Management’s Discussion and Analysis

For the Quarter Ended: **September 30, 2014**

Date of Report: **November 12, 2014**

This management’s discussion and analysis of the financial condition and results of operation (“MD&A”) of Pinetree Capital Ltd. (“Pinetree” or the “Company”) should be read in conjunction with Pinetree’s unaudited interim condensed consolidated financial statements (“interim consolidated statements”) and notes thereto as at and for the three and nine months ended September 30, 2014. The same accounting policies and methods of computation were followed in the preparation of the interim consolidated statements as were followed in the preparation and described in note 3 of the annual consolidated financial statements as at and for the year ended December 31, 2013, except for those described under the “Changes in Accounting Policies” section elsewhere in this MD&A.

Except as otherwise indicated (see “Use of Non-GAAP Financial Measures” elsewhere in this MD&A), all financial data in this MD&A has been prepared, in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

All dollar amounts in this MD&A are reported in thousands of Canadian dollars, except for securities and per share amounts.

Caution Regarding Forward-Looking Information:

Certain information contained in this MD&A constitutes forward-looking information, which is information regarding possible events, conditions or results of operations of the Company that is based upon assumptions about future economic conditions and courses of action and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as “seek”, “anticipate”, “budget”, “plan”, “continue”, “estimate”, “expect”, “forecast”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, without limitation, our expectations regarding anticipated investment activities and results and financing activities, our ability to utilize our deferred tax assets, our ability to repay amounts which may become due and payable on our convertible debentures following the occurrence of an event of default, the impact of changes in accounting policies and other factors on our operating results, and the performance of global capital markets and interest rates.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to investment performance and Pinetree's ability to generate taxable income from operations to realize the benefit of the deferred tax assets, our ability to realize sufficient proceeds from the disposition of our investments in order to fund our obligations as they become due (which will be based upon market conditions beyond our control), market fluctuations, fluctuations in prices of commodities underlying our interests and equity investments, the strength of the Canadian, U.S. and other economies, foreign exchange fluctuations, political and economic conditions in the countries in which the interests of the Company's portfolio investments are located, and other risks included elsewhere in this MD&A under the headings "Risk Factors" and "Financial Instruments" and in the Company's current annual information form and other public disclosure documents filed with certain Canadian securities regulatory authorities and available under Pinetree's profile at www.sedar.com.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The forward-looking information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

About Pinetree:

Pinetree was incorporated in 1962 under the laws of the Province of Ontario and its shares are publicly traded on the Toronto Stock Exchange (the "TSX") under the symbol "PNP". The Company is domiciled in the Province of Ontario, Canada and its registered office address is at 130 King St. West, Suite 2500, Toronto, Ontario, Canada, M5X 2A2.

Pinetree is a diversified investment and merchant banking firm focused on the small-cap market. Pinetree's investments are primarily in the following sectors: Precious Metals, Technology and Uranium. Pinetree's investment approach is to develop a macro view of a sector, build a position consistent with the view by identifying micro-cap opportunities within that sector, and devise an exit strategy designed to maximize our relative return in light of changing fundamentals and opportunities. Pinetree is recognized as a value added partner.

Overall Performance:

As at September 30, 2014, the Company held investments at fair value totalling $160,853 as compared to $133,965 as at December 31, 2013, a 20% increase, primarily attributable to additional investments in the Technology and Other sector and unrealized gains in that sector. The Company' investment portfolio decreased 15% from $188,213 as at June 30, 2013, primarily from net investments losses of $22,499 attributable to unrealized losses in the Technology and Other sector and realized losses from the disposal of investments in the Precious Metals sector.

As at September 30, 2014, net asset value per share ("NAV per share") was $0.63 as compared to $0.65 as at December 31, 2013. (See "Use of Non-GAAP Financial Measures" elsewhere in this MD&A). The 3% decrease in NAV was due to an 8% increase in the Company's outstanding share capital and warrants, from the issuance of 49,788,085 common shares and 12,332,451 warrants during the nine months ended September 30, 2014 under private placement financings and investments acquired in exchange for shares (see "Outstanding Share Data" section") offset by an increase in the fair value of the Company's portfolio.

Pinetree's NAV per share for the eight most recently completed interim financial periods is as follows:

	NAV per share*
September 30, 2014	**$ 0.63**
June 30, 2014	**0.78**
March 31, 2014	**0.85**
December 31, 2013	0.65
September 30, 2013	0.85
June 30, 2013	0.76
March 31, 2013	1.20
December 31, 2012	1.55

*See "Use of Non-GAAP Financial Measures".

As at October 31, 2014, the Company was not in compliance with one of the debt covenants contained in the Company's 10% convertible unsecured subordinated debentures maturing May 31, 2016 ("Debentures") indenture, which governs the Debentures. The debt covenant prohibits the Company's debt from exceeding 33% of the total value of its assets, as reflected on its unaudited consolidated statement of financial position as at the last day of each month. As at October 31, 2014, Pinetree's debt-to-assets ratio was 38.8%, the Debentures (plus accrued interest) representing the sole source of the debt.

Under the terms of the indenture governing its Debentures, the Company has 60 days from receipt of written notice of default from the trustee or holders of at least 25% of the principal amount of the Debentures outstanding to cure or obtain a waiver for the covenant default, failing which the trustee and the holders of Debentures will have certain rights, including the right to declare the principal and interest on the Debentures immediately due and payable.

Pinetree is actively considering the alternatives available to it to cure the default and will commence discussions with holders of the Debentures. There can be no assurance that the Company will cure the default or obtain a waiver of the default within the prescribed period, the effect of which could have a material adverse effect on the Company and its financial condition. (See “Liabilities” section)

Investments:

Investments at cost and fair value consist of the following as at September 30, 2014 and December 31, 2013:

	September 30, 2014		December 31, 2013	
Sectors:	**Cost**	**Fair Value**	Cost	Fair Value
Resources:				
Precious metals	**$ 81,745**	**$ 30,629**	$ 281,309	$ 52,802
Oil and gas	**13,488**	**13,866**	47,209	16,647
Uranium	**48,887**	**11,305**	72,023	11,909
Base metals	**42,038**	**10,454**	116,041	14,103
Potash, lithium and rare earths	**18,806**	**8,471**	43,864	12,299
Coal	**768**	**339**	5,181	595
Technology and other	**73,285**	**85,789**	39,917	25,610
Total investments	**$ 279,017**	**$ 160,853**	$ 605,544	$ 133,965

The following is the number of investments in each sector as at September 30, 2014 and December 31, 2013:

	September 30, 2014		December 31, 2013	
Resources:		**% of Total**		% of Total
Precious metals	**41**	**33.9**	182	48.6
Base metals	**22**	**18.2**	74	19.8
Potash, lithium and rare earths	**10**	**8.3**	22	5.9
Uranium	**7**	**5.8**	22	5.9
Oil and gas	**7**	**5.8**	31	8.3
Coal	**2**	**1.6**	6	1.6
Technology and other	**32**	**26.4**	37	9.9
	121	**100.0**	374	100.0

The total number of investments held by the Company has been further reduced by 18% from June 30, 2014 and significantly reduced by 68% from the last year-end, while the percentage of investments held in each sector remained relatively constant (except for the Precious Metals and Technology and Other sectors) as compared to the prior year-end.

