TINKERINE STUDIOS LTD.

1st Quarter 2017
Management Discussion & Analysis Report

For the three months ended March 31, 2017

Ditto™ Pro 3D Printer & Tinkerine U online 3D content

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MANAGEMENT DISCUSSION AND ANALYSIS

FOR

Tinkerine Studios Ltd. (“the Company”)

President’s Message

2016 for Tinkerine was a challenging year. However, since the start of 2017, we focused on executing our strategy to deliver products and services that address the needs of the customers while moving the 3D printing industry forward. To understand our customers has always been a core focus here. By doing so, we see their pain points in adopting new technology, which allows us to craft solutions to the problems they face. This strategy takes time - and if executed well, brings true value not just to our customers, but shareholders alike.

From understanding our customers, Tinkerine continues to focus on providing STEAM (Science, Technology, Engineering, Arts, and Mathematics) based content on our online platform, Tinkerine U. The new platform products we offer have been a direct reflection of those feedbacks--a reflection of what we stood for a year ago when I started to write these presidents messages. Today, we build the literacy and push the forefront of applications of the technology. This builds the foundations of knowledge and skillsets necessary for our customers to understand how to fully leverage and bring the technology into their workflow. Tomorrow, we provide simple and powerful tools to accelerate the process of discovery, innovation, and to bring new ideas to life.

Our customers and our mission

The focus on our customers isn’t one that we take lightly. For us at Tinkerine, it is a reflection of our mission: to simplify the tools, expand the human mind, and allow for new creations to emerge. At some point, we have to realize that 3D printing is not the focus on the technology, but the process in which we leverage the technology. Educating businesses, industry, education, and institutions, and equipping them with the knowledge on how to leverage the technology is just one of our execution strategies. As we expand, we will continue to invest in our online platform Tinkerine U and 3D printing products.

I would like to bring attention to our whole team for their continuing contribution in seeing Tinkerine succeed. I also thank our shareholders for their support as we execute our business strategy and look forward to future developments and regular updates on our sales figures.

Eugene Suyu

President and CEO, Tinkerine Studios

Financial results highlights for Q1 2017 are as follows

Financial Highlights

	Year Ended March 31 2017	Year Ended March 31 2016
Revenue	**$ 166,847**	$ 171,689
Cost of Goods Sold	107,007	107,117
Gross Margin	**59,840**	64,572
EBITDA	**(90,631)**	(214,481)
Net Comprehensive Income (Loss)	**(116,712)**	(311,222)
Basic and Diluted income(loss) per share	**0.00**	-0.01
Weighted average number of common shares		
Basic and Diluted	**49,238,349**	43,122,964

Management's Discussion and Analysis of the Financial Position and Results of Operations

May 3, 2017

The following discussion and analysis regarding the financial position and results of operations provides information of the operations and financial results of Tinkerine Studios Ltd. ("the Company") that the management believes is relevant for the review, assessment and understanding the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2017. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the unaudited consolidated interim financial statements. Readers may want to refer to the December 31, 2015 audited financial statements and the accompanying notes which are available at www.sedar.com.

Background and Description of the Business

Tinkerine Studios Ltd is one of Canada's largest designer, producer and distributor of 3D printers, with its innovative software and through TinkerineU supports the growing related online educational content market.

Tinkerine designs, manufactures and distributes 3D printers in Canada, USA and to the APAC region. The Company's product offering is the Ditto, Litto and Ditto Pro which are well priced in each segment of the market and are gaining a reputation for quality 3D printers and innovative, high quality educational support.

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

Non-IFRS Measures

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in Canadian dollars. Certain supplementary information and measures not recognized under IFRS are also provided in this MD&A where management believes they assist the reader in understanding Tinkerine's results. These measures are calculated by Tinkerine on a consistent basis unless otherwise specifically explained. These measures are further explained as follows:

EBITDA – means net earnings or losses before interest, taxes, depreciation, amortization, foreign exchange gains and losses and stock-based compensation. EBITDA is a metric used to assess the financial performance of an entity. Management believes that this metric assists in determining the ability of the Corporation to generate cash from operations.

Cash flow from operations – means cash flow from operations before changes in non-cash operating working capital. This measure is not intended to be an alternative to cash provided by operating activities as provided in the consolidated statements of cash flows, comprehensive income or other measures of financial performance calculated in accordance with IFRS. Cash flow from operations assists management and investors in analyzing operating performance and leverage.

