



TINKERINE STUDIOS LTD.

(Formerly White Bear Resources Inc.)

MANAGEMENT DISCUSSION AND ANALYSIS

For the nine months ended September 30, 2014

Form 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR
Tinkerine Studios Ltd. ("the Company")
(Formerly White Bear Resources Inc.)

This management discussion and analysis of financial position and results of operations ("MD&A"), prepared as of November 27, 2014, provides an analysis of the operations and financial results of Tinkerine Studios Ltd. ("the Company") for the nine months ended September 30, 2014, and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2014. Readers may want to refer to the December 31, 2013 audited financial statements and the accompanying notes which were included in the Information Circular dated February 27, 2014 and filed on www.sedar.com with a reference date of March 11, 2014.

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"). Under the RTO, White Bear acquired all of the securities outstanding in Tinkerine Studio Ltd. and it became a wholly owned operating 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. The consolidated financial statements for the period ended September 30, 2014 reflect the results of Tinkerine 3D Print Systems Ltd. from January 1, 2014 to September 30, 2014 and the results of Tinkerine Studios Ltd. from April 5, 2014 to September 30, 2014.

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

The financial information in this MD&A is derived from the Company's unaudited condensed consolidated interim financial statements which have been prepared in Canadian dollars, in accordance with International Financial Reporting Standard ("IFRS").

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian and US securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact are forward-looking statements. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. These forward looking statements include, but are not limited to, statements concerning:

- the Company's strategies and objectives, both generally and in respect of its existing business and planned business operations;
- the Company's plans to grow sales and offer new products;
- the Company's future cash requirements;
- general business and economic conditions;
- the Company's ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations;
- the timing, pricing, completion, regulatory approval of proposed financings if applicable;

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward looking statements are risks and uncertainties beyond the Company's ability to predict or control, including, but not limited to, risks related to the Company's ability to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under "Risk Factors".

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward looking statements contained in this MD&A. Such statements are based on a number of assumptions, which may prove incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- conditions in the financial markets generally, and with respect to the prospects for small capitalization commercial/technology companies specifically;
- the Company's ability to roll out its business plan which includes new product launches and associated planning in production, sales, distribution and marketing;
- the Company's ability to secure and retain employees and contractors to carry out its business plans;

These forward-looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation, to update these forward-looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the Company has moved from a private corporation operating with very limited capital and therefore with very restricted operations, to a publicly traded venture issuer. Accordingly, drawing trends from the Company's very limited operating history is difficult.

OVERALL PERFORMANCE

The Company completed an RTO on April 4, 2014 and its principal business the design and distribution of 3D printers, software and related online educational content. Through 2013 and the first half of 2014 the Company has primarily been selling its second generation of 3D printer on a limited basis and conducting research and prototyping of its third generation fused filament fabrication 3D printer, the Ditto™ Pro.

Highlights of the Company's activities for the period ended September 30, 2014 and subsequent period to November 28, 2014:

- The Company completing its reverse takeover transaction with White Bear Resources Inc. (White Bear) on April 4, 2014 and concurrent \$3,087,750 private placement;
- The Ditto Pro came out of research and prototyping in June 2014 and was readied for regular production by August, 2014;
- Establishment and set up of the Company's production and assembly facility including training of initial production workers in Q3 2014 and continuing into the fourth quarter;
- Ordering of commercial quantities of parts inventory for the Ditto Pro, in which the Company experienced some delivery delays which extended into November 2014;
- Continued rollout of the Company's business expansion plan including the recruitment and establishment of dealers for the Ditto Pro product, software and related educational content;
- Continued development of online educational content and 3 dimensional object files for Tinkerine U, which was launched on a pilot basis on October 27, 2014.

SUMMARY OF QUARTERLY INFORMATION

	Quarter ended September 30, 2014	Quarter Ended June 30, 2014	Quarter Ended March 31, 2014
Revenue	\$104,068	\$55,805	\$85,655
Net Income (Loss)	(\$531,210)	(\$584,352)	8,224
Net Comprehensive Income (Loss)	(\$531,210)	(\$2,099,678)	\$8,224
Basic and Diluted Loss per common share	(0.01)	(\$0.05)	\$0.00
Number of shares outstanding (weighted avg.)	41,769,005	41,660,733	12,000,000

Note: The Company has not presented quarterly information for its past eight quarters as it has not prepared financial statements for such periods prior to the RTO on April 4, 2014.

RESULTS OF OPERATIONS

Summary and Discussion of Quarter to Quarter results

Revenue was \$104,068 for the three months ended September 30, 2014 versus \$55,805 in the second quarter 2014 and \$85,655 for first quarter of 2014. During Q2 2014 and earlier we only sold our second generation products, the Ditto+ and Litto. Q3 2014 marked the transition to producing and selling predominantly our third generation product, the Ditto Pro, from our initial production runs of this product. Production levels were limited in Q3 2014 due to setting up the production and assembly facility and training of production employees. Because of the change in product mix and configuring the new production facility, drawing inferences from quarter to quarter sales comparisons is challenging.

