Consolidated Financial Statements of

PINETREE

For the years ended December 31, 2013 and 2012
(Prepared in Canadian dollars)

Contents

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Pinetree Capital Ltd.

We have audited the accompanying consolidated financial statements of **Pinetree Capital Ltd.**, which comprise the consolidated statements of financial position as at December 31, 2013 and 2012, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Pinetree Capital Ltd.** as at December 31, 2013 and 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Canada
March 6, 2014

PINETREE CAPITAL LTD.
Consolidated Statements of Financial Position
As at December 31,
(In thousands of Canadian dollars)

	Notes		2013		2012
Assets					
Cash and cash equivalents	6	**$**	**249**	$	236
Due from brokers	6		**3,029**		14
Investments at fair value	5		**133,965**		270,180
Prepaids and other receivables	6		**358**		213
Property, plant and equipment	7		**675**		860
Deferred tax assets	9(a)		**13,000**		23,047
		$	**151,276**	$	294,550
Liabilities and Equity					
Liabilities					
Due to brokers	8(a)	**$**	**-**	$	8,875
Accounts payable and accrued liabilities	8(b)		**1,396**		2,437
Income taxes payable			**1,998**		1,881
Convertible debentures	8(c)		**48,868**		69,207
			52,262		82,400
Equity					
Share capital	10(b), 11(a)		**285,797**		276,797
Warrants	11(d)		**-**		9,762
Contributed surplus	11(e)		**105,016**		94,018
Equity component of convertible debentures	8(c)		**2,838**		2,838
Foreign currency translation reserve			**(36)**		(39)
Deficit			**(294,601)**		(171,226)
			99,014		212,150
		$	**151,276**	$	294,550

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

"Gerry Goldberg" Director

"Sheldon Inwentash" Director

PINETREE CAPITAL LTD.
Consolidated Statements of Comprehensive Loss
Years Ended December 31,
(In thousands of Canadian dollars, except for securities and per share amounts)

	Notes	2013	2012
Net investment losses			
Net realized losses on disposal of investments		**$ (49,567)**	$ (38,708)
Net change in unrealized losses on investments		**(57,184)**	(95,223)
		(106,751)	(133,931)
Other income	8(c), 13	**13,331**	1,404
		(93,420)	(132,527)
Expenses			
Operating, general and administrative	8(b), 10(a), 11(c), 14	**8,248**	12,262
Finance expenses	15	**11,309**	7,605
		19,557	19,867
Loss before income taxes		**(112,977)**	(152,394)
Income tax expense (benefit)	9(e)	**10,398**	(6,457)
Net loss for the year		**(123,375)**	(145,937)
Other comprehensive income (loss)			
Exchange differences on translation of foreign operations		**3**	(17)
Total comprehensive loss for the year		**$ (123,372)**	$ (145,954)
Loss per common share based on net loss for the year	11(g)		
Basic and diluted		**$ (0.85)**	$ (1.07)
Weighted average number of common shares outstanding	11(g)		
Basic and diluted		**144,763,581**	136,447,273

See accompanying notes to the consolidated financial statements.

PINETREE CAPITAL LTD.
Consolidated Statements of Changes in Equity
Years Ended December 31, 2013 and 2012
(In thousands of Canadian dollars, except for number of shares)

	Notes	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 year		-	-	-	-	-	-	(145,937)	(145,937)
Exchange differences on translation of foreign operations		-	-	-	-	-	(17)	-	(17)
Total comprehensive loss for the year		-	-	-	-	-	(17)	(145,937)	(145,954)
Stock-based compensation expense	11(c)	-	-	-	2,516	-	-	-	2,516
Reallocation of expired warrants	11(d)	-	-	(56,762)	56,762	-	-	-	-
Tax rate adjustment on private placement of convertible debentures		-	-	-	-	(44)	-	-	(44)
Balance at December 31, 2012		136,447,273	$ 276,797	$ 9,762	$ 94,018	$ 2,838	$ (39)	$ (171,226)	$ 212,150
Net loss for the year		**-**	**-**	**-**	**-**	**-**	**-**	**(123,375)**	**(123,375)**
Exchange differences on translation of foreign operations		**-**	**-**	**-**	**-**	**-**	**3**	**-**	**3**
Total comprehensive loss for the year		**-**	**-**	**-**	**-**	**-**	**3**	**(123,375)**	**(123,372)**
Issued to Consenting Debentureholders, net	8(c), 11(a)	**5,321,700**	**1,747**	**-**	**-**	**-**	**-**	**-**	**1,747**
Issued pursuant to acquisitions of investments, net	11(a)	**7,372,097**	**6,360**	**-**	**-**	**-**	**-**	**-**	**6,360**
Issued pursuant to private placement, net	11(a)	**3,000,000**	**893**	**-**	**-**	**-**	**-**	**-**	**893**
Stock-based compensation expense	11(c)	**-**	**-**	**-**	**1,236**	**-**	**-**	**-**	**1,236**
Reallocation of expired warrants	11(d)	**-**	**-**	**(9,762)**	**9,762**	**-**	**-**	**-**	**-**
Balance at December 31, 2013		**152,141,070**	**$ 285,797**	**$ -**	**$ 105,016**	**$ 2,838**	**$ (36)**	**$ (294,601)**	**$ 99,014**

See accompanying notes to the consolidated financial statements.