The fair value of Pinetree’s publicly-traded investments is determined in accordance with the Company’s accounting policy. The amounts at which the Company’s publicly-traded investments could be disposed of currently may differ from their carrying values based on market quotes, as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity, and current market prices may differ significantly from the historical prices used to calculate fair value for the purposes of the Company’s consolidated financial statements.

As at September 30, 2014, included in total investments were securities of private companies with a fair value totalling $37,454 (23% of total fair value of the Company’s investments; cost of

$36,615). As at December 31, 2013, included in total investments were securities of private companies with a fair value totalling $25,253 (19% of total fair value of the Company's investments; cost of $29,663). The fair value of private company investments increased primarily due to additional purchases of $12,153 of private investments and a net change in unrealized gains during the current nine-months period offset by investments being reclassified as a result of becoming listed on a stock exchange. The fair value was determined in accordance with the Company's accounting policy for private company investments. The amounts at which the Company's private company investments could be disposed of currently may differ from their carrying values since there is no active market to dispose of these investments.

Refer to note 4 of the Notes to the interim consolidated statements as at and for the three and nine months ended September 30, 2014 for other details about the Company's investments. A detailed list of Pinetree's investments as at September 30, 2014 can be found on Pinetree's website at www.pinetreetrecapital.com.

Results of Operations:

The Company's selected quarterly results for the eight most recently completed interim financial periods are as follows.

	Quarter ended (unaudited)			
	September 30, 2014	**June 30, 2014**	**March 31, 2014**	December 31, 2013
Net investment gains (losses)	**$ (22,499)**	**$ 6,775**	**$ 34,720**	$ (11,883)
Net profit (loss) for the period	**(26,501)**	**2,708**	**30,276**	(26,280)
Total comprehensive income (loss) for the period	**(26,501)**	**2,708**	**30,276**	(26,279)
Earnings (loss) per share based on net profit (loss) for the period – basic	**(0.13)**	**0.02**	**0.20**	(0.18)
Earnings (loss) per share based on net profit (loss) for the period – diluted	**(0.13)**	**0.02**	**0.16**	(0.18)
	September 30, 2013	June 30, 2013	March 31, 2013	December 31, 2012
Net investment gains (losses)	$ 9,029	$ (61,555)	$ (42,342)	$ (44,729)
Net profit (loss) for the period	12,828	(62,937)	(46,986)	(48,193)
Total comprehensive income (loss) for the period	12,827	(62,936)	(46,984)	(48,195)
Earnings (loss) per share based on net profit (loss) for the period – basic	0.09	(0.44)	(0.33)	(0.35)
Earnings (loss) per share based on net profit (loss) for the period – diluted	0.04	(0.44)	(0.33)	(0.35)

Three Months Ended September 30, 2014 and 2013:

The net investment losses for the three months ended September 30, 2014 was $22,499 (three months ended September 30, 2013 – net investment gains of $9,029) as a result of realized losses on disposal of investments, primarily in Precious Metals sector, and a net change in unrealized losses on investments, as described below.

For the three months ended September 30, 2014, the Company generated net realized losses on disposal of investments of $15,607, as compared to $11,744 for the three months ended September 30, 2013.

For the three months ended September 30, 2014, the Company had a net change in unrealized losses on investments of $6,892 as compared to a net change in unrealized gains on investments of $20,773 for the three months ended September 30, 2013. Net change in unrealized losses for the three months ended September 30, 2014 was comprised of $21,547 from the write-down to market on the Company's investments offset by the reversal of previously recognized net unrealized losses on the disposal of investments of $14,655. Of the net change in unrealized gains for the three months ended September 30, 2013, $8,360 was from the write-up to market on the Company's investments and $12,413 from the reversal of previously recognized net unrealized losses on the disposal of investments during the quarter.

For the three months ended September 30, 2014, other income totalled $311 as compared to $9,749 for the three months ended September 30, 2013. Other income is comprised of interest and dividend income of $214 (three months ended September 30, 2013 - $62), $81 (three months ended September 30, 2013 – $146) from consulting fees, rental income, and other fees, $16 from securities lending revenue (three months ended September 30, 2013 - $19). In the prior year quarter, other income also included a gain of $9,522 from the extinguishment of the Debentures and the recognition of a new Debentures Liability for accounting purposes. (See "Liabilities" section).

Operating, general and administrative expenses for the three months ended September 30, 2014 increased to $1,883 from $1,646 for the three months ended September 30, 2013. A breakdown of operating, general and administrative expenses for the indicated three month periods ended September 30 is set out below. Details of the changes between periods follow the table:

		2014		2013
Salaries	**$**	**551**	$	526
Transaction costs (a)		**254**		179
Stock-based compensation expense (b)		**201**		255
Other office and general expenses		**113**		175
Operating lease payments		**148**		147
Consulting and directors' fees		**147**		129
Travel and promotion (c)		**150**		111
Transfer agent, filing fees, and other info systems		**83**		27
Professional fees (d)		**39**		110
Other employee benefits		**42**		43
Amortization		**26**		68
Foreign exchange loss (gain) (e)		**129**		(124)
	$	**1,883**	$	1,646

(a) Transaction costs increased by $75 as compared to the three months ended September 30, 2013, due to an increase in the volume of trading conducted by the Company. Transaction costs arise from purchases and dispositions of investments through brokers, which are expensed immediately in accordance with the Company's accounting policy for investments.