In last quarter's report we reported Revenue for the six months ended June 30 2014 of \$150,135. During the third quarter we adopted an accounting presentation change so that customer shipping revenue is now netted against the corresponding shipping expense, as these costs are passed through to customers. This change provide reader with a clearer view of gross profit margins. The accounting presentation change decreases each of Revenue and Cost of Sales by \$8,675 for H1 2014 (\$2,232 for Q2 and \$6,443 for Q1 2014) while reported Gross Profits remain the same.

The Company's net loss for the three months ended Sept 30, 2014 was \$531,810 versus \$584,352 for the Q2 2014. While Sales increased quarter over quarter we also increased our operation expense in the quarter in line with our business expansion plans.

For accounting purposes, the calculated Transaction Cost of the Share Exchange and RTO was \$1,515,356 and fully recognized in Q2 2014 as a component of Comprehensive Loss. In accounting for the RTO, the business of Tinkerine Studio Ltd. is considered the continuing entity. Therefore this line item, a non-cash item, represents the dilution loss due to the equity and financial attributes of White Bear at the RTO date, April 4, 2014. In Q3 2014, we did not report any items in Comprehensive Income or Loss.

Analysis of Operating Results

Note: Information is presented for the nine months ended September 30, 2014, the three months ended September 30, 2014 and corresponding comparative period in 2013 where the information provides comparative insight. In many reporting areas, particularly expenses, comparison to Q2 2014 provides more meaningful insight and is therefore provided.

1. Revenue

Revenue was \$245,528 for the nine months ended September 30, 2014 versus \$75,843 for the comparative period 2013. For Q3, 2014 Revenue was \$104,068 versus \$28,218 for Q3 2013. This increase in sales in both the nine and three month comparison is due to the shift to focus on sales of the Ditto Pro. Production in Q3 2014 was constrained as mentioned above and such constraints continued into Q4 2014.

For Q3 2013 revenue of \$104,068 was represented by 87% hardware sales, 10% filament and 3% services/miscellaneous. These percentage revenue mix are similar to prior periods with a small pick up in filament percentage since launching our own Tinkerine branded product in May 2014.

Hardware revenue for Q3 2014 was represented by the sale of 50 3D printers, versus 34 in Q2 2014 and 43 in Q1 2014. Unit sales in 2013 were Q3: 19, Q2: 34 and Q1: 25. Q3 2014 marks the change in product focus to the Ditto Pro. However, our new production facility was still being configured and production staff trained during Q3 2014, limiting finished goods inventory available for sale. The Company experienced a pick up in sale in Q1 2014 compared to earlier quarters since an industry publication, "Make Magazine" did a favorable product review on the Ditto+ in the November 2013 magazine.

2. Gross Profit Margins

Gross profit for the nine months ended Sept. 30, 2014 was \$163,127 or 66% versus \$51,561 or 68% for the comparative 9 month period in 2013. In 2013 limited wages were paid to the founders including those in production roles. During Q3 2014 we determined we had understated Cost of Sales at June 30, 2014 by \$15,400 and made a corresponding overstatement to Inventory. This flowed through into Q3 2014 and makes the gross margin percentage appear low at 50% versus 77% reported for Q2 2014. However, Cost of Sales and Gross margin percent for the full nine months 2014 at 66% is in line with expectations and the historical range.

Moving forward, management expects to sell the majority of its third generation Ditto Pro 3D printers through dealers and distributors. The end user selling price is expected to be similar for direct sales and sales through dealers, therefore as sales grow, management expects hardware margins to decline due a portion of the margin going to dealers.

Furthermore, training of production employees to produce the Ditto Pro continued from Q3 into Q4 2014, therefore, due to employees still being at low efficiency levels, we expect a decline in fourth quarter gross profit margins. The Company has adopted a policy of charging the first six weeks of employees training period to Training Wages within "Remuneration and Benefits" within the Expenses section of the Statement of Comprehensive Loss, rather than as a component of Cost of Sales. Such charge amounted to \$12,005 within Q3, 2014 whereas there was no such charge in Q2 2014 or the comparative quarter in 2013.

3. Expenses

In Q3 2014 the Company incurred \$582,810 of total expenses compared to \$629,137 in Q2 2014. The comparative Q3 2013 at \$43,439 does not provide any meaningful comparison. In the analysis of significant expense accounts

below, comparison will be made of Q3 to Q2 2014, as this is more meaningful information, the RTO having occurred on April 4, 2014 and therefore the Company having available funds to expand its business materially.