PINETREE CAPITAL LTD.
Consolidated Statements of Cash Flows
Years Ended December 31,
(In thousands of Canadian dollars)

	2013	2012
Cash flows from operating activities		
Net loss for the year	**$ (123,375)**	$ (145,937)
Items not affecting cash:		
Net realized losses on disposal of investments	**49,567**	38,708
Net change in unrealized losses on investments	**57,184**	95,223
Gain on purchase of convertible debentures under normal course issuer bid	**(2,344)**	-
Gain on extiniguishment of convertible debentures	**(9,522)**	-
Shares issued in lieu of consenting fees, net	**1,747**	-
Amortization	**270**	277
Stock-based compensation expense	**1,236**	2,516
Accretion of discount on convertible debentures	**1,832**	600
Amortization of finance expenses on convertible debentures	**928**	768
Deferred tax assets	**10,047**	(8,338)
	(12,430)	(16,183)
Adjustments for:		
Proceeds on disposal of investments	**94,873**	156,490
Purchase of investments	**(59,008)**	(132,932)
Increase in due from brokers	**(3,015)**	-
Prepaids and other receivables	**(145)**	(44)
Decrease in due to brokers	**(8,875)**	(9,903)
Accounts payable and accrued liabilities	**(1,041)**	1,067
Income taxes payable	**117**	1,881
Net cash from operating activities	**10,476**	376
Cash flows used in financing activities		
Purchases of convertible debentures under normal course issuer bid	**(11,234)**	-
Proceeds from issue of share capital pursuant to private placement, net	**893**	-
Share issuance costs	**(40)**	-
Net cash used in financing activities	**(10,381)**	-
Cash flows used in investing activities		
Purchase of property, plant and equipment	**(85)**	(325)
Net cash used in investing activities	**(85)**	(325)
Net increase in cash and cash equivalents during the year	**10**	51
Exchange differences on translation of foreign operations	**3**	(17)
Cash and cash equivalents, beginning of year	**236**	202
Cash and cash equivalents, end of year	**$ 249**	$ 236
Supplemental cash flow information		
Income taxes paid	**$ 316**	$ -
Dividends paid on Class C preferred shares	**19**	19
Finance expenses paid	**6,702**	6,237
Non-cash purchase of investments	**6,400**	-

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

Pinetree is a diversified investment and merchant banking firm focused on the small-cap market. Pinetree's investments are primarily in the following sectors: Precious Metals, Uranium and Technology. 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 consolidated financial statements were approved by the Company's board of directors on March 6, 2014.

2. Basis of preparation:

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Significant accounting estimates, judgments and assumptions used or exercised by management in the preparation of these consolidated financial statements are presented below.

(b) Basis of presentation:

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

(c) Basis of consolidation:

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

2. Basis of preparation (continued):

The Company controls an investee if the Company has:

(i) power over the investee;

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

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

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

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

(ii) rights arising from other contractual arrangements; and

(iii) the Company's potential voting rights.

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Company's 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 consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial 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.

2. Basis of preparation (continued):

The information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are as follows:

(i) Fair value of investment in securities not quoted in an active market or private company investments:

Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Refer to Note 3(b)(iv) for further details.

(ii) Fair value of financial derivatives:

Investments in options and warrants that are not traded on a recognized securities exchange do not have a readily available market value. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available, the warrants and options are valued at intrinsic value. Refer to Note 3(b)(iv) for further details.

(iii) Convertible debentures:

The original convertible debentures were separated into their liability and equity components on the consolidated statement of financial position. The liability component is initially recognized at fair value, calculated as the net present value of the liability based upon non-convertible debt issued by comparable issuers and accounted for at amortized cost using the effective interest rate method. The effective interest rate used is the estimated rate for non-convertible debt with similar terms at the time of issue.

The repurchase of the Debentures are also separated into their liability and equity components using the effective interest rate method similar to when they were issued. Refer to Note 8(c) for further details.

(iv) Stock-based compensation expense:

The Company uses the Black-Scholes option pricing model to fair value options in order to calculate stock-based compensation expense. The Black-Scholes model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

2. Basis of preparation (continued):

The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of stock-based compensation expense. Refer to Note 11(c) for further details.

(v) Deferred tax assets:

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies. Refer to Note 9 for further details.

The information about significant areas of judgment considered by management in preparing the consolidated financial 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 consolidated financial statements continue to be prepared on a going concern basis.

3. Significant accounting policies:

The significant accounting policies used in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the years presented.

(a) Foreign currency:

(i) Functional currency:

These consolidated financial statements are presented in Canadian dollars, which is the parent's functional and presentation currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

3. Significant accounting policies (continued):

(ii) Transactions and balances:

Transactions in foreign currencies are initially recorded in the functional currency at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange in effect at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. All exchange differences are recorded in the consolidated statement of comprehensive loss.

(iii) Translation of foreign operations:

The results and financial position of Pinetree's subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

2. Share capital is translated using the exchange rate at the date of the transaction;

3. Revenue and expenses for each statement of comprehensive loss are translated at average exchange rates; and

4. All resulting exchange differences are recognized as a separate component of equity and as an exchange difference on translation of foreign operations in other comprehensive loss in the consolidated statement of comprehensive loss.

The Company treats specific inter-company loan balances that are not intended to be repaid in the foreseeable future as part of its net investment in a foreign operation, which is recorded as an exchange difference on translation of foreign operations in other comprehensive loss in the consolidated statement of comprehensive loss.

When a foreign entity is sold, such exchange differences are reclassified to profit or loss in the consolidated statement of comprehensive loss as part of the gain or loss on sale.

3. Significant accounting policies (continued):

(b) Financial instruments (investments, Class C preferred shares and convertible debentures):

(i) Classification:

All investments are classified upon initial recognition at fair value through profit or loss, with changes in fair value reported in profit (loss).

Class C preferred shares are liabilities designated at fair value through profit or loss with changes in fair value reported in expenses in the consolidated statement of comprehensive loss.

Convertible debentures are liabilities initially recognized at fair value (net of directly attributable transaction costs) and classified as subsequently measured at amortized cost.

(ii) Recognition, derecognition and measurement:

Purchases and sales of investments are recognized on the settlement date.

Investments at fair value through profit or loss are initially recognized at fair value where reliable basis for determination exists. Transaction costs are expensed as incurred in the consolidated statement of comprehensive loss. Investments are derecognized when the rights to receive cash flows from the investments have expired or the Company has transferred the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9, *Financial Instruments* ("IFRS 9").

Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the investments at fair value through profit or loss category are presented in the consolidated statement of comprehensive loss within net change in unrealized gains or losses on investments in the period in which they arise.

