



TINKERINE STUDIOS LTD.

Unaudited Interim Consolidated Financial Statements

March 31, 2022

(Expressed in Canadian dollars)

(Prepared by Management)

TINKERINE STUDIOS 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.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (unaudited)
March 31, 2022
(Expressed in Canadian Dollars)

	Notes	March 31, 2022	December 31, 2021
ASSETS			
Current			
Cash and cash equivalents	2	\$ -	\$ 14,469
Receivables	4	21,989	25,757
Inventory	5	59,900	72,217
Prepays and deposits		12,337	10,898
Total current assets		94,226	123,341
Property and equipment	7	1,881	2,040
Right-of-use asset	14	60,212	43,874
TOTAL ASSETS		\$ 156,319	\$ 169,255
LIABILITIES			
Current			
Bank Indebtedness		23,533	
Trade payables and accrued liabilities	6,8	\$ 727,335	\$ 639,348
Short-term loans	9	127,500	\$ 85,000
CEBA loan - short term	10	47,167	\$ 46,518
Promissory Notes	16	-	\$ 583,902
Lease liabilities - current portion	14	26,855	49,603
		952,390	1,404,371
Non-Current and Long Term Liabilities			
Lease liabilities	14	33,567	-
Promissory notes	16	473,606	-
TOTAL LIABILITIES		1,459,564	1,404,371
EQUITY (DEFICIT)			
Share capital	11	4,382,373	4,382,373
Reserve	11	295,209	364,664
Deficit		(5,980,827)	(5,982,153)
		(1,303,245)	(1,235,116)
TOTAL LIABILITIES AND EQUITY		\$ 156,319	\$ 169,255

Nature and continuance of operations (Note 1)
Subsequent Event (Note 19)

Approved on behalf of the Directors:

"E. Suyu"

"C. Lee"

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

TINKERINE STUDIOS LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (unaudited)
March 31, 2022
(Expressed in Canadian Dollars)

	Notes	Three Months Ended March 31 2022	Three Months Ended March 31 2021
REVENUE	12	\$ 47,838	\$ 74,523
COST OF SALES			
Cost of goods sold		27,615	30,328
		27,615	30,328
GROSS PROFIT		20,222	44,195
EXPENSES			
Amortization	7,14	8,761	11,966
Bank and credit card charges		1,428	1,398
Foreign exchange (gain) / loss		569	1,243
Insurance		7,375	5,925
Interest Expense and accretion expense		15,559	26,725
Office and general		2,497	2,931
Product promotion, trade shows and travel		-	489
Professional and consulting fees		39,267	18,230
Rent and utilities	14	1,763	1,620
Research and development		425	1,265
Stock based compensation	11	5,805	84,321
Remuneration and benefits	8,15	70,242	57,069
Shareholder communications, filing & transfer agency		11,211	12,427
		164,905	225,608
NET OPERATING LOSS		(144,683)	(181,413)
OTHER INCOME/EXPENSE			
Loss on modification of lease		(5,729)	
Gain on convertible debentures	17	65,020	-
NET AND COMPREHENSIVE LOSS		(73,934)	(181,413)
NET LOSS PER COMMON SHARE - BASIC AND DILUTED		\$ (0.00)	\$ (0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED		49,675,849	49,238,349

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

TINKERINE STUDIOS LTD.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (unaudited)
March 31, 2022
(Expressed in Canadian Dollars)

	Notes	Share capital		Reserve	Deficit	Total
		Number of shares	Amount			
Balance at December 31, 2020		49,600,849	\$ 4,372,295	\$ 348,126	\$ (5,549,517)	\$ (829,095)
Transactions with owners, in their capacity as owners and other transfers:						
Stock-based compensation	11	-	-	109,383	-	109,383
Share options exercised during the year	11	75,000	10,078	(4,453)	-	5,625
Cancellation of Stock Options	11	-	-	(88,392)	88,392	-
Net and comprehensive loss	-	-	-	-	(521,029)	(521,029)
Balance at December 31, 2021		49,675,849	4,382,373	364,664	(5,982,153)	(1,235,116)
Transactions with owners, in their capacity as owners and other transfers:						
Stock-based compensation	11	-	-	5,805	-	5,805
Share options exercised during the year	-	-	-	-	-	-
Cancellation of stock options	11	-	-	(75,260)	75,260	-
Net and comprehensive loss	-	-	-	-	(73,934)	(73,934)
Balance at March 31, 2022		49,675,849	4,382,373	295,209	(5,980,827)	(1,303,245)

