Interim Condensed Consolidated Financial Statements of

PINETREE

(Unaudited - prepared in Canadian dollars)
June 30, 2013

Contents

Interim Condensed Consolidated Financial Statements

Notice to reader pursuant to National Instrument 51-102 – Continuous Disclosure Obligations

Under National Instrument 51-102 – Continuous Disclosure Obligations, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these interim condensed consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

PINETREE CAPITAL LTD.
Consolidated Statements of Financial Position
As at June 30, 2013 and December 31, 2012
(Unaudited - in thousands of Canadian dollars)

	Notes	June 30, 2013	December 31, 2012
Assets			
Cash and cash equivalents		**$ 316**	$ 236
Due from brokers		**2,740**	14
Investments at fair value	4	**143,015**	270,180
Prepaids and other receivables		**145**	213
Property, plant and equipment		**812**	860
Deferred tax assets	5(a)	**23,047**	23,047
		$ 170,075	$ 294,550
Liabilities and Equity			
Liabilities			
Due to brokers	4(c)	**$ -**	$ 8,875
Accounts payable and accrued liabilities		**1,048**	2,437
Income taxes payable		**2,965**	1,881
Convertible debentures	2(d)(ii), 6(g)	**56,758**	69,207
		60,771	82,400
Equity			
Share capital	6	**$ 283,157**	$ 276,797
Warrants	6(c)	**9,762**	9,762
Contributed surplus	6(d)	**94,732**	94,018
Equity component of convertible debentures	6(g)	**2,838**	2,838
Foreign currency translation reserve		**(36)**	(39)
Deficit		**(281,149)**	(171,226)
		109,304	212,150
		$ 170,075	$ 294,550

See accompanying notes to the interim condensed consolidated financial statements.

PINETREE CAPITAL LTD.

Consolidated Statements of Comprehensive Loss

Three And Six Months Ended June 30,

(Unaudited - in thousands of Canadian dollars, except for securities and per share amounts)

	Notes	Three Months Ended 2013	Three Months Ended 2012	Six Months Ended 2013	Six Months Ended 2012
Net investment losses					
Net realized losses on disposal of investments		**$ (6,214)**	$ (10,229)	**$ (3,177)**	$ (4,381)
Net change in unrealized losses on investments		**(55,341)**	(104,656)	**(100,720)**	(111,151)
		(61,555)	(114,885)	**(103,897)**	(115,532)
Other income	6(g)	**2,775**	280	**3,375**	669
		(58,780)	(114,605)	**(100,522)**	(114,863)
Expenses					
Operating, general and administrative	7	**2,143**	3,314	**4,340**	6,916
Finance expenses	8	**2,142**	1,857	**4,008**	3,785
		4,285	5,171	**8,348**	10,701
Loss before income taxes		**(63,065)**	(119,776)	**(108,870)**	(125,564)
Income tax expense (benefit)	5(e)	**(128)**	(3,954)	**1,053**	(4,921)
Net loss for the period		**(62,937)**	(115,822)	**(109,923)**	(120,643)
Other comprehensive income					
Exchange differences on translation of foreign operations		**1**	6	**3**	6
Total comprehensive loss for the period		**$ (62,936)**	$ (115,816)	**$ (109,920)**	$ (120,637)
Loss per common share based on net loss for the period	6(e)				
Basic and diluted		**$ (0.44)**	$ (0.85)	**$ (0.77)**	$ (0.88)
Weighted average number of common shares outstanding	6(e)				
Basic and diluted		**143,819,370**	136,447,273	**143,153,087**	136,447,273

See accompanying notes to the interim condensed consolidated financial statements.

PINETREE CAPITAL LTD.
Consolidated Statements of Changes in Equity
Six Months Ended June 30, 2013 and 2012
(Unaudited - in thousands of Canadian dollars, except for number of shares)

	Number of shares	Share capital	Warrants	Contributed surplus	Equity component of convertible debentures	Foreign currency translation reserve	Deficit	Total equity
Balance at January 1, 2012	136,447,273	$ 276,797	$ 66,524	$ 34,740	$ 2,882	$ (22)	$ (25,289)	$ 355,632
Net loss for the period	-	-	-	-	-	-	(120,643)	(120,643)
Exchange differences on translation of foreign operations	-	-	-	-	-	6	-	6
Total comprehensive loss for the period	-	-	-	-	-	6	(120,643)	(120,637)
Stock-based compensation expense	-	-	-	1,785	-	-	-	1,785
Reallocation of expired warrants	-	-	(37,100)	37,100	-	-	-	-
Tax rate adjustment on private placement of convertible debentures	-	-	-	-	(44)	-	-	(44)
Balance at June 30, 2012	136,447,273	$ 276,797	$ 29,424	$ 73,625	$ 2,838	$ (16)	$ (145,932)	$ 236,736
Balance at January 1, 2013	136,447,273	$ 276,797	$ 9,762	$ 94,018	$ 2,838	$ (39)	$ (171,226)	$ 212,150
Net loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(109,923)**	**(109,923)**
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**3**	**-**	**3**
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**3**	**(109,923)**	**(109,920)**
Stock-based compensation expense	**-**	**-**	**-**	**714**	**-**	**-**	**-**	**714**
Issued pursuant to acquisitions of investments, net	**7,372,097**	**6,360**	**-**	**-**	**-**	**-**	**-**	**6,360**
Balance at June 30, 2013	**143,819,370**	**$ 283,157**	**$ 9,762**	**$ 94,732**	**$ 2,838**	**$ (36)**	**$ (281,149)**	**$ 109,304**