The fair value of Class C preferred share liabilities is determined by reference to the trading price of Pinetree's shares (Note 8(b)). The fair value of the Class C preferred share liabilities also includes accrued dividends.

Original convertible debentures:

Convertible debentures have been classified as debt, net of the fair value of the conversion feature at the date of issue, which has been classified as part of equity. The fair value of the conversion feature is recognized initially as the difference between fair value of the convertible debentures as a whole and the fair value of their liability component. The convertible debentures are separated into their liability and equity components using the effective interest rate method.

3. Significant accounting policies (continued):

Transaction costs related to the issue of the convertible debentures are allocated to the liability and equity components in proportion to their allocation of proceeds on initial recognition. The issue costs allocated to the liability component are amortized over the term of the convertible debentures and accrete up to the principal balance at maturity. The accretion, amortization of issue costs and interest paid are expensed within finance expenses on the consolidated statement of comprehensive loss within profit or loss. The equity component is not remeasured subsequent to initial recognition except upon conversion, when it will be reclassified to share capital. Any balance in equity that remains after the settlement of the liability will be transferred to contributed surplus. The equity portion is initially recognized net of deferred income taxes.

Amended convertible debentures:

Effective September 12, 2013, the terms of the convertible debentures were amended with the written consent of debenture holders. For accounting purposes, the Company determined that the amended terms of the convertible debentures were substantially different from the original terms and, in accordance with IFRS 9, the Company extinguished the carrying value of the convertible debentures and recorded a new liability which represents the fair value of the amended convertible debentures as at September 12, 2013, with the difference recognized in other income on the statement of comprehensive loss. The new liability is accreted up to the principal balance at maturity.

(iii) Reclassification of investments:

The Company would only reclassify a financial asset when the Company changes its business model for managing the financial asset.

Reclassifications are recorded at fair value at the date of reclassification, which becomes the new carrying value.

(iv) Determination of fair values:

The determination of fair value requires judgment and is based on market information, where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the consolidated financial statements.

The Company is also required to disclose details of its investments (and other financial assets and liabilities for which fair value is measured or disclosed in the financial statements) within three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring or disclosing the fair value, and to provide additional disclosure in connection therewith (Notes 5 and 8(c)).

3. Significant accounting policies (continued):

1. Publicly-traded investments (i.e., securities of issuers that are public companies):

   a. Securities including shares, options and warrants which are traded in an active market, such as on a recognized securities exchange and for which no sales restrictions apply, are presented at fair value based on quoted closing trade prices 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. These are included in Level 1 in Note 5.

   b. Securities which are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value to a maximum of 10%. In determining the discount for such investments, the Company considers the nature and length of the restriction. These are included in Level 2 in Note 5.

   c. For options and warrants which are not traded on a recognized securities exchange, no market value is readily available. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available or reliable, the warrants and options are valued at intrinsic value, which is equal to the higher of the closing trade price at the consolidated statement of financial position date of the underlying security less the exercise price of the warrant or option, and zero. These are included in Level 2 in Note 5.

2. Private company investments (securities of issuers that are not public companies):

   All privately-held investments (other than options and warrants) are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may (depending upon the circumstances) be adjusted using one or more of the valuation indicators described below. These are included in Level 3 in Note 5. Options and warrants of private companies are carried at their intrinsic value.

   The determinations of fair value of the Company's privately-held investments at other than initial cost are subject to certain limitations. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable.

   Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

3. Significant accounting policies (continued):

The following circumstances are used to determine if the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to the events described below, which may affect a specific investment, the Company will take into account general market conditions when valuing the privately-held investments in its portfolio.

Absent the occurrence of any of these events or any significant change in general market conditions indicates generally that the fair value of the investment has not materially changed.

The fair value of a privately-held investment may be adjusted upward if:

a. there has been a significant subsequent equity financing provided by outside investors at a valuation above the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place; or

b. there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a positive impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable.

   Such events include, without limitation:

   i. political changes in a country in which the investee company operates which, for example, reduce the corporate tax burden; permit mining where or to an extent that, it was not previously allowed, or reduce or eliminate the need for permitting or approvals;

   ii. receipt by the investee company of environmental, mining, aboriginal or similar approvals, which allow the investee company to proceed with its project(s);

   iii. filing by the investee company of a National Instrument 43-101 technical report in respect of a previously non-compliant resource;

   iv. release by the investee company of positive exploration results, which either proves or expands their resource prospects; and

3. Significant accounting policies (continued):

v. important positive management changes by the investee company that the Company's management believes will have a very positive impact on the investee company's ability to achieve its objectives and build value for shareholders.

In the circumstances described above under (i) through (v), or in circumstances where general market conditions so warrant it, an adjustment to the fair value of an investment will be based upon management's judgment and any value estimated may not be realized or realizable.

The fair value of a privately-held investment may be adjusted downward if:

a. there has been a significant subsequent equity financing provided by outside investors at a valuation below the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;

b. the investee company is placed into receivership or bankruptcy;

c. based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern; or

d. there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a negative impact on the investee company's prospects and therefore its fair value. The amount of the change to the fair value of the investment is based on management's judgment and any value estimated may not be realized or realizable.

   Such events include, without limitation:

   i. political changes in a country in which the investee company operates which increase the tax burden on companies, which prohibit mining where it was previously allowed, which increase the need for permitting or approvals, etc.;

   ii. denial of the investee company's application for environmental, mining, aboriginal or similar approvals that prohibit the investee company from proceeding with its project(s);

   iii. the investee company releases negative exploration results; and

3. Significant accounting policies (continued):

iv. changes to the management of the investee company take place that the Company believes will have a negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

In the circumstances described above under (i) through (iv) or in circumstances where general market conditions so warrant it, an adjustment to the fair value of an investment will be based upon management's judgment and any value estimated may not be realized or realizable.

