PINETREE CAPITAL LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2016

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed consolidated interim financial statements of Pinetree Capital Ltd. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

Pinetree Capital Ltd.
Condensed Consolidated Interim Statements of Financial Position
(In thousands of Canadian dollars)
Unaudited

		As at March 31, 2016		As at December 31, 2015
ASSETS				
Cash and cash equivalents (note 4)	**$**	**1,958**	$	2,336
Due from brokers (note 4)		**1,516**		199
Investments at fair value (notes 3 and 6(c))		**22,913**		27,864
Prepaids and other receivables (note 4)		**54**		69
Total assets	**$**	**26,441**	$	30,468
LIABILITIES AND EQUITY				
Liabilities				
Convertible debentures (notes 2(b) and 5(b))	**$**	**6,688**	$	9,716
Accounts payable and accrued liabilities (note 5(a))		**815**		1,250
Total liabilities		**7,503**		10,966
Equity				
Share capital (note 7(a))		**306,951**		306,103
Warrants (note 7(e))		**1,607**		1,607
Contributed surplus (note 7(f))		**106,465**		106,395
Equity component of convertible debentures (note 5(b))		**2,838**		2,838
Foreign currency translation reserve		**(35)**		(35)
Deficit		**(398,888)**		(397,406)
Total equity		**18,938**		19,502
Total liabilities and equity	**$**	**26,441**	$	30,468

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

Nature of business (note 1)
Going concern and basis of presentation (note 2(b))
Subsequent events (note 15)

Pinetree Capital Ltd.

Condensed Consolidated Interim Statements of Comprehensive Loss
(In thousands of Canadian dollars, except for securities and per share amounts)
Unaudited

		Three months ended March 31, 2016		Three months ended March 31, 2015
Net investment losses				
Net realized losses on disposal of investments	**$**	**(1,134)**	$	(29,481)
Net change in unrealized gains on investments (note 6(c))		**680**		25,932
		(454)		(3,549)
Other income (note 8)		**169**		180
		(285)		(3,369)
Expenses				
Operating, general and administrative (notes 6(a), 7(c) and 9)		**1,019**		1,988
Finance expenses (note 10)		**178**		1,798
		1,197		3,786
Net loss for the period		**(1,482)**		(7,155)
Other comprehensive income				
Items that will be reclassified subsequently to income				
Exchange differences on translation of foreign operations		**-**		11
Total comprehensive loss for the period	**$**	**(1,482)**	$	(7,144)
Loss per common share based on net loss for the period (note 7(g))				
Basic and diluted	**$**	**(0.01)**	$	(0.04)
Weighted average number of common shares outstanding (note 7(g)) Basic and diluted		**224,002,918**		201,929,155

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

Pinetree Capital Ltd.

Condensed Consolidated Interim Statements of Cash Flows
(In thousands of Canadian dollars)
Unaudited

		Three months ended March 31, 2016		Three months ended March 31, 2015
Cash flows provided by operating activities				
Net loss for the period	**$**	**(1,482)**	$	(7,155)
Items not affecting cash:				
Net realized losses on disposal of investments		**1,134**		29,481
Net change in unrealized gains on investments		**(680)**		(25,932)
Gain on redemption of convertible debentures		**(152)**		-
Gain on purchase of convertible debentures under normal course issuer bid		**(1)**		-
Amortization		**-**		8
Stock-based compensation expense (note 7(c))		**70**		184
Accretion of discount on convertible debentures		**-**		443
		(1,111)		(2,971)
Adjustments for:				
Proceeds on disposal of investments		**5,648**		17,629
Purchase of investments		**(1,150)**		(1,570)
Due from brokers		**(1,317)**		587
Prepaids and other receivables		**15**		27
Accounts payable and accrued liabilities		**(436)**		684
Net cash provided by operating activities		**1,649**		14,386
Cash flows used in financing activities				
Purchase of convertible debentures under normal course issuer bid		**(27)**		-
Redemption of convertible debentures		**(2,000)**		-
Transaction costs for convertible debentures		**-**		(545)
Net cash used in financing activities		**(2,027)**		(545)
Net (decrease) increase in cash and cash equivalents for the period		**(378)**		13,841
Exchange differences on translation of foreign operations		**-**		11
Cash and cash equivalents, beginning of period		**2,336**		213
Cash and cash equivalents, end of period	**$**	**1,958**	$	14,065
Supplemental cash flow information				
Shares issued for redemption of convertible debentures	**$**	**848**	$	-
Finance expenses paid		**-**		545

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

Pinetree Capital Ltd.

Condensed Consolidated Interim Statements of Changes in Equity
(In thousands of Canadian dollars, except for number of shares)
Unaudited

	Number of shares		Share capital		Warrants		Contributed surplus		Equity component of convertible debentures		Foreign currency translation reserve		Deficit		Total equity
Balance, December 31, 2014	**201,929,155**	**$**	**306,103**	**$**	**1,607**	**$**	**105,839**	**$**	**2,838**	**$**	**(35)**	**$**	**(365,191)**	**$**	**51,161**
Net loss for the period	-		-		-		-		-		-		(7,155)		(7,155)
Exchange differences on translation of foreign operations	-		-		-		-		-		11		-		11
Total comprehensive loss for the period	-		-		-		-		-		11		(7,155)		(7,144)
Stock-based compensation expense	-		-		-		184		-		-		-		184
Balance, March 31, 2015	**201,929,155**	**$**	**306,103**	**$**	**1,607**	**$**	**106,023**	**$**	**2,838**	**$**	**(24)**	**$**	**(372,346)**	**$**	**44,201**
Balance, December 31, 2015	**201,929,155**	**$**	**306,103**	**$**	**1,607**	**$**	**106,395**	**$**	**2,838**	**$**	**(35)**	**$**	**(397,406)**	**$**	**19,502**
Net loss for the period	-		-		-		-		-		-		(1,482)		(1,482)
Total comprehensive loss for the period	-		-		-		-		-		-		(1,482)		(1,482)
Shares issued form redemption of convertible debentures	24,201,355		848		-		-		-		-		-		848
Stock-based compensation expense	-		-		-		70		-		-		-		70
Balance, March 31, 2016	**226,130,510**	**$**	**306,951**	**$**	**1,607**	**$**	**106,465**	**$**	**2,838**	**$**	**(35)**	**$**	**(398,888)**	**$**	**18,938**

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

1. Nature of business

Pinetree Capital Ltd. ("Pinetree" or the "Company") 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 211 Yonge Street, Suite 502, Toronto, Ontario, Canada, M5B 1M4.

