



TINKERINE STUDIOS LTD.

(Formerly White Bear Resources Inc.)

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2014



Ditto™ Pro 3D Printer

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 February 27, 2015 provides an analysis of the operations and financial results of Tinkerine Studios Ltd. (“the Company”) for the year ended December 31, 2014, and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2014.

On April 4, 2014, Tinkerine Studio Ltd. and White Bear Resources Inc. (“White Bear”), a TSX Venture listed company, completed a share exchange transaction which resulted in a reverse take-over (“RTO”) transaction. 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. Immediately following 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 year ended December 31, 2014 reflect the results of Tinkerine 3D Print Systems Ltd. from January 1, 2014 to December 31, 2014 and the results of Tinkerine Studios Ltd. from April 5, 2014 to December 31, 2014.

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 audited consolidated financial statements which have been prepared in Canadian dollars, in accordance with International Financial Reporting Standard (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

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 and services;
- 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 continue 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 limited operating history is difficult.

OVERALL PERFORMANCE

The Company's principal business is 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. In the latter half of 2014, the Company moved the Ditto Pro to initial commercial production and began establishing a dealer network for this product.

Specific highlights of the Company's activities for the year ended December 31, 2014 include:

- The Company completing its reverse takeover transaction with White Bear Resources Inc. (White Bear) on April 4, 2014 along with a concurrent \$3,087,750 private placement;
- In May 2014, the Company launched its own brand of PLA filament, the consumable plastic used in 3D printers
- 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 and Q4 of 2014;
- Initial dealer appointments commenced in Q3 and Q4 and will be expanded in 2015;
- Continued development of Tinkerine U, the online platform including educational content and 3 dimensional objects, which the Company plans to roll out in March 2015.

SELECTED ANNUAL INFORMATION

	Year ended December 31, 2014	Year Ended December 31, 2013	Period Ended December 31, 2012*
Revenue	\$342,839	\$122,739	\$17,320
Net Loss	(\$1,650,513)	(\$72,202)	(\$11,827)
Net and Comprehensive Loss	(\$2,700,252)	(\$72,202)	(\$11,827)
Basic and Diluted Loss per common share	(0.09)	(\$0.01)	(\$0.00)
Number of shares outstanding (weighted avg.)	31,031,288	7,068,493	6,000,000
Total Assets	\$1,982,621	\$128,912	\$12,344
Total long term liabilities	-	-	-

Note * The 2012 period was from inception on May 8, 2012 to December 31, 2012.

RESULTS OF OPERATIONS

1. Revenue

Revenue was \$342,839 for the year ended December 31, 2014 ("2014" or "the 2014 year") versus \$122,739 for the year ended December 31, 2013 ("2013" or "the 2013 year"). This increase in sales is due to the launch of our Ditto Pro product in the third quarter and ramp up of our Vancouver, BC assembly facility late in 2014. The 2013 year sales are solely composed of the second generation wooden kit models, the Ditto+ and Litto, and were produced out of the Company's small start-up location. Within the context of our post-RTO business expansion plan, we still consider our 2014 year sales constrained by the configuration of our larger production facility and training of our initial production staff.

For the 2014 year revenue of \$342,839 was represented by 87% hardware sales, 9% filament and 4% services/miscellaneous. This revenue mix is similar to the 2013 year. In 2014 the Company sold 183 3D printers, versus 103 in the 2013 year. With the introduction of the Ditto Pro the average selling price per unit increased.

2. Gross Profit Margins

Gross profit for 2014 was \$186,285 or 54% versus \$77,268 or 63% for 2013. We strive for similar profit margins across our product lines. 2014 gross profit was negatively affected by the start-up of Vancouver, BC assembly facility, particularly due to initial stocking of shop supplies and small tools expensed through cost of sales.

Training of production employees to produce the Ditto Pro in our Vancouver, BC assembly facility occurred in the latter half of 2014 and continues into 2015. During this period of production inefficiency we expect margins to be negatively affected. The Company has adopted a policy of charging the first six to eight 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 \$34,973 within 2014, whereas there was no such charge in 2013.

Moving forward into 2015, management expects to sell an increasing proportion 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 modestly due a portion of the margin going to dealers.

3. Expenses

In 2014 the Company incurred \$1,836,798 of total expenses compared to \$149,470 in 2013. The RTO having occurred on April 4, 2014 allowed the Company to begin to ramp up its business and expand its operations. Due to this fact the comparison of the 2014 year to 2013 provides limited meaningful insights.