The resulting values for non-publicly traded investments may differ from values that would be realized if a ready market existed. In addition, the amounts at which the Company's privately-held investments could be disposed of currently may differ from the carrying value assigned.

3. Other investment instruments:

Included in Pinetree's investments are certain instruments that are accounted for as follows:

a. Convertible debentures and convertible notes are carried as though converted to common shares.

b. Cumulative dividends expected to be received are included in the fair value of each investment.

c. The fair value of loans and promissory notes (long-term fixed-rate receivables) are evaluated by the Company based on parameters such as interest rates and individual creditworthiness of the investee.

4. Investments in associates:

Investments in associates are those entities in respect of which the Company has or is deemed to have significant influence, but not control, over the financial and operating policies. Investments in associates are held as part of the Company's investment portfolio and carried in the consolidated statement of financial position at fair value even though the Company may have significant influence over the companies.

3. Significant accounting policies (continued):

This treatment is permitted by IAS 28, *Investment in Associates*, which allows investments held by venture capital or similar organizations to be excluded from its scope where those investments are measured at fair value through profit or loss in accordance with IFRS 9, with changes in fair value recognized in the consolidated statement of comprehensive loss within net change in unrealized gains or losses on investments.

(c) Financial assets other than investments at fair value:

Financial assets that are managed to collect contractual cash flows made up of principal and interest on specified dates are classified as subsequently measured at amortized cost. All other financial assets are designated as at fair value through profit or loss. All financial assets are recognized initially at fair value plus, in the case of financial assets classified as subsequently measured at amortized cost, directly attributable transaction costs.

Financial assets at amortized cost are measured at initial cost plus interest calculated using the effective interest rate method less cumulative repayments and cumulative impairment losses.

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred substantially all the risks and rewards of the asset. The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. For amounts deemed to be impaired, the impairment provision is based upon the expected loss.

(d) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand and short-term investments with remaining maturities of less than three months. Cash and cash equivalents include accrued interest on short-term investments.

(e) Property, plant and equipment:

Property, plant and equipment are recorded at cost less accumulated amortization. Amortization is provided at rates designed to depreciate the cost over their estimated useful lives as follows:

	Rate	Basis
Computer equipment	30% to 45%	Declining balance
Computer software	55%	Declining balance
Furniture and equipment	20%	Declining balance
Leasehold improvements	7-12 years	Over the initial term of the lease

3. Significant accounting policies (continued):

(f) Revenue recognition:

Purchases and sales of investments are recognized on the settlement date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the consolidated statement of comprehensive loss.

Upon disposal of an investment, previously recognized unrealized gains or losses are reversed to recognize the full realized gain or loss in the period of disposition. All transaction costs associated with the acquisition and disposition of investments are expensed to the consolidated statement of comprehensive loss as incurred. Dividend income is recorded on the ex-dividend date and when the right to receive the dividend has been established. Interest income, other income and income from securities lending are recorded on an accrual basis.

(g) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(h) Leases:

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date. It requires consideration of whether the fulfillment of the arrangement is dependent on the use of a specific tangible asset or the arrangement conveys a right to use the tangible asset.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Operating lease payments are recognized as an expense in the consolidated statement of comprehensive loss on a straight-line basis over the lease term.

(i) Income taxes:

(i) Current income tax:

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

3. Significant accounting policies (continued):

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity and not through profit or loss.

(ii) Deferred tax:

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the consolidated statement of financial position date. Deferred tax relating to items recognized directly in equity is also recognized in equity and not in the consolidated statement of comprehensive loss.

The carrying amount of deferred tax assets is reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each consolidated statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Company does not record deferred tax assets to the extent that it considers deductible temporary differences, the carry-forward of unused tax credits and unused tax losses cannot be utilized.

(j) Stock-based compensation plans:

The Company has a stock option plan that is described in Note 11(b). Employees (including officers), directors and consultants of the Company receive remuneration in the form of stock options granted under the plan for rendering services to the Company. Any consideration received on the exercise of stock options is credited to share capital. The cost of options is recognized together with a corresponding increase in contributed surplus, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant optionee becomes fully entitled to the award (the “vesting date”).

3. Significant accounting policies (continued):

The cumulative expense recognized for option grants at each reporting date until the vesting date reflects the portion of the vesting period that passed and the Company's best estimate of the number of options that will ultimately vest on the vesting date. The Company records compensation expense and credits contributed surplus for all stock options granted, which represents the movement in cumulative expense recognized as at the beginning and end of that period.

Stock options granted during the period are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value for these options is estimated at the date of grant using the Black-Scholes option pricing model. The Company is also required to estimate the expected future forfeiture rate of options in its calculation of stock-based compensation expense.

Where the terms of a stock option award are modified, the minimum expense recognized in compensation expense is the expense as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the option, or is otherwise beneficial to the optionee as measured at the date of modification.

Where an option is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognized for the award is recognized immediately; however, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described above.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(k) Earnings (loss) per common share:

Basic earnings (loss) per common share is determined by dividing net profit (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the year, excluding shares securing employee share purchase loans and shares in escrow. Diluted earnings (loss) per common share is calculated in accordance with the treasury stock method and based on the weighted average number of common shares and dilutive common share equivalents outstanding.

(l) Cost of private placement financing:

Incremental costs incurred in respect of raising capital through private placements are charged against equity proceeds raised. Incremental costs incurred in respect of issuing convertible debentures are charged against the liability and equity components of the convertible debentures.

3. Significant accounting policies (continued):

The issue costs allocated to the liability component are amortized over the term of the convertible debentures and accrete up to the principal balance at maturity. The accretion, amortization of issue costs and the interest paid are expensed within finance expenses on the consolidated statement of comprehensive loss within profit or loss.

The consent fee in respect of amending the convertible debentures are immediately expensed within finance expenses on the consolidated statement of comprehensive loss within profit or loss.