Q1 2017 Overview and Highlights

The Company's principal business is the design, manufacture and distribution of 3D printers, software and related online educational content. It is also the exclusive supplier of the filament that is used in the printer

- Q1 2017 revenue was $166,847 versus Q1 2016 revenue of $171,689 down 3% year over year.
- Tinkerine focused on the education sector in Q1 and introduced the 1-1-1 program for schools in Canada. The Company also continued to implement changes to its dealer network internationally and in the United States.
- In Q1 2017 revenue derived by geographic segment was Canada – 158,317 and United States – 8,530 versus geographic segmented sales in Q1 2016 of Canada – $153,388, United States – $18,301

Earnings before interest, taxes, depreciation, amortization, foreign exchange gains and losses and stock- based compensation (EBITDA) improved by $123,850 to a loss of $90,631 in Q1 2017 from a loss $214,481 in Q1 2016.

The Company's net loss for Q1 2017 improved to $116,712 compared to the net loss of $311,223 in Q1 2016. This improvement is attributable to our reduction in expenditure of 53% due to the implemented measures to decrease our controllable expenses and our total cash expenses to approximately $153,115 in Q1 2017 from $277,669 in Q1 2016.

Q1 2017 Financial Highlights

- ***2.8% decrease in sales revenue.***
- **Change in gross margin to 36% from 37.6%.**
- **53% reduction in expenses to $176,553 in Q1 2017 from $375,795 in Q1 2016.**
- **Improvement in EBITDA in Q1 2017 to a loss $90,631 versus loss of $214,481 in Q1 2016.**
- **Working capital decreased in Q1 2017 to $314,571 from $410,916 December 2016**
- **An improvement in the quarterly cash used from operating activities of $42,251 in Q1 2017 versus deficit of $243,520 in Q1 2016.**

Detailed Discussion and Analysis of Operating Results for the Period Ended March 31st 2017

1. Revenue

Revenue was $166,847 for the three months ended March 31, 2017 versus $171,689 for the comparative period Q1 2016.

For Q1 2017, revenue was represented by 73% hardware sales, 18% filament and 9% services/miscellaneous. Comparatively revenue for Q1 2016 was represented by 84% hardware sales, 9.5% filament and 6.5% services/miscellaneous. There was a change in the product mix with the increase as a percentage of total sales in the filament as volume of consumables grow.

The number of 3D printers sold in Q1 2017 was represented by the sale of 67 3D printers compared to 82 3D printers sold in the first quarter of 2016.

Filament Revenue for Q1 2017 increase by 50% to $29,744 compared to $19,814 in Q1 2016. Sales increase can be directly attributed to the increase in printer sales as well the Company has expanded the product line and increase the variety of filaments available for use with the 3D printer

2. Gross Profit Margins

Gross profit for the three months ended March 31, 2017 was $59,840 or 36% versus $64,572 or 37.6% for the three months ended March 31, 2016. Q1 2017 gross profit margin of 36% was slightly lower due to the higher discounts offered in Q1 to the schools through the 1-1-1 promotion. Trade discounts were also offered as part of the overall dealer partner support program.

3. Expenses

In Q1 2017 the Company incurred $176,553 of total expenses compared to $375,795 in Q1 2016. The Company's RTO occurred in April 2014 and expenditures prior to that time were more limited. The Company has implemented measures to decrease our controllable expenses and our total cash expenses to approximately $153,135 in Q1 2017 from $277,669 in Q1 2016. We continued to review departmental budgets and corporate spending in all areas and these are further discussed below.

Highlighted quarterly expenses include the following:

- Remuneration and benefits was $62,922 for Q1 2017 versus $131,762 for Q1 2016. Staffing levels were adjusted in all functional areas, including the reduction in R&D staff and engineering staff levels.
- Stock based compensation was $6,737 in Q1 2017 versus approximately $79,339 in Q1 2016. This is a non-cash expense and represents the fair value of stock options granted and outstanding 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. There were no share options issued in the first quarter of 2017.
- Professional and consulting fees were $27,515 for Q1 2017 versus $29,544 in Q1 2016. In Q1 2017 we continued to review and reduce consulting costs.

- Product promotion, trade shows and travel was $365 for Q1 2017 versus $10,868 in Q1 2016. We changed our trade show strategy and focused on selective trade shows where key metrics like leads and attendance versus expense were used to determine participation in the trade show. These costs predominantly relate to marketing, branding, advertising and attending trade shows and while we strive to maintain meaningful marketing activities each quarter such costs are not incurred evenly from period to period but are based on the timing of the trade show. While Tinkerine did not attend any trade shows in Q1 2017 we did attend educators professional development events hosted by school districts in Q1.

LIQUIDITY

As at March 31, 2017, the Company had net working capital of $314,571 compared to $410,916 at December 31, 2016 Our cash position was $80,802 at the end of Q1 2017 compared to $41,601 at December 31, 2016.