See accompanying notes to the interim condensed consolidated financial statements.

PINETREE CAPITAL LTD.
Consolidated Statements of Cash Flows
Six Months Ended June 30,
(Unaudited - in thousands of Canadian dollars)

	2013	2012
Cash flows from operating activities		
Net loss for the period	**$ (109,923)**	$ (120,643)
Items not affecting cash:		
Net realized losses on disposal of investments	**3,177**	4,381
Net change in unrealized losses on investments	**100,720**	111,151
Gain on purchase of convertible debentures under normal course issuer bid	**(2,344)**	-
Amortization	**133**	128
Stock-based compensation expense	**714**	1,785
Accretion of discount on convertible debentures	**327**	282
Amortization of finance expenses on convertible debentures	**802**	382
Increase in deferred tax assets	**-**	(8,338)
	(6,394)	(10,872)
Adjustments for:		
Proceeds on disposal of investments	**59,646**	111,172
Purchase of investments	**(29,978)**	(89,038)
Increase in due from brokers	**(2,726)**	-
Prepaids and other receivables	**68**	(948)
Decrease in due to brokers	**(8,875)**	(13,327)
Accounts payable and accrued liabilities	**(1,389)**	(209)
Income taxes payable	**1,084**	3,418
Net cash from operating activities	**11,436**	196
Cash flows used in financing activities		
Purchases of convertible debentures under normal course issuer bid	**(11,234)**	-
Share issuance costs	**(40)**	-
Net cash used in financing activities	**(11,274)**	-
Cash flows used in investing activities		
Purchase of property, plant and equipment	**(85)**	(165)
Net cash used in investing activities	**(85)**	(165)
Net increase in cash and cash equivalents during the period	**77**	31
Exchange differences on translation of foreign operations	**3**	6
Cash and cash equivalents, beginning of period	**236**	202
Cash and cash equivalents, end of period	**$ 316**	$ 239
Supplemental cash flow information		
Income taxes paid	**$ -**	$ -
Dividends paid on Class C preferred shares	**9**	10
Finance expenses paid	**2,951**	3,121
Non-cash purchase of investments	**6,400**	-

See accompanying notes to the interim condensed consolidated financial 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 under the symbol "PNP". The Company is domiciled in the Province of Ontario, Canada and its registered office address is at 130 King St. West, Suite 2500, Toronto, Canada, M5X 2A2.

Pinetree is a diversified investment and merchant banking firm focused on the small-cap market. Pinetree's investments are primarily in the following resource sectors: Precious Metals, Base Metals, Oil and Gas, Potash, Lithium and Rare Earths, Uranium and Coal. Pinetree's investment approach is to develop a macro view of a sector, build a position consistent with the view by identifying micro-cap opportunities within that sector, and devise an exit strategy designed to maximize the Company's relative return in light of changing fundamentals and opportunities.

These unaudited interim condensed consolidated financial statements ("interim consolidated statements") were approved for issue by the Company's board of directors on August 8, 2013.

2. Basis of preparation:

(a) Statement of compliance:

These interim consolidated 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").

Except as described in note 3 below, the same accounting policies and methods of computation were followed in the preparation of these interim consolidated statements as were followed in the preparation and described in note 3 of the annual consolidated financial statements as at and for the year ended December 31, 2012. Accordingly, these interim consolidated statements for the three and six month periods ended June 30, 2013 and 2012 should be read together with the annual consolidated financial statements as at and for the year ended December 31, 2012.

(b) Basis of presentation:

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

2. Basis of preparation (continued):

(c) Basis of consolidation:

These interim consolidated statements include the accounts of Pinetree and its wholly owned subsidiaries: Genevest Inc., Pinetree (Barbados) Inc., Pinetree Capital Investment Corp., 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 financial statements of the subsidiaries are prepared for the same reporting period as the Company, 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 interim consolidated statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the interim 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 considered by management in preparing the interim consolidated statements were the same as those in the preparation of the annual consolidated financial statements as at and for the year ended December 31, 2012.

