Management's Discussion and Analysis

For the Period Ended: **March 31, 2016**

Date of Report: **April 28, 2016**

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 condensed consolidated interim financial statements and notes thereto as at and for the three months ended March 31, 2016. The same accounting policies and method of computation were followed in the preparation of the unaudited condensed consolidated interim financial 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.

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 per share amounts.

Cautionary Note Regarding Forward-Looking Information:

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or courses of action or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved.

Forward-looking statements in this MD&A include, but are not limited to, statements regarding our ability to continue as a going concern, to repay amounts that may become due and payable on our convertible debentures at or prior to maturity and to otherwise generate cash flow through investment dispositions. We have made certain assumptions in preparing the forward-looking statements in this MD&A, including the assumptions that: during the relevant periods, we will be in compliance with the terms of indenture governing our convertible debentures; and the current fair values of our investments are indicative of realizable proceeds from future dispositions.

By their nature, forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The assumptions that we have made in support of the forward-looking statements in this MD&A, while considered reasonable by management at the time in light of its experiences and perceptions of conditions at the time, are inherently subject to uncertainties and no assurance can be given that these assumptions will prove to be correct. Readers are cautioned not to

place undue reliance on forward-looking statements contained in this MD&A.

Some of the risks, uncertainties and other factors which could cause results to differ materially from those expressed in the forward-looking statements contained in this MD&A include future capital market conditions and investee-specific conditions, all of which are unpredictable and outside of the Company's control, and which will affect the future value of the Company's investment portfolio and the prices at which investments may be disposed of. Adverse changes in these conditions, whether as a result of economic, political, industry, investee management or other factors, will negatively impact the Company's ability to remain in compliance with its contractual obligations and generate working capital to fund its ongoing requirements.

Readers are cautioned that the foregoing lists of factors are not exhaustive and other risks are discussed elsewhere in this MD&A under the heading "Risk Factors" 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**. 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 statements, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The forward-looking statements contained in this MD&A are provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking statements 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 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.

Overall Performance:

During the three months ended March 31, 2016, the Company continued to take a disciplined approach to capital management, disposing of certain underperforming assets and monetizing other investments in order to deploy the capital toward the Company's debt reduction initiatives. The Company reduced its outstanding debt, which is comprised solely of its 10% Convertible Secured Debentures due May 31, 2016 (the "Debentures"), from $9,716 principal amount to $6,688 principal amount during the period with a cash payment of $2,000, normal course issuer bid ("NCIB") cash payment of $27, gain on purchase of convertible debentures under the NCIB of $1 and the issuance of 24,201,355 common shares for the remaining balance.

As at March 31, 2016, the Company held investments at fair value totalling $22,913 as compared to $27,864 as at December 31, 2015, an 18% decrease primarily attributable to the dispositions of investments which generated cash proceeds of $5,648 for the Company during the three months ended March 31, 2016.

Basic net loss per share for the three months ended March 31, 2016 was $0.01 as compared to basic net loss per share of $0.04 for the three months ended March 31, 2015.

As at March 31, 2016, net asset value per share ("NAV per share") was $0.08 as compared to $0.10 as at December 31, 2015, a 20% decrease. See "Use of Non-GAAP Financial Measures" elsewhere in this MD&A.

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

	NAV per share* **$**
March 31, 2016	**0.08**
December 31, 2015	0.10
September 30, 2015	0.13
June 30, 2015	0.20
March 31, 2015	0.22
December 31, 2014	0.25
September 30, 2014	0.63
June 30, 2014	0.78

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

On January 8, 2016 (the "Redemption Date"), the Company issued an aggregate of 24,201,355 common shares in payment of $1 million of the $3 million principal amount of Debentures redeemed. The remaining $2 million principal amount of Debentures was redeemed for cash.

In addition, 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 0.97 of the par value for a total cash payment of $27.

