Interim Condensed Consolidated Financial Statements of

PINETREE

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

Contents

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 Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

PINETREE CAPITAL LTD.

Consolidated Statements of Financial Position

As at September 30, 2013 and December 31, 2012

(Unaudited - in thousands of Canadian dollars)

	Notes	September 30, 2013	December 31, 2012
Assets			
Cash and cash equivalents		$ 194	$ 236
Due from brokers		3,346	14
Investments at fair value	4	150,204	270,180
Prepaids and other receivables		92	213
Property, plant and equipment		744	860
Deferred tax assets	5(a)	23,047	23,047
		$ 177,627	$ 294,550
Liabilities and Equity			
Liabilities			
Due to brokers	4(c)	$ -	$ 8,875
Accounts payable and accrued liabilities		5,166	2,437
Income taxes payable		2,351	1,881
Convertible debentures	6(g)	47,724	69,207
		55,241	82,400
Equity			
Share capital	6	283,157	276,797
Warrants	6(c)	-	9,762
Contributed surplus	6(d)	104,749	94,018
Equity component of convertible debentures	6(g)	2,838	2,838
Foreign currency translation reserve		(37)	(39)
Deficit		(268,321)	(171,226)
		122,386	212,150
		$ 177,627	$ 294,550

See accompanying notes to the interim condensed consolidated financial statements.

PINETREE CAPITAL LTD.
Consolidated Statements of Comprehensive Income (Loss)
Three And Nine Months Ended September 30,
(Unaudited - in thousands of Canadian dollars, except for securities and per share amounts)

		Three Months Ended		Nine Months Ended	
	Notes	**2013**	2012	**2013**	2012
Net investment gains (losses)					
Net realized losses on disposal of investments		**$ (11,744)**	$ (23,176)	**$ (14,921)**	$ (27,557)
Net change in unrealized gains (losses) on investments		**20,773**	49,506	**(79,947)**	(61,645)
		9,029	26,330	**(94,868)**	(89,202)
Other income	6(g)	**9,749**	530	**13,124**	1,199
		18,778	26,860	**(81,744)**	(88,003)
Expenses					
Operating, general and administrative	7	**1,646**	2,840	**5,986**	9,756
Finance expenses	8	**4,842**	1,909	**8,850**	5,694
		6,488	4,749	**14,836**	15,450
Profit (loss) before income taxes		**12,290**	22,111	**(96,580)**	(103,453)
Income tax expense (benefit)	5(e)	**(538)**	(788)	**515**	(5,709)
Net profit (loss) for the period		**12,828**	22,899	**(97,095)**	(97,744)
Other comprehensive income (loss)					
Exchange differences on translation of foreign operations		**(1)**	(21)	**2**	(15)
Total comprehensive income (loss) for the period		**$ 12,827**	$ 22,878	**$ (97,093)**	$ (97,759)
Earnings (loss) per common share based on net profit (loss) for the period	6(e)				
Basic		**$ 0.09**	$ 0.17	**$ (0.68)**	$ (0.72)
Diluted		**$ 0.04**	$ 0.14	**$ (0.68)**	$ (0.72)
Weighted average number of common shares outstanding	6(e)				
Basic		**143,819,370**	136,447,273	**143,377,622**	136,494,728
Diluted		**206,756,138**	171,559,485	**143,377,622**	136,494,728

See accompanying notes to the interim condensed consolidated financial statements.

PINETREE CAPITAL LTD.