Highlighted expenses (those comprising 5% or more of total expenses) include the following:

- Remuneration and benefits of was \$522,407 for 2014. Through 2014 the Company expanded from 4 to 22 employees at year end. In 2013 the Company incurred remuneration and benefits of \$46,236, the modest remuneration going solely to the four founders.
- For 2014 Stock based compensation was \$498,080 (27% of all expenses) and \$70,215 for 2013 (47% of all expenses). Stock based compensation is a non-cash expense and represents the fair value of stock options granted using a Black Scholes calculation. Under IFRS, the expense is recognizes 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 2014 and all options issued in 2014 vest in tranches over a one year period. In 2013 the stock options vested immediately.
- Professional and consulting fees were \$323,535 for 2014 versus \$22,681 in 2013. Such fees include legal and audit costs and were significant in the first half of the year due to the RTO. The Company regularly engages independent contractors for accounting services, R&D and channel management. Additionally in 2014 we engaged legal counsel for intellectual property matters, employment law and general commercial matters.
- Product promotion, trade shows and travel were \$183,129 in 2014 versus \$5,870 in 2013. In 2014 these costs predominantly related to marketing, branding and advertising in periodicals for the Ditto Pro product. Every quarter we attended several trade shows in this effort. Late in 2014 we increased our social media awareness and added expense in this area.
- Shareholder communication costs, filing fee and transfer agency costs totaled \$118,853 for 2014 versus nil for 2013. Such costs relate to transitioning to and maintaining the Company's listing and public company status.

3. Other Items

The Company had \$11,435 interest income in 2014 (Nil in 2013) primarily due to the GIC we put \$1,250,000 of our cash resources into. With these year end financial statements the Company began to present interest income as a separate line item as part of other income, whereas in interim quarterly financial statements it was a component of the revenue line item.

For 2014 the Transaction Costs of \$1,061,174 (Nil in 2013) represents the calculated cost of completing the RTO and Share Exchange. It is a non-cash item reflects the equity and financial attributes of White Bear at the RTO date, April 4, 2014.

SUMMARY OF QUARTERLY INFORMATION

	Quarter ended December 31, 2014	Quarter ended September 30, 2014	Quarter Ended June 30, 2014	Quarter Ended March 31, 2014
Revenue	\$103,682	\$98,896	\$54,606	\$85,655
Net Income (Loss)	(\$536,804)	(\$536,382)	(\$585,551)	8,224
Net Comprehensive Income (Loss)	(\$531,740)	(\$531,210)	(\$1,645,526)	\$8,224
Basic and Diluted Loss per share	(0.01)	(0.01)	(\$0.04)	\$0.00
Number of shares outstanding (w. avg.)	41,966,751	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 quarterly financial statements for such quarters as a private company in 2013.

Summary and Discussion of Quarter to Quarter results

Q3 and Q4 2014 revenue displayed an incremental increase over Q1 and Q2 due to the introduction of the Ditto Pro. However production of the new model was restricted by the configuration of our new Vancouver assembly facility late in 2014, as well as the training of our initial group of production employees from September through year end. During Q2 2014 and earlier we only sold our second generation products, the Ditto+ and Litto. In Q1 2014, the Company's sales benefited because industry publication, "Make Magazine" did a favorable product review on the Ditto+ in the November 2013 magazine.

In Q2 2014 and earlier, essentially all our sales were conducted on through our on line store. In Q3 we began the transition to recruiting and appointing dealers through which our Ditto Pro would be sold. In Q3 a very small percentage of sales were made through dealers but by Q4 approximately 40% of our sales were made through our first dealer relationships. Recruitment of dealers in the USA and internationally continues into 2015 and we expect the proportion of sales through dealers to continue to increase as we ramp up our business.

The Company's net loss in Q2, Q3 and Q4 2014 was similar between \$536,000 and \$585,000 per quarter. Each quarter the Company had gross margin contribution between \$35,000 and \$60,000. However the composition of expenses showed some variation. While Stock based compensation, non-cash expense (as calculated using the Black Scholes option pricing model and set out in the notes to the financial statements), went from Q2: \$261,000 to Q3: \$147,000 to Q4: 89,000 because of recognizing this expense as vested with the grading method, all other expenses in total went from approximately Q2: \$368,000, Q3, \$435,000 to Q4: \$490,000. Cash expenses in Q1 2014 were only \$59,000 as the Company had limited resources prior to the RTO date. This build in cash expenses through 2014 was in accordance with our business plan and this trend will continue but at a moderated pace into 2015.