An aggregate of $6,688 principal amount of the Debentures were outstanding following the Redemption Date and $28 NCIB purchases as at March 31, 2016 and as at the date of this MD&A, representing a 31% reduction in the Company's outstanding debt since December 31, 2015.

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. 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.

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).

At a special meeting of the Company's shareholders 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.

Subsequent to March 31, 2016 until the rights' Expiry Time on April 26, 2016, 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, TolnaiCo 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 the "Going Concern Uncertainty" and "Liabilities" sections elsewhere in this MD&A for additional information concerning the Debentures.

Going Concern Uncertainty

Commencing October 31, 2014, the Company was in default of a restrictive debt covenant contained in the indenture governing the Debentures (the "Debenture Indenture"), which prohibits Pinetree's debt-to-assets ratio from exceeding 33% as at the end of each month (the "Debenture Covenant"). On January 23, 2015, the default became an "Event of Default" under the Debenture Indenture when it was neither cured nor waived by that date. Following the occurrence of an Event of Default under the Debenture Indenture, the trustee and the Debentureholders have certain rights, including the right to declare the principal amount of the Debentures and accrued interest thereon immediately due and payable. However, on February 13, 2015, the Company entered into a forbearance agreement with Equity Financial Trust Company, as trustee on behalf of the Debentureholders, whereby the trustee and the Debentureholders agreed to refrain from exercising their rights under the Debenture Indenture or otherwise in respect of the existing Event of Default or a subsequent default of the Debenture Covenant until October 31, 2015, unless the Company breaches the forbearance agreement. The Company satisfied all of its obligations during the term of the forbearance agreement and cured the Event of Default effective October 31, 2015 by complying with the Debenture Covenant.

Under the terms of the forbearance agreement, among other things, the Company was required, by July 31, 2015, to reduce the outstanding principal amount of the Debentures by $20,000 and was subject to a covenant that limited its debt-to-assets ratio to 50% (as at month-end) for the three-month period of July through to September 2015 (the "Forbearance Covenant"). The Company also granted security over its consolidated assets to the Debentureholders to secure its obligations under the Debentures.

The Company satisfied its $20,000 debt reduction obligation in June 2015 and the Forbearance Covenant during the period of July to September 2015. The Company's ability to comply with the terms and conditions of the Debenture Indenture for the remaining term of the Debentures is dependent upon its ability to manage its debt-to-assets ratio at or below the 33% ratio permitted in the Debenture Covenant

until maturity of the Debentures in May 2016 and to pay the outstanding principal amount of and accrued interest on the Debentures when due on May 31, 2016. The Company's debt-to-assets ratio was in compliance with the terms and conditions of the Debenture Indenture from October 2015 to March 31, 2016. As at March 31, 2016, the Company's debt-to-assets ratio was 26.10% (December 31, 2014 – 32.15%).

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 million 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.

The Company's working capital requirement for the 12 months from the date of this MD&A (excluding the repayment of debentures due on May 31, 2016) is approximately $2.3 million ($2.98 million if the Tolnai Purchase is completed and compensation of up to $680,000 is payable to Richard Patricio (the Company's Chief Executive Officer) in connection with the appointment of Peter Tolnai as Chief Executive Officer. If all of the rights are exercised, or if the Tolnai Purchase funds are paid, upon payment of the Company's Debenture obligations, we will have approximately $1.88 million of cash on hand.

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

The unaudited condensed consolidated interim financial statements as at and for the three months ended March 31, 2016 and this MD&A, 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.