Consolidated Statements of Changes in Equity

Nine Months Ended September 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	-	-	-	-	-	-	(97,744)	(97,744)
Exchange differences on translation of foreign operations	-	-	-	-	-	(15)	-	(15)
Total comprehensive loss for the period	-	-	-	-	-	(15)	(97,744)	(97,759)
Stock-based compensation expense	-	-	-	2,195	-	-	-	2,195
Reallocation of expired warrants	-	-	(37,100)	37,100	-	-	-	-
Tax rate adjustment on private placement of convertible debentures	-	-	-	-	(44)	-	-	(44)
Balance at September 30, 2012	136,447,273	$ 276,797	$ 29,424	$ 74,035	$ 2,838	$ (37)	$ (123,033)	$ 260,024
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	**-**	**-**	**-**	**-**	**-**	**-**	**(97,095)**	**(97,095)**
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**2**	**-**	**2**
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**2**	**(97,095)**	**(97,093)**
Stock-based compensation expense	**-**	**-**	**-**	**969**	**-**	**-**	**-**	**969**
Reallocation of expired warrants	**-**	**-**	**(9,762)**	**9,762**	**-**	**-**	**-**	**-**
Issued pursuant to acquisitions of investments, net	**7,372,097**	**6,360**	**-**	**-**	**-**	**-**	**-**	**6,360**
Balance at September 30, 2013	**143,819,370**	**$ 283,157**	**$ -**	**$ 104,749**	**$ 2,838**	**$ (37)**	**$ (268,321)**	**$ 122,386**

See accompanying notes to the interim condensed consolidated financial statements.

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

	2013	2012
Cash flows from operating activities		
Net loss for the period	$ (97,095)	$ (97,744)
Items not affecting cash:		
Net realized losses on disposal of investments	14,921	27,557
Net change in unrealized losses on investments	79,947	61,645
Gain on purchase of convertible debentures under normal course issuer bid	(2,344)	-
Gain on extiniguishment of convertible debentures	(9,522)	-
Amortization	201	198
Stock-based compensation expense	969	2,195
Accretion of discount on convertible debentures	688	437
Amortization of finance expenses on convertible debentures	928	575
Deferred tax assets	-	(8,338)
	(11,307)	(13,475)
Adjustments for:		
Proceeds on disposal of investments	75,266	123,072
Purchase of investments	(43,757)	(107,599)
Increase in due from brokers	(3,332)	-
Prepaids and other receivables	121	91
Decrease in due to brokers	(8,875)	(5,593)
Accounts payable and accrued liabilities	2,729	1,134
Income taxes payable	470	2,630
Net cash from operating activities	11,315	260
Cash flows used in financing activities		
Purchases of convertible debentures under normal course issuer bid	(11,234)	-
Redemption of Class C Preferred Shares	-	(1)
Share issuance costs	(40)	-
Net cash used in financing activities	(11,274)	(1)
Cash flows used in investing activities		
Purchase of property, plant and equipment	(85)	(176)
Net cash used in investing activities	(85)	(176)
Net increase (decrease) in cash and cash equivalents during the period	(44)	83
Exchange differences on translation of foreign operations	2	(15)
Cash and cash equivalents, beginning of period	236	202
Cash and cash equivalents, end of period	$ 194	$ 270
Supplemental cash flow information		
Income taxes paid	$ -	$ -
Dividends paid on Class C preferred shares	9	10
Finance expenses paid	2,960	4,682
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 November 7, 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 nine month periods ended September 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 and judgment 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.

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 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 disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period require that they be 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 was 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 September 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	$ 289,932	$ 59,030	$ 1,257	$ 5,180	$ 65,467	43.6
Uranium	83,410	19,382	461	1,670	21,513	14.3
Base metals	122,660	14,448	69	4,859	19,376	12.9
Potash, lithium and rare earths	48,078	12,748	539	1,751	15,038	10.0
Oil and gas	56,008	9,161	-	2,080	11,241	7.5
Coal	5,181	498	-	411	909	0.6
Technology and other	39,223	9,038	2,215	5,407	16,660	11.1
Total (i)	$ 644,492	$ 124,305	$ 4,541	$ 21,358	$ 150,204	100.0
Investments denominated in foreign currencies		$ 6,020	$ 354	$ 3,815	$ 10,189	
% of investments denominated in foreign currencies		4.8%	7.8%	17.9%	6.8%	

(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 September 30, 2013, included in total investments were securities of private companies with a fair value totaling $21,358 (cost of $27,188) (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 nine months ended September 30, 2013. During the nine months ended September 30, 2013, $11,421 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 (losses) are recognized in the consolidated statements of comprehensive income (loss).