(m) Financial liabilities:

Financial liabilities are presented at amortized cost except for financial derivatives and certain financial liabilities that from inception were designated at fair value through profit or loss. All financial liabilities are recognized initially at fair value net of directly attributable transaction costs except for those designated at fair value through profit or loss. Financial liabilities at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statement of comprehensive loss. Other financial liabilities are subsequently recognized at amortized cost using the effective interest method with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period.

(n) Due to brokers:

Amounts due to brokers represent payables for securities purchased that have been contracted for but not yet settled or delivered, respectively, as reflected at the consolidated statement of financial position date.

Due to brokers also consists of margin borrowings collateralized by the Company's investments held at the brokers.

(o) Securities lending:

Securities lent by the Company under a securities lending agreement are not derecognized as the Company retains all the risk and rewards of ownership. If the party to whom the security is lent has the right by contract to sell or repledge the security, the Company classifies that financial asset separately in its consolidated statement of financial position and identifies the asset as pledged. Where the transferee does not have the right to sell or repledge, disclosure of the securities provided is made in the notes to the consolidated financial statements.

3. Significant accounting policies (continued):

(p) Financial derivatives – options and warrants:

A financial derivative such as warrants or options that will be settled with the entity's own equity instruments will be classified as an equity instrument if the derivative is to acquire a fixed number of the entity's own equity instruments for a fixed amount of Canadian dollars.

A financial derivative will be considered a financial liability at fair value through profit or loss if it is to acquire either a variable number of equity instruments or consideration in a foreign currency and the options and warrants were not offered pro rata to all existing owners of the same class of non-derivative equity instruments.

(q) Segment reporting:

Operating segments are reported in a manner consistent with the internal reporting used by management and the Company's Board of Directors. The Company has a single reportable geographic segment, Canada, and all of the Company's property, plant and equipment are located in Canada except for its exploration license in Israel.

(r) Jointly controlled assets:

For interests in jointly controlled assets, the Company's share of the jointly controlled assets classified according to the nature of the assets, the Company's share of any liabilities incurred jointly with other parties and the Company's share of any income and expenses earned and incurred jointly with partners are recognized in the consolidated financial statements. Jointly controlled assets involve the joint control or joint ownership by partners of one or more assets dedicated for the purposes of the joint venture or partnership.

(s) Oil and gas properties and exploration and evaluation assets:

(i) Pre-license costs:

Pre-license costs are expensed in the period in which they are incurred.

(ii) Exploration and evaluation costs:

Exploration and evaluation costs are charged to operations in the period incurred unless management concludes that a future economic benefit is more likely than not to be realized (and should be capitalized) or until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration and evaluation costs and the costs incurred to develop a property are capitalized into oil and gas properties. On the commencement of commercial production, depletion of the oil and gas property will be provided on a unit-of-production basis using estimated resources as the depletion base.

3. Significant accounting policies (continued):

(t) Impairment of non-financial assets:

The carrying values of capitalized exploration and evaluation expenditure, other intangible assets and property, plant and equipment are assessed for impairment when indicators of such impairment exist, or when annual impairment testing for an asset is required. If any indication of impairment exists an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use.

Impairment review is at the level of cash-generating units. This review generally results in the Company evaluating its non-financial assets on a geographical or license basis. If the carrying amount of the asset exceeds its recoverable amount, the asset is deemed impaired and an impairment loss is charged to the consolidated statement of comprehensive loss. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount nor exceeds the carrying amount that would have been determined net of amortization had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive loss.

4. Change 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 resulted in additional disclosures for offset amounts in Notes 6 and 8(a).

(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.

4. Changes in accounting policies (continued):

(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 does not have any material subsidiaries outside of those disclosed in Note 2(c) that require additional disclosures. The Company does not have any associates that are individually material nor any associates that are accounted for using the equity method that require additional disclosures. The Company does not have interests in joint arrangements or interest in unconsolidated structured entities. The Company has assessed and determined that the adoption of IFRS 12 did not result in any significant 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. As a result of the guidance in IFRS 13, the Company re-assessed its policies for measuring fair value.

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 that the security traded if there were no trades at the consolidated statement of financial position date. Management believes 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 that the security traded if there were no trades at the consolidated statement of financial position date.

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.

4. Changes in accounting policies (continued):

IFRS 13 also requires additional disclosures. Additional disclosures where required are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 5(a).

(f) IAS 19R, *Employee Benefits*, features 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 and instead 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 consolidated financial 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 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. The Company accounts for its investments in associates at fair value (as permitted by IAS 28) and does not have any investments accounted for using the equity method. Therefore, the amendments to IAS 28 do not impact the Company.

(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 consolidated financial statements.

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

5. 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. The fair value hierarchy has the following levels:

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

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

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

Investments by sector consist of the following as at December 31, 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	$ 281,309	$ 46,138	$ 1,274	$ 5,390	$ 52,802	39.5
Oil and gas	47,209	7,460	109	9,078	16,647	12.4
Base metals	116,041	11,246	157	2,700	14,103	10.5
Potash, lithium and rare earths	43,864	9,020	240	3,039	12,299	9.2
Uranium	72,023	10,778	225	906	11,909	8.9
Coal	5,181	333	-	262	595	0.4
Technology and other	39,917	12,592	6,084	6,934	25,610	19.1
Total (i)	$ 605,544	$ 97,567	$ 8,089	$ 28,309	$ 133,965	100.0
Investments denominated in foreign currencies		$ 4,387	$ 403	$ 11,547	$ 16,337	
% of investments denominated in foreign currencies		4.5%	5.0%	40.8%	12.2%	

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

5. 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	$ 2,951	$ 7,538	$ 145,169	53.7
Base metals	128,016	25,038	632	5,405	31,075	11.5
Potash, lithium and rare earths	49,874	20,327	4,839	2,573	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	7,362	2,940	4,447	14,749	5.5
Total (i)	$ 684,527	$ 232,743	$ 12,756	$ 24,681	$ 270,180	100.0
Investments denominated in foreign currencies		$ 9,717	$ -	$ 4,731	$ 14,448	
% of investments denominated in foreign currencies		4.2%	-	19.2%	5.3%	

(i) As at December 31, 2013, included in total investments were securities of private companies with a fair value totaling $25,253 (cost of $29,663) (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 year ended December 31, 2013 and 2012. During the year ended December 31, 2013, $12,315 of the investments that 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 that 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 that became unrestricted during the year.