Summary of Investment Portfolio:

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

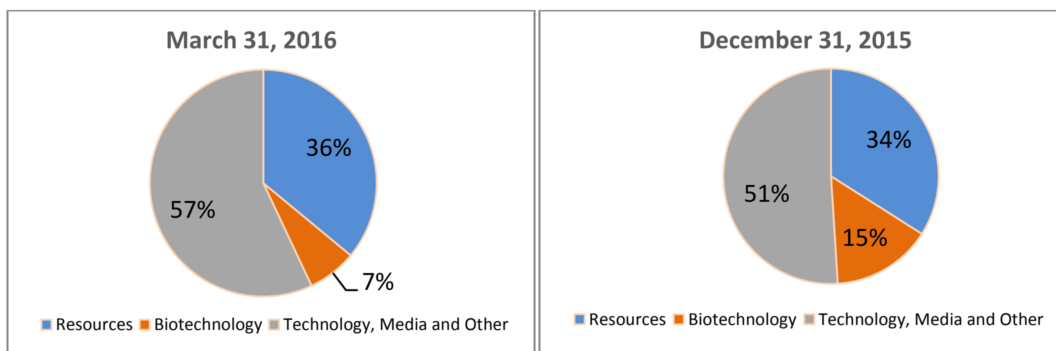
Investments by Security Type	Cost	Total fair value
Equities	$ 85,203	$ 21,913
Warrants	-	322
Promissory notes and convertible debentures	1,133	678
Total investments	$ 86,336	$ 22,913
Investments denominated in foreign currencies		$ 10,726
% of investments denominated in foreign currencies		47%

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

Investments by Security Type	Cost	Total fair value
Equities	$ 90,142	$ 26,104
Warrants	200	704
Promissory notes and convertible debentures	1,626	1,056
Total investments	$ 91,968	$ 27,864
Investments denominated in foreign currencies		$ 11,496
% of investments denominated in foreign currencies		41%

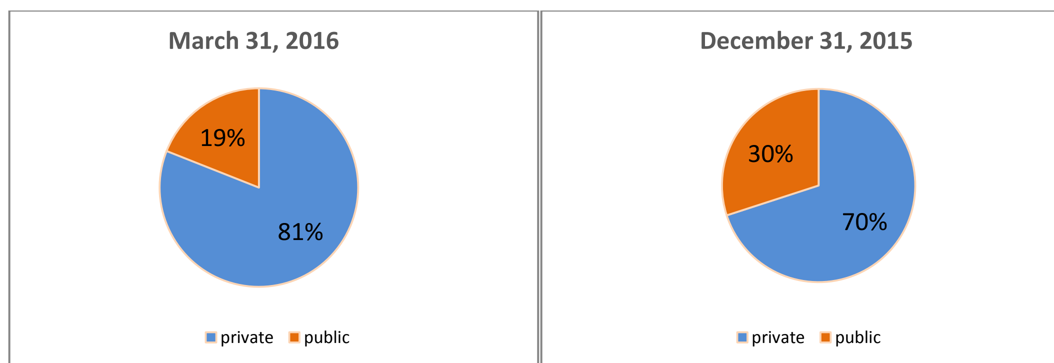
The following information regarding our portfolio is historical as at the dates indicated and may change due to the ongoing investment activities of the Company, in addition to fluctuations in the fair values of investments.

Industry Allocation*



*As a percentage of the aggregate fair value of our investment portfolio

Public/Private Company Allocation*



*As a percentage of the aggregate fair value of our investment portfolio

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 March 31, 2016, total investments included securities of private companies with a fair value totalling $18,529 (81% of total fair value of the Company's investments; cost of $35,019). As at December 31, 2015, total investments included securities of private companies with a fair value totalling $19,525 (70% of total fair value of the Company's investments; cost of $35,662). The fair value of the private company securities decreased by $996 mainly due to dispositions during the three months ended March 31, 2016. 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 3 of the Notes to the unaudited condensed consolidated interim financial statements as at and for the three months ended March 31, 2016 for other details about the Company's investments.