Pinetree is an investment and merchant banking firm focused on the small-cap market, with early-stage investments in resource, biotechnology and technology companies.

These unaudited condensed consolidated interim financial statements were approved by the Company's board of directors on April 28, 2016.

2. Basis of preparation

a) Statement of compliance

These condensed consolidated interim statements are unaudited and have been prepared on a condensed basis in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, issued by the International Accounting Standards Board using accounting policies consistent with International Financial Reporting Standards ("IFRS").

The same accounting policies and methods of computation were followed in the preparation of these unaudited condensed consolidated interim 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, 2015. Accordingly, these unaudited condensed consolidated interim statements for the three months ended March 31, 2016 should be read together with the annual consolidated financial statements as at and for the year ended December 31, 2015.

b) Going concern basis of presentation

These unaudited condensed consolidated interim statements have been prepared using the historical cost convention except for some financial instruments that have been measured at fair value. All monetary references expressed in these notes are references to Canadian dollar amounts ("$").

Financial statements are required to be prepared on a going concern basis unless management either intends to liquidate the Company or cease trading, or has no realistic alternative but to do so. These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will continue to operate for the foreseeable future and have the ability to realize its assets and discharge its liabilities in the normal course of business. However, material uncertainty exists regarding the Company's ability to make payments on the convertible debentures (the "Debentures") due on May 31, 2016 as this ability is primarily dependent on the amount of net proceeds from the rights offering (as discussed below and in note 7(b)).

The material uncertainty, which is discussed in greater detail below, casts significant doubt upon the Company's ability to continue as a going concern.

2. Basis of preparation (continued)

b) Going concern basis of presentation (continued)

During March 2016, the Company undertook an offering of rights to holders of its common shares at the close of business on the record date of March 23, 2016, on the basis of one right for each common share held (note 7(b)). Each right entitles the holder to subscribe for one common share of Pinetree upon payment of the subscription price of $0.025 per common share. The rights traded on the TSX under the symbol PNP.RT March 21, 2016 until noon on April 26, 2016 and will expire at 4:00 p.m. (Toronto time) on April 26, 2016 (the “Expiry Time”), after which time unexercised rights were void and of no value. Shareholders who fully exercised their rights were entitled to subscribe pro rata for additional common shares, if available as a result of unexercised rights prior to the Expiry Time. Upon completion of the right offering on April 26, 2016, 84,910,292 rights were exercised (see note 15).

The Company has entered into a purchase agreement (the Tolnai Purchase Agreement) with 2507492 Ontario Ltd. (TolnaiCo), a corporation controlled by Peter Tolnai. The Tolnai Purchase Agreement permits TolnaiCo to assign its rights under the Tolnai Purchase Agreement, in whole or in part, subject to certain conditions and obligations. TolnaiCo will subscribe for all common shares offered under the rights offering that are not otherwise purchased by subscribers (the “Tolnai Purchase”) provided that at the completion of the Tolnai Purchase, TolnaiCo would own not less than 30% and not more than 49.9% of the outstanding common shares of Pinetree. The effect of this condition is that if subscribers under the rights offering purchase more than 40% of the common shares available under the rights offering, TolnaiCo will not be required to complete the Tolnai Purchase (although TolnaiCo may, at its discretion, take up any and all remaining shares even if such purchase is less than the Minimum Tolnai Purchase).

To a certain extent, Pinetree’s ability to make the payments on the Debentures due on May 31, 2016 remains outside of the Company’s control given the nature of Pinetree’s assets, which can experience sudden and significant changes in value, and the variables associated with the Company’s ability to access external sources of capital. Accordingly, if the net proceeds from the rights offering together with Pinetree’s existing cash resources are insufficient to make the payments on the Debentures due on May 31, 2016, there can be no assurance that Pinetree will be able to obtain sufficient financing to fund the remainder of the payment on the Debentures or meet future working capital requirements. Pinetree does not anticipate being able to generate sufficient additional cash from dispositions of its portfolio investments by May 31, 2016, as the majority of Pinetree’s portfolio investments are comprised of investments in private companies, for which there is no active trading market and which cannot easily be sold and the remainder of which consist of public company investments with a fair value of approximately $4,000 at March 31, 2016 with no restrictions and which the Company considers to be largely illiquid for the purposes of meeting short-term funding requirements. Any working capital deficiency that Pinetree faces on May 31, 2016 when the Debenture obligations are due will need to be made up from external sources of capital, if any such sources are available to Pinetree at the time. If Pinetree meets its debenture obligations when due, thereafter, to meet ongoing working capital requirements, Pintree may be able to generate funds over time from more orderly and opportune dispositions of the Company’s investments, however, that ability would depend upon the occurrence of liquidity events for one or more of the Company’s private company investments and the market prices of the Company’s public company investments, which are relatively thinly traded junior issuers – all circumstances outside of the Company’s control.

2. Basis of preparation (continued)

b) Going concern basis of presentation (continued)

If the Company fails to generate sufficient funds under the rights offering and cannot make up the deficiency required to pay off our debenture obligations in full on May 31, 2016, or to fund our ongoing operations thereafter, significant doubt exists with respect to our ability to continue as a going concern.

These unaudited condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern basis was not used, the liquidation value of the Company's investment portfolio could be significantly less than its carrying value as at March 31, 2016. Such an adjustment could have a material impact on the Company's reported total assets and net loss for the period.

c) Basis of consolidation

These unaudited condensed consolidated interim financial statements include the accounts of Pinetree and its wholly-owned subsidiaries: Genevest Inc., Pinetree (Barbados) Inc., Pinetree Capital Investment Corp. ("PCIC") and Emerald Capital Corp., as well as Pinetree Resource Partnership and Pinetree Income Partnership, each a general partnership of which Pinetree indirectly owns a 100% interest. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

The Company controls an investee if the Company has:

(i) power over the investee;

(ii) exposure, or rights, to variable returns from its involvement with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including but not limited to:

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Company's potential voting rights.