(b) Stock-based compensation expense decreased by $54 as compared to the three months ended September 30, 2013. Stock-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date. The decrease in the current period resulted from a lower number of vested stock options and a lower fair value calculated on the stock options granted during the current quarter.

(c) Travel and promotion increased by $39 as compared to the three months ended September 30, 2013, as a result of an increase in travel relating to the Company's investment activities.

(d) Professional fees decreased by $71 as compared to the three months ended September 30, 2013 as a result of out of a decrease in ordinary course legal fees incurred in connection with one of the Company's investments.

(e) Foreign exchange expense increased by $253 as compared to the three months ended September 30, 2013. The foreign exchange expense was due to the decrease in the value of the Canadian dollar versus the US dollar during the quarter, which increased the Canadian dollar value of the Company's US dollar denominated monetary liabilities (amounts due to brokers).

Finance expense decreased by 50% to $2,427 in the three months ended September 30, 2014 as compared to $4,842 in the three months ended September 30, 2013. In the prior year period, the finance expense included a consent fee of $3,106 in connection with the amendments made to the Debentures during the period. The decrease in the current period was offset by an increase in the accretion of discount and interest expense on the Company's convertible debentures as a result of amendments made to the terms of the Debentures in September 2013. (See "Liabilities" section.)

The Company recorded an income tax expense in the three months ended September 30, 2014 of $3 as compared to an income tax recovery of $538 in the three months ended September 30, 2013. The income tax expense in the current year period was due to an accrual of income tax payable in one of the Company's wholly owned subsidiaries which may differ from the actual amount due for the year ended December 31, 2014 when the Company files its tax returns. For the three months ended September 30, 2013, the income tax benefit was primarily due to the reversal of some of the income tax payable recorded in the prior period.

Net loss for the three months ended September 30, 2014 was $26,501 ($0.13 per share) as compared to a net income of $12,828 ($0.09 per share) for the three months ended September 30, 2013.

Nine Months Ended September 30, 2014 and 2013:

The net investment gains for the nine months ended September 30, 2014 was $18,996 (nine months ended September 30, 2013 – net investment losses of $94,868) as a result of a net change in unrealized gains on investments offset by realized losses on disposal of investments as described below.

For the nine months ended September 30, 2014, the Company generated net realized losses on disposal of investments of $334,412, as compared to $14,921 for the nine months ended September 30, 2013. The net realized losses in the current period was a result of the disposition of approximately 68% of the Company's investment portfolio.

For the nine months ended September 30, 2014, the Company had a net change in unrealized gains on investments of $353,408 as compared to a net change in unrealized losses on investments of $79,947 for the nine months ended September 30, 2013. Net change in unrealized gains for the nine months ended September 30, 2014 was comprised of $325,821 from the reversal of previously recognized net unrealized losses on the disposal of investments and $27,587 from the write-up to market on the Company's investments. Of the net change in unrealized losses for the nine months ended September 30, 2013, $89,246 was from the write-down to market on the Company's investments offset by $9,299 from the reversal of previously recognized net unrealized losses on the disposal of investments.

For the nine months ended September 30, 2014, other income totalled $732 as compared to $13,124 for the nine months ended September 30, 2013. Other income is comprised of interest and dividend income of $461 (nine months ended September 30, 2013 - $757), $243 (nine months ended September 30, 2013 – $439) from consulting fees, rental income, and other fees, $28 from securities lending revenue (nine months ended September 30, 2013 - $62). In the prior year period, other income also included a gain of $9,522 recognized in respect of the Debentures as a result of the amendments made to the Debentures (see "Liabilities" section) and a $2,344 gain from the repurchase of Debentures under the normal course issuer bid ("NCIB").

Operating, general and administrative expenses for the nine months ended September 30, 2014 increased to $6,072 from $5,986 for the nine months ended September 30, 2013. A breakdown of operating, general and administrative expenses for the indicated nine month periods ended September 30 is set out below. Details of the changes between periods follow the table:

		2014		2013
Salaries	**$**	**1,612**	$	1,645
Transaction costs (a)		**1,212**		620
Stock-based compensation expense (b)		**647**		969
Other office and general expenses		**518**		589
Operating lease payments		**448**		443
Consulting and directors' fees		**433**		401
Travel and promotion (c)		**424**		257
Transfer agent, filing fees, and other info systems		**289**		295
Professional fees (d)		**182**		335
Other employee benefits		**138**		139
Loss on the repurchase of convertible debentures (e)		**130**		-

Amortization		**76**		201
Foreign exchange loss (gain) (f)		**(37)**		42
Exploration and evaluation expenditures (g)		**-**		50
	$	**6,072**	$	5,986

(a) Transaction costs increased by $592 as compared to the nine months ended September 30, 2013, due to an increase in the volume of trading conducted by the Company. Transaction costs arise from purchases and dispositions of investments through brokers, which are expensed immediately in accordance with the Company's accounting policy for investments.

(b) Stock-based compensation expense decreased by $322 as compared to the nine months ended September 30, 2013. Stock-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date. The decrease in the current period resulted from a lower number of vested stock options and a lower fair value calculated on the stock options granted during the current quarter.

(c) Travel and promotion increased by $167 as compared to the nine months ended September 30, 2013, as a result of an increase in travel relating to the Company's investment activities.

(d) Professional fees decreased by $153 as compared to the nine months ended September 30, 2104. The decrease was primarily the result of out-of-the-ordinary course legal fees incurred in the prior period in connection with one of the Company's investments.

(e) During the nine months ended September 30, 2014, the Company realized a loss of $130 from the repurchase and cancellation of $6,042 principal amount of its Debentures made under its NCIB.

(f) Foreign exchange gain increased by $79 as compared to the nine months ended September 30, 2013. The foreign exchange gain was due to the decrease in the value of the Canadian dollar versus the U.S. and Australian dollar during the quarter, which increased the Canadian dollar value of the Company's U.S. and Australian dollar denominated monetary assets (amounts due from brokers).

(g) In June 2010, the Company, through a consortium, was awarded a petroleum license offshore Israel (the "Samuel License"). Pinetree had a 10% interest in the Samuel License, which expired on July 31, 2013 and in October 2013, the Company and the other license holders relinquished their interests back to the State of Israel.