Results of Operations:

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

	Quarter ended (unaudited)			
	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Net investment losses	**$ (454)**	$ (4,532)	$ (12,337)	$ (2,108)
Net loss for the period	**(1,482)**	(5,922)	(14,419)	(4,719)
Total comprehensive loss for the period	**(1,482)**	(5,922)	(14,419)	(4,730)
Loss per share based on net loss for the period – basic	**(0.01)**	(0.03)	(0.07)	(0.02)
Loss per share based on net loss for the period – diluted	**(0.01)**	(0.03)	(0.07)	(0.02)

	Quarter ended (unaudited)			
	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
Net investment gains (losses)	$ (3,549)	$ (52,626)	$ (22,499)	$ 6,775
Net profit (loss) for the period	(7,155)	(77,073)	(26,501)	2,708
Total comprehensive income (loss) for the period	(7,144)	(77,072)	(26,501)	2,708
Earnings (loss) per share based on net profit (loss) for the period – basic	(0.04)	(0.38)	(0.13)	0.02
Earnings (loss) per share based on net profit (loss) for the period – diluted	(0.04)	(0.38)	(0.13)	0.02

Three Months Ended March 31, 2016 and 2015

The net investment losses for the three months ended March 31, 2016 was $454 (three months ended March 31, 2015 – net investment losses of $3,549) as a result of net realized losses plus a net change in unrealized losses on investments as described below.

For the three months ended March 31, 2016, the Company generated net realized losses on disposal of investments of $1,134, as compared to $29,481 for the three months ended March 31, 2015.

For the three months ended March 31, 2016, the Company had a net change in unrealized gains on investments of $680 as compared to a net change in unrealized gains of $25,932 for the three months ended March 31, 2015. Net change in unrealized gains for the three months ended March 31, 2016 was

mainly related to foreign exchange gain on securities of private companies denominated in the US dollars offset by the unrealized loss on certain of the Company's investments. Net change in unrealized gains for the three months ended March 31, 2015, was mainly related to the unrealized gain on junior resource companies and foreign exchange gain on private companies denominated in the US dollars.

For the three months ended March 31, 2016, other income totalled $169 as compared to $180 for the three months ended March 31, 2015. Other income is comprised of interest income of $16 (three months ended March 31, 2015 - $99), $nil (three months ended March 31, 2015 – $81) from consulting fees, rental income, and other fees, $1 from gain on NCIB (three months ended March 31, 2015 – $nil) and $152 from gain on redemption of convertible debentures (three months ended March 31, 2015 - $nil).

Operating, general and administrative expenses for the three months ended March 31, 2016 decreased to $1,019 from $1,988 for the three months ended March 31, 2015. A breakdown of operating, general and administrative expenses for the indicated three month periods ended March 31 is set out below. Details of the changes between periods follow the table:

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

(a) Salaries decreased by $147 as compared to the three months ended March 31, 2015 primarily due to a reduction in the number of employees.

(b) Professional fees decreased by $241 as compared to the three months ended March 31, 2015 primarily due to reduced use of external legal and other professional services.

(c) Transaction costs decreased by $90 as compared to the three months ended March 31, 2015, due to a decrease 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. The Company evaluates its commission structure with its brokers on an on-going basis to minimize its transaction costs.

(d) Stock-based compensation expense decreased by $114 as compared to the three months ended March 31, 2015. 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.

(e) Consulting and directors' fees decreased by $366 as compared to the three months ended March 31, 2015, due to the reduction in the number of directors and lower consulting fees paid.

Finance expense decreased to $178 in the three months ended March 31, 2016 as compared to $1,798 in the three months ended March 31, 2015. The decrease was primarily attributable to a decrease in the accretion of discount on the outstanding Debentures.

Net loss for the three months ended March 31, 2016 was $1,482 ($0.01 basic loss per share) as compared to net loss of $7,155 ($0.04 basic loss per share) for the three months ended March 31, 2015.

Cash Flow:

Net cash from operating activities was $1,649 during the three months ended March 31, 2016 as compared to net cash from operating activities of $14,386 during the three months ended March 31, 2015. During the three months ended March 31, 2016, the Company had proceeds from disposition of investments of $5,648, a decrease of $11,981, when compared to $17,629 of proceeds from dispositions during the three months ended March 31, 2015. During the three months ended March 31, 2016, the Company purchased $1,150 of investments, a decrease of $420 as compared to $1,570 of investments purchased during the three months ended March 31, 2015.