In Q1 2017 the Company's investment in inventory was $420,969 with inventory Finished Goods total $229,810 and Raw materials total of $191,159 at March 31, 2017, versus inventory investment as at December 31, 2016 of Finished Goods of $268,485 and Raw Materials $175,442. Prepaid and Deposits were $44,737 at March 31, 2017 versus $57,159 in December 31, 2016. These payments are related to prepayment of overseas parts purchases and rental deposit.

At the time of release of this MD&A management believes the Company is presently operating with adequate working capital to continue a steady expansion of its business over the coming months. While our cash position is somewhat tight we believe that we can manage our existing operations with the existing working capital. However, any unforeseen downturn in sales or, alternatively, pursuit of a more aggressive growth strategy would necessitate further equity investment.

CAPITAL RESOURCES

As at March 31, 2017, the Company's share capital was $4,329,369 representing 49,238,349 issued and outstanding common shares without par value. There were no shares issued in Q1 of 2017. In Q1 2016, 6,600,000 common shares were issued at 0.05c in a private placement. Also 6,600,000 warrants were issued on a one for one basis as part of the same private placements. Reserves, representing the fair value of stock options outstanding and vested and warrants issued, is recorded at March 31, 2017 of $386,825 versus $380,088 as at December 31, 2016.

As at March 31, 2017 the Company has 3,955,000 stock options outstanding with a weighted average exercise price of $0.075 and an average remaining term of 3.51 years. Warrants outstanding include 6,600,000 at $0.10 which expire in March 2018.

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

OUTSTANDING SHARE INFORMATION

The Company's authorized capital is unlimited common shares without par value. As at March 31 2017, the following common shares, options and share purchase warrants were outstanding:

As at March 31, 2017	Number issued and outstanding
Common Shares	49,238,349
Stock Options	3,955,000
Warrants	6,600,000
Fully Diluted	59,793,349

TRANSACTIONS WITH RELATED PARTIES

Balances due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment. Included in trade payables at March 31, 2017 is $2,224 (December 31, 2016 - $8,430) due to officers in the normal course of business.

Key management personnel compensation

During the three months ended March 31, 2017, the officers of the Company were paid salaries or independent contractor fees as follows: Eugene Suyu, CEO, $15,000 (Q1 2016 -$15,000); Justin Sy, iCFO, $11,250 (Q1 2016 - $11,250). In aggregate Stock-based compensation of $1590.44 was attributable to options held by directors and officers in the three months ended March 31, 2017 (Q1 2016 - $12,689).

Officers and directors

The following individuals were re-elected director at the June 15, 2015 AGM and continue to the date of this MD&A:

- Desmond Liew -- Chairman and Director
- Eugene Suyu -- Chief Executive Officer, President and Director
- Justin Sy-- iChief Financial Officer and Director
- Todd Blatt -- Director and Vice-President of Market Direction
- Bob Longo - Director

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as at March 31, 2016 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 statements 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 May 25 2017

ADDITIONAL INFORMATION

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

CAUTION REGARDING FORWARD-LOOKING INFORMATION

The 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 expand its distribution network;

- 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; and,
- 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 report. 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 is 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, up to April 4, 2014 the Company was operating as a private company with constrained resources.

BUSINESS 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 in the desktop market (alternatively described as the consumer segment) of the 3D printing industry. The desktop market has existed since 2008. Although projected to grow at a high rate, this segment can be viewed as being an early adopter stage market. The ability for the Company to successfully negotiate this market represents 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 market of the 3D printing industry is competitive with several direct competitors having much greater financial resources than the Company and also more operating experience. Furthermore, the desktop market is undergoing a period of rapid innovation with many of the participants striving to improve the technology and the flexibility of the 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 negative operating cash flow and a cash balance of $80,802. 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 devices, 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 as a substantial portion of its parts and materials purchases are denominated in US dollars and a portion of its sales are denominated in US dollars. The Company does not enter into any foreign exchange hedging contracts.

REGISTERED OFFICE

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HEAD OFFICE and OPERATIONS

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OFFICERS & DIRECTORS

Eugene Suyu
Director and CEO

Justin Sy
Director and iCFO

Todd Blatt
Director and VP Market Direction

Desmond Liew
Chairman of the Board

Bob Longo
Director

LISTINGS

TSX Venture Exchange:	TTD.V
OTC Pink:	TKSTF
FSE:	WB6B

CAPITALIZATION
(as at March 31st, 2017)

Shares Issued: 49,238,349

TRANSFER AGENT

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