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

TINKERINE STUDIOS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
March 31, 2022
(Expressed in Canadian Dollars)

	Three Months March 31 2022	December 31 2021
Cash Flow from Operating Activities		
Net loss for the year	\$ (73,934)	\$ (521,029)
Items not involving cash		
Gain on convertible debentures	\$ (65,020)	-
Loss on modification of lease	\$ 5,729	
Amortization	8,761	48,076
Interest & Accretion	11,974	116,044
Stock-based compensation	5,805	109,383
	<u>(106,684)</u>	<u>(247,526)</u>
Changes in non-cash working capital items		
Receivables	3,768	44,255
Inventory	12,317	40,911
Prepays and deposits	(1,439)	4,456
Trade payables and accrued liabilities	87,987	280,952
Customer deposits	-	(1,898)
	<u>102,634</u>	<u>368,676</u>
Net cash/(deficit) provided by operating activities	<u>(4,051)</u>	<u>121,150</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	-	(2,252)
Right of use of asset capitalized	(24,940)	-
Net cash used in investing activities	<u>(24,940)</u>	<u>(2,252)</u>
Cash Flow from Financing Activities		
Proceeds of bridge loan	50,000	-
Proceeds from share issuance	-	5,625
Modification to fair value of long term loan	(43,119)	
Repayment of lease liabilities'	(8,392)	(52,583)
Repayment of loan	(7,500)	(5,000)
Net cash used in financing activities	<u>(9,011)</u>	<u>(51,958)</u>
CHANGE IN CASH	<u>(38,002)</u>	<u>66,940</u>
CASH - BEGINNING	<u>14,469</u>	<u>(52,471)</u>
CASH - ENDING	<u>\$ (23,533)</u>	<u>\$ 14,469</u>

Supplemental cash flow information:

March 31, 2022

The Company reallocated \$75,260 from reserve to deficit upon cancellation of stock options (Note 11)

The Company reduced its leased space and extended its lease term resulting in a loss on modification of the lease of \$5,729

The Company reclassified \$542,491 accrued salaries to convertible debt of which \$65,020 was recognized as gain on convertible debt (Note 17)

December 31, 2021

The Company reallocated \$4,453 from reserve to share capital upon exercise of stock options (Note 11)

The Company reallocated \$88,392 from reserve to deficit upon cancellation of stock options (Note 11)

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

TINKERINE STUDIOS LTD.

Notes to the Consolidated Financial Statements (unaudited)

March 31, 2022

(Expressed in Canadian dollars)

1. Nature and Continuance of Operations

Tinkerine Studios Ltd. (the “Company”) was incorporated on May 25, 2006 under the laws of the province of British Columbia, Canada. The Company is listed on the TSX Venture Exchange (“TSX-V”) under the trading symbol TTD. The Company’s primary business is the design and manufacture, distribution of 3D printers, software and related online educational content.

The Company’s registered and records office at 1500-1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7 and its head office is located at 113A 8725 92nd Street, Delta, British Columbia, Canada, V4G 0A4.

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 the Company will require additional equity to have sufficient capital to fund operations for the upcoming fiscal year. Further discussion of liquidity risk has been disclosed in Note 15. 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 and Significant Accounting Policies

The financial statements were approved and authorized for issue on May 30, 2022 by the directors of the Company.

Statement of compliance with International Financial Reporting Standards

The condensed consolidated financial statements of the Company, including comparatives, comply with International Accounting Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

TINKERINE STUDIOS LTD.

Notes to the Consolidated Financial Statements (unaudited)

March 31, 2022

(Expressed in Canadian dollars)

2. Basis of Presentation and Significant Accounting Policies (cont'd)**Statement of compliance (cont'd)**

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 and methods of computation 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 include all necessary information and disclosures required for interim financial statements but do not include disclosures required for a full annual financial report. These statements 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, 2021.

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.

Certain figures for the prior year have been reclassified to conform to the current presentation.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its 100% controlled entity, Tinkerine 3D Print Systems Ltd.

Significant estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The preparation of the financial statements also requires management to exercise judgment in the process of applying the accounting policies. On an on-going basis, management evaluates its estimates and assumptions in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its estimates and assumptions. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the impairment and useful lives of equipment and

TINKERINE STUDIOS LTD.