(b) Level 3 hierarchy:

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

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

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

	Opening balance at January 1	Purchases /loans	Proceeds	Net realized losses	Net unrealized gains (losses)	Transfer out of Level 3	Ending balance
Investments at fair value:							
December 31, 2013	**$ 24,681**	**$ 6,094**	**$ (38)**	**$ (140)**	**$ 855**	**$(3,143)**	**$ 28,309**
December 31, 2012	29,076	9,757	(672)	(4,414)	(400)	(8,666)	24,681

Transfers between levels of fair value hierarchy are deemed to have occurred at the date of event. The transfer out of Level 3 consists of investments in private companies that became publicly-traded investments during the year.

Within Level 3, the Company includes private company investments and other investment instruments such as loans to investees and convertible debentures which are not quoted on an exchange. The key assumptions driving the valuation of these instruments include (but are not limited to) the value at which a recent financing was done by the investee and significant changes in general market conditions. The following table presents the fair value, categorized by key valuation techniques employed within Level 3 as at December 31:

	2013	2012
Recent financing	**$ 20,639**	$ 15,445
General market conditions and specific company information	**5,670**	8,486
Other	**2,000**	750
	$ 28,309	$ 24,681

For those investments valued based on recent financing and other valuation techniques, management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at December 31, 2013 and 2012. For those investments valued based on general market conditions and specific company information, the inputs used can be highly judgmental. A +/- 25% change on the fair value of these investments will result in a corresponding +/- $1,418 (2012 - $2,122) change to the total fair value of the investments. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances.

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

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

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

(c) Securities lending:

The Company has entered into a securities lending agreement ("SLA") in Canada whereby securities in the portfolio are lent to regulated, locally-domiciled counterparties and governed by agreements written under Canadian law. The Company receives collateral in order to reduce the credit risk of these arrangements. Collateral must be in a readily realizable form such as a 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 as at December 31:

		2013		2012
Investments at fair value lent under SLA – carrying amount	**$**	**322**	$	717
Fair value of collateral held for investments lent under SLA		**676**		969

6. Financial assets other than investments at fair value:

		2013		2012
Cash and cash equivalents	**$**	**249**	$	236
Due from brokers		**3,029**		14
Other receivables		**167**		32

All amounts above are classified as financial assets at amortized cost and are short-term in nature. Cash and cash equivalents consist of cash on hand. As at December 31, 2013, due from brokers is net of $2,778 due to brokers that has been offset in accordance with IAS 32, *Offsetting Financial Assets and Financial Liabilities*.

7. Property, plant and equipment:

	2013						2012					
		Cost		**Accumulated amortization**		**Net book value**		Cost		Accumulated amortization		Net book value
Computer equipment	**$**	**137**	**$**	**118**	**$**	**19**	$	128	$	103	$	25
Computer software		**52**		**44**		**8**		50		36		14
Leasehold improvements		**1,587**		**1,092**		**495**		1,520		887		633
Furniture and equipment		**553**		**400**		**153**		546		358		188
	$	**2,329**	**$**	**1,654**	**$**	**675**	$	2,244	$	1,384	$	860

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

8. Financial liabilities:

		2013		2012
Due to brokers (a)	**$**	**-**	$	8,875
Accounts payable and accrued liabilities (b)		**1,396**		2,437
Convertible debentures, due May 31, 2016 (c)		**48,868**		69,207
	$	**50,264**	$	80,519

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

(a) 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%. As at December 31, 2012, due to brokers is net of $6 due from brokers which has been offset in accordance with IAS 32, *Offsetting Financial Assets and Financial Liabilities*.

(b) As at December 31, 2013, included in accounts payable and accrued liabilities are Class C preferred share liabilities of $240 (2012 - $240). The Class C preferred shares ("Class C Shares") were issued in 2009 by Pinetree's wholly-owned subsidiary, PCIC, are non-voting, redeemable and retractable at any time, and entitle the holders thereof to receive cumulative dividends at a rate of 8% per annum. During the year ended December 31, 2013, $19 (2012 - $19) in dividends were declared and paid on the Class C Shares.

The Class C Shares' redemption and retraction prices are linked to the market price of the Company's common shares subject to a minimum redemption price of $10 per share. As at December 31, 2013, the redemption price was $10 per share and the retraction price in effect was $1.48 per share (2012 - $4.59 per share). During the year ended December 31, 2012, 100 Class C Shares were cancelled by PCIC following their retraction by the holders at $4.70 per share plus accrued and unpaid dividends. As at December 31, 2013 and 2012, 24,000 Class C Shares were issued and outstanding.

As at December 31, 2013, also included in accounts payable and accrued liabilities is accrued interest payable of $517 (2012 - $508) on the convertible debentures (see Note 8(c)).

(c) On May 17, 2011, the Company issued $75,000 principal amount of 8% convertible unsecured subordinated debentures ("Debentures") maturing May 31, 2016. The Debentures are convertible into common shares of the Company on the basis of a conversion price of $4.25 per share ("Conversion Price"), subject to adjustment under certain circumstances. In connection with the Debentures, the Company paid cash commissions, legal costs and other expenses of $4,088 (issue costs).

8. Financial liabilities (continued):

For accounting purposes, the Debentures were separated into their liability and equity components using the effective interest rate method. The fair value of the liability component at the time of issue was calculated as the discounted cash flows for the Debentures assuming a 9.47% effective interest rate, which was the estimated rate for the Debentures without the conversion feature. The fair value of the equity component (the conversion feature) was determined at the time of issue as the difference between the face value of the Debentures and the fair value of the liability component.