	Opening balance at January 1	Purchases	Net realized losses	Net unrealized losses	Transfer out of Level 3	Ending balance
Investments at fair value:						
September 30, 2013	**$ 23,415**	**$ 1,986**	**$ (140)**	**$ (760)**	**$ (3,143)**	**$ 21,358**
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:

	September 30, 2013	December 31, 2012
Investments at fair value lent under SLA – carrying amount	**$ 63**	$ 717
Fair value of collateral held for investments lent under SLA	**676**	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:

		September 30, 2013		December 31, 2012
Deferred tax assets				
Investments – differences in carrying value and tax cost	**$**	**15,707**	$	19,801
Corporate minimum tax credit		**6,460**		5,984
Share issuance costs		**1,385**		35
Property, plant and equipment		**96**		108
Capital losses		**92**		-
Non-capital losses		**6**		819
Tax on future capital gains dividend		**-**		(2,859)
Convertible debentures		**(699)**		(841)
Total deferred tax assets (Note 5(c))	**$**	**23,047**	$	23,047

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

	Three months ended September 30,				Nine months ended September 30,			
		2013		2012		**2013**		2012
Investments – differences in carrying value and tax cost	**$**	**1,389**	$	4,511	**$**	**4,094**	$	(3,485)
Corporate minimum tax credit		**(92)**		(2,526)		**(476)**		(2,006)
Share issuance costs and other		**(749)**		36		**(1,338)**		93
Capital losses		**(92)**		-		**(92)**		-
Non-capital losses		**(1)**		(5)		**813**		13,169
Net reversal of tax on future capital gains dividend		**(547)**		(721)		**(2,859)**		(16,203)
Convertible debentures		**92**		(41)		**(142)**		(116)
Ontario transitional tax credits		**-**		(1,254)		**-**		209
	$	**-**	$	-	**$**	**-**	$	(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 September 30, 2013 was $54,869 (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 profit (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 nine months ended September 30:

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	**2013**	2012
Profit (loss) before income taxes	**$ 12,290**	$ 22,111	**$ (96,580)**	$ (103,453)
Computed expected income tax expense (benefit)	**$ 3,256**	$ 5,859	**$ (25,594)**	$ (27,415)
Non-taxable portion of capital losses	**2,160**	3,071	**1,957**	3,651
Non-taxable portion of unrealized losses (gains)	**(2,753)**	(6,556)	**10,668**	8,167
Non-taxable stock-based compensation expense	**68**	109	**257**	582
Non-taxable gain on extinguishment of Debentures	**(2,523)**	-	**(2,523)**	-
Taxable capital gains dividend	**(544)**	(24)	**(1)**	69
Tax rate differential	**3**	196	**25**	(117)
Net deferred tax assets not recognized	**(249)**	(3,184)	**16,307**	9,417
Permanent and other differences	**44**	(259)	**(581)**	(63)
Income tax expense (benefit)	**$ (538)**	$ (788)	**$ 515**	$ (5,709)

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

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	**2013**	2012
Current tax expense (benefit)	**$ (538)**	$ (788)	**$ 515**	$ 2,630
Deferred tax benefit relating to origination and reversal of temporary differences	**-**	-	**-**	(8,339)
Income tax expense (benefit)	**$ (538)**	$ (788)	**$ 515**	$ (5,709)

(f) At September 30, 2013, the Company has approximately $695 (December 31, 2012 – nil) in capital losses available for carry forward and $24 (December 31, 2012 - $3,089) of Canadian non-capital losses available to reduce future years' taxable income, the tax effect of which has been recorded in the accounts. The non-capital losses will expire as follows:

2030	$ 24
	$ 24

(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 nine months ended September 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 nine months ended September 30, 2013:

Date Granted	Options Granted	Exercise Price	Expiry
March 28, 2013	1,580,000	$ 0.62	March 27, 2018
August 29, 2013	1,990,000	0.43	August 28, 2018
Total granted	3,570,000		

Stock options granted during the nine months ended September 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 nine months ended September 30, 2013 was estimated at the date of grant using the following weighted average assumptions:

Black-Scholes option valuation model assumptions used	
Expected volatility	**62.6%**
Expected dividend yield	**0.0%**
Risk-free interest rate	**1.3%**
Expected option life in years	**3.2**
Expected forfeiture rate	**3.6%**
Fair value per stock option granted on March 28, 2013	**$ 0.26**
Fair value per stock option granted on August 29, 2013	**$ 0.19**

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.