Finance expense decreased to $7,547 in the nine months ended September 30, 2014 as compared to $8,850 in the nine months ended September 30, 2013. In the prior year period, finance expense included a consent fee of $3,106 for the Debenture Amendment (see "Liabilities" section) and $928 in the amortization of finance expenses on the Debentures. The Company didn't have these amounts in the current year period but the decrease was offset by an increase in the accretion of discount and interest expense on the Company's convertible debentures as a result of amendments made to the Debentures in September 2013. (See "Liabilities" section.)

The Company recorded an income tax recovery in the nine months ended September 30, 2014 of $374 as compared to an income tax expense of $515 in the nine months ended September 30, 2013. The income tax recovery in the current year period was primarily due to a reversal of corporate minimum tax payable that was previously accrued in the prior year but adjusted when the Company filed its 2013 tax return. In the prior year period, the income tax expense was a result of an increase in the accrual of income tax payable recorded as at September 30, 2013.

Net profit for the nine months ended September 30, 2014 was $6,483 ($0.04 per share) as compared to a net loss of $97,095 ($0.68 per share) for the nine months ended September 30, 2013.

For the nine months ended September 30, 2014, the Company had no exchange gain or loss on translation of foreign operations as compared to an exchange gain on translation of foreign operations of $2 for the nine months ended September 30, 2013. As a result, total comprehensive income for the nine months ended September 30, 2014 was $6,483 as compared to total comprehensive loss of $97,093 for the nine months ended September 30, 2013.

Cash Flow:

Net cash used in operating activities was $8,768 in the nine months ended September 30, 2014 as compared to net cash generated of $11,315 in the nine months ended September 30, 2013. During the nine months ended September 30, 2014, the Company used cash of $3,196 to pay finance expenses (primarily interest paid on the Debentures) as compared to $2,960 in the prior year period. During the nine months ended September 30, 2014, the Company had proceeds from disposition of investments of $113,025, an increase of $37,759, when compared to $75,266 of proceeds from dispositions in the nine months ended September 30, 2013. In the nine months ended September 30, 2014, the Company used $112,881 to purchase investments, an increase of $69,124 as compared to $43,757 of investment purchases in the nine months ended September 30, 2013. The proceeds from the disposition of investments in the current period were primarily used to reallocate the Company's holdings to the Technology and other sector.

The Company had generated net cash of $8,726 from financing activities in the nine months ended September 30, 2014 as compared to using cash of $11,274 in the nine months ended September 30, 2013. In the current period, the Company had net proceeds of $13,915 from private placement financings (net of share issuance costs) and used cash of $5,152 to purchase $6,042 principal amount of its Debentures under its NCIB while in the prior year period, $11,234 was used to purchase $14,136 principal amount of its Debentures.

In the nine months ended September 30, 2014, net cash used in investing activities was $18 as compared to $85 in the nine months ended September 30, 2013. In the nine months ended September 30, 2014 and 2013, the investing activities relate to the purchases of property, plant and equipment.

For the nine months ended September 30, 2014, the Company had a net decrease in cash and cash equivalents of $60 as $44 for the nine months ended September 30, 2013. For the nine months ended September 30, 2013, the Company also had a gain from the exchange difference on the translation of foreign operations of $2. As a result, as at September 30, 2014, the Company had a cash and cash equivalents balance of $189 as compared to $194 as at September 30, 2013.

Liquidity and Capital Resources:

Consolidated Statements of financial position Highlights	**September 30, 2014**	December 31, 2013
Investments at fair value	**$ 160,853**	$ 133,965
Total assets	**178,896**	151,276
Total liabilities	**50,839**	52,262
Share capital, warrants and broker warrants, contributed surplus, equity component of convertible debentures and foreign currency translation reserve	**416,175**	393,615
Deficit	**(288,118)**	(294,601)
NAV per share – Basic (i)	**$ 0.63**	$ 0.65
NAV per share – Diluted(i)	**$ 0.53**	$ 0.55

(i) See Use of Non-GAAP Financial Measures elsewhere in this MD&A

Pinetree relies upon various sources of funds for its ongoing operating and investing activities. These sources include proceeds from dispositions of investments, interest and dividend income from investments, consulting fees, capital raising activities such as private placement debt and equity financings, and corporate borrowings from the Company's bank and brokers (margin account).

In April 2014, the Company completed a non-brokered private placement of 819,672 common shares of the Company at a price of $0.61 per share resulting in aggregate gross proceeds to the Company of $500. The share issuance costs were $6.

In May 2014, the Company completed a non-brokered private placement of 23,333,333 units of the Company at a price of $0.45 per unit, resulting in aggregate gross proceeds of $10,500 to the Company. Each unit was comprised of one common share of Pinetree and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of $0.75 per share until expiry on May 26, 2017. In connection with the private placement, the Company paid finders' fees in the form of an aggregate of 1,331,557 units of the Company at a deemed price of $0.45 per unit for a total cost of $599. The units have the same terms and conditions as the units sold in the private placements. The share issuance costs were $68.

In July 2014, the Company completed a non-brokered private placement of 6,666,667 common shares of the Company at a price of $0.50 per share resulting in aggregate gross proceeds to the Company of $3,000. The share issuance costs were $11.

The Company's publicly-traded investments are listed on various stock exchanges (or quotation systems), including those in Canada, the United States, Australia and England, thereby offering potential sources of liquidity and cash flow for Pinetree.

Pinetree believes it will be able to generate sufficient cash to fund its normal course of operations through the normal course of sales of existing investments and from existing credit facilities.

Liabilities:

As at September 30, 2014, total liabilities decreased to $50,839 as compared to $52,262 as at December 31, 2013 primarily due to a decrease in Debentures (from the repurchase under the NCIB).

As at September 30, 2014, included in accounts payable and accrued liabilities are Class C preferred share liabilities of $239 (December 31, 2013 - $240). The Class C preferred shares ("Class C Shares") were issued in 2009 by Pinetree's wholly-owned subsidiary, PCIC, are non-voting, redeemable and retractable at any time, and entitle the holders thereof to receive cumulative dividends at a rate of 8% per annum, payable semi-annual.

The Class C Shares' redemption and retraction prices are linked to the market price of the Company's common shares subject to a minimum redemption price of $10 per share. As at September 30, 2014, the redemption price was $10 per share and the retraction price in effect was $1.44 per share (December 31, 2013 - $1.48 per share). During the nine months ended September 30, 2014, 100 Class C Shares were cancelled by PCIC following their retraction by the holder at $2.36 per share plus accrued and unpaid dividends. As at September 30, 2014, the Company had 23,900 Class C Shares (December 31, 2013 – 24,000) issued and outstanding.