For accounting purposes, the calculated Transaction Cost of the Share Exchange and RTO was \$1,061,174 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 loss due to the equity and financial attributes of White Bear at the RTO date, April 4, 2014.

LIQUIDITY

As at December 31, 2014, the Company had working capital of \$1,578,660 (December 31, 2013 – \$36,286) and a cash position of \$1,471,072 (Dec. 31, 2013 – \$88,856) of which \$1,250,000 was invested in a Guaranteed Investment Certificate.

On 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 \$2,907,263. Through 2014 proceeds from the exercise of warrants and stock options was \$42,312 (2013: Nil).

Cash used in operating activities during the 2014 year was \$1,354,574 (2013: \$26,512) with the majority of expenditures occurring in Q2 through Q4, after the RTO.

During the 2014 year the Company purchased \$95,919 of Equipment, Computers and Leasehold Improvements to expand its operating capability and configuring its new premises and production facilities. Also during 2014 the Company incurred \$137,773 for costs of developing 3D printing educational courses and online content, which is the

line item making up Intangible Assets. This initiative remained a work in progress at year end. The Company will commence to amortize the costs when the development phase is completed and the initiative is commercially launched in 2015.

CAPITAL RESOURCES

As at December 31, 2014, the Company's share capital was \$3,949,362 (Dec. 31, 2013: \$50,100) representing 41,985,349 issued and outstanding common shares without par value (Dec. 31, 2013: 12,000,000). Reserves, representing the fair value of stock options issued and vested and warrants issued, are recorded at \$600,280 (Dec 31, 2013: \$70,215)

At December 31, 2014 the Company has 4,198,000 stock options with a weighted average exercise price of \$0.236 and an average remaining term of 3.75 years. Warrants outstanding include 6,669,175 at \$0.10 and a further 6,990,500 warrants exercisable at \$0.40. All warrants expire in October and November, 2015.

During 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. The RTO was accounted for at the consideration amount of \$947,973 based on the financial attributes of White Bear, which after taking into consideration net identifiable assets produced a transaction cost of \$1,061,174 which forms part Comprehensive Loss for 2014.
- 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 and net proceeds of \$2,907,262. 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. The 640,000 broker warrants were assigned a cost \$42,753 using a Black Scholes calculation.
- During 2014 390,116 shares were issued from the exercise of warrants for proceeds of \$39,012.
- During 2014 22,000 shares were issued from the exercise of stock options for proceeds of \$3,300.
- During 2014, 175,000 warrants with an exercise price of \$0.40 until October 4, 2015 were issued to a consultant for services and assigned a cost of \$19,627 using a Black Scholes calculation.

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

Management believes current cash resources are likely insufficient to fund its business plan over the next twelve months and therefore may seek further equity injection either through the exercise of warrants or a new 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 year 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 February 27, 2015, the following common shares, options and share purchase warrants were outstanding:

As at February 27, 2015	Number issued and outstanding
Common Shares	41,985,349
Stock Options	4,198,000
Warrants	13,659,675
Fully Diluted	59,843,024

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 outstanding at December 31, 2013 were repaid and the balance at December 31, 2014 was NIL. The five shareholders of Tinkerine Studio Ltd. that had loans were Eugene Suyu, Dan (Ying-Ta) Wu, 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 that Tinkerine Studio Ltd. had use of for its regular operation at its previous location in Langley, BC but did not yet own.

Key management personnel compensation

During 2014, the officers of the Company were paid salaries or independent contractor fees as follows: Eugene Suyu, CEO, \$37,884 (2013: \$14,592); Martin Burian, CFO, \$81,000 (2013: Nil); and Todd Blatt, VP Market Direction, \$30,976 (2013: Nil). John Veltheer was paid independent contractor fees of \$18,333 (2013 \$Nil) in his capacity as a director and member of the audit and compensation committees. In aggregate directors and officers received Stock-based compensation valued at \$169,704 in 2014 (Nil in 2013).

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 December 31, 2014 and to the date of this MD&A.

CHANGES IN ACCOUNTING POLICIES

The preparation of the annual 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 the current and comparative year have been consistently applied.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A on February 27, 2015.

ADDITIONAL INFORMATION

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

REGISTERED OFFICE

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HEAD OFFICE and OPERATIONS

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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 February 27, 2015)

Shares Issued: 41,985,349

TRANSFER AGENT

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