The information about significant areas of judgment considered by management in preparing the interim consolidated statements are as follows:

(i) Going concern:

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the interim consolidated statements continue to be prepared on a going concern basis.

2. Basis of preparation (continued):

(ii) Convertible debentures:

As at June 30, 2013, the liability component of the $60,864 principal amount of the Company's 8% convertible unsecured subordinated debentures due May 31, 2016 (the "Debentures") had a carrying value of $56,758 (Note 6(g)). The Debentures are subject to debt incurrence and maintenance covenants, among other covenants, and restrictions on redemption, and the Company was in breach of one of the debt covenants as at June 30, 2013. Subsequent to June 30, 2013, the Company was given notice by the trustee under the indenture governing the Debentures that the Company is in default of the debt covenant and is required to cure or obtain a waiver for the default by September 13, 2013.

If the Company does not cure or obtain a waiver for the default by September 13, 2013, the principal amount of the Debentures (and accrued interest) of $62,265 could become immediately due and payable by Pinetree. The Company's management does not believe it can generate sufficient proceeds from the disposal of its investments to repay principal and interest on Debentures if required to do so on September 13, 2013, however, over a period of time, subject to market volatilities and demand for its investments, the Company believes that it could generate sufficient funds to settle the full amount of the Debentures from dispositions of its investments. In these circumstances, the liquidation value of the Company's portfolio may be at significantly less than its carrying value as at June 30, 2013. The accelerated repayment of the Debentures in this manner would significantly reduce the Company's investments and net assets and its ability to realize its deferred tax assets, and the reduction of these assets would be material.

The Company is currently in negotiation with Debenture holders to waive the covenant default for a certain period of time due to the volatility of the capital markets. Management believes that it is probable that the default will be cured or a waiver obtained by September 13, 2013.

3. Changes in accounting policies:

Effective January 1, 2013, the Company has adopted the following new and revised standards, along with any consequential amendments. These changes were made in accordance with the applicable transitional provisions.

(a) IFRS 7, *Financial Instruments, Disclosures,* amended to provide more extensive quantitative disclosures for financial instruments that are offset in the consolidated statement of financial position or that are subject to enforceable master netting similar arrangements. The Company has assessed and determined that the amendments to IFRS 7 did not result in any change in its disclosures for financial instruments.

3. Changes in accounting policies (continued):

(b) IFRS 10, *Consolidated Financial Statements*, requires consolidation of an investee only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. Detailed guidance is provided on applying the definition of control. The Company has assessed its consolidation conclusions on January 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries and investees.

(c) IFRS 11, *Joint Arrangements*, supersedes IAS 31, *Interests in Joint Ventures,* and requires joint arrangements to be classified either as joint operations or joint ventures depending on the contractual rights and obligations of each investor that jointly controls the arrangement. For joint operations, a company recognizes its share of assets, liabilities, revenues and expenses of the joint operation. An investment in a joint venture is accounted for using the equity method as set out in IAS 28, *Investments in Associates and Joint Ventures* (amended in 2011). The other amendments to IAS 28 did not affect the Company. The Company has concluded that the adoption of IFRS 11 did not result in any changes in the accounting.

(d) IFRS 12, *Disclosure of Interests in Other Entities*, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with an entity's interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. The Company has assessed and determined that the adoption of IFRS 12 did not result in any change in its disclosures of interests in other entities.

(e) IFRS 13, *Fair Value Measurement*, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk.

The Company has fair valued its investments in publicly-traded investments (securities of issuers that are public companies) based on the closing trade price at the consolidated statement of financial position date or the closing trade price on the last day the security traded if there were no trades at the consolidated statement of financial position date. Management views that this policy provides a more indicative fair value price to sell its publicly-traded investments in an orderly transaction in the principal market at the consolidated statement of financial position date. In prior periods, publicly-traded investments were fair valued based on quoted closing bid prices at the consolidated statement of financial position date or the closing bid price on the last day the security traded if there were no trades at the consolidated statement of financial position date.

3. Changes in accounting policies (continued):

As permitted under the transitional provision, IFRS 13 was applied on a prospective basis and, accordingly, the adoption of the new policy had no effect on prior years. The effect on the current period is to increase investments as at January 1, 2013 by $9,274.

(f) IAS 19R, *Employee Benefits*, includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation; and unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the rated restructuring or termination costs are recognised. Other amendments include new disclosures, such as quantitative sensitivity disclosures. The Company has assessed its employee benefits, including unused vacation accrual, and determined that the amendments to IAS 19R did not have any significant impact on the interim consolidated statements.