Highlighted expenses include the following:

- Remuneration and benefits of \$191,160 for Q3 2014 versus \$96,812 for Q2 2014. Through Q2 2014 the Company expanded from 4 to 10 employees and during Q3 the Company added 5 more employees for production management, software and web-development. During Q3 \$12,005 of Training Wages for new production staff was also changed within Remuneration and Benefits. Staff additions will continue into Q4 2014 but at a slower rate.
- Stock based compensation was \$147,086 in Q3 versus \$261,645 in Q2. This is a non-cash expense and represents the fair value of stock options granted using a Black Scholes calculation. Under IFRS, the expense is recognized as the options vest each quarter with a larger proportion of the expense recognized in earlier quarters. The Company adopted a 10% rolling plan in February 2014 and all options have vesting in tranches over a one year period. This expense is fully due to the grant of stock options to employees, officers, directors and advisory board members which occurred in Q2 2014.
- Professional and consulting fees of \$109,397 for Q3 versus \$136,109 in Q2 2014. Whereas approximately half the Q2 expense were related to the RTO and financing including legal and audit fees, in Q3 we incurred a greater proportion of consulting for Intellectual Property and Employment legal counsel. Additionally, we have consultants regularly working for us in our Distribution Channels department. Finally, in Q3 2014 we issued 175,000 warrants exercisable at \$0.40 to a consultant and the fair value of 19,628 (a non-cash expense) was fully recognized in the quarter.
- Product promotion, trade shows and travel \$49,623 in Q3 versus \$97,289 in Q2 2014. These costs predominantly relate to marketing, branding and advertising for the Ditto Pro product. In Q2 we were very active at trade shows and these activities declined somewhat while focusing more on production and sales ramp up. We expect such costs to increase somewhat moving into the coming quarters.

LIQUIDITY

As at September 30, 2014, the Company had working capital of \$2,007,781 (December 31, 2013 – \$36,286) and a cash position of \$1,823,252 (Dec. 31, 2013 – \$88,856) of which \$1,250,000 was investing in a Guaranteed Investment Certificate.

Near the beginning of Q2 2014 (April 4, 2014) the Company completed a RTO and concurrent private placement. The private placement was of 12,351,000 units at \$0.25 to raise gross proceeds of \$3,087,750 and net proceeds of \$2,812,801. Through Q2 and Q3 200,000 warrants and 22,000 stock options were exercised for proceeds of \$23,300.

Cash used in operating activities during the nine months ended September 30, 2014, was \$903,797 (2013 - \$7,760) with the majority of expenditures occurring in Q2 and Q3, after the RTO.

During the nine months ended September 30, 2014 the Company purchased \$93,311 of Equipment, Computers and Leasehold Improvements to expand its operating capability and configuring its new premises and production facilities, with the majority of these expenditures being made in Q2 2014. Over the nine months to September 30, 2014 the Company incurred \$104,302 for costs of developing 3D printing educational courses and online content, which expenditures were made through both Q2 and Q3.

CAPITAL RESOURCES

As at September 30, 2014, the Company's share capital was \$4,360,519 representing 41,795,233 issued and outstanding common shares without par value. Reserves, representing the fair value of stock options issued and vested and warrants issued, is recorded at \$539,613. The primary increase in reserves during Q3 2014 is for the calculated charge for Stock-based Compensation due to the stock options issued in Q2 2014. The Company has 4,053,000 stock options with a weighted average exercise price of \$0.241 and an average remaining term of 4 years. Warrants outstanding include 6,859,291 at \$0.10 and a further 6,815,500 warrants exercisable at \$0.40 all of which will expire in the fourth quarter of 2015.

During the first nine months of 2014 the Company performed the following transactions, which affected 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 retroactive effect of the stock split.
- 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 Q2 2014, 175,000 shares were issued from the exercise of warrants for proceeds of \$17,500.
- During Q3 2014, 47,000 shares were issued from the exercise of 25,000 warrants (\$2,500 proceeds) and 22,000 stock options (\$3,300 proceeds).

The Company has no debt facilities and no off balance sheet arrangements.

Management believes current cash resources are sufficient to fund its business plan over the next twelve months. However, opportunities may arise to accelerate the Company's business expansion plan and if such course of action is pursued the Company may likely seek further equity injection either through the exercise of warrants or a further common share issuance.

RISK FACTORS

Each of the following factors could have a material adverse effect on the Company's financial condition and results of operations.

3D Printing Industry: The Company operates within desktop segment (sometimes referred to as the consumer segment) of the 3D printing industry. The desktop segment has really only existed since 2008. Although fast growing, the whole segment can be viewed as being an early adopter stage market. The ability for the Company to successfully negotiate this market setting comprises a substantial risk.