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

6. Equity (continued):

For the three months ended September 30, 2013, included in operating, general and administrative expenses is stock-based compensation of $255 (three months ended September 30, 2012 - $410) relating to the stock options granted to directors, officers, employees, and consultants of the Company.

For the nine months ended September 30, 2013, included in operating, general and administrative expenses is stock-based compensation of $969 (nine months ended September 30, 2012 - $2,195) relating to the stock options granted to directors, officers, employees, and consultants of the Company.

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

	September 30, 2013		December 31, 2012	
Stock Options	**# of Options**	**Weighted Average Exercise Price**	# of Options	Weighted Average Exercise Price
Outstanding, at beginning of period	**12,579,400**	**$ 1.84**	13,632,900	$ 2.97
Granted	**3,570,000**	**0.51**	2,355,000	0.91
Forfeited	**(58,336)**	**0.93**	(133,337)	1.81
Expired	**(2,009,164)**	**2.69**	(3,275,163)	5.87
Outstanding, at end of period	**14,081,900**	**$ 1.38**	12,579,400	$ 1.84
Exercisable, at end of period	**10,096,025**	**$ 1.70**	9,836,040	$ 2.05

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

Number of Options Outstanding	**Number of Options Exercisable**	**Exercise Price**	**Expiry Date**
930,000	**930,000**	**$ 1.29**	March 31, 2014
50,000	**50,000**	**1.73**	June 29, 2014
2,160,990	**2,160,990**	**1.46**	August 31, 2014
35,000	**35,000**	**2.07**	November 30, 2014
265,000	**265,000**	**1.83**	March 31, 2015
880,910	**880,910**	**1.46**	May 31, 2015
250,000	**250,000**	**1.41**	August 31, 2015
250,000	**250,000**	**3.23**	November 30, 2015
1,425,000	**1,425,000**	**3.17**	March 30, 2016
250,000	**250,000**	**2.93**	May 30, 2016
250,000	**250,000**	**1.92**	August 30, 2016
1,470,000	**1,470,000**	**1.61**	November 29, 2016

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

6. Equity (continued):

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date
100,000	**100,000**	**1.38**	March 29, 2017
250,000	**208,333**	**0.88**	May 30, 2017
400,000	**266,666**	**0.90**	August 30, 2017
1,575,000	**787,480**	**0.89**	November 29, 2017
1,550,000	**516,646**	**0.62**	March 27, 2018
1,990,000	**-**	**0.43**	August 28, 2018
14,081,900	**10,096,025**		

(c) Warrants:

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

	September 30, 2013		December 31, 2012	
Warrants and Broker Warrants	**# of Warrants and Broker Warrants**	**Weighted Average Exercise Price**	# of Warrants and Broker Warrants	Weighted Average Exercise Price
Outstanding, at beginning of period	**8,638,650**	**$ 3.50**	20,513,650	$ 7.31
Expired	**(8,638,650)**	**3.50**	(11,875,000)	10.08
Outstanding, at end of period	**-**	**$ -**	8,638,650	$ 3.50

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

	September 30, 2013	December 31, 2012
Fair value of stock-based compensation	**$ 32,438**	$ 31,469
Fair value of expired warrants and broker warrants	**72,268**	62,506
Cancellation of shares under normal course issuer bid	**43**	43
	$ 104,749	$ 94,018

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

6. Equity (continued):

(e) Basic and diluted earnings (loss) per common share based on net profit (loss) for the three and nine months ended September 30:

	Three months ended September 30,		Nine months ended September 30,	
Numerator:	**2013**	2012 (ii)	**2013**	2012
Net profit (loss) for the period	**$ 12,828**	$ 22,899	**$ (97,095)**	$ (97,744)
Adjustments for:				
Accretion of discount and interest expense on convertible debentures	**1,576**	1,663	**-**	**-**
Amortization of finance expenses on convertible debentures	**126**	193	**-**	**-**
Consent fee	**3,106**	-	**-**	**-**
Gain on extinguishment of convertible debentures	**(9,522)**	-	**-**	**-**
Adjusted net profit (loss) for the period	**$ 8,114**	$ 24,755	**$ (97,095)**	$ (97,744)