2. Basis of preparation (continued)

c) Basis of consolidation (continued)

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in comprehensive (loss) income from the date that the Company gains control until the date that the Company ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company's reporting period using consistent accounting policies. All inter-company account balances and transactions have been eliminated upon consolidation.

d) Critical accounting judgments, estimates and assumptions

The preparation of the unaudited condensed consolidated interim statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The information about significant areas of estimation uncertainty and judgment considered by management in preparing the unaudited condensed consolidated interim statements were the same as those in the preparation of the annual consolidated financial statements as at and for the year ended December 31, 2015.

3. Financial instruments hierarchy and investments at fair value

(a) Financial hierarchy:

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy has the following levels:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

(ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

(iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(In thousands of Canadian dollars except for securities and per share amounts)

3. Financial instruments hierarchy and investments at fair value (continued)

(a) Financial hierarchy (continued):

Investments consist of the following as at March 31, 2016:

Investments	**Cost**	**Level 1 Quoted market price**	**Level 2 Valuation technique - observable market inputs**	**Level 3 Valuation technique - non-observable market inputs**	**Total fair value**
Equities	**$ 85,203**	**$ 3,968**	**$ 94**	**$ 17,851**	**$ 21,913**
Warrants	**-**	**-**	**322**	**-**	**322**
Promissory notes and convertible debentures	**1,133**	**-**	**-**	**678**	**678**
Total investments	**$ 86,336**	**$ 3,968**	**$ 416**	**$ 18,529**	**$ 22,913**
Investments denominated in foreign currencies		**$ 82**	**$ -**	**$ 10,644**	**$ 10,726**
% of investments denominated in foreign currencies		**2%**	**0%**	**57%**	**47%**

Investments consist of the following as at December 31, 2015:

Investments	**Cost**	**Level 1 Quoted market price**	**Level 2 Valuation technique - observable market inputs**	**Level 3 Valuation technique - non-observable market inputs**	**Total fair value**
Equities	$ 90,142	$ 7,563	$ 72	$ 18,469	$ 26,104
Warrants	200	28	676	-	704
Promissory notes and convertible debentures	1,626	-	-	1,056	1,056
Total investments	$ 91,968	$ 7,591	$ 748	$ 19,525	$ 27,864
Investments denominated in foreign currencies		$ 106	$ -	$ 11,390	$ 11,496
% of investments denominated in foreign currencies		1%	0%	58%	41%

(In thousands of Canadian dollars except for securities and per share amounts)

3. Financial instruments hierarchy and investments at fair value (continued)

(a) Financial hierarchy (continued):

(i) As at March 31, 2016, included in total investments were securities of private companies with a fair value totaling $18,529 (cost of $35,019) (December 31, 2015 – fair value of $19,525 (cost of $35,662)) measured in accordance with the Company's accounting policy for private company investments.

(ii) During the three months ended March 31, 2016, $72 of the investments held in Level 2 as at December 31, 2015 were transferred to Level 1. There were no transfers from Level 2 to 1 during the three months ended March 31, 2015. The transfer out of level 2 to level 1 consists of restricted investments that became unrestricted during the period. There were no transfers from Level 1 to 2 during the three months ended March 31, 2016 and March 31, 2015.

(b) Level 3 hierarchy:

The following table presents the changes in fair value measurements of financial instruments classified as Level 3. These financial instruments are measured at fair value utilizing non-observable market inputs. The net realized losses and net change in unrealized losses are recognized in the consolidated statements of comprehensive loss.

Investment at fair value	Opening balance at January 1	Purchases /loans	Proceeds	Net realized losses	Net unrealized losses	Ending balance
March 31, 2016	$ 19,525	$ 676	$ (1,156)	$ (164)	$ (352)	$ 18,529
December 31, 2015	23,435	769	(1,003)	(434)	(3,242)	19,525

Transfers between levels of fair value hierarchy are deemed to have occurred at the date of event.

Within Level 3, the Company includes private company investments and other investment instruments such as loans to investees and convertible debentures which are not quoted on an exchange. The key assumptions used in the valuation of these instruments include (but are not limited to) the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions and the share performance of comparable publicly-traded companies.

The following table presents the fair value, categorized by key valuation techniques and the unobservable inputs used within Level 3 as at:

	March 31, 2016		December 31, 2015	
Valuation technique	**Fair value**	**Unobservable inputs**	**Fair value**	**Unobservable inputs**
Recent financing	**$ 9,546**	Transaction price	$ 9,889	Transaction price
Trends in comparable publicly traded companies and general market conditions	**8,305**	Adjustment range (-80% to -12.5%)	8,580	Adjustment range (-80% to -12.5%)
Discounted cash flows	**678**	Discount rate (15% - 19%)	1,056	Discount rate (15% - 19%)
	$ 18,529		$ 19,525	

(In thousands of Canadian dollars except for securities and per share amounts)

3. Financial instruments hierarchy and investments at fair value (continued)

(b) Level 3 hierarchy (continued):

For those investments valued based on recent financing, management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at March 31, 2016 and December 31, 2015. For those investments valued based on trends in comparable publicly-traded companies and general market conditions, the inputs used can be highly judgmental. A +/- 25% change on the fair value of these investments will result in a corresponding +/- $2,076 (December 31, 2015: +/- $2,145) change to 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.

(c) Securities lending:

The Company entered into a securities lending agreement ("SLA") in Canada whereby securities in the 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. Effective February 13, 2015, the Company is contractually prohibited from lending its securities until it has satisfied its obligations in full in respect of the Debentures (see note 5(b)).

4. Financial assets other than investments at fair value

	As at March 31, 2016	As at December 31, 2015
Cash and cash equivalents	**$ 1,958**	$ 2,336
Due from brokers	**1,516**	199
Other receivables	**5**	2

All amounts above are classified as financial assets at amortized cost and are short-term in nature. Cash and cash equivalents consist of cash on hand.