Notes to the Consolidated Financial Statements (unaudited)

March 31, 2022

(Expressed in Canadian dollars)

2. Basis of Presentation and Significant Accounting Policies (cont'd)**Significant estimates and assumptions (cont'd)**

leasehold improvements and intangible assets, fair value measurements for financial instruments and stock-based transactions and the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- Allowance for doubtful accounts;
- The classification of financial instruments; and
- The determination of the functional currency of the Company and its subsidiary.

2. Basis of Presentation and Significant Accounting Policies**Foreign currency translation**

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiary.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive loss in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

TINKERINE STUDIOS LTD.

Notes to the Consolidated Financial Statements (unaudited)

March 31, 2022

(Expressed in Canadian dollars)

Trade and other receivables

Receivables are amounts due from customers for goods sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Inventory

The Company records inventory at the lower of cost and estimated net realizable value. Costs include raw materials, freight, duty, brokerage and non-recoverable taxes, and are assigned to inventories on a first-in first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale

Property and equipment

Property and equipment stated at historical cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation and amortization are calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives, as follows:

Asset	Basis
Equipment	Straight-line over 5 years
Computers	Straight-line over 3 years
Leasehold improvements	Straight-line over 3 years

At December 31, 2021, the Company have any property and equipment of \$2,040

TINKERINE STUDIOS LTD.

Notes to the Consolidated Financial Statements (unaudited)

March 31, 2022

(Expressed in Canadian dollars)

2 Basis of Presentation and Significant Accounting Policies (cont'd)***Trade payables and accrued liabilities***

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Revenue recognition

The Company follows IFRS 15 on Revenue Recognition. This standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. This standard requires companies to follow a five-step model to determine if revenue should be recognized:

1. Identify the contracts with customers
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when the entity satisfies a performance obligation

The Company derives revenues primarily from the sale of 3D printers and spare parts and products developed from 3D printers. The Company recognizes the sale when the goods are shipped from their office.

Government grants

The Company is entitled to government assistance in the form of grants. These are applied against related expenses of the cost of the asset acquired. Grants are subject to compliance with terms and conditions of the related agreements.

Financial instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

TINKERINE STUDIOS LTD.

Notes to the Consolidated Financial Statements (unaudited)

March 31, 2022

(Expressed in Canadian dollars)

2 Basis of Presentation and Significant Accounting Policies (cont'd)
Financial instruments (cont'd)

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Income taxesCurrent income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

TINKERINE STUDIOS LTD.

Notes to the Consolidated Financial Statements (unaudited)

March 31, 2022

(Expressed in Canadian dollars)

2. Basis of Presentation and Significant Accounting Policies (cont'd)***Income Tax(cont'd)******Deferred income tax***

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period

Stock-based compensation

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Leases

. Lease liabilities include the present value of future fixed payments, less any lease incentives receivable, and the exercise price of a purchase option if it is reasonably certain to be exercised. Future fixed lease payments are discounted using the Company's incremental borrowing rate if the rate implicit in the lease is not readily determinable. The term of each lease includes its non-cancellable period. The term can also include periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option. After the commencement date, the Company continually measures its lease liabilities to reflect changes in lease payments, discount rates or the leases' remaining term with an offsetting adjustment to right-of-use assets.

Each lease payment is comprised of both a financing and principal component. Financing costs are charged to the consolidated statements of operations and comprehensive loss over each lease's term. Lease payments are applied against lease liabilities using the effective interest method.

Short-term leases with an initial lease term of less than 12 months are evaluated by class of the underlying asset whereas lease payments for low-value assets are evaluated on a lease-by-lease basis. Short-term and low-value leases are expenses.

TINKERINE STUDIOS LTD.

Notes to the Consolidated Financial Statements (unaudited)

March 31, 2022

(Expressed in Canadian dollars)

3. Accounting Standards Issued but Not Yet Effective

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. Receivables

	March 31, 2022	December 31, 2021
Trade receivables	\$ 21,989	\$ 25,757
Grant receivable		-
	\$ 21,989	\$ 25,757

Trade receivables relate to completed sales.

At March 31, 2021 and December 31, 2021 no accounts receivable is due beyond one year. The fair value of accounts receivable approximates their carrying value as at March 31 2022 and December 31, 2021 and 2020 respectively.

Grant receivable in 2020 was subsequently received from the National Research Council, Government of Canada under the Innovation Assistance Program ("IAP") program (Note 15).