	Three months ended September 30,		Nine months ended September 30,	
Denominator:	**2013**	2012 (ii)	**2013**	2012
Weighted average number of common shares outstanding - basic	**143,819,370**	136,447,273	**143,377,622**	136,494,728
Weighted average effect of diluted convertible securities (i)	**62,936,768**	35,112,212	**-**	-
Weighted average number of common shares outstanding – diluted	**206,756,138**	171,559,485	**143,377,622**	136,494,728

	Three months ended September 30,		Nine months ended September 30,	
Earnings (loss) per common share based on net profit (loss) for the period:	**2013**	2012 (ii)	**2013**	2012
Basic	**$ 0.09**	$ 0.17	**$ (0.68)**	$ (0.72)
Diluted	**$ 0.04**	$ 0.14	**$ (0.68)**	$ (0.72)

(i) The determination of the weighted average number of common shares outstanding – diluted excludes 14,081,900 shares related to convertible securities that were anti-dilutive for the three ended September 30, 2013 (three months ended September 30, 2012 – 25,938,050 shares) and 83,337,352 shares for the nine months ended September 30, 2013 (nine month ended September 30, 2012 – 61,641,065 shares).

(ii) The diluted earnings per common share based on net profit for the three months ended September 30, 2012 has been restated to reflect the dilutive impact of the convertible debentures.

(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 September 30, 2013 and December 31, 2012:

	September 30, 2013	December 31, 2012
Common shares outstanding	**143,819,370**	136,447,273
Stock options outstanding to purchase common shares	**14,081,900**	12,579,400
Warrants to purchase common shares	**-**	8,638,650
Debentures convertible to common shares (i)	**14,320,941**	17,647,059
Fully diluted common shares outstanding	**172,222,211**	175,312,382

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

(g) During the nine months ended September 30, 2013, the Company amended its existing normal course issuer bid for its 8% convertible unsecured subordinated debentures due May 31, 2016 (the "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") during the nine-month period.

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 could 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 were 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 were cancelled.

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 nine months ended September 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 nine months ended September 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.

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.

Effective September 12, 2013, the terms of the Debentures were amended with the written consent of Debenture holders to: (1) increase the interest rate payable to 10% per annum effective as of November 30, 2013; and (2) amend one of the debt covenants (the “Covenant”) in the indenture governing the Debentures to provide that, for a period of nine months, Pinetree’s debt-to-assets ratio cannot exceed 50%. Effective as of the same date, the Debentures are designated as the Company’s “10.0% convertible unsecured subordinated debentures due May 31, 2016”.

Debenture holders (the “Consenting Debentureholders”) representing an aggregate of $51,933 principal amount of Debentures (the “Consenting Debentures”) consented in writing to the Debenture amendments. The Company agreed to pay to each Consenting Debentureholder, who properly completes and submits a Consent Fee Election From by November 30, 2013, a cash consent fee equal to $0.06 for each $1 principal amount of Consenting Debentures held.

A maximum consent fee of $3,106 could be payable by the Company, based upon the aggregate principal amount of the Consenting Debentures. Additionally the consent fee is payable in common shares of Pinetree, on the basis of 180 common shares for every $1 principal amount of Consenting Debentures, to the eligible Consenting Debentureholders who properly elected to receive common shares in lieu of a cash payment within the prescribed period.

For accounting purposes, the Company determined that the amended terms of the Debentures were substantially different from the original terms and, in accordance with IFRS 9, the Company extinguished the carrying value of the Debentures and recorded a new liability of $47,486, which represents the fair value of the amended Debentures as at September 12, 2013, with the difference of $9,522 recognized in other income on the statement of comprehensive income. The effective interest rate of the amended Debentures is 20.40% (originally 9.47%).