During the three months ended March 31, 2016, net cash used in financing activities was $2,027 as compared to $545 cash used in financing activities during the three months ended March 31, 2015. During the three months ended March 31, 2016, the financing activities related to the $2,000 for the partial redemption of its Debentures and $27 used to purchase $28 principal of its Debentures under its 2016 normal course issuer bid. During the three months ended March 31, 2015, the Company had $545 transaction costs incurred for the convertible debentures.

For the three months ended March 31, 2016, the Company had a net decrease in cash and cash equivalents of $378 as compared to a net increase in cash and cash equivalents of $13,841 for the three months ended March 31, 2015. For the three months ended March 31, 2015, the Company also had a gain from the exchange difference on the translation of foreign operations of $11 as compared to $nil for the three months ended March 31, 2016.

Liquidity and Capital Resources:

Consolidated Statements of Financial Position Highlights	**March 31, 2016**	December 31, 2015
Investments at fair value	**$ 22,913**	$ 27,864
Total assets	**26,441**	30,468
Total liabilities	**7,503**	10,966
Share capital, warrants, contributed surplus, equity component of convertible debentures and foreign currency translation reserve	**417,826**	416,908
Deficit	**(398,888)**	(397,406)
NAV per share – Basic [(i)]	**$ 0.08**	$ 0.10
NAV per share – Diluted [(i)]	**$ 0.07**	$ 0.08

[(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, and capital raising activities such as equity financings.

The Company once again became subject to the Debenture Covenant since the default of the Debenture Covenant was cured during the year ended December 31, 2015. The Company's ability to comply with the Debenture Covenant until its maturity date of May 31, 2016 will depend on the fair value of its assets during this period and may require further debt reduction (which will also depend on the fair value of the Company's assets or other means of accessing capital).

The Company's obligations in respect of the Debentures are secured by all of its assets, including its investment portfolio, and if Pinetree fails to satisfy its obligations in full in respect of the Debentures when required to do so, the Debentureholders could exercise their rights and enforce their security, which would include taking control over all of the Company's investments.

Liabilities:

As at March 31, 2016, the carrying value of total liabilities was $7,503 as compared to $10,966 as at December 31, 2015, a 32% decrease mainly attributable to redemptions and NCIB purchases of the outstanding Debentures under the Company's debt reduction initiatives.

As at March 31, 2016, accounts payable and accrued liabilities include Class C preferred share liabilities of $217 (December 31, 2015 - $217). The Class C preferred shares ("Class C Shares") which are part of the share capital of Pinetree Capital Investment Corp. ("PCIC"), one of the Company's subsidiaries, 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-annually.

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, 2014 - $78) on the Debentures. The Debentures bear interest at a rate of 10% per annum, payable semi-annually, and are convertible, at the option of the holders, into common shares of the Company on the basis of a conversion price of $3.71 per share, subject to adjustment under certain circumstances. Subsequent to March 31, 2016, upon completion of the rights offering, the conversion price was modified to $3.95 (see "Subsequent Events" section below). As previously discussed, the Debentures are subject to debt incurrence and maintenance covenants, among other covenants.

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".

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 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.

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.

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 million 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.

Commitments:

As at March 31, 2016, the Company had material commitments for cash resources of $7,503 (December 31, 2015 - $11,015), a decrease of $3,512, 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 March 31, 2016 is as follows:

	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	$ -	$ -	$ -
Debentures (principal amount)	6,688	6,688	-	-	-
Interest on Debentures	224	224	-	-	-
	$ 7,503	$ 7,503	$ -	$ -	$ -

A breakdown of the Company's liabilities and obligations as at December 31, 2015 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	$	1,172	$ 1,172	$ -	$ -	$ -
Debentures (principal amount)		9,716	9,716	-	-	-
Interest on Debentures (a)		78	78	-	-	-
Lease commitments		49	49	-	-	-
	$	11,015	$ 11,015	$ -	$ 1-	$ -

(a) Composed of $32 interest on the $3,000 principal amount redeemed on January 8, 2016 and $46 interest on the remaining $6,716 principal amount.