On September 12, 2013, the terms of the Company's outstanding Debentures were amended to increase the interest rate form 8% to 10% per annum, effective November 30, 2013 and increase a debt-to-assets ratio covenant from 33% to 50% until June 12, 2014. The Debentures are convertible, at the option of the holders, into common shares of the Company on the basis of a conversion price of $4.25 per share, subject to adjustment under certain circumstances.

In May 2014, the Company renewed its NCIB in respect of its Debentures. Pursuant to the terms of the renewed NCIB, and in accordance with the policies of the TSX, during the period commencing May 21, 2014 and ending May 20, 2015, the Company may purchase up to $6,044 principal amount of Debentures, representing 10% of the "public float" of the Debentures that were outstanding on May 13, 2014. NCIB purchases are made in open market transactions through the facilities of the TSX and on other alternative Canadian trading systems at market prices prevailing at the time of acquisition and otherwise in accordance with the TSX rules. All Debentures purchased under the NCIB are cancelled. Security holders of the Company may obtain, without charge, a copy of its Notice of Intention to Make a Normal Course Issuer Bid in respect of the renewed NCIB, which was filed with the TSX, by contacting the Company at its head office in Toronto.

During the nine months ended September 30, 2014, the Company purchased and cancelled an aggregate of $6,042 principal amount of Debentures under the NCIB at an average price of $85.17 per $100.00 principal amount, for total consideration of $5,152, including commissions of $7. Included in operating, general and administrative expenses for the nine months ended September 30, 2014 is a loss of $130 on the purchase of the Debentures under the NCIB. As at

September 30, 2014, the Company had $54,822 principal amount of the Debentures outstanding.

As at September 30, 2014, also included in accounts payable and accrued liabilities is accrued interest payable of $1,832 (December 31, 2013 - $517) in respect of the Debentures. The next interest payment of approximately $2,741 for the Debentures is due on November 30, 2014.

As at September 30, 2014, the fair value of the Debentures was $43,304 (December 31, 2013 - $42,039) based on the closing trade price of the Debentures, which are listed on the TSX under the symbol “PNP.DB”.

The Debentures are subject to debt incurrence and maintenance covenants (among other covenants), which include a covenant that requires the Company to not exceed a debt-to-assets ratio of 33%. As at September 30, 2014, the Company was in compliance with the terms of the Debentures; however, as at the date of this MD&A, the Company was not in compliance with a debt convenant. The Company has 60 days to cure or obtain a waiver of the default after receiving notice of the default from the trustee or holders of at least 25% of the principal amount of the Debentures outstanding.

If the Company does not cure or obtain a waiver for the default by the prescribed date, the principal amount of the Debentures ($54,822) and accrued interest could be immediately due and payable by Pinetree. The Company does not believe it can generate sufficient proceeds from the sales of its investments to repay the principal and interest on the Debentures immediately if they become due and payable, however, over a period of time, subject to market volatilities and demand for its investments (see the “Risk Management” and “Risk Factors” section in the Company’s annual MD&A for the year ended December 31, 2013 which can be found on SEDAR (www.sedar.com)), the Company believes that it could generate sufficient funds to settle the full amount payable on the Debentures. The Company may also seek financing in the form of equity injections or additional debt financing to retire the Debentures but there is no guarantee that these sources of capital would be available to the Company. In the circumstance where the Debentures become due immediately, the liquidation value of the Company’s portfolio may be significantly less than its carrying value as at September 30, 2014. The retirement of the Debentures would significantly reduce the Company’s investments and net assets and its ability to realize its deferred tax assets, and the reduction of these assets would be material.

Pinetree is actively considering the alternatives available to it to cure the default and will commenced discussions with holders of the Debentures to waive the default and amend the terms of the Debentures.

Commitments:

As at September 30, 2014, the Company had material commitments for cash resources of $73,573 (December 31, 2013 - $85,003) which are detailed below. The disposition of the Company’s investments in the normal course would be sufficient to pay these material commitments.

A breakdown of the Company's liabilities and obligations as at September 30, 2014 is as follows:

Liabilities and obligations	**Payments due by period**				
	Total	**Less than 1 year**	**1 – 3 years**	**4 – 5 years**	**After 5 years**
Accounts payable and accrued liabilities	**$ 503**	**$ 503**	**$ -**	**$ -**	**$ -**
Income taxes payable	**1,681**	**1,681**	**-**	**-**	**-**
Debentures (principal amount)	**54,822**	**-**	**54,822**	**-**	**-**
Interest on Debentures	**10,964**	**5,482**	**5,482**	**-**	**-**
Lease commitments	**5,603**	**590**	**1,795**	**1,226**	**1,992**
	$ 73,573	**$ 8,256**	**$ 62,099**	**$ 1,226**	**$ 1,992**

A breakdown of the Company's liabilities and obligations as at December 31, 2013 is as follows:

Liabilities and obligations	Payments due by period				
	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Accounts payable and accrued liabilities	$ 879	$ 879	$ -	$ -	$ -
Income taxes payable	1,998	1,998	-	-	-
Debentures (principal amount)	60,864	-	60,864	-	-
Interest on Debentures	15,217	6,603	8,614	-	-
Lease commitments	6,045	590	1,777	1,226	2,452
	$ 85,003	$ 10,070	$ 71,255	$ 1,226	$ 2,452

The Class C preferred shares are redeemable and/or retractable at any time. PCIC does not intend to redeem the Class C preferred shares in the foreseeable future.

The Debentures bear interest at a rate of 10% per annum, payable semi-annually in May and November. If there are no redemptions or conversions of the Debentures (or further purchases by the Company under its NCIB for the Debentures), as at the date of this MD&A, the Company will be required to pay $5,482 annually in interest expense to the holders until maturity in May 2016.

During the year ended December 31, 2011, the Company renewed its lease commitment for its premises starting August 1, 2011 for annual payments of approximately $583 ($49 monthly) until July 31, 2017 and approximately $613 ($51 monthly) until December 31, 2023. The Company also has consulting agreements with officers and a director representing fees payable of approximately $27 per month.

Related Party Transactions:

All transactions with related parties during the nine months ended September 30, 2014 have occurred in the normal course of operations and are described below.