5. Inventory

	March 31, 2022	December 31, 2021
Raw materials	\$ 55,034	\$ 58,410
Finished goods	4,866	13,807
	\$ 59,900	\$ 72,217

6 Trade Payables and Accrued Liabilities

	March 31, 2022	December 31, 2021
Trade payables – Note 9	\$ 277,562	\$ 278,490
Accrued liabilities	449,773	360,858
	\$ 727,335	\$ 639,348

TINKERINE STUDIOS LTD.

Notes to the Consolidated Financial Statements (unaudited)

March 31, 2022

(Expressed in Canadian dollars)

7. Property and Equipment

	Equipment	Computers	Total
Cost:			
December 31, 2019 and 2020	\$ 58,673	\$ 6,094	\$ 64,767
Addition	856	1,396	2,252
December 31, 2021	59,529	7,490	67,019
Amortization:			
December 31, 2020	58,673	6,094	64,767
Additions	57	155	212
December 31 2021	58,730	6,249	64,979
Additions	43	116	159
March 31 2022	58,773	6,365	65,138
Net book value:			
December 31, 2021	\$ 799	\$ 1,241	\$ 2,040
March 31, 2022	\$ 756	\$ 1,125	\$ 1,881

8. Related Party Transactions

As at March 31, 2022, included in prepaids and deposits is \$2,435 (2021 - \$2,435), which has been paid to a director of the Company.

As at March 31, 2021, included in trade payables is \$48,955 (2021 - \$15,467), that is due to directors of the Company. Balances due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment

The compensation of key management personnel and related parties were as follows:

	March 31 2022	December 31 2021
Remuneration, fees and short term benefits	56,250	150,000
Stock-based compensation	2,826	48,185
	\$ 59,076	\$ 198,185

As at March 31, 2022, included in professional and consulting fees is \$30,000 (2021 - \$64,750) which is paid and accrued to one of the officers of the Company.

TINKERINE STUDIOS LTD.

Notes to the Consolidated Financial Statements (unaudited)

March 31, 2022

(Expressed in Canadian dollars)

8. Related Party Transactions (cont'd)

As at March 31, 2022, included in accrued liabilities is \$5,565 (2021 - \$21,565), which is due to directors and officers of the Company.

On February 17, 2022 the Company extended the convertible promissory notes to May 17, 2023. Promissory notes amounting to \$302,234 were issued to directors and officers.

During the year ended December 31, 2020, promissory notes amounting to \$302,234 were issued to directors and officers (Note 16)

The Company has renewed the lease agreement with a director of the Company (Note 14) for another 3-year term, which remains effective as at March 31, 2022

9. Short Term Loans

During the year ended December 31, 2020, the Company received \$90,000 short term loans from five individuals of which \$77,500 remains outstanding at March 31, 2022 at an annual interest rate of 12% previously repayable as at April 28, 2021, and has subsequently been extended. The total interest expense recognized for the period ended March 31 2022 is \$2,493.

On execution of the definitive agreement on March 15 2022, it was agreed that Electrum Charging Solutions will make available to the Company an unsecured bridge loan of cumulative advances of up to \$100,000 to pay expenses of Tinkerine Studios Ltd, due and payable in the ordinary course of keeping the Company compliant with the requirements of the regulators and convertible into Tinkerine common shares subject to TSX-V approval. As at March 31 2022 \$50,000 has been received by the Company.

10. CEBA Loan

The Company received the Canada Emergency Business Account ("CEBA") interest-free loan of \$60,000 of which \$10,000 is forgivable if repaid by December 31, 2022 and \$20,000 is payable on demand. The loan was recorded at a fair value of \$43,916 using an effective rate of 12%, considering the grant, the interest-free loan and the forgivable portion. The residual value of \$17,925 was recorded as other income. As of March 31, 2022, accretion of \$649 has been recognized in the statement of comprehensive loss and a balance of \$27,167 is recorded as the short-term CEBA Loan which matures on December 31, 2022

11. Share Capital***Authorized share capital***

Unlimited number of common shares without par value.

There were 49,675,849 common shares issued and outstanding as at March 31 2022.

TINKERINE STUDIOS LTD.

Notes to the Consolidated Financial Statements (unaudited)
March 31, 2022
(Expressed in Canadian dollars)

11 Share Capital (cont'd)

Changes in issued share capital

There are no changes in issued share capital for the period ended March 31 2022.