(In thousands of Canadian dollars except for securities and per share amounts)

5. Financial liabilities

	As at March 31, 2016	As at December 31, 2015
Accounts payable and accrued liabilities (a)	**$ 815**	$ 1,250
Convertible debentures, due May 31, 2016 (b)	**6,688**	9,716
	$ 7,503	$ 10,966

The carrying values of accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments.

(a) As at March 31, 2016, included in accounts payable and accrued liabilities are Class C preferred share liabilities of $217 (December 31, 2015 - $217). 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.

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 March 31, 2016, the redemption price was $10 per share and the retraction price in effect was $0.18 per share (December 31, 2015 - $0.31 per share). During the three months ended March 31, 2016, no Class C shares were cancelled. During the year ended December 31, 2015, 2,200 Class C Shares were cancelled by PCIC following their retraction by the holders at $0.62 per share plus accrued and unpaid dividends. As at March 31, 2016, 21,700 Class C Shares (December 31, 2015 - 21,700 Class C Shares) were issued and outstanding.

As at March 31, 2016, also included in accounts payable and accrued liabilities is accrued interest payable of $224 (December 31, 2015 - $78) on the Debentures.

(In thousands of Canadian dollars except for securities and per share amounts)

5. Financial liabilities (continued)

(b) The following table summarizes the changes in the Debentures' liability and equity components during the periods ended:

Principal		
Opening principal balance, December 31, 2014	$	54,822
No transactions		-
Ending principal balance, March 31, 2015	**$**	**54,822**
Opening principal balance, December 31, 2015	$	9,716
Redemptions and NCIB purchases of convertible debentures		(3,028)
Ending principal balance, March 31, 2016	**$**	**6,688**
Liability		
Opening liability balance, December 31, 2014	$	54,520
Accretion of discount on the convertible debentures		443
Transaction costs for the convertible debentures		(545)
Ending liability balance, March 31, 2015	**$**	**54,418**
Opening liability balance, December 31, 2015	$	9,716
Redemptions and NCIB purchases of convertible debentures		(3,028)
Ending liability balance, March 31, 2016	**$**	**6,688**

Equity component		
Opening equity component balance, December 31, 2014	$	2,838
No transactions		-
Ending equity component balance, March 31, 2015	**$**	**2,838**

Equity component		
Opening equity component balance, December 31, 2015	$	2,838
No transactions		-
Ending equity component balance, March 31, 2016	**$**	**2,838**

As at March 31, 2016, the fair value of the Debentures was $6,755 (December 31, 2015 - $9,376) based on the closing trade price of the Debentures, which are listed on the TSX under the symbol “PNP.DB” and is classified in the Level 2 fair value hierarchy.

The Debentures are convertible into common shares of the Company on the basis of a conversion price of $3.71 per share (“Conversion Price”), subject to adjustment under certain circumstances. Upon completion of rights offering, the Conversion Price was modified to $3.95 per share (see note 15).

5. Financial liabilities (continued)

(b) (continued)

On January 23, 2015, the Company's existing default of one of its debt covenants became an "Event of Default" under the Debenture Indenture. On February 13, 2015, the Company entered into a forbearance agreement with the debenture trustee, on behalf of the holders of the Debentures ("Debentureholders"), whereby the trustee and the Debentureholders agreed to refrain from exercising their rights in respect of the Event of Default, and subsequent defaults of the Debenture Covenant, including the right to accelerate payment of the principal amount of the Debentures, until October 31, 2015, subject to certain conditions. The Company was in compliance with the covenant as at October 31, 2015 and therefore cured the Event of Default. Starting from October 31, 2015, the Company once again became subject to the 33% debt-to-assets ratio covenant in the Debenture Indenture and as at March 31, 2016, the Company was in compliance with the Debenture Covenant.

On January 8, 2016 (the "Redemption Date"), the Company redeemed $3 million principal amount of the Debentures, together with all accrued and unpaid interest thereon, for a total redemption amount equal to $3,032 by issuing an aggregate of 24,201,355 common shares (the "Redemption Shares") in payment of $1 million of the $3 million principal amount of the Debentures. The remaining $2 million principal amount of Debentures was redeemed for cash.

The Company renewed its normal course issuer bid ("NCIB") for the Debentures for the period of June 5, 2015 to June 4, 2016. In accordance with and subject to the rules of the TSX, the Company can purchase up to $3,460 principal amount of Debentures pursuant to the NCIB. During the three months ended March 31, 2016, the Company purchased an aggregate of $28 principal amount of the Debentures under its NCIB at an average cost of 0.9674 of the par value for a total cash payment of $27.

As at March 31, 2016, an aggregate of $6,688 principal amount of the Debentures was outstanding.

If the Company breaches the Debenture Indenture, the principal amount of the Debentures (and accrued interest) could become immediately due and payable by Pinetree. It is uncertain whether the Company could generate sufficient funds from proceeds of dispositions of its investments to repay the total amount owing to Debentureholders, if and when required to do so.

In these circumstances, the liquidation value of the Company's portfolio may be significantly less than its carrying value as at March 31, 2016.

In addition, Pinetree's ability to make the payments on the Debentures due on May 31, 2016 is primarily dependent on the amount of net proceeds from the rights offering and remains outside of the Company's control given the nature of Pinetree's assets, which can experience sudden and significant changes in value, and the variables associated with the Company's ability to access external sources of capital. Please refer to note 2(b) above for more detailed discussion.

(In thousands of Canadian dollars except for securities and per share amounts)

6. Related party transactions

All transactions with related parties have occurred in the normal course of operations.

(a) Related party transactions included in the unaudited condensed consolidated interim statements of comprehensive loss were as follows during the periods presented:

Type of service	Nature of relationship	Three months ended March 31, 2016	Three months ended March 31, 2015
Salaries, consulting fees and other benefits	Officers	**$ 157**	$ 524
Director fees (i)	Directors	**36**	76
Stock-based compensation expense	Directors and officers	**28**	145

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

(b) Stock options granted

No stock options were granted to directors or officers during the three months ended March 31, 2016.