After May 31, 2014, the Company may redeem the Debentures in whole or in part provided that the weighted average trading price of the Company's common shares during a specified period prior to redemption is at least 125% of the Conversion Price. The Company may satisfy part of the payment of principal upon redemption or at maturity in common shares under certain circumstances. The Debentures are subject to certain covenants including maintenance of certain financial ratios and restrictions on redemption.

During the year ended December 31, 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") during the year; see Note 11(f). 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 year ended December 31, 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 year ended December 31, 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.

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.

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

8. Financial liabilities (continued):

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 at 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% (an increase from 33%). Effective as at 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 approximately $51,933 principal amount of Debentures (the "Consenting Debentures") consented in writing to the Debenture amendments. The Company agreed to pay a consent fee equal to $0.06 for each $1 principal amount of Consenting Debentures held to each Consenting Debentureholder who completed and submitted the proper documentation by November 30, 2013.

The consent fee was payable in cash or, alternatively, 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 cash within the prescribed period. In satisfaction of its consent fee obligations, the Company paid cash of $1,300 and issued 5,321,700 common shares to Consenting Debentureholders. Of the commons shares issued, 5,139,360 common shares are non-tradable before February 12, 2014 and 182,340 common shares are non-tradable before February 22, 2014.

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 loss. The effective interest rate of the amended Debentures is 20.40% (originally 9.47%). The prepayment option for Pinetree to redeem the amended Debentures based on terms described on the previous page is an embedded derivative that required bifurcation in accordance with IFRS 9. The fair value of the embedded derivative as at December 31, 2013 is nil.

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, December 31, 2013	**$**	**60,864**

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

8. Financial liabilities (continued):

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, December 31, 2013	**$**	**-**

New liability		
Opening liability balance, September 12, 2013	**$**	**47,486**
Accretion of discount on the convertible debentures		**1,382**
Ending liability balance, December 31, 2013	**$**	**48,868**

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

As at December 31, 2013, the fair value of the Debentures was $42,039 (2012 - $65,250) based on the closing trade price of the Debentures, which are listed on the TSX under the symbol "PNP.DB" and is classified in the Level 2 fair value hierarchy as defined in Note 5(a).

As at December 31, 2013 and 2012, the Company was in compliance with the debt covenants contained in the amended indenture governing its Debentures.

9. 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:

Deferred tax assets		**2013**		2012
Corporate minimum tax credit	**$**	**6,348**	$	5,984
Capital losses		**3,281**		-
Investments – differences in carrying value and tax cost		**2,330**		19,801
Share issuance costs and consent fees on Debentures		**1,242**		35
Non-capital losses		**347**		819
Property, plant and equipment		**98**		108
Tax on future capital gains dividend		**-**		(2,859)
Convertible debentures		**(646)**		(841)
Total deferred tax assets (9(c))	**$**	**13,000**	$	23,047

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

9. Income taxes (continued):

(b) The following are the components of the deferred income tax benefit in the consolidated statements of comprehensive loss for the years ended December 31:

		2013		2012
Corporate minimum tax credit	**$**	**(364)**	$	(1,881)
Capital losses		**(3,281)**		-
Investments – differences in carrying value and tax cost		**17,471**		(2,383)
Share issuance costs and other		**(1,197)**		126
Non-capital losses		**472**		12,356
Net reversal of tax on future capital gains dividend		**(2,859)**		(16,398)
Convertible debentures		**(195)**		(158)
	$	**10,047**	$	(8,338)

(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 assets as at December 31, 2013 was $56,959 (2012 - $38,563).

(d) As at December 31, 2013, the Company has approximately $1,230 (2012 - $3,089) of Canadian non-capital losses and $24,762 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 in 2030 and the capital losses can be carried forward indefinitely.

(e) Significant components of the income tax expense (benefit) for the years ended December 31 are as follows:

		2013		2012
Current tax expense	**$**	**351**	$	1,881
Deferred tax expense (benefit) relating to origination and reversal of temporary differences		**10,047**		(8,338)
	$	**10,398**	$	(6,457)

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

9. Income taxes (continued):

(f) 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 years ended December 31:

	2013	2012
Loss before income taxes	**$ (112,977)**	$ (152,394)
Computed expected income tax benefit	**(29,939)**	(40,385)
Non-taxable portion of capital losses	**6,381**	6,710
Non-taxable portion of unrealized losses	**7,658**	11,817
Net deferred tax assets not recognized	**28,443**	15,516
Non-taxable gain on extinguishment of convertible debentures	**(2,523)**	
Non-taxable stock-based compensation expense	**327**	667
Taxable capital gains dividend	**-**	2,832
Taxable realized capital losses	**-**	(3,666)
Tax rate differential	**33**	(450)
Permanent and other differences	**18**	502
Income tax benefit	**$ 10,398**	$ (6,457)

10. Related party transactions:

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

(a) Related party transactions included in the statements of comprehensive loss were as follows during the years ended December 31:

Type of service	**Nature of relationship**	**2013**	2012
Salaries, consulting fees and other benefits	Officers	**$ 1,359**	$ 1,405
Director fees (i)	Directors	**116**	130
Stock-based compensation expense	Directors and officers	**888**	1,811
Finance expense (ii)	Officer	**-**	63

(i) Non-management directors of the Company are entitled to remuneration for their services at rates recommended by the corporate governance and nominating committee and approved by the board. In addition, directors are reimbursed for reasonable travelling, hotel and other incidental expenses in respect of attending meetings of the directors. During the ended December 31, 2013 and 2012, each non-management director received an annual retainer of $15,000 (other than the chair of the audit committee, who received an annual retainer of $20,000) and a fee of $1,000 per board or committee meeting attended in person or by telephone.