(g) IAS 27, *Separate Financial Statements*, as a result of the issue of the new consolidation suite of standards, IAS 27 has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The Company does not prepare separate financial statements, therefore, IAS 27 does not impact the Company.

(h) IAS 28, *Investments in Associates and Joint Ventures*, as a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee. None of these disclosures requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Company has not made such disclosures.

(i) IAS 32, *Financial Instruments, Presentation* was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date. The Company has early adopted IAS 32 effective on January 1, 2013 and determined that there were no significant impact on the interim consolidated statements.

(Unaudited - in thousands of Canadian dollars, except for securities and per share amounts)

4. Investments at fair value and financial instruments hierarchy:

(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.

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.

Investments by sector consist of the following as at June 30, 2013:

		Fair Value				
		Level 1	Level 2 (ii)	Level 3		
Sectors:	**Cost**	**Quoted market price**	**Valuation technique – observable market inputs**	**Valuation technique – non-observable market inputs**	**Total fair value**	**% of total fair value**
Precious metals	$ 292,031	$ 55,381	$ 231	$ 5,177	$ 60,789	42.5
Base metals	126,003	13,355	-	4,885	18,240	12.8
Uranium	84,334	16,161	349	1,670	18,180	12.7
Potash, lithium and rare earths	49,149	15,541	309	1,770	17,620	12.3
Oil and gas	62,081	10,532	-	2,115	12,647	8.8
Coal	5,175	459	-	420	879	0.6
Technology and other	39,300	8,736	1,265	4,659	14,660	10.3
Total (i)	$ 658,073	$ 120,165	$ 2,154	$ 20,696	$ 143,015	100.0
Investments denominated in foreign currencies		$ 10,040	$ -	$ 3,904	$ 13,944	
% of investments denominated in foreign currencies		8.4%	0.0%	18.9%	9.8%	

(Unaudited - in thousands of Canadian dollars, except for securities and per share amounts)

4. Investments at fair value and financial instruments hierarchy (continued):

Investments by sector consist of the following as at December 31, 2012:

		Fair Value				
		Level 1	Level 2 (ii)	Level 3		
Sectors:	Cost	Quoted market price	Valuation technique – observable market inputs	Valuation technique – non-observable market inputs	Total fair value	% of total fair value
Precious metals	$ 306,531	$ 134,680	$ 3,423	$ 7,066	$ 145,169	53.7
Base metals	128,016	25,038	632	5,405	31,075	11.5
Potash, lithium and rare earths	49,874	21,077	4,839	1,823	27,739	10.3
Oil and gas	72,637	27,958	747	1,728	30,433	11.2
Uranium	84,241	16,183	647	2,045	18,875	7.0
Coal	5,156	1,195	-	945	2,140	0.8
Technology and other	38,072	7,406	2,940	4,403	14,749	5.5
Total (i)	$ 684,527	$ 233,537	$ 13,228	$ 23,415	$ 270,180	100.0
Investments denominated in foreign currencies		$ 9,717	$ 472	$ 4,259	$ 14,448	
% of investments denominated in foreign currencies		4.2%	3.6%	18.2%	5.3%	

(i) As at June 30, 2013, included in total investments were securities of private companies with a fair value totaling $20,696 (cost of $26,616) (December 31, 2012 – fair value of $23,415 (cost of $28,485)) measured in accordance with the Company's accounting policy for private company investments.

(ii) There were no transfers from Level 1 to 2 during the six months ended June 30, 2013. During the six months ended June 30, 2013, $10,939 of the investments which were held in Level 2 as at December 31, 2012 were transferred to Level 1. During the year ended December 31, 2012, $8,488 of the investments which were held in Level 2 as at December 31, 2011 were transferred to Level 1. The transfer out of Level 2 to Level 1 consists of restricted investments which became unrestricted during the period.

(Unaudited - in thousands of Canadian dollars, except for securities and per share amounts)

4. Investments at fair value and financial instruments hierarchy (continued):

(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 gains are recognized in the consolidated statements of comprehensive loss.

	Opening balance at January 1	**Purchases**	**Realized losses**	**Net unrealized losses**	**Transfer out of Level 3**	**Ending balance**
Investments at fair value:						
June 30, 2013	**$ 23,415**	**$ 1,274**	**$ -**	**$ (850)**	**$ (3,143)**	**$ 20,696**
December 31, 2012	29,076	$ 7,819	(4,414)	(400)	(8,666)	23,415

The transfer out of Level 3 consists of investments in private companies which became publicly-traded investments.

(c) Due to brokers consists of margin borrowings collateralized by the Company's investments held at the brokers. In the normal course of business, the Company utilizes the margin borrowings to finance its investment activities. Interest is charged on the daily outstanding balance at a tiered rate equal to the brokers' overnight rate plus 0.40%.