During the three months ended March 31, 2015, the Company granted to directors and officers the following stock options:

Grant date	Options granted	Exercise price	Expiry date
March 31, 2015	1,650,000	$ 0.16	March 30, 2020

(c) Investments in associates

The Company's directors and officers may have investments in and hold management and/or director positions in some of the Company's investments. The Company makes minority investments (less than 50%) in the equity of companies (including convertible securities) by way of open market transactions and 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. However, the Company also considers other factors when determining if it has significant influence such as board representations and officers and directors involvement with the investee. These investments are not equity accounted for (as permitted by IAS 28) but are related party transactions accounted for at fair value. Furthermore, the Company has certain regulatory trading restrictions on investments with an equity holding of greater than 20%.

(In thousands of Canadian dollars except for securities and per share amounts)

6. Related party transactions (continued)

(c) Investments in associates (continued)

The total amounts included in the unaudited condensed consolidated interim statements of financial position for investments in associates are as follows:

	As at March 31, 2016	As at December 31, 2015
Investment at fair value	**$ 9,051**	$ 9,742
Cost of investments	**21,851**	21,851

The total amounts included in the unaudited condensed consolidated interim statements of comprehensive loss for investments in associates are as follows:

	Three months ended March 31, 2016	Three months ended March 31, 2015
Net change in unrealized losses on investments	**$ (691)**	$ (6,686)
Interest earned on promissory notes	**-**	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. No related party transactions were conducted with investee companies during the three-month periods ended March 31, 2016 and March 31, 2015.

7. Equity

(a) Authorized: unlimited number of common shares, no par value.

As at March 31, 2016, the Company had 226,130,510 (December 31, 2015 - 201,929,155) common shares issued and outstanding.

On January 8, 2016, the Company partially redeemed $3,000 principal amount of its Debentures, $2,000 of which (and all accrued interest) was paid in cash and $1,000 of which was paid by the issuance of an aggregate of 24,201,355 Redemption Shares at a value of $848 based on fair market value of $0.035 per share on the date of issuance, resulting in a gain of $152 which was recorded in other income (note 8).

The number of common shares issued under the redemption was based on a price per share of $0.04132, which was calculated in accordance with the terms of the Debentures as 95% of $0.04349, the volume weighted average trading price of Pinetree's common shares on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the date of redemption.

(b) Rights offering

On March 21, 2016, the Company offered rights to holders of its common shares at the close of business on the record date of March 23, 2016, on the basis of one right for each common share held. Each right entitles the holder to subscribe for one common share of Pinetree upon payment of the subscription price of $0.025 per common share. The rights started trading on the TSX under the symbol PNP.RT from March 21, 2016 and until noon on April 22, 2016 and expired at 4:00 p.m. (Toronto time) on April 22, 2016 (the "Expiry Time"), after which time unexercised rights were void and of no value. Shareholders who fully exercised their rights were entitled to subscribe pro rata for additional common shares, if available as a result of unexercised rights prior to the Expiry Time.

Subsequent to March 31, 2016 until the rights' Expiry Time, the Company's shareholders exercised 84,910,292 rights for 84,910,292 common shares of Pinetree under the rights offering with gross proceeds of $2,122,757. The net proceeds will be allocated to the payment of the outstanding principal amount and accrued interest on the Company's Debentures at maturity on May 31, 2016. In addition, in accordance with the terms of the rights offering, a private company controlled by Peter Tolnai, will acquire 141,220,218 common shares of Pinetree at a same subscription price of $0.025 per common share for gross proceeds to Pinetree of $3,530,505 (see note 15).

<u>Special Shareholders' Meeting</u>

At a Shareholder Meeting held on April 22, 2016, shareholders approved a 1-for-100 share consolidation and the waiver of the application of Pinetree's shareholder rights plan. The board has the authority over whether and when to implement it over the next 12 months (note 15).

(c) Stock options plan

The Company grants stock options to eligible directors, officers, employees, and consultants pursuant to its 2007 Stock Option Plan (the "2007 Plan"). Under the terms of the 2007 Plan, the number of common shares that may be issued pursuant to the exercise of options granted under or otherwise governed by the 2007 Plan may not exceed 10% of the number of common shares outstanding at the time of grant; however, the number of options that have been cancelled or expired unexercised (whether in full or in part) will once again be issuable under the 2007 Plan.

(In thousands of Canadian dollars except for securities and per share amounts)

7. Equity (continued)

(c) Stock options plan (continued)

The exercise price of an option granted under the 2007 Plan is determined by the Board of Directors but cannot be less than the closing price of the common shares on the TSX on the last day on which the common shares trade prior to the grant date of the option. The board of directors has the discretion to determine the term and vesting provisions (if any) of options granted under the 2007 Plan, provided that the option terms may not exceed 10 years. The Company has established a fixed schedule of option grant dates. Options may be granted on a quarterly basis, on four designated dates during each year.

(d) Stock options

No stock options were granted during the three months ended March 31, 2016.

The following table summarizes stock options granted during the three months ended March 31, 2015:

Date granted	Options granted	Exercisable price ($)	Expiry date
March 31, 2015	2,235,000	0.16	March 30, 2020

Stock options granted on March 31, 2015 vest four months from the grant date. Options granted are accounted for by the fair value method of accounting for stock-based compensation. The Company records compensation expense over the vesting period and credits contributed surplus for all options granted.

The fair value of the options granted during the three ended March 31, 2015 was estimated at the date of grant using the following weighted average assumptions:

Black-Scholes option valuation model assumptions used:

Expected volatility	76.8%
Expected dividend yield	0.0%
Risk-free interest rate	0.6%
Expected option life in years	3.4
Expected forfeiture rate	3.3%
Fair value per option granted on March 31, 2015	$0.07

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.

For the three months ended March 31, 2016, included in operating, general and administrative expenses is stock-based compensation of $70 (three months ended March 31, 2015 - $184) relating to the stock options granted to directors, officers, employees, and consultants of the Company.