New Product Launch: The Company has launched three generations of products since its inception in May 2012. It is currently putting considerable resources into its third generation product, the Ditto Pro. Additionally, the Company is investing in software development and the development of online courses and curriculum for the education sector. The ability to manage such product launches in a timely and cost effective manner, and achieve the desired results in terms of market penetration, comprises a substantial risk.

Young Company and its stage of development: The Company has only operated since May 2012 and most of the time since then has been in the start-up and product development phase. Management's ability to manage a fast growth enterprise and put sufficient operating procedures and controls in place comprises a substantial risk.

Dependence upon key personnel: The success of the Company's operations will also depend upon its ability to attract and retain talented and qualified personnel. The Company currently has a small management team, several of which can be considered key to expanding the Company's business operation, the loss of which would likely be detrimental to the Company.

Competition: The desktop segment of the 3D printing industry is already competitive with several direct competitors having much greater financial resources than the Company and also greater length of operating experience. Furthermore, the desktop segment is going through a period of rapid innovation with many participants striving to drive down the price at which they can offer products. These factors combine to make the competitive environment a substantial risk.

Financing risks: The Company existing financial resources have come from the issue of new equity and, in an international setting, can be viewed as limited. Further the Company has limited operating cash flow. Therefore, without growth in operating cash flow the Company will require further equity capital injection(s) to sustain itself. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable.

Dilution to the Company's existing shareholders: Any future equity issues may be dilutive to present and prospective holders of common shares.

Regulatory requirements: The activities of the Company are subject to regulations governing various matters, including but not limited to standards and certifications for electronic device, employment standards for employees engaged in manufacturing and assembly, export and import regulations and duties, and sales and goods and service tax compliance. While the Company endeavours to remain compliant in all such aspect, the inability to do so could have an adverse effect on its permissions to continue to operate.

Foreign currency risk: The Company's functional and reporting currency is the Canadian dollar. The Company incurs foreign currency risk on purchases that are denominated in a currency other than the functional currency of the Company, which will have an impact on the profitability of the Company and may also affect the value of the Company's assets, liabilities and the amount of equity. The Company's main risks are associated with fluctuations in the US dollar ("US") as a substantial portion of its parts and materials purchases are denominated in US dollars while its US dollar sales are a lesser proportion. The Company does not enter into any foreign exchange hedging contracts.

OUTSTANDING SHARE DATA

The Company's authorized capital is unlimited common shares without par value. As at November 27, 2014, the following common shares, options and share purchase warrants were outstanding:

As at November 27, 2014	Number issued and outstanding
Common Shares	41,985,349
Stock Options	4,053,000
Warrants	13,659,675
Fully Diluted	59,698,024

Since September 30, 2014, 190,116 warrants with an exercise price of \$0.10 were exercised into common shares.

TRANSACTIONS WITH RELATED PARTIES

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 of 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, Justin Sy and Chang-Chi Su, 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 nine months ended September 30, 2014, the officers of the Company were paid salaries or independent contractor fees as follows: Eugene Suyu, CEO, \$22,260 (within Q3 2014 - \$15,000); Martin Burian, CFO, \$54,000 (within Q3 2014 - \$27,000); and Todd Blatt, VP Market Direction, \$21,470 (within Q3 2014 - \$12,320) compared to the nine months to September 30, 2013 which was \$34,930 in aggregate of for all officers and directors. John Veltheer was paid independent contractor fees of \$17,187 (within Q3 2014 \$6,833) in his capacity as a director and member of the audit and compensation committees.

Officers and directors

On April 4, 2014, the following individuals became directors and officers and continue to the date of this MD&A:

- Desmond Liew -- Chairman and Director
- Eugene Suyu -- Chief Executive Officer and Director
- Martin Burian -- Executive Vice-President, Chief Financial Officer, Secretary and Director
- Todd Blatt -- Director and Vice-President of Market Direction
- John Veltheer -- Director

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as at September 30, 2014 and to the date of this MD&A.

CHANGES IN ACCOUNTING POLICIES

The preparation of the condensed interim financial statements and related MD&A have been prepared in conformity with IFRS requires estimates and assumptions that affect the amounts reported in these financial statements. Accounting policies for these condensed financial have been prepared consistent with those applied and disclosed in the Company's annual audited financial statements.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A on November 27, 2014.

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com.

REGISTERED OFFICE

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OFFICERS & DIRECTORS

Eugene Suyu
Director and CEO

Martin Burian, CA, CBV
Director, Secretary and CFO

Todd Blatt
Director and VP Market Direction

Desmond Liew
Chairman of the Board

John Veltheer, PhD
Director

LISTINGS

TSX Venture Exchange: TTD.V
OTC Pink: TKSTF

CAPITALIZATION

(as at November 27, 2014)

Shares Issued: 41,985,349

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