



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

**Condensed Consolidated Interim Financial Statements**

**September 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 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.)**  
**STATEMENTS OF FINANCIAL POSITION**  
**(Expressed in Canadian Dollars)**

	Notes	September 30, 2014	December 31, 2013
<b>ASSETS</b>			
<b>Current</b>			
Cash	3	\$ 1,823,547	\$ 88,856
Receivables	4	48,701	4,544
Inventory	5	169,713	33,465
Prepays and deposits		116,291	2,047
<b>Total current assets</b>		<b>2,158,252</b>	<b>128,912</b>
<b>Equipment and Leasehold improvements</b>	6	81,326	-
<b>Education and online content development costs</b>		<b>104,302</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>\$ 2,343,880</b>	<b>\$ 128,912</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payables and accrued liabilities		\$ 150,471	\$ 24,025
Due to shareholders	8	-	61,817
Customer deposits and deferred revenue		-	6,784
		<b>150,471</b>	<b>92,626</b>
<b>EQUITY</b>			
Share capital	7	4,360,519	50,100
Equity reserve	7	539,613	70,215
Deficit		(2,706,723)	(84,029)
		<b>2,193,409</b>	<b>36,286</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 2,343,880</b>	<b>\$ 128,912</b>

**Nature and continuance of operations** (Note 1)  
**Commitments** (Note 10)

Approved on behalf of the Directors:

\_\_\_\_\_  
*"Martin Burian"*

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*"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 September 30,		For the nine months ended September 30,	
		2014	2013	2014	2013
<b>REVENUE</b>	9	\$ 104,068	\$ 28,218	\$ 245,528	\$ 75,843
<b>COST OF SALES</b>		52,468	8,057	82,401	24,282
<b>GROSS PROFIT</b>		51,600	20,161	163,127	51,561
<b>EXPENSES</b>					
Amortization		6,165	-	11,985	-
Foreign exchange (gain) loss		(110)	-	(1,861)	-
Insurance		8,430	-	16,860	-
Interest and bank charges		2,412	1,263	7,672	3,557
Office and general		8,904	1,313	25,776	2,642
Product promotion, trade shows and travel		49,623	425	146,912	1,388
Professional and consulting fees		109,397	372	245,506	922
Rent and utilities		26,044	-	39,331	-
Research and development		5,746	-	25,316	-
Remuneration and benefits	8	191,160	32,638	287,972	34,930
Stock based compensation	7	147,086	-	408,731	-
Shareholder communications, filing & transfer agency		27,953	-	56,265	-
		582,810	36,011	1,270,465	43,439
<b>NET INCOME (LOSS)</b>		\$ (531,210)	\$ (15,850)	\$ (1,107,338)	\$ 8,122
<b>COMPREHENSIVE INCOME (LOSS)</b>					
Transaction cost of share exchange and RTO		\$ -	\$ -	\$ 1,515,356	\$ -
<b>NET COMPREHENSIVE INCOME (LOSS)</b>		\$ (531,210)	\$ (15,850)	\$ (2,622,694)	\$ 8,122
<b>BASIC AND DILUTED LOSS PER COMMON SHARE</b>		\$ (0.01)	\$ (0.00)	\$ (0.08)	\$ 0.00
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>		41,769,005	6,000,000	31,482,672	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					
<b>Balance at December 31, 2012</b>		6,000,000	100	-	(11,827)	(11,727)
Shares issued for cash - private placement		-	-	-	-	-
Stock based compensation		-	-	-	-	-
Net and comprehensive loss		-	-	-	8,122	8,122
<b>Balance at September 30, 2013</b>		6,000,000	\$ 100	\$ -	\$ (3,705)	\$ (3,605)
<b>Balance at December 31, 2013</b>		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	2,812,801	-	-	2,812,801
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)
Fee warrants issued to consultant (175,000)		-	-	19,629	-	19,629
Stock based compensation		-	-	408,731	-	408,731
Warrants exercised into shares		200,000	20,000	-	-	20,000
Stock options exercised into shares, cash value; and its effect on Reserves		22,000	3,300	-	-	3,300
Net and comprehensive loss		-	1,714	(1,714)	-	-
		-	-	-	(2,622,694)	(2,622,694)
<b>Balance at September 30, 2014</b>		41,795,233	\$ 4,360,519	\$ 539,613	\$ (2,706,723)	\$ 2,193,409

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 nine months ended September 30,  
2014 2013

**Cash Flow from Operating Activities**

Net comprehensive income (loss) for the period	\$ (2,622,694)	\$ 8,122
Items not involving cash		
Amortization	11,985	-
Share-based compensation	408,731	-
Value of warrants issued to consultant	19,629	-
Transaction costs of Share Exchange and RTO	1,515,356	-
Changes in non-cash working capital items		
Receivables	(44,157)	-
Inventory	(136,248)	(30,679)
Prepays and deposits	(114,244)	(2,047)
Trade payables and accrued liabilities	126,446	1,433
Due to shareholders	(61,817)	31,909
Customer deposits and deferred revenue	(6,784)	(978)
Net cash provided by operating activities	<u>(903,797)</u>	<u>7,760</u>