(In thousands of Canadian dollars except for securities and per share amounts)

7. Equity (continued)

(d) Stock options (continued)

A summary of the status of the Company's stock options as at March 31, 2016 and December 31, 2015 and changes during the periods then ended is presented below:

	Number of options	Weighted average exercise price per share
Balance, December 31, 2014	17,975,910	$ 0.92
Options granted	7,455,000	0.09
Options forfeited	(4,830,000)	0.86
Options expired	(1,645,910)	1.78
Balance, December 31, 2015	18,955,000	0.53
Options expired	(830,000)	3.17
Balance, March 31, 2016	18,125,000	$ 0.41

The following table summarizes information about stock options outstanding and exercisable as at March 31, 2016:

Number of stock outstanding	Number of stock options vested and exercisable	Exercisable price ($)	Expiry date
250,000	250,000	2.93	May 30, 2016
250,000	250,000	1.92	August 30, 2016
875,000	875,000	1.61	November 29, 2016
100,000	100,000	1.38	March 29, 2017
250,000	250,000	0.88	May 30, 2017
400,000	400,000	0.90	August 30, 2017
895,000	895,000	0.89	November 29, 2017
920,000	920,000	0.62	March 27, 2018
1,270,000	1,270,000	0.43	August 28, 2018
250,000	250,000	0.27	November 28, 2018
1,430,000	1,430,000	0.50	March 30, 2019
500,000	500,000	0.42	May 29, 2019
250,000	250,000	0.33	August 28, 2019
3,230,000	2,691,667	0.16	November 27, 2019
2,035,000	2,035,000	0.16	March 30, 2020
950,000	475,000	0.08	May 28, 2020
150,000	150,000	0.08	August 30, 2020
4,120,000	686,667	0.05	November 29, 2020
18,125,000	13,678,334		

(In thousands of Canadian dollars except for securities and per share amounts)

7. Equity (continued)

(e) Warrants

A summary of the status of the Company's warrants as at March 31, 2016 and December 31, 2015 and changes during the periods then ended is presented below:

	Number of warrants	Weighted average exercise price per share	Amount
Balance, December 31, 2014, December 31, 2015 and March 31, 2016 (i)	12,332,451	$ 0.75	$ 1,607

(i) Upon completion of the rights offering, the exercise price of the warrants was modified to $0.70 each warrant for 1.07 common share (see note 15).

(f) Contributed surplus transactions for the respective periods are as follows:

	Amount
Balance, December 31, 2014	$ 105,839
Stock-based compensation	556
Balance, December 31, 2015	106,395
Stock-based compensation	70
Balance, March 31, 2016	$ 106,465

Contributed surplus comprises of the following as at March 31, 2016 and December 31, 2015:

	March 31, 2016	December 31, 2015
Fair value of stock-based compensation	**$ 34,154**	$ 34,084
Fair value of expired warrants and broker warrants	**72,268**	72,268
Cancellation of shares under normal course issuer bid	**43**	43
	$ 106,465	$ 106,395

(In thousands of Canadian dollars except for securities and per share amounts)

7. Equity (continued)

(g) Basic and diluted loss per common share based on net loss are as follows for the three months ended:

Numerator:	**Three months ended March 31, 2016**	**Three months ended March 31, 2015**
Net loss for the period	**$ (1,482)**	$ (7,155)

Denominator:	**Three months ended March 31, 2016**	**Three months ended March 31, 2015**
Weighted average number of common shares outstanding - basic and diluted [(i)]	**224,002,918**	201,929,155

Loss per common share based on net loss for the period:	**Three months ended March 31, 2016**	**Three months ended March 31, 2015**
Basic and diluted	**$ (0.01)**	$ (0.04)

[(i)] The determination of the weighted average number of common shares outstanding – diluted excludes 104,869,350 shares related to convertible securities that were anti-dilutive for the three months ended March 31, 2016 (three months ended March 31, 2015 - 158,094,290).

(h) Maximum share dilution

The following table presents the maximum number of shares that would be outstanding if all outstanding stock options and warrants were exercised and all outstanding convertible debentures were converted as at March 31, 2016 and December 31, 2015:

	March 31, 2016	**December 31, 2015**
Common shares outstanding	**$ 226,130,510**	$ 201,929,155
Stock options outstanding to purchase common shares	**18,125,000**	18,955,000
Warrants to purchase common shares	**12,332,451**	12,332,451
Debentures convertible to common shares (i)	**1,802,695**	2,286,118
Fully diluted common shares outstanding	**$ 258,390,656**	$ 235,502,724

(i) Assuming the convertible debentures are converted by the holders at the Conversion Price of $3.71 per share (269.5417 common shares per $1 principal amount). Upon completion of rights offering, the Conversion Price was modified to $3.95 per share (see note 15).

(In thousands of Canadian dollars except for securities and per share amounts)

8. Other income

Other income comprises of the following for the three months ended March 31:

		2016		2015
Interest income	**$**	**16**	$	99
Income from sublease and service agreements		**-**		81
Gain on purchase of convertible debentures under normal course issuer bid		**1**		-
Gain on redemption of convertible debentures		**152**		-
	$	**169**	$	180

9. Expense by nature

Included in operating, general and administrative expenses for the three months ended March 31:

		2016		2015
Transaction costs	**$**	**49**	$	139
Salaries		**76**		223
Other office and general		**251**		135
Stock-based compensation expense		**70**		184
Operating lease payments		**47**		146
Consulting and directors' fees		**302**		668
Travel and other		**10**		9
Transfer agent, filing fees and other information systems		**120**		190
Professional fees		**69**		310
Other employee benefits		**14**		63
Amortization		**-**		8
Foreign exchange loss (gain)		**11**		(87)
	$	**1,019**	$	1,988

10. Finance expenses

Finance expenses comprises of the following for the three months ended March 31:

		2016		2015
Accretion of discount and interest expense on convertible debentures	**$**	**178**	$	1,795
Interest expense		**-**		3
	$	**178**	$	1,798

(In thousands of Canadian dollars except for securities and per share amounts)

11. Management of capital

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

	March 31, 2016	December 31, 2015
Convertible debentures	**$ 6,688**	$ 9,716
Equity comprises of:		
Share capital	**306,951**	306,103
Warrants	**1,607**	1,607
Contributed surplus	**106,465**	106,395
Equity component of convertible debentures	**2,838**	2,838
Foreign currency translation reserve	**(35)**	(35)
Deficit	**(398,888)**	(397,406)
	$ 25,626	$ 29,218

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets and the debt incurrence and maintenance covenants, among other covenants, to which it is subject in connection with the Debentures. During the year ended December 31, 2015, the Company cured the Event of Default and was in compliance with the Debenture Covenant as at December 31, 2015 and March 31, 2016.