As at March 31, 2016, included in accounts payable and accrued liabilities are $217 of Class C Shares (December 31, 2015 - $217). The Class C Shares are redeemable and retractable at any time. PCIC does not intend to redeem the Class C Shares in the foreseeable future.

The Company has consulting agreements with officers representing fees payable of approximately $34 per month.

Related Party Transactions:

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

(a) Related party transactions included in the statement of comprehensive loss were as follows during the three months ended March 31:

Type of service	**Nature of relationship**	**2016**	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) 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 options:

Date Granted	**Options Granted**	**Exercise Price**	**Expiry**
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. Furthermore, the Company has certain regulatory trading restrictions on investments with 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 March 31, 2016 and December 31, 2015:

	March 31, 2016	December 31, 2015
Investments 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 for the three months ended March 31:

	2016	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.

Off-Balance Sheet Arrangements:

As of the date of this MD&A, 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:

Disclosure Controls and Procedures

The Company is required to review and report on the effectiveness of its disclosure controls and procedures ("DC&P") in accordance with National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", ("NI 52-109") issued by the Canadian Securities Administrators. NI 52-109 requires a Chief Executive Officer ("CEO") and a Chief Financial Officer ("CFO") to certify that they

are responsible for establishing and maintaining DC&P for the issuer, that DC&P have been designed and are effective in providing reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer's DC&P, and that their conclusions about the effectiveness of those DC&P at the end of the period covered by the relevant annual filings have been disclosed by the issuer.

The CEO and interim CFO have evaluated the design of the Company's DC&P as at March 31, 2016 and have concluded that the DC&P were effective in ensuring that information required to be disclosed by the Company in its corporate filings is recorded, processed, summarized and reported within the required time period for the year then ended.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. In addition, the design of any system of control is based upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all future events, no matter how remote, or that the degree of compliance with the policies or procedures may not deteriorate. Accordingly, the Company's DC&P are effective in providing reasonable, not absolute, assurance that the objectives of our disclosure control system have been met.

Internal Controls over Financial Reporting

NI 52-109 also requires CEOs and CFOs to certify that they are responsible for establishing and maintaining internal controls over financial reporting ("ICFR") for the issuer, that the ICFR have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS, and that the issuer has disclosed any changes in its internal controls during its most recent interim period that has materially affected, or is reasonably likely to materially affect, its ICFR.

The design and operating effectiveness of the Company's ICFR were evaluated by the CEO and CFO in accordance with criteria established in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and NI 52-109, as at March 31, 2016. The CEO and interim CFO have evaluated the ICFR as at March 31, 2016. The CEO and CFO have not identified in their review any weaknesses that have materially affected or are reasonably likely to materially affect Pinetree's ICFR. Based on this evaluation, the CEO and CFO have concluded that the Company's ICFR were effective in providing reasonable assurance that its financial reporting is reliable and its unaudited condensed consolidated interim financial statements were prepared in accordance with IFRS.

There were no changes in the Company's ICFR that occurred during the three months ended March 31, 2016, that have materially affected, or are reasonably likely to materially affect the Company's ICFR.

Management of Capital:

The Company includes the following items in its managed capital as at March 31, 2016 and December 31, 2015:

	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 (as discussed elsewhere in this MD&A); 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. Pursuant to the Debenture Indenture, the Company cannot pay dividends on its common shares for so long as an "Event of Default" exists under the Debenture Indenture.

Risk Management:

Financial Instrument Risks:

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

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**	**$ -**	**$ -**	**$ -**

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.