(a) Compensation of directors and officers:

Type of service	**Nature of relationship**	**2014**	2013
Salaries, consulting fees and other benefits	Director and officers	**$ 1,000**	$ 1,023
Director fees (i)	Directors	**87**	88
Stock-based compensation expense (ii)	Directors and officers	**463**	696

(i) Non-management directors of the Company are entitled to remuneration for their services at rates recommended by the corporate governance and nominating committee and approved by the board. In addition, directors are reimbursed for reasonable travelling, hotel and other incidental expenses in respect of attending meetings of the directors.

(ii) Reflects the costs recorded during each period of stock option grants made during and prior to the period. See (b) below for grants made during each period.

(b) Option grants:

During the nine months ended September 30, 2014, the Company made the following option grants to directors and officers:

Date Granted	**Options Granted**	**Exercise Price**	**Expiry**
March 31, 2014	1,250,000	$ 0.50	March 30, 2019
May 30, 2014	500,000	0.42	May 29, 2019
August 29, 2014	250,000	0.33	August 28, 2019
Total granted	2,000,000		

During the nine months ended September 30, 2013, the Company made the following option grants to directors and officers:

Date Granted	Options Granted	Exercise Price	Expiry
March 28, 2013	1,050,000	$ 0.62	March 27, 2018
August 29, 2013	1,450,000	0.43	August 28, 2018
Total granted	2,500,000		

(c) Investments in associates:

The Company makes minority (less than 50%) equity investments (which includes convertible securities) in companies by way of open market transactions and participation in private placement financings. It is presumed that it is possible to exert significant influence when an equity holding is greater than 20% on a partially diluted basis or 15% on a partially diluted basis with board representation. These investments in associates are not equity accounted for (as permitted by IAS 28) but are related party transactions.

There are also certain regulatory trading restrictions on investments representing an equity holding of greater than 20%.

The total amounts included in the consolidated statements of financial position for investments in associates are as follows as at September 30, 2014 and December 31, 2013:

	September 30, 2014	December 31, 2013
Investments at fair value	**$ 25,818**	$ 10,640
Cost of investments	**51,765**	50,670

The total amounts included in the consolidated statements of comprehensive income (loss) for investments in associates are as follows for the nine months ended September 30:

	2014	2013
Net change in unrealized gains (losses) on investments	**$ 6,721**	$ (7,415)
Interest earned on promissory notes	**42**	90

From time to time transactions occur between the Company and investee companies that are related parties to facilitate the reorganization or capitalization of the companies. These transactions are made on an arm's-length basis.

In July 2014, the Company acquired securities of Latin American Minerals Inc. ("Latin"), an associate investee of Pinetree, for total consideration of $1,000 by issuing 2,000,000 common shares of the Company to Latin at deemed value of $0.50 per share. The Latin investment was undertaken in the normal course of the Company's investment activities.

In June 2014, the Company acquired securities of Sviral Inc., an associate investee of Pinetree, for total consideration of $5,488 (US$5,000) by paying US$500 cash and issuing 10,975,610 common shares of the Company to Sviral at deemed value of $0.45 per share. The Sviral investment was undertaken in the normal course of the Company's investment activities.

In April 2014, the Company acquired securities of Mooncor Oil & Gas Corp. ("Mooncor"), an associate investee of Pinetree, at a total cost of $500, and issued 819,672 common shares of the Company to Mooncor for gross proceeds of $500 to Pinetree. The Mooncor investment was undertaken in the normal course of the Company's investment activities.

In December 2013, the Company acquired securities of Augusta Industries Inc., an associate investee, at a total cost of $900 and issued 3,000,000 common shares of the Company to Augusta for gross proceeds of $900 to Pinetree. The Augusta investment was undertaken in the normal course of the Company's investment activities.

Off-Balance Sheet Arrangements:

As at September 30, 2014, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of Pinetree.

Internal Controls Over Financial Reporting:

There was no change in the Company's internal controls over financial reporting ("ICFR") that occurred during the three months ended September 30, 2014 and which materially affected, or is reasonably likely to materially affect, the Company's ICFR.

Management of Capital:

The Company includes the following items in its managed capital as at the following dates:

	September 30, 2014	December 31, 2013
Convertible debentures, due May 31, 2016	**$ 46,823**	$ 48,868
Equity comprises of the following:		
Share capital	**306,103**	285,797
Warrants	**1,607**	-
Contributed surplus	**105,663**	105,016
Equity component of convertible debentures	**2,838**	2,838
Foreign currency translation reserve	**(36)**	(36)
Deficit	**(288,118)**	(294,601)
	$ 174,880	$ 147,882

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions, the risk characteristics of its underlying assets and the debt covenants to which it is subject under the Debentures. During the year ended December 31, 2013, the Company was in default of one of its debt-to-assets maintenance covenants and subsequently cured to the default. Effective September 12, 2013, the covenant was amended to permit a debt-to-assets ratio of up to 50% (previously 33%) for the following nine months. Effective June 12, 2014, the Company is required to maintain a debt-to-assets ratio of 33%. There were no changes to the Company's objectives in managing and maintaining capital during the three months ended September 30, 2014.

The Company's management is responsible for the management of capital and monitors the Company's use of various forms of leverage on a daily basis. During the nine months ended September 30, 2014, the Company issued 30,819,672 common shares under private placement financings for gross proceeds of $14,000 and 17,636,856 common shares as consideration (in lieu of cash) for $7,998 of investments and repurchased $6,042 principal amount of Debentures for total consideration of $5,152 which reduced the Company's overall liabilities. The Company expects that its current capital resources will be sufficient to discharge its liabilities as at September 30, 2014 (see "Liabilities" section).

Financial Instruments:

The Company's financial instruments primarily consistent of investments, refer to the "Investments" section of this MD&A.

The Company is a party to a security lending agreement ("SLA") in Canada where securities in its portfolio are lent to regulated, locally domiciled counterparties and governed by agreements written under Canadian law. The Company receives collateral in order to reduce the credit risk of these arrangements. Collateral must be in a readily realizable form, such as listed securities, and is held in segregated accounts. Transfer of title always occurs for collateral received, although no market risk or economic benefit is taken. The level of collateral held is monitored regularly, with further collateral obtained where this is considered necessary to manage the Company's risk exposure. The Company's appointed security lending managers obtain legal ownership of the collateral received and can sell it outright in the absence of default.