There were no changes to the Company's objectives in managing and maintaining capital during the three months ended March 31, 2016. The Company is not subject to any capital requirements imposed by a regulator.

The Company's objectives when managing capital are:

(a) to ensure that the Company maintains the level of capital and debt ratios necessary to comply with the Debenture Indenture and pay the principal amount and interest owing on the Debentures at maturity; and

(b) to maintain a flexible capital structure that optimizes the cost of capital at acceptable levels of risk.

The Company maintains or adjusts its capital level to enable it to meet its objectives by:

(a) realizing proceeds from the disposition of its investments; and

(b) raising capital through equity financings.

The payment of cash dividends does not form part of Pinetree's current capital management program and, to date, the Company has not declared any cash dividends on its common shares.

(In thousands of Canadian dollars except for securities and per share amounts)

12. Risk management

Financial instrument risks:

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 currently comprised of financial instruments. The use of financial instruments can expose the Company to the following risks. A discussion of the Company's use of financial instruments and their associated risks is provided below.

(a) Liquidity risk:

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they become due.

The Company's management is responsible for reviewing liquidity resources to ensure funds are readily available to meet financial obligations as they become due, as well as ensuring funds exist to support business strategies and operating growth.

The Company generates cash flow primarily from its financing activities and proceeds from the disposition of its investments in addition to interest and dividend income earned on its investments. Pinetree invests significantly in securities of "junior" issuers, which can at times be relatively illiquid, and if the Company decides to dispose of securities of a particular issuer it may not be able to do so at the time at favourable prices, or at all. In addition, 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.

There were no changes to the way that the Company manages liquidity risk since December 31, 2015. The Company's liquidity risk is limited to exposure to trade payables and interest and principal on the Debentures.

The following table shows the Company's contractual undiscounted cash flows, including expected interest payments, which are payable under financial liabilities on the unaudited condensed consolidated interim statement of financial position as at March 31, 2016.

	Payments due by period				
Liabilities and obligations	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Accounts payable and accrued liabilities	$ 591	$ 591	$ -	$ -	$ -
Convertible debentures	6,688	6,688	-	-	-
Interest on convertible debentures	224	224	-	-	-
	$ 7,503	$ 7,503	$ -	$ -	$ -

(In thousands of Canadian dollars except for securities and per share amounts)

12. Risk management (continued)

(a) Liquidity risk (continued):

The following table shows the Company's contractual undiscounted cash flows, including expected interest payments, which are payable under financial liabilities on the consolidated statement of financial position as at December 31, 2015.

	Payments due by period				
Liabilities and obligations	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Accounts payable and accrued liabilities	$ 1,172	$ 1,172	$ -	**$ -**	$ -
Convertible debentures	9,716	9,716	-	-	-
Interest on convertible debentures	78	78	-	-	-
	$ 10,966	$ 10,966	$ -	**$ -**	$ -

The following table shows the Company's source of liquidity by assets as at March 31, 2016:

	Payments due by period				
Assets	Total	Less than 1 year	1 - 3 years	4 - 5 years	Non-liquid assets
Cash and cash equivalents	$ 1,958	$ 1,958	$ -	$ -	$ -
Due from brokers	1,516	1,516	-	-	-
Investments at fair value	22,913	22,235	678	-	-
Prepaids and other receivables	54	54	-	-	-
	$ 26,441	$ 25,763	$ 678	$ -	$ -

(In thousands of Canadian dollars except for securities and per share amounts)

12. Risk management (continued)

(a) Liquidity risk (continued):

The following table shows the Company's source of liquidity by assets as at December 31, 2015:

		Payments due by period			
Assets	Total	Less than 1 year	1 - 3 years	4 - 5 years	Non-liquid assets
Cash and cash equivalents	$ 2,336	$ 2,336	$ -	$ -	$ -
Due from brokers	199	199	-	-	-
Investments at fair value	27,864	27,514	350	-	-
Prepaids and other receivables	69	69	-	-	-
	$ 30,468	$ 30,118	$ 350	$ -	$ -

(b) Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company’s financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

Additionally, in accordance with IFRS 9, Financial Instruments ("IFRS 9") Pinetree is required to fair value its investments at the end of each reporting period. This process could result in significant write-downs of the Company’s investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavourable effect on Pinetree’s financial position.

There were no changes to the way that the Company manages market risk since December 31, 2015. The Company manages market risk by having a portfolio that is not singularly exposed to any one issuer or class of issuers, although Pinetree’s investment activities are currently concentrated primarily across several sectors in the junior resource industry, early stage technology sector and biotechnology sector.

The Company also has set a (cost) threshold on purchases of investments over which the approval of the board of directors is required. During periods of significantly broader market volatility or volatility experienced by the resource/commodity markets, the value of the Company’s investment portfolio can be quite vulnerable to market fluctuations.

(In thousands of Canadian dollars except for securities and per share amounts)

12. Risk management (continued)

(b) Market risk (continued)

The following table shows the estimated sensitivity of the Company's after-tax loss for the three months ended March 31, 2016 from a change in the closing trade price of the Company's investments with all other variables held constant as at March 31, 2016:

Percentage of change in closing trade price	Decrease in loss from % increase in closing trade price	Increase in loss from % decrease in closing trade price
2%	$ 247	$ (247)
4%	495	(495)
6%	742	(742)
8%	989	(989)
10%	1,237	(1,237)

The following table shows the estimated sensitivity of the Company's after-tax profit for the three months ended March 31, 2015 from a change in the closing trade price of the Company's investments with all other variables held constant as at March 31, 2015:

Percentage of change in closing trade price	Decrease in loss from % increase in closing trade price	Increase in loss from % decrease in closing trade price
2%	$ 1,441	$ (1,441)
4%	2,882	(2,882)
6%	4,324	(4,324)
8%	5,764	(5,764)
10%	7,205	(7,205)

(c) Interest rate risk:

Interest rate risk is the impact that changes in interest rates could have on the Company's profit and losses. As at March 31, 2016, the Company did not have any significant interest rate risk. The Company's obligations under the Debentures bear interest at a fixed rate of 10%. There were no changes to the way that the Company manages interest rate risk since December 31, 2015. Pinetree does not hedge against any interest rate risk.