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	**$ 1,172**	**$ 1,172**	**$ -**	**$ -**	**$ -**
Convertible debentures	**9,716**	**9,716**	**-**	**-**	**-**
Interest on convertible debentures	**78**	**78**	**-**	**-**	**-**
	$ 10,866	**$ 10,966**	**$ -**	**$ -**	**$ -**

(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.

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 loss for the trhee 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	Increase in loss from % increase in closing trade price $	Decrease 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.

(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:

	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**	**(859)**
10%	**1,074**	**(1,074)**

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.

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, 2015 which can be found on SEDAR (**www.sedar.com**). Additional risks not currently known to the Company or that are currently believed 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).

At the date of this MD&A, 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 outstanding	**311,220,802**
Stock options outstanding to purchase common shares	**18,125,000**
Warrants to purchase common shares (ii)	**13,195,723**
Debentures convertible to common shares (i)	**1,693,165**
Fully diluted common shares outstanding	**344,234,690**

(i) Based on the conversion price of $3.95 per share (253.1646 common shares per $1 principal amount). Upon completion of the rights offering, the conversion price was modified to $3.95 per share (see "Subsequent Events" section below); and

(ii) Warrants expire on May 26, 2017 and upon completion of the rights offering, each warrant is exercisable into 1.07 common share at $0.70 per warrant (see "Subsequent Events" section below).

Additional information about the Company's share capital can be found in note 7 of the Notes to the unaudited condensed consolidated interim financial statements as at and for the three months ended March 31, 2016.

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 March 31, 2016.

Changes in Accounting Policies:

The same accounting policies and methods of computation were followed in the preparation of the 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.

Details of the Company's future accounting changes can be found in note 14 to the Company's unaudited condensed consolidated interim financial statements as at and for the three months ended March 31, 2016. The Company is currently assessing what impact, if any, the application of the new standards or amendments will have on the unaudited condensed consolidated interim financial statements.

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.

(b) 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 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.

Critical Accounting Estimates:

The preparation of the Company's unaudited condensed consolidated interim 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 unaudited condensed consolidated interim 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 trends in general market conditions and the share performance of comparable publicly-traded companies 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, company-specific information, trends in general market conditions and the share performance of comparable publicly-traded companies. Changes in the fair value of our private investments for company-specific reasons have tended to be infrequent. Changes as a result of trends in comparable publicly-traded companies and 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.

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

	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	

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.

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 March 31, 2016, management determined, based upon the Company's historical level of profit and historical market trends of a comparable market index, it is not probable that the Company will generate sufficient profit to realize the tax benefits of these deductible differences during the next several years. As such, the Company has recorded deferred tax assets of $nil as at March 31, 2016 (December 31, 2015 - $nil).

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.

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**	**Exercise Price**	**Expiry**
March 31, 2015	2,235,000	$ 0.16	March 30, 2020

The fair value of the options granted during the three months ended March 31, 2016 was estimated at the date of grant using the following assumptions:

Black-Scholes option valuation model assumptions used	
Expected volatility	**76.8%**
Expected dividend yield	**0.0%**
Risk-free interest rate	**0.60%**
Expected option life in years	**3.4**
Expected forfeiture rate	**3.3%**
Fair value per stock 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.

Effective Interest Rate of Convertible Debentures

Convertible debentures are separated into their liability and equity components on the unaudited condensed consolidated interim 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 of Debentures issued or repurchased was calculated using an 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 unaudited condensed consolidated interim 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 unaudited condensed consolidated interim statement of comprehensive loss.

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 are no reliable observable and 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 March 31, 2016, the Company has valued all non-tradable warrants using intrinsic value for a total fair value of $322 (December 31, 2015 - $676), which is consistent with prior periods and with the Company's accounting policy for valuing non-tradable warrants.

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 unaudited condensed consolidated interim 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.

Subsequent events:

(1) At a Shareholder Meeting held on April 22, 2016, shareholders approved a 1-for-100 share consolidation (which is also subject to the approval of the TSX) 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.

(2) 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, TolnaiCo 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.

(3) 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.

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**).