compensation	9	-	-		106,321	-	106,321
Shares issued for cash - exercise of warrants	9	563,000	56,300		-	-	56,300
Cancellation of stock options	9	-	-		(136,827)	136,827	-
Net and comprehensive loss		-	-		-	(952,281)	(952,281)
<b>Balance at September 30, 2015</b>		42,548,349	\$ 4,005,662	\$	569,772	\$ (3,571,052)	\$ 1,004,382

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

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

	For the nine months ended September 30,	
	2015	2014
<b>Cash Flow from Operating Activities</b>		
Net loss for the period	\$ (952,281)	\$ (2,192,524)
Items not involving cash		
Amortization	32,675	11,985
Stock-based compensation	106,321	408,731
Value of warrants issued for services	-	19,627
Transaction costs of RTO	-	1,061,174
Changes in non-cash working capital items		
Receivables	(48,251)	(44,157)
Inventory	(218,493)	(136,248)
Prepays and deposits	(102,877)	(114,244)
Trade payables and accrued liabilities	(24,181)	126,446
Due to shareholders	-	(61,817)
Customer deposits and deferred revenue	(9,113)	(6,784)
Net cash provided by (used in) operating activities	<u>(1,216,200)</u>	<u>(927,811)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(9,434)	(93,311)
Intangible asset	(8,636)	(104,302)
Net cash acquired on reverse take-over	-	(21,846)
Net cash used in investing activities	<u>(18,070)</u>	<u>(219,459)</u>
<b>Cash Flow from Financing Activities</b>		
Net proceeds from share issuances	<u>56,300</u>	<u>2,881,961</u>
Net cash provided by financing activities	<u>56,300</u>	<u>2,881,961</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,177,970)</b>	<b>1,734,691</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>1,471,072</u>	<u>88,856</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>\$ 293,102</u>	<u>\$ 1,823,547</u>

**Supplemental cash flow information:**

September 30, 2014:

The Company recorded a fair value of \$42,753 to warrants issued with a private placement.  
The Company reallocated \$1,714 from reserve to share capital upon the exercise of stock options.  
(See Consolidated Statement of Shareholders' Equity).

September 30, 2015

The Company reallocated \$136,827 from reserve to deficit, upon the cancellation of stock options (Note 9).

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 900 – 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 2H1 and its head office is located at 341 W. 6<sup>th</sup> Avenue, Vancouver, British Columbia, Canada, V5Y 1L1.

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 October 28, 2015 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 therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 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, 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.

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:

	<b>September 30, 2015</b>	<b>December 31, 2014</b>
Cash	\$ 293,102	\$ 209,642
Term deposit	-	1,261,072
	<b>\$ 293,102</b>	<b>\$ 1,471,072</b>

**4. Accounts Receivable**

	<b>September 30, 2015</b>	<b>December 31, 2014</b>
Trade receivables	\$ 59,796	\$ 19,025
GST and other receivables	11,765	4,285
	<b>\$ 71,561</b>	<b>\$ 23,310</b>

**5. Inventory**

	<b>September 30, 2015</b>	<b>December 31, 2014</b>
Raw materials	\$ 264,428	\$ 205,109
Finished goods	190,064	30,890
	<b>\$ 454,492</b>	<b>\$ 239,999</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, 2013	\$ -	\$ -	\$ -	\$ -
Additions	52,089	11,861	31,969	95,919
December 31, 2014	52,089	11,861	31,969	95,919
Additions	6,584	-	2,850	9,434
September 30, 2015	58,673	11,861	34,819	105,353
<b>Amortization:</b>				
December 31, 2013	\$ -	\$ -	\$ -	\$ -
Additions	7,514	2,968	7,827	18,309
December 31, 2014	7,514	2,968	7,827	18,309
Additions	8,802	2,964	8,708	20,474
September 30, 2015	16,316	5,932	16,535	38,783
<b>Net book value:</b>				
December 31, 2014	\$ 44,575	\$ 8,893	\$ 24,142	\$ 77,610
September 30, 2015	\$ 42,357	\$ 5,929	\$ 18,284	\$ 66,570

## 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.

	Tinkerine U
<b>Cost:</b>	
December 31, 2013	\$ -
Additions	137,773
December 31, 2014	137,773
Additions	22,655
Recoveries	(14,020)
September 30, 2015	146,408