The details of the securities lending arrangement positions are:

	September 30, 2014	December 31, 2013
Investments at fair value lent under SLA – carrying amount	**$ -**	$ 322
Fair value of collateral held for investments lent under SLA	**-**	676

Risk Management:

The investment operations of Pinetree's business involve the purchase and sale of securities and, accordingly, the majority of the Company's assets and liabilities are currently comprised of financial instruments. The use of financial instruments can expose the Company to several risks, including liquidity, market, interest rate, currency, and credit risks.

There were no significant or material changes to the Company's risk management during the three months ended September 30, 2014.

Risk Factors:

The Company's investing activities are, by their nature, subject to a number of inherent risks, including liquidity, market, interest rate, currency and credit risks associated with financial instruments, and certain other risks that are described in our annual information form for our most recently completed financial year, all of which can have, and have had over recent reporting periods, a significant impact on the Company's financial condition and results of operations. Stock market volatility has resulted in and may continue to result in increased market risk and losses within our investment portfolio.

The Company's risks are described in its annual MD&A for the year ended December 31, 2013 which can be found on SEDAR (www.sedar.com). Additional risks not currently known to the Company or that are currently believe to be immaterial, may also affect and negatively impact the Company's business.

Outstanding Share Data:

The Company is authorized to issue an unlimited number of common shares (no par value).

As at September 30, 2014, the Company had 201,929,155 common shares outstanding.

As at November 12, 2014, the number of common shares of the Company outstanding and the number of common shares issuable pursuant to other outstanding securities of Pinetree are as follows:

Common shares	**Number**
Outstanding	**201,929,155**
Issuable under the exercise of options	**13,815,910**
Issuable under the exercise of warrants	**12,332,451**
Issuable under conversion of Debentures (i)	**12,899,294**
Total diluted common shares	**240,976,810**

(i) Assuming the convertible debentures are converted by the holders at $4.25 per share (235.2941 common shares per $1 principal amount).

Additional information about the Company's share capital can be found in note 8 of the Notes to the interim condensed consolidated financial statements as at and for the three and nine months ended September 30, 2014.

Segmented Information:

The management of the Company is responsible for the Company's entire portfolio and considers the business to have a single operating segment. The management's investment decisions are based on a single, integrated investment strategy, and the performance is evaluated on an overall basis.

The Company has a single reportable geographic segment, Canada, and all of the Company's property, plant and equipment are located in Canada.

The internal reporting provided to management of the Company's assets, liabilities, and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS. There were no changes in the reportable segments during the three months ended September 30, 2014.

Changes in Accounting Policies:

Except as described below, the same accounting policies and methods of computation were followed in the preparation of the interim consolidated statements as were followed in the preparation and described in note 3 of the annual consolidated financial statements as at and for the year ended December 31, 2013.

Effective January 1, 2014, the Company has adopted the following new and revised standards, along with any consequential amendments. These changes were made in accordance with the applicable transitional provisions.

(a) *Investment Entities* (Amendments to IFRS 10, IFRS 12 and IAS 27) - These amendments are effective for annual periods beginning on or after January 1, 2014 and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The Company has assessed and determined that the amendments to IFRS 10, IFRS 12 and IAS 27 did not result in any change in the accounting or disclosures for its subsidiaries.

The Company intends to adopt these standards, if applicable, when the standards become effective:

(b) IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"), was issued in May 2014, which replaced IAS 11, *Construction Contracts*, IAS 18, *Revenue Recognition*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 provides a single, principles based five-step model that will apply to all contracts with customers with limited exceptions, including, but not limited to, leases within the scope of IAS 17; financial instruments and other contractual rights or obligations within the scope of IFRS 9, IFRS 10, *Consolidated Financial Statements* and IFRS 11, *Joint Arrangements*. In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The incremental costs of obtaining a contract must be recognized as an asset if the entity expects to recover these costs.

The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some nonfinancial assets that are not an output of the entity's ordinary activities. IFRS 15 is required for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted. The Company is in the process of assessing the impact of IFRS 15 on its consolidated financial statements.

(c) In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 introduces a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value, such that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. IFRS 9 also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Company is in the process of evaluating the impact of adopting these amendments on the Company's consolidated financial statements.

Critical Accounting Estimates:

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Critical accounting estimates used in the preparation of the Company's consolidated financial statements are the fair value of its investments in securities not quoted in an active market (its privately-held investments), the recognition of the Company's deferred tax assets ("DTA"), the Company's estimate of inputs for the calculation of the value of stock-based compensation expense, the effective interest rate of convertible debentures, the valuation of unlisted warrants of public companies, and the fair value of the Company's own warrants and broker warrants.

Fair value of investment in securities not quoted in an active market:

The valuation of privately-held investments ("private investments") requires management to assess the current financial status and prospects of private investments based upon potentially incomplete or unaudited financial information provided by the investee company, on management's general knowledge of the private investment's activities, and on any political, economic or other events that may impact upon the private investment specifically, and to attempt to quantify the impact of such events on the fair value of the investment. In addition to any events or circumstances that may affect the fair value of a particular private investment, management can consider general market conditions that may affect the fair value of either a particular private investment or a group, segment or complete portfolio of private investments.

Within Level 3 of the financial instruments hierarchy, the valuation of the Company's private company investments and other investment instruments such as loans to investees and convertible debentures, which are not quoted on an exchange, involve the key assumptions including the value at which a recent financing was done by the investee and significant changes in general market conditions. Changes in the fair value of our private investments for company-specific reasons have tended to be infrequent. Changes as a result of general market conditions may be more frequent from period to period during times of significant volatility; however, given the size of our private investment portfolio, such changes may have a significant impact on our financial condition or operating results.

For those investments valued based on recent financing and recent purchases, management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at September 30, 2014 and December 31, 2013. For those investments valued based on general market conditions and specific company information, the inputs used can be highly judgmental. A +/- 25% change on the fair value of these investments will result in a corresponding +/- $2,210 (December 31, 2013 - $1,418) change in the total fair value of the investments. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

Recognition of Deferred Tax Assets:

The Company follows the liability method of tax allocation in accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. As at June 30, 2014, management determined, based upon the Company's historical level of taxable profit and historical market trends of a comparable market index that it believed that it was probable that the Company will generate sufficient taxable profit to realize a portion of the tax benefits of the temporary tax deductible differences during the next several years. As such, the Company has recorded deferred tax assets of $13,000 as at September 30, 2014 (December 31, 2013 - $13,000). The full deferred tax assets as at September 30, 2014 was $53,631 (December 31, 2013 - $56,959).