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

6. Equity (continued):

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, September 30, 2013	**$**	**60,864**

Old 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		**450**
Amortization of finance expenses on the convertible debentures		**928**
Repurchase of convertible debentures		**(13,578)**
Extinguishment of convertible debentures		**(57,007)**
Ending liability balance, September 30, 2013	**$**	**-**

New liability		
Opening liability balance, September 12, 2013	**$**	**47,486**
Accretion of discount on the convertible debentures		**238**
Ending liability balance, September 30, 2013	**$**	**47,724**

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

As at September 30, 2013, the fair value of the Debentures was $48,083 (December 31, 2012 - $65,250).

As at September 30, 2013, the Company was in compliance with the debt covenants contained in the amended indenture governing its Debentures.

(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 nine months ended September 30 are the following:

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	**2013**	2012
Salaries, bonuses, and other employment benefits	**$ 569**	$ 604	**$ 1,784**	$ 1,986
Stock-based compensation expense	**255**	410	**969**	2,195
Transaction costs	**179**	169	**620**	1,241
Other office and general expenses	**175**	180	**589**	684
Operating lease payments	**147**	137	**443**	377
Consulting and directors' fees	**129**	166	**401**	639
Professional fees	**110**	185	**335**	354
Transfer agent, filing fees, and other information systems	**61**	49	**295**	299
Travel and promotion	**77**	108	**257**	545
Amortization	**68**	70	**201**	198
Exploration and evaluation expenditures	**-**	726	**50**	1,182
Foreign exchange loss (gain)	**(124)**	36	**42**	56
	$ 1,646	$ 2,840	**$ 5,986**	$ 9,756

8. Finance expenses:

Finance expenses for the three and nine months ended September 30 are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	**2013**	2012
Accretion of discount and interest expense on convertible debentures	**$ 1,576**	$ 1,663	**$ 4,724**	$ 4,928
Consent fee	**3,106**	-	**3,106**	-
Amortization of finance expenses on convertible debentures	**126**	193	**928**	575
Interest expense on margin borrowings and other	**34**	37	**92**	144
Standby fee on credit facility	**-**	16	**-**	47
	$ 4,842	$ 1,909	**$ 8,850**	$ 5,694

(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:

	September 30, 2013	December 31, 2012
Due to brokers	$ -	$ 8,875
Convertible debentures, due May 31, 2016	47,724	69,207
Equity comprised of:		
Share capital	283,157	276,797
Warrants	-	9,762
Contributed surplus	104,749	94,018
Equity component of convertible debentures	2,838	2,838
Foreign currency translation reserve	(37)	(39)
Deficit	(268,321)	(171,226)
	$ 170,110	$ 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 incurrence and maintenance covenants, among other covenants, to which it is subject in connection with the Debentures. During the nine months ended September 30, 2013, the Company was in default of one of its debt-to-assets maintenance covenants and subsequently cured to the default. Effective September 12, 2013, the covenant was amended to permit a debt-to-assets ratio of up to 50% (previously 33%) for the following nine months.

There were no changes to the Company's objectives in managing and maintaining capital during the nine months ended September 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.

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

10. Risk management (continued):

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 profit (loss) for the three and nine months ended September 30, 2013 from a change in the closing trade price of the Company's investments with all other variables held constant as at September 30, 2013:

Percentage of change in closing trade price	**Increase in profits (decrease in loss) from % increase in closing trade price**	**Decrease in profits (increase in loss) from % decrease in closing trade price**
2%	**$ 2,606**	**$ (2,606)**
4%	**5,212**	**(5,212)**
6%	**7,818**	**(7,818)**
8%	**10,424**	**(10,424)**
10%	**13,030**	**(13,030)**

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

Percentage of change in closing bid price	Increase in profits (decrease in loss) from % increase in closing bid price	Decrease in profits (increase in loss) from % decrease in closing bid price
2%	$ 5,604	$ (5,604)
4%	11,208	(11,208)
6%	16,812	(16,812)
8%	22,416	(22,416)
10%	28,020	(28,020)

11. Subsequent event:

Subsequent to September 30, 2013, the Company issued 5,321,700 common shares to Consenting Debentureholders holding an aggregate of $29,565 principal amount of Consenting Debentures, in satisfaction of the consent fee payable to them. See Note 6(g).

12. Comparative interim consolidated statements:

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