**Cash Flow from Investing Activities**

Purchase of equipment and leaseholds	(93,311)	-
Education and online content development	(104,302)	-
Net cash used in Investing activities	<u>(197,613)</u>	<u>-</u>

**Cash flows from Financing Activities**

Net proceeds from Share issuances	<u>2,836,101</u>	<u>-</u>
Net cash provided by Financing Activities	<u>2,836,101</u>	<u>-</u>

<b>CHANGE IN CASH</b>	1,734,691	7,760
<b>CASH - BEGINNING</b>	<u>88,856</u>	<u>12,344</u>
<b>CASH - ENDING</b>	<u>\$ 1,823,547</u>	<u>\$ 20,104</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 of 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 November 27 2014 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, 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](http://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, which is the Company's functional currency.

**3. Cash**

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

**4. Accounts Receivable**

	September 30, 2014	December 31, 2013
Trade receivables	\$ 32,304	\$ -
GST receivable	16,397	4,544
	<u>\$ 48,701</u>	<u>\$ 4,544</u>

**5. Inventory**

	September 30, 2014	December 31, 2013
Raw materials	\$ 149,103	\$ 31,703
Finished goods	20,610	1,762
	<u>\$ 169,713</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 on a straight line basis over three years.

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

	Equipment	Computers	Leasehold Improvements	Total
<b>Cost:</b>				
December 31, 2013	-	-	-	-
Additions	\$ 51,175	\$ 11,171	\$ 30,965	\$ 93,311
As at September 30, 2014	<u>51,175</u>	<u>11,171</u>	<u>30,965</u>	<u>93,311</u>
<b>Amortization:</b>				
December 31, 2013	-	-	-	-
Charge for the period	5,118	1,862	5,005	11,985
As at September 30, 2014	<u>5,118</u>	<u>1,862</u>	<u>5,005</u>	<u>11,985</u>
<b>Net Book Value</b>				
As at September 30, 2014	<u>\$ 46,057</u>	<u>\$ 9,309</u>	<u>\$ 25,960</u>	<u>\$ 81,326</u>



## 7. Share capital

### **Authorized share capital**

Unlimited number of common shares without par value.

Issued and outstanding at September 30, 2014: 41,795,233 shares.

### **Changes in issued share capital**

On February 12, 2014 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 Ltd. 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 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 warrants 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.

During the quarter ended September 30, 2014, 47,000 shares were issued from the exercise of 25,000 warrants (\$2,500 proceeds) and 22,000 stock options (\$3,300 proceeds).

### **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. During the nine months ended September 30, 2014, 175,000 warrants were issued to consultant. All of these warrants have an exercise price of \$0.40 and expire October 4, 2015. 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 November 15 and 18, 2015	\$0.10	7,059,291	-	(200,000)	-	6,859,291
October 4, 2015	\$0.40	-	6,990,500	-	-	6,990,500
		7,059,291	6,990,500	(200,000)	-	13,849,791

Weighted average exercise price is \$0.25 with an average remaining term of 1.1 years.

**Stock options**

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

On July 3, 2014 42,500 options with an exercise price of \$2.00 expired.

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 a one year period. \$147,086 was recognized for stock-based compensation during the three months ended September 30, 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:

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	-	(22,000)	-	878,000
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	(22,000)	(42,500)	4,053,000

The weighted average exercise price is \$0.241 with an average remaining term of 4 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.

**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. During the period ended June 30, 2014, the full shareholder loan balance of \$61,817 was repaid. The balance at June 30, 2014 and September 30, 2014 was \$Nil.

On April 4, 2014 the Company purchased \$47,619 of equipment from a company controlled by a direct relative of the Chief Executive Officer ("CEO"). The equipment purchased is the same equipment that the Company had used during normal operations prior to owning it.

***Key management personnel compensation***

During the nine months ended September 30, 2014, the officers and directors of the Company were paid short term employment benefits of \$114,917 (September 30, 2013 - \$34,930). During the three months ended September 30, 2014, the officers and directors of the Company were paid short term employment benefits of \$61,153.

**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:

	<b>September 30, 2014</b>	<b>September 30, 2013</b>
Total revenues:		
Canada	\$ 143,686	\$ 49,919
United States	80,424	21,513
Other	21,418	4,411
	<b>\$ 245,528</b>	<b>\$ 75,843</b>

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 pays operating costs and a management fees equal to 5% of the annual basic rent.

**11. 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.

## 12. 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, 2014 and December 31, 2013, 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, 2014, 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.

## 13. Comparative reclassifications

Certain figures for the prior quarter or comparative period in 2013 have been reclassified to conform to the current presentation.