(In thousands of Canadian dollars except for securities and per share amounts)

12. Risk management (continued)

(d) Currency risk:

Currency risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's operations are exposed to foreign exchange fluctuations, which could have a significant adverse effect on its consolidated results of operations from time to time.

The Company may have financial instruments denominated in U.S. dollars, Australian dollars and British pounds. A change in the foreign exchange rate of the Canadian dollar versus another currency may increase or decrease the Company's obligations due to brokers and increase or decrease the value of its financial instruments.

There were no changes to the way that the Company manages currency risk since December 31, 2015. The Company believes that it is exposed to foreign exchange risk (U.S. dollar) but does not actively hedge its foreign currency exposure although Pinetree's foreign exchange risk is, to a certain extent, mitigated by the Company's foreign exchange denominated investments.

The following assets and liabilities were denominated in foreign currencies as at the following dates:

		March 31, 2016		December 31, 2015
Denominated in U.S. dollars:				
Investments	**$**	**10,396**	$	11,248
Cash and cash equivalents		**359**		178
Due from brokers		**-**		36
Accounts payable and accrued liabilities		**(16)**		-
Net assets denominated in U.S. dollars	**$**	**10,739**	$	11,462
Denominated in British pounds:				
Investments	**$**	**229**	$	248
Net assets denominated in British pounds	**$**	**229**	$	248

The following table shows the estimated sensitivity of the Company's after-tax loss for the three months ended March 31, 2016 from a change in the U.S. dollar exchange rate in which the Company has exposure with all other variables held constant as at March 31, 2016:

Percentage of change in U.S. dollar		Decrease in loss from an increase in % in the U.S. dollar exchange rate		Increase in loss from a decrease in % in the U.S. dollar exchange rate
2%	$	215	$	(215)
4%		430		(430)
6%		644		(644)
8%		859		(916)
10%		1,074		(1,074)

(In thousands of Canadian dollars except for securities and per share amounts)

12. Risk management (continued)

The following table shows the estimated sensitivity of the Company's after-tax loss for the three months ended March 31, 2015 from a change in the U.S. dollar exchange rate in which the Company has exposure with all other variables held constant as at March 31, 2015:

Percentage of change in U.S. dollar	Decrease in loss from an increase in % in the U.S. dollar exchange rate	Increase in loss from a decrease in % in the U.S. dollar exchange rate
2%	$ 352	$ (352)
4%	704	(704)
6%	1,056	(1,056)
8%	1,409	(1,409)
10%	1,761	(1,761)

(e) Credit risk:

Credit risk is the risk associated with the inability of a third party to fulfill its payment obligations. The Company is exposed to the risk that third parties that owe it money or securities (convertible or debt securities, for example) will not perform their underlying obligations. There were no changes to the way that the Company manages credit risk since December 31, 2015.

As at March 31, 2016, the total fair value of the Company's investments in convertible debentures, convertible notes, and promissory notes was $678 (December 31, 2015 - $1,056). The Company believes that it is not significantly exposed to credit risk, as these investments comprise 3.0% (December 31, 2015 - 4.0%) of the Company's total investments.

(f) Concentration risk in the Company's investment portfolio

Concentration risk is the risk that any single investment or group of investments will have the potential to materially affect the operating results of the Company.

Subject to board approval for investments in excess of a pre-determined threshold, there are no restrictions on the proportion of Pinetree's funds and no limit on the amount of funds that may be allocated to any particular investment, industry or sector. Accordingly, the Company's investment activities may be highly concentrated in a limited number of investments or industry sectors and the Company's financial results may be substantially adversely affected by the unfavourable performance in those investments or industry sectors.

As at March 31, 2016, the Company's top five investments had a fair value of $11,184 in the technology, resources and biotechnology sectors, representing 39%, 5% and 4% of the fair value of the Company's total portfolio, of which four are private companies and one is a public company. As at December 31, 2015, the Company's top five investments had a fair value of $13,800 in the technology, biotechnology and resources sectors, representing 35%, 10% and 4% of the fair value of the Company's total portfolio, of which three are public companies and two are private companies.

13. Operating segment 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 equipment is 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 March 31, 2016.

14. Future accounting changes

As at the date of authorization of these unaudited condensed consolidated interim statements, the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee has issued the following new and revised Standards and Interpretations that are not yet effective for the relevant reporting periods and the Company has not early adopted these standards, amendments and interpretations. However, the Company is currently assessing what impact the application of these standards or amendments will have on the unaudited condensed consolidated interim financial statements of the Company. The Company intends to adopt these standards, if applicable, when the standards become effective:

(a) 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 non-financial 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, 2018. Earlier adoption is permitted. The Company is in the process of assessing the impact of IFRS 15 on its unaudited condensed consolidated interim financial statements.

14. Future accounting changes (continued)

(b) In July 2014, the IASB issued the final version of IFRS 9, 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 recognized 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 unaudited condensed consolidated interim financial statements.

15. Subsequent events

(1) Subsequent to March 31, 2016 until the rights' Expiry Time, the Company's shareholders exercised 84,910,292 rights for 84,910,292 common shares of Pinetree under the rights offering with gross proceeds of $2,122,757. The net proceeds will be allocated to the payment of the outstanding principal amount and accrued interest on the Company's Debentures at maturity on May 31, 2016. In addition, in accordance with the terms of the rights offering, a private company controlled by Peter Tolnai, will acquire 141,220,218 common shares of Pinetree at a same subscription price of $0.025 per common share for gross proceeds to Pinetree of $3,530,505.

(2) On completion of the rights offering, the Conversion Price of the Debentures was modified to $3.95 and the exercise price of the warrants were modified to $0.70 for 1.07 common shares for each warrant.

(2) At a Shareholder Meeting held on April 22, 2016, shareholders approved a 1-for-100 share consolidation and the waiver of the application of Pinetree's shareholder rights plan. The board has the authority over whether and when to implement it over the next 12 months.