(d) Securities lending:

The Company has entered into a security lending agreement ("SLA") in Canada where 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.

The details of the security lending arranging positions are as follows:

	June 30, 2013	December 31, 2012
Investments at fair value lent under SLA – carrying amount	**$ 981**	$ 717
Fair value of collateral held for investments lent under SLA	**1,380**	969

(Unaudited - in thousands of Canadian dollars, except for securities and per share amounts)

5. Income taxes:

(a) The tax effects of temporary differences that give rise to significant portions of the deferred tax assets in the consolidated statements of financial position are presented below:

		June 30, 2013		December 31, 2012
Deferred tax assets				
Non-capital losses	**$**	**5**	$	819
Tax on future capital gains dividend		**(547)**		(2,859)
Investments – differences in carrying value and tax cost		**17,096**		19,801
Corporate minimum tax credit		**6,368**		5,984
Share issuance costs		**628**		35
Property, plant and equipment		**104**		108
Convertible debentures		**(607)**		(841)
Total deferred tax assets (5(c))	**$**	**23,047**	$	23,047

(b) The following are the components of the deferred income tax benefit in the consolidated statements of comprehensive loss for the three and six months ended June 30:

	Three months ended June 30,				Six months ended June 30,			
		2013		2012		2013		2012
Non-capital losses	**$**	**(2)**	$	-	**$**	**814**	$	13,174
Net reversal of tax on future capital gains dividend		**(598)**		865		**(2,312)**		(15,482)
Investments – differences in carrying value and tax cost		**1,288**		(4,879)		**2,705**		(7,996)
Ontario transitional tax credits		**-**		(269)		**-**		1,463
Share issuance costs and other		**(584)**		24		**(589)**		57
Convertible debentures		**(174)**		(39)		**(234)**		(75)
Corporate minimum tax credit		**70**		(31)		**(384)**		520
	$	**-**	$	(4,329)	**$**	**-**	$	(8,339)

(c) The realization of deferred tax assets is dependent upon future taxable income during the periods in which those temporary differences become deductible. Management considers the expected reversal of net deferred income tax assets and projected future taxable income in making this assessment. Based upon the level of historical taxable income and historical market trends of a comparable market index, management believes it is probable that the Company will generate sufficient taxable income to realize the benefits of these deductible differences. The full deferred tax asset at June 30, 2013 was $55,119 (December 31, 2012 - $38,563).

(Unaudited - in thousands of Canadian dollars, except for securities and per share amounts)

5. Income taxes (continued):

(d) The income tax expense (benefit) attributable to loss before income taxes differs from the amounts computed by applying the combined federal and provincial tax rate of 26.5% (2012 – 26.5%) of pre-tax profits as a result of the following for the three and six months ended June 30:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	**2013**	2012
Loss before income taxes	**$ (63,065)**	$ (119,776)	**$ (108,870)**	$ (125,564)
Computed expected income tax benefit	**$ (16,712)**	$ (31,741)	**$ (28,850)**	$ (33,274)
Non-taxable portion of capital losses (gains)	**1,426**	1,334	**(203)**	580
Non-taxable portion of unrealized losses	**7,333**	13,884	**13,421**	14,723
Non-taxable stock-based compensation expense	**92**	194	**189**	473
Taxable capital gains dividend	**(601)**	153	**543**	93
Tax rate differential	**5**	(402)	**22**	(313)
Net deferred tax assets not recognized	**8,905**	12,601	**16,556**	12,601
Permanent and other differences	**(576)**	23	**(625)**	196
Income tax expense (benefit)	**$ (128)**	$ (3,954)	**$ 1,053**	$ (4,921)

(e) Significant components of the income tax expense (benefit) for the three and six months ended June 30 are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	**2013**	2012
Current tax expense (benefit)	**$ (128)**	$ 375	**$ 1,053**	$ 3,418
Deferred tax benefit relating to origination and reversal of temporary differences	**-**	(4,329)	**-**	(8,339)
Income tax expense (benefit)	**$ (128)**	$ (3,954)	**$ 1,053**	$ (4,921)

(f) At June 30, 2013, the Company has approximately $17 (December 31, 2012 - $3,089) of Canadian non-capital losses available to reduce future years' profits for tax purposes, the tax effect of which has been recorded in the accounts. The non-capital losses will expire as follows:

2030	$ 17
	$ 17

(Unaudited - in thousands of Canadian dollars, except for securities and per share amounts)

6. Equity:

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

During the six months ended June 30, 2013, the Company issued 7,372,097 common shares in exchange for certain investments totaling $6,360, net of share issuance costs.