Stock-based Compensation Expense and Warrants:

The Company uses the Black-Scholes option pricing model ("B-S") to calculate stock-based compensation expense and the value of warrants issued as part of the Company's private placements. The B-S requires six key inputs to determine a value for an option, warrant or broker warrant: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain of the inputs are estimates which involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. For example, a longer expected life of the option or a higher volatility number used would result in an increase in stock-based compensation expense. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of stock-based compensation expense.

The following table summarizes stock options granted during the nine months ended September 30, 2014:

Date Granted	Options Granted	Exercise Price	Expiry
March 31, 2014	**2,015,000**	**$ 0.50**	March 30, 2019
May 30, 2014	**500,000**	**0.42**	May 29, 2019
August 29, 2014	**350,000**	**0.33**	August 28, 2019
Total granted	**2,865,000**		

The fair value of the options granted during the nine months ended September 30, 2014 was estimated at the date of grant using the following weighted average assumptions:

Black-Scholes option valuation model assumptions used	
Expected volatility	**64.4%**
Expected dividend yield	**0.0%**
Risk-free interest rate	**1.3%**
Expected option life in years	**3.4**
Expected forfeiture rate	**3.5%**
Fair value per stock option granted on March 31, 2014	**$ 0.23**
Fair value per stock option granted on May 30, 2014	**$ 0.19**
Fair value per stock option granted on August 29, 2014	**$ 0.16**

The expected volatility is based on the historical volatility over the life of the option at Pinetree's share price. The Company has not paid any cash dividends historically and has no plans to pay cash dividends in the foreseeable future. The risk-free interest rate is based on the yield of Canadian Benchmark Bonds with equivalent terms. The expected option life in years represents the period of time that options granted are expected to be outstanding based on historical options granted.

During the nine months ended September 30, 2014, the Company issued a total of 12,332,451 warrants which were valued using the Black-Scholes option pricing model with the following assumptions: expected volatility of 64.3%; dividend yield of 0%; risk-free interest rate of 1.1%; and an expected life of 3.0 years. The total value assigned to the warrants was $1,607.

Effective interest rate of convertible debentures

Convertible debentures are separated into their liability and equity components on the statement of financial position. The liability component is initially recognized at fair value, calculated as the net present value of the liability, discounted at the interest rate of non-convertible debt issued by comparable issuers, and accounted for at amortized cost using the effective interest rate method.

The fair value of the liability component at the time of issue of the Debentures was calculated as the discounted cash flows for the debentures assuming a 9.47% effective interest rate, which was the interest rate estimated by management for comparable debentures without the conversion feature. The effective interest rate used by management will affect the amount of the liability reported on the statement of financial position, in so far as a higher rate will result in a lower recorded liability. Additionally, a higher interest rate will result in a higher interest expense recorded in statement of comprehensive loss.

Effective September 12, 2013, the terms of the Debentures were amended with the written consent of Debenture holders and as at that date, the fair value of the Debentures was $47,486 (see “Liabilities” section). The fair value of the Debentures would be accreted to the principal amount using an effective interest rate of 20.40%.

During the nine months ended September 30, 2014, the Company purchased and cancelled an aggregate of $6,042 principal amount of Debentures under the NCIB at an average price of $85.17 per $100.00 principal amount, for total consideration of $5,152, including commissions of $7. For accounting purposes, repurchased Debentures were separated into their liability and equity components using the effective interest rate method similar to when they were issued. The fair value of the liability component at the time of repurchase, which was calculated using an average effective interest rate of 19.36% (the rate attributable to a comparable debt instrument without a conversion feature), is the amount reflected as the total consideration paid for the repurchased Debentures.

Valuation of Unlisted Warrants of Public Companies:

The Company uses the B-S to calculate the fair value of unlisted warrants of public companies if there are sufficient and reliable observable market inputs. If there’s no sufficient market inputs available, the warrants are valued using their intrinsic value. B-S requires six key inputs: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. The first four inputs are facts not estimates, while the expected life and expected volatility are based on the Company’s estimates. For example, a longer expected life of the warrant or a higher volatility number used would result in an increase in fair value of the warrant. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company’s control.

As at June 30, 2014, the Company has valued all non-tradable warrants, using intrinsic value for a total fair value of $12,544 (December 31, 2013 - $1,648), which is consistent with prior quarters and with the Company’s accounting policy for valuing non-tradable warrants.

As at September, 2014, the Company has valued all non-tradable warrants except for one, using intrinsic value, one warrant position was calculated using the B-S (fair value of $36) for a total fair value of $8,868 (December 31, 2013 - $1,648), which is consistent with prior quarters and with the Company’s accounting policy for valuing non-tradable warrants.

The fair value of the warrant as at September 30, 2014 using the B-S was estimated at the date of grant using the following assumptions:

Black-Scholes assumptions used	
Expected volatility (i)	**60.7%**

Expected dividend yield	**0.0%**
Risk-free interest rate	**1.5%**
Expected option life in years	**2.2**
Fair value per warrant	**$ 0.43**

(i) Based on the historical volatility of the company's share price.

Use of Non-GAAP Financial Measures:

This MD&A contains references to "net asset value per share" (basic and diluted) ("NAV") which is a non-GAAP financial measure. NAV is calculated as the value of total assets less the value of total liabilities divided by the total number of common shares outstanding as at a specific date. NAV (diluted) is calculated as total assets less total liabilities divided by the total number of common shares of the Company outstanding as at a specific date, calculated based upon the assumption that all outstanding securities of the Company that are convertible into or exercisable for common shares have been converted or exercised. The term NAV does not have any standardized meaning according to GAAP and therefore may not be comparable to similar measures presented by other companies. There is no comparable GAAP financial measure presented in Pinetree's consolidated financial statements and thus no applicable quantitative reconciliation for such non-GAAP financial measure. The Company has calculated NAV consistently for many years and believes that the measure provides information useful to its shareholders in understanding our performance, and may assist in the evaluation of the Company's business relative to that of its peers.

Additional Information:

Additional information relating to Pinetree Capital Ltd., including its annual information form for the Company's most recently completed financial year, is available under the Company's profile on SEDAR at www.sedar.com.