For the first quarter ended March 31, 2021, the Company issued 75,000 shares on January 26th 2021 to an employee on the exercise of their stock options at \$0.075 per share. The gross proceeds on the issuance of these common shares were \$5,625 and \$4,454 was reallocated from reserves to share capital.

Stock options

For the first quarter ended March 31, 2022, there were no issuance of share options

On October 24, 2021, the Company granted 1,130,000 stock options with an exercise price of \$0.07. The fair value of the stock option issuances was calculated using the Black-Scholes Option Pricing Model using the following assumptions: risk free rate of 0.38%, expected life of 3 years, volatility of 249% and no expected dividends. The fair value is expensed to stock-based compensation over the vesting period using the grading recognition system.

For the first quarter ended March 31, 2022, \$5,805 (2021 - \$84,321) was recognized as stock-based compensation based on this recognition system.

For the period ended March 31, 2021, 75,000 stock options were exercised at a price of \$0.075, and the corresponding amount of \$4,454 was reallocated from reserves to share capital.

For the period ended March 31, 2022, 1,125,000 (2021 – 322,500) stock options were cancelled, and the corresponding amount of \$75,260 (2021 – \$24,187) was reallocated from reserves to deficit.

A continuity schedule of stock options is as follows:

Number of options	Exercise Price	Expiry date
325,000	\$0.075	Sept 30, 2022
4,845,000	\$0.125	Apr 24, 2025
730,000	\$0.070	Oct 19, 2026

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11 Share Capital (cont'd)
Stock options (cont'd)

As at March 31, 2022, the following stock options were outstanding and exercisable:

	Number of stock options
Balance December 31 2020	7,917,500
Granted	1,130,000
Exercised	(75,000)
Expired/cancelled	(1,947,500)
Balance December 31, 2021	7,025,000
Cancelled	(1,125,000)
Balance March 31, 2022	5,900,000
Exercisable March 31, 2022	5,462,000

As at March 31, 2022, the weighted average exercise price of stock options is \$0.115 with an average remaining term of 3.12 years.

Reserve

The reserve records items recognized as stock based compensation expense and the fair value of warrants issued based on the residual method. At the time that the stock options or warrants are exercised, the corresponding amount is reallocated to share capital, or if they are cancelled the corresponding amount is reallocated to deficit.

12. 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:

	March 31 2022	March 31 2021
Total Revenue		
Canada	\$ 37,802	\$ 35,513
United States	10,036	39,010
	\$ 47,838	\$ 74,632

During the first quarter of 2022, there were three customers that made up more than 63% of total revenue. During the period March 31, 2021, there was one customer represented in excess of 13% of total revenue.

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13. Commitment and Contingency***Commitment***

On January 1st, 2020, the Company entered into a three-year lease agreement with a director of the Company for its premises, commencing January 1st, 2020. The annual basic lease payments was \$58,286 for the 3 year term. The lease terms as at January 1 2022 was amended as the Company decided to reduce the office space that it leased and extended the term of the lease by one year. In addition, the Company pays operating costs and management fees equal to 5% of the annual basic rent. The modification of the lease resulted in an adjustment to the right-of-use asset and the lease liability and a loss on modification of the lease of \$5,729.

Contingency

The Company may be subject to a variety of claims and suits that arise from time to time in the ordinary course of business. These matters are subject to inherent uncertainties.

14 Right-of-Use Assets and Lease Liabilities

On January 1, 2019 the Company recognized a right-of-use asset and corresponding liability for its office lease. Furthermore, the Company expects a decrease in administrative expenses, an increase in depreciation expense (as the right-of-use asset is depreciated) and an increase in finance interest costs (due to accretion of the lease liability).

The lease liabilities were discounted at a discount rate of 5% as at January 1, 2019.

The following table presents the continuity of right-of-use assets and lease liabilities under IFRS 16 adoption effective January 1, 2019 and modified on January 1, 2022.