(b) Stock options:

The following table summarizes stock options granted during the six months ended June 30, 2013:

Date Granted	Options Granted	Exercise Price	Expiry
March 28, 2013	1,580,000	$ 0.62	March 27, 2018
Total granted	1,580,000		

Stock options granted during the six months ended June 30, 2013 vest at the rate of 1/6th of the grant at the end of each three-month period over an 18-month period. 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 six months ended June 30, 2013 was estimated at the date of grant using the following assumptions:

Black-Scholes option valuation model assumptions used	
Expected volatility (i)	**60.7%**
Expected dividend yield	**0.0%**
Risk-free interest rate	**1.1%**
Expected option life in years	**3.2**
Expected forfeiture rate	**3.5%**
Fair value per stock option granted on March 28, 2013	**$ 0.26**

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

For the three months ended June 30, 2013, included in operating, general and administrative expenses is stock-based compensation of $349 (three months ended June 30, 2012 - $723) relating to the stock options granted to directors, officers, employees, and consultants of the Company.

For the six months ended June 30, 2013, included in operating, general and administrative expenses is stock-based compensation of $714 (six months ended June 30, 2012 - $1,785) relating to the stock options granted to directors, officers, employees, and consultants of the Company.

(Unaudited - in thousands of Canadian dollars, except for securities and per share amounts)

6. Equity (continued):

A summary of the status of the Company's stock options as at June 30, 2013 and December 31, 2012 and changes during the periods then ended is presented below:

Stock Options	**June 30, 2013** # of Options	**June 30, 2013** Weighted Average Exercise Price	December 31, 2012 # of Options	December 31, 2012 Weighted Average Exercise Price
Outstanding, at beginning of period	**12,579,400**	**$ 1.84**	13,632,900	$ 2.97
Granted	**1,580,000**	**0.62**	2,355,000	0.91
Forfeited	**(380,000)**	**1.91**	(575,000)	1.87
Expired	**(1,272,500)**	**3.14**	(2,833,500)	6.49
Outstanding, at end of period	**12,506,900**	**$ 1.55**	12,579,400	$ 1.84
Exercisable, at end of period	**9,823,534**	**$ 1.76**	9,836,040	$ 2.05

The following table summarizes information about stock options outstanding and exercisable as at June 30, 2013:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date
1,030,000	**1,030,000**	**$ 1.29**	March 31, 2014
50,000	**50,000**	**1.73**	June 29, 2014
2,220,990	**2,220,990**	**1.46**	August 31, 2014
35,000	**35,000**	**2.07**	November 30, 2014
265,000	**265,000**	**1.83**	March 31, 2015
885,910	**885,910**	**1.46**	May 31, 2015
250,000	**250,000**	**1.41**	August 31, 2015
250,000	**250,000**	**3.23**	November 30, 2015
1,525,000	**1,525,000**	**3.17**	March 30, 2016
250,000	**250,000**	**2.93**	May 30, 2016
250,000	**250,000**	**1.92**	August 30, 2016
1,565,000	**1,565,000**	**1.61**	November 29, 2016
100,000	**83,333**	**1.38**	March 29, 2017
250,000	**166,666**	**0.88**	May 30, 2017
400,000	**199,999**	**0.90**	August 30, 2017
1,600,000	**533,314**	**0.89**	November 29, 2017
1,580,000	**263,322**	**0.62**	March 27, 2018
12,506,900	**9,823,534**		

(Unaudited - in thousands of Canadian dollars, except for securities and per share amounts)

6. Equity (continued):

(c) Warrants:

There has been no change to the status of the Company's warrants since December 31, 2012. The following table summarizes the warrants outstanding as at June 30, 2013:

Number of Warrants	Exercise Price	Expiry Date	Warrants Value
8,638,650	$ 3.50	July 11, 2013	$ 9,762
8,638,650			**$ 9,762**

(d) As at June 30, 2013 and December 31, 2012, contributed surplus is comprised of the following:

	June 30, 2013	December 31, 2012
Fair value of stock-based compensation	**$ 32,183**	$ 31,469
Fair value of expired broker warrants	**62,506**	62,506
Cancellation of shares under normal course issuer bid	**43**	43
	$ 94,732	$ 94,018

(e) Basic and diluted loss per common share based on net loss for the three and six months ended June 30:

Numerator:	Three months ended June 30, 2013	2012	Six months ended June 30, 2013	2012
Net loss for the period	**$ (62,937)**	$ (115,822)	**$ (109,923)**	$ (120,643)

Denominator:	Three months ended June 30, 2013	2012	Six months ended June 30, 2013	2012
Weighted average number of common shares outstanding - basic	**143,819,370**	136,447,273	**143,153,087**	136,447,273
Weighted average effect of diluted stock options and warrants (i)	**-**	-	**-**	-
Weighted average number of common shares outstanding – diluted	**143,819,370**	136,447,273	**143,153,087**	136,447,273

Loss per common share based on net loss for the period:	Three months ended June 30, 2013	2012	Six months ended June 30, 2013	2012
Basic and diluted	**$ (0.44)**	$ (0.85)	**$ (0.77)**	$ (0.88)

(i) The determination of the weighted average number of common shares outstanding – diluted excludes 35,466,491 shares related to stock options, warrants, and convertible debentures that were anti-dilutive for the three and six months ended June 30, 2013 (three and six months ended June 30, 2012 – 46,732,109 shares).