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

10. Related party transactions (continued):

(ii) From time to time, the Company's Chairman and Chief Executive Officer ("CEO") advances funds to Pinetree for general working capital purposes. On December 15, 2008, the Company entered into a $25,000 credit facility (the "Credit Facility") with the CEO. The Credit Facility was to provide (if necessary) additional immediate working capital to the Company and was secured under a General Security Agreement. The Credit Facility bore interest at a rate of 1% per month on the outstanding principal amount and had a standby fee of 0.25% per annum on the undrawn portion of the Credit Facility calculated daily and payable monthly in arrears. There was no balance outstanding under the Credit Facility during the 2012 fiscal year and it expired on December 31, 2012.

(b) In October 2013, the Company issued 72,360 common shares to a director and officers of the Company who were Consenting Debentureholders, in satisfaction of the consent fee payable to them. See Note 8(c).

(c) During the year ended December 31, 2013, the Company granted to directors and officers the following options:

Date Granted	Options Granted	Exercise Price	Expiry
March 28, 2013	1,050,000	$ 0.62	March 27, 2018
August 29, 2013	1,450,000	0.43	August 28, 2018
November 29, 2013	250,000	0.27	November 28, 2018
Total granted	2,750,000		

During the year ended December 31, 2012, the Company granted to directors and officers the following options:

Date Granted	Options Granted	Exercise Price	Expiry
March 30, 2012	100,000	$ 1.38	March 29, 2017
May 31, 2012	250,000	0.88	May 30, 2017
August 31, 2012	400,000	0.90	August 30, 2017
November 30, 2012	1,050,000	0.89	November 29, 2017
Total granted	1,800,000		

(d) Investments:

The Company makes minority investments (less than 50%) in the equity of companies (including convertible securities) by way of open market transactions and private placement financings. It is presumed that it is possible to exert significant influence when an equity holding is greater than 20% on a partially diluted basis. These investments are not equity accounted for (as permitted by IAS 28) but are related party transactions. Furthermore, the Company has certain regulatory trading restrictions on investments with an equity holding of greater than 20%.

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

10. Related party transactions (continued):

The total amounts included in the statements of financial position and statements of comprehensive loss for these investment are as follows as at December 31:

	2013	2012
Investments at fair value	**$ 10,640**	$ 12,807
Cost of investments	**50,670**	42,909
Net realized losses on disposal of investments	**-**	(1,304)
Net change in unrealized losses on investments	**(7,550)**	(10,830)
Interest earned on promissory notes	**42**	-

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

In December 2013, the Company completed a non-brokered private placement by issuing 3,000,000 common shares of the Company to one associate investee for gross proceeds to the Company of $900 (Note 11(a)).

11. Equity:

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

During the year ended December 31, 2013, the Company issued 7,372,097 common shares in exchange for certain investments totaling $6,360, net of share issuance costs.

In October 2013, the Company issued 5,321,700 common shares to Consenting Debentureholders totaling $1,756 in satisfaction of the consent fee payable to them (see Note 8(c)). The share issuance expenses were $9.

On December 19, 2013, the Company completed a non-brokered private placement of 3,000,000 common shares of the Company at a price of $0.30 per share resulting in aggregate gross proceeds to the Company of $900. The share issuance expenses were $7.

(b) Stock option plans:

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

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

11. Equity (continued):

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

(c) Stock options:

The following table summarizes stock options granted during the year ended December 31, 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
November 29, 2013	250,000	0.27	November 28, 2018
Total granted	3,820,000		

The following table summarizes stock options granted during the year ended December 31, 2012:

Date Granted	Options Granted	Exercise Price	Expiry
March 30, 2012	100,000	$ 1.38	March 29, 2017
May 31, 2012	250,000	0.88	May 30, 2017
August 31, 2012	400,000	0.90	August 30, 2017
November 30, 2012	1,605,000	0.89	November 29, 2017
Total granted	2,355,000		

Stock options granted during the year ended December 31, 2013 and 2012 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 year ended December 31, 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%**

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

11. Equity (continued):

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**
Fair value per stock option granted on November 29, 2013	**$ 0.12**

The fair value of the options granted during the year ended December 31, 2012 was estimated at the date of grant using the following weighted average assumptions:

Black-Scholes option valuation model assumptions used	
Expected volatility	64.4%
Expected dividend yield	0.0%
Risk-free interest rate	1.2%
Expected option life in years	3.1
Expected forfeiture rate	3.6%
Fair value per stock option granted on March 30, 2012	$ 0.74
Fair value per stock option granted on May 31, 2012	$ 0.41
Fair value per stock option granted on August 31, 2012	$ 0.40
Fair value per stock option granted on November 30, 2012	$ 0.38

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

For the year ended December 31, 2013, included in operating, general and administrative expenses is stock-based compensation of $1,236 (2012 - $2,516) relating to the stock options granted to directors, officers, employees and consultants of the Company.

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

11. Equity (continued):

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

	2013		2012	
Stock Options	**# of Options**	**Weighted Average Exercise Price**	# of Options	Weighted Average Exercise Price
Outstanding, at beginning of year	**12,579,400**	**$ 1.84**	13,632,900	$ 2.97
Granted	**3,820,000**	**0.50**	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 year	**14,331,900**	**$ 1.36**	12,579,400	$ 1.84
Exercisable, at end of year	**11,056,849**	**$ 1.61**	9,836,040	$ 2.05

The following table summarizes information about stock options outstanding and exercisable as at December 31, 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
100,000	**100,000**	**1.38**	March 29, 2017
250,000	**250,000**	**0.88**	May 30, 2017
400,000	**333,333**	**0.90**	August 30, 2017
1,575,000	**1,049,978**	**0.89**	November 29, 2017
1,550,000	**774,979**	**0.62**	March 27, 2018
1,990,000	**331,659**	**0.43**	August 28, 2018
250,000	**-**	**0.27**	November 28, 2018
14,331,900	**11,056,849**		

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

11. Equity (continued):

(d) Warrants and broker warrants:

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

	December 31, 2013				
	# of warrants	**Weighted average exercise price**		**Amount**	
Outstanding, at beginning of year	**8,638,650**	**$**	**3.50**	**$**	**9,762**
Expired	**(8,638,650)**		**3.50**		**(9,762)**
Outstanding, at end of year