TINKERINE STUDIOS LTD.  
(formerly White Bear Resources Inc.)  
Notes to the Financial Statements  
September 30, 2015  
(Expressed in Canadian dollars)

<b>Amortization:</b>	
December 31, 2013	\$ -
Additions	-
December 31, 2014	-
Additions	12,201
September 30, 2015	12,201
<b>Net book value:</b>	
December 31, 2014	\$ 137,773
September 30, 2015	\$ 134,207

**8. Trade Payables and Accrued Liabilities**

	September 30, 2015	December 31, 2014
Trade payables (note 10)	\$ 120,060	\$ 125,446
Accrued liabilities	36,225	54,020
	\$ 155,285	\$ 179,466

**9. Share capital**

***Authorized share capital***

Unlimited number of common shares without par value.

Issued and outstanding at September 30, 2015: 42,548,349 shares.

***Changes in issued share capital***

During the nine months ended September 30, 2015, 563,000 shares were issued from the exercise of warrants. Proceeds of the warrant exercise was \$56,300.

***Warrants***

A continuity schedule is as follows:

Exercise Price	Dec 31, 2014 Opening	Issued	Exercised	Expired or Cancelled	Sept 30, 2015 Closing	Expiry
\$0.10	6,669,175	-	(563,000)	-	6,106,175	*
\$0.40	6,990,500	-	-	-	6,990,500	Oct. 4, 2015
	13,659,675	-	(463,000)	-	13,196,675	

Note \*: Of the \$0.10 warrants 2,925,000 expire November 18, 2015 and 3,181,175 expire December 15, 2015.

The weighted average exercise price is \$0.26 with remaining terms that all expire in the next three months.

**Stock options**

A continuity schedule of stock options is as follows:

Exercise Price	Dec 31, 2014 Opening	Granted	Exercised	Expired or Cancelled	Sept 30, 2015 Closing	Expiry date
\$0.15	878,000	-	-	-	878,000	Dec 20, 2016
\$0.25	3,120,000	411,000	-	(704,000)	2,827,000	*
\$0.40	200,000	-	-	(200,000)	-	
	<u>4,198,000</u>	<u>411,000</u>	<u>-</u>	<u>(904,000)</u>	<u>3,705,000</u>	
				Exercisable	<u>3,489,000</u>	

Note \*: Of the \$0.25 options 2,390,000 expire April 5, 2019, 45,000 expire December 2, 2019, 81,000 expire March 5, 2020, 141,000 expire May 23, 2015 and 170,000 expire June 24, 2015.

The weighted average exercise price is \$0.23 with an average remaining term of 3.1 years.

All options vest in a scheduled manner over a one year period from the date of issuance. The stock based compensation is expenses over the vesting period using the grading calculation method and \$106,321 was expensed during the nine months ended September 30, 2015 (\$408,731 in comparative period). The fair value of the 411,000 stock options granted in the period were 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 88% to 90% and no expected dividends.

**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. During the nine months ended September 30, 2015 904,000 stock options were cancelled and \$136,827 was re-allocated from Reserve to Deficit.

**10. Related party transactions**

As at September 30, 2015, included in trade payables is \$22,032 (December 31, 2014 - \$23,045), which is due to related parties. These amounts are unsecured, non-interest bearing and without specific terms of repayment.

The compensation of officers and directors for the nine month periods was as follows:

	September 30, 2015	September 30, 2014
Remuneration, fees and short-term benefits	\$ 165,275	\$ 114,917
Stock-based compensation	25,349	229,195
	<u>\$ 190,624</u>	<u>\$ 344,112</u>

**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:

	September 30, 2015	September 30, 2014
Total revenues:		
Canada	\$ 400,102	\$ 137,315
United States	433,704	80,424
Other	85,502	21,418
	<u>\$ 919,308</u>	<u>\$ 239,157</u>

During the nine months ended September 30, 2015 sales to two customers were each in excess of 10% of total revenue. There was no such sales concentration during the nine month period ended September 30, 2014.

**12. Commitments**

***Lease agreement***

The Company has a lease agreement for its premises expiring March 31, 2017. The annual basic lease payments were \$72,137 up to March 31, 2015 and is \$79,118 per year for the final two 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 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 September 30, 2015 and December 31, 2014, 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 September 30, 2015, 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.

### **15. Comparative reclassifications**

Certain figures for the comparative period in 2014 have been reclassified to conform to current presentation.