(Unaudited - in thousands of Canadian dollars, except for securities and per share amounts)

6. Equity (continued):

(f) 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 June 30, 2013 and December 31, 2012:

	June 30, 2013	December 31, 2012
Common shares outstanding	**143,819,370**	136,447,273
Stock options outstanding to purchase common shares	**12,506,900**	12,579,400
Warrants to purchase common shares	**8,638,650**	8,638,650
Debentures convertible to common shares	**14,320,941**	17,647,059
Fully diluted common shares outstanding	**179,285,861**	175,312,382

(g) During the six months ended June 30, 2013, the Company amended its existing normal course issuer bid for its Debentures, to increase the amount of Debentures that it could purchase under the bid from $3,750 principal amount to $7,440. The bid expired and was renewed for a further twelve months (both bids, the "NCIBs") in May 2013. Pursuant to the terms of the renewed NCIB, and in accordance with the policies of the TSX, during the period commencing May 21, 2013 and ending on May 20, 2014, the Company may purchase up to $6,696 principal amount of Debentures, representing up to 10% of the "public float" of the Debentures that were outstanding on May 13, 2013. NCIB purchases are made in open market transactions through the facilities of the TSX and on other alternative Canadian trading systems at market prices prevailing at the time of acquisition and otherwise in accordance with the TSX rules. All Debentures purchased under the NCIB are cancelled. Security holders of the Company may obtain, without charge, a copy of its Notice of Intention to Make a Normal Course Issuer Bid in respect of the renewed NCIB, which was filed with the TSX, by contacting the Company at its head office in Toronto.

The Company purchased and cancelled an aggregate of $14,136 principal amount of Debentures under the NCIBs (representing the maximum amount permitted under both bids) during the six months ended June 30, 2013, at an average price of $79.35 per $100.00 principal amount, for total consideration of $11,234, including commissions of $18. Included in other income for the six months ended June 30, 2013 is a gain of $2,344 on the purchase of the Debentures under the NCIBs. The renewed NCIB terminated in June 2013 following the Company's acquisition of the maximum amount of the Debentures permitted under the bid.

(Unaudited - in thousands of Canadian dollars, except for securities and per share amounts)

6. Equity (continued):

For accounting purposes, repurchased Debentures were separated into their liability and equity components using the effective interest rate method, similar to when they were issued. The fair value of the liability component at the time of repurchase, which was calculated using an average effective interest rate of 16.91% (the rate attributable to a comparable debt instrument without a conversion feature) is the amount reflected as the total consideration paid for the repurchased Debentures.

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

Principal		
Opening principal balance, January 1, 2012	$	75,000
No transaction		-
Principal balance, December 31, 2012		75,000
Repurchase of convertible debentures		**(14,136)**
Ending principal balance, June 30, 2013	**$**	**60,864**

Liability		
Opening liability balance, January 1, 2012	$	67,839
Accretion of discount on the convertible debentures		600
Amortization of finance expenses on the convertible debentures		768
Ending liability balance, December 31, 2012		69,207
Accretion of discount on the convertible debentures		**327**
Amortization of finance expenses on the convertible debentures		**802**
Repurchase of convertible debentures		**(13,578)**
Ending liability balance, June 30, 2013	**$**	**56,758**

Equity component		
Opening equity component balance, January 1, 2012	$	2,882
Change in effective income tax rate		(44)
Ending equity component balance, June 30, 2013 and December 31, 2012	**$**	**2,838**

As at June 30, 2013, the fair value of the Debentures was $42,599 (December 31, 2012 - $65,250).

As at June 30, 2013, the Company was not in compliance with a debt covenant contained in the indenture governing its Debentures, which prohibits Pinetree's debt-to-assets ratio from exceeding 33% as at the end of each month. The Company's debt-to-assets ratio was 36% as at June 30, 2013 (Notes 2(d) and 11(c)).