Lease liabilities	
As at December 31, 2020	\$ 96,315
Lease payments made	(52,583)
Interest expense on lease liabilities	5,871
As at December 31, 2021	49,603
Add lease liability as at January 1, 2022	19,211
Lease payments made	(9,252)
Interest expenses on lease liabilities	860
As at March 31, 2022	60,422
Less: Lease liabilities – Current	33,567
Lease liabilities – Non-current	\$ 26,855

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14 Right-of-Use Assets and Lease Liabilities (cont'd)

Right-of-use assets	
Cost	
As at December 31 2019,2020,2021	\$ 187,466
Additions	24,940
March 31, 2022	212,406
Depreciation	
December 31, 2019,2020	95,728
December 31, 2021	47,864
Addition	8,602
March 31,2022	152,194
Net Book Value	
As at December 31, 2021	\$ 43,874
As at March 31, 2022	\$ 60,212

The Right-of-Use Assets and Lease Liabilities relates to the Company's operating lease ("Lease") for its office premise in Delta, British Columbia, Canada which it leases from a Director of the Company. The Lease effective date was December 1, 2016 and was for a 3-year term, ending on December 1, 2019. As at December 31, 2021 the Company was reasonably certain to exercise the option to extend the term of the lease for a further year. As at January 1, 2022 the Company modified its lease space and lease term and therefore adjusted the right-of-use asset and the corresponding liability for its office lease.

15 Salaries and Benefits

For the period ended March 31, 2022, no funding was received under this program. On April 17, 2020, the Government of Canada announced \$250 million in funding for the IAP program to assist Canadian small and medium-sized enterprises. As a result of qualifying for the subsidy, the Company recognized \$117,213 as a reduction of salaries and benefits, of which \$56,760 was received in the period ended March 31, 2021.

Due to the COVID-19 pandemic, the Government of Canada enacted the Canada Emergency Wage Subsidy to cover a portion of employee wages for Canadian companies that experienced a decline in revenue during the pandemic. This program ended at the end of October 2021. As a result the Company received Nil (2021 - \$37,934) subsidy during the period ended March 31, 2022.

16 Promissory Notes

On December 5, 2020, the Company entered into an agreement with its employees to settle wages payable to them. The agreement resulted in the Company issuing unsecured promissory notes, with no interest or dividend, maturing no earlier than February 16, 2022. The total amount of promissory notes issued was \$599,087. On February 17, 2022 a total of \$542,491 promissory notes was extended to May 17, 2023 on the same terms and conditions as the original agreement. The promissory notes can be converted into common shares at 15% discounted rate of the market price on the date of the conversion. Any issuance of shares as a result of conversion is subject to prior TSX-V approval. The management determined that this conversion feature was not a derivative liability.

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16. Promissory Notes (cont'd)

On issuance date of the promissory notes that were re-issued, the fair value of the liability was determined to be \$482,325, resulting in a gain of \$65,020, using a 20% discount rate. The continuity of the promissory notes is set out below.

Balance December 31, 2021	\$	583,902
less		
Promissory note not extended		(56,602)
Gain on promissory note		(65,020)
Fair value of promissory notes		462,280
Accretion		-
As at January 1, 2022		462,280
Accretion - 2022		11,325
As at March 31, 2022	\$	473,605

17 Capital Management

The Company's policy is to maintain a sufficiently 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

18 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

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.

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18 Financial Instruments and Financial Risk Management (cont'd)

As at March 31, 2022 and at December 31, 2021, 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.

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 significant 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.

Foreign exchange risk

Foreign exchange risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

19 Subsequent Event

The Company has announced that it has entered into a Definitive Agreement ("DA") dated March 15, 2022 with respect to a potential business combination (the "Transaction") with Electrum Charging Solutions Inc., an arm's length third party ("Target", "Electrum" or "ECS"), which would result in a reverse-takeover ("RTO") of the Company by shareholders of Electrum.

The Company and Target have entered into a Definitive Agreement dated March 15, 2022. The

RTO is expected to be completed by way of triangular amalgamation, result in the Target

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19 Subsequent Event (cont'd)

becoming a wholly-owned subsidiary of Company (the "Resulting Issuer"). The Resulting Issuer will carry on the business previously executed by Electrum upon completion of the RTO.

The DA is subject to the receipt of all necessary third-party approvals and the standard terms and conditions concerning the due diligence review of Target, including financial statements, potential liabilities and material contracts. The DA further contemplates that all of the common shares in the capital of Target will be exchanged for common shares of Company at a ratio resulting in the shareholders of Target, owning approximately 95% of the Resulting Issuer and the shareholders of Company owning approximately 5% of the Resulting Issuer on an undiluted basis, not including any shares to be issued pursuant to the private placement financing discussed below. The RTO does not constitute a non-arm's length transaction.

It is contemplated that various employees of TTD will continue to be employed by ECS.