(Unaudited - in thousands of Canadian dollars, except for securities and per share amounts)

7. Expenses by nature:

Included in operating, general and administrative expenses for the three and six months ended June 30 are the following:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	**2013**	2012
Salaries, bonuses, and other employment benefits	**$ 604**	$ 701	**$ 1,215**	$ 1,382
Stock-based compensation expense	**349**	723	**714**	1,785
Transaction costs	**157**	281	**441**	1,072
Other office and general expenses	**218**	299	**414**	504
Operating lease payments	**148**	120	**296**	240
Consulting and directors' fees	**131**	259	**272**	473
Transfer agent, filing fees, and other info systems	**136**	232	**268**	453
Professional fees	**110**	100	**225**	169
Foreign exchange loss (gain)	**118**	(18)	**166**	20
Travel and promotion	**105**	95	**146**	234
Amortization	**67**	66	**133**	128
Exploration and evaluation expenditures	**-**	456	**50**	456
	$ 2,143	$ 3,314	**$ 4,340**	$ 6,916

8. Finance expenses:

Finance expenses for the three and six months ended June 30 are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	**2013**	2012
Accretion of discount and interest expense on convertible debentures	**$ 1,493**	$ 1,636	**$ 3,148**	$ 3,265
Interest expense on margin borrowings and other	**36**	15	**58**	107
Amortization of finance expenses on convertible debentures	**613**	191	**802**	382
Standby fee on credit facility	**-**	15	**-**	31
	$ 2,142	$ 1,857	**$ 4,008**	$ 3,785

(Unaudited - in thousands of Canadian dollars, except for securities and per share amounts)

9. Management of capital:

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

	June 30, 2013	December 31, 2012
Due to brokers	**$ -**	$ 8,875
Convertible debentures, due May 31, 2016	**56,758**	69,207
Shareholders' equity comprised of:		
Share capital	**283,157**	276,797
Warrants	**9,762**	9,762
Contributed surplus	**94,732**	94,018
Equity component of convertible debentures	**2,838**	2,838
Foreign currency translation reserve	**(36)**	(39)
Deficit	**(281,149)**	(171,226)
	$ 166,062	$ 290,232

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 covenants to which it is subject under the Debentures. There were no changes to the Company's objectives in managing and maintaining capital during the six months ended June 30, 2013.

10. 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 are currently comprised of financial instruments.

(a) Market risk:

There were no changes to the way the Company manages market risk since December 31, 2012. The following table shows the estimated sensitivity of the Company's after-tax loss for the three and six months ended June 30, 2013 from a change in the closing trade price of the Company's investments with all other variables held constant as at June 30, 2013:

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%	**$ 2,481**	**$ (2,481)**
4%	**4,963**	**(4,963)**
6%	**7,444**	**(7,444)**
8%	**9,925**	**(9,925)**
10%	**12,407**	**(12,407)**

(Unaudited - in thousands of Canadian dollars, except for securities and per share amounts)

10. Risk management (continued):

The following table shows the estimated sensitivity of the Company's after-tax loss for the three and six months ended June 30, 2012 from a change in the closing bid price of the Company's investments with all other variables held constant as at June 30, 2012:

Percentage of change in closing bid price	Decrease in loss from % increase in closing bid price	Increase in loss from % decrease in closing bid price
2%	$ 5,032	$ (5,032)
4%	10,063	(10,063)
6%	15,095	(15,095)
8%	20,126	(20,126)
10%	25,158	(25,158)

(b) 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 liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company's investments declines, resulting in lesser proceeds from disposition and losses upon disposition. Specifically, the Company will not have sufficient cash resources to repay the principal and accrued interest on the Debentures if the Company does not cure or obtain a waiver for the default of the debt covenant by September 13, 2013 and the same becomes immediately due and payable (Notes 2(d)(ii)) and 6(g)).

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. Overall, the Company has sufficient marketable securities which are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions, such that, absent overall market disruptions or extreme circumstances, liquidity risk can be minimized.

There were no changes to the way the Company manages liquidity risk since December 31, 2012. The Company manages liquidity risk by reviewing the amount of margin available on a daily basis and its Debenture debt covenants, and managing its cash flow given its daily margin availability. The Company holds investments which can be converted into cash when required. The Company's management believes it can generate sufficient proceeds from the disposal of its investments over a period time subject to market volatilities and demand for its investments to settle the full amount of the Debentures.

11. Subsequent events:

(a) Subsequent to June 30, 2013, 8,638,650 warrants exercisable at $3.50 per share expired unexercised.

(b) Subsequent to June 30, 2013, 115,000 options at a weighted average exercise price of $1.51 per share were forfeited.

(c) Subsequent to June 30, 2013, the Company received notice of default from the trustee under the indenture governing its Debentures, and is required to cure or obtain a waiver for the default by September 13, 2013. As at August 8, 2013, the Company has not cured or obtained a waiver for the default.

12. Comparative interim consolidated statements:

The comparative interim consolidated statements have been reclassified from statements previously presented to conform to the presentation of the June 30, 2013 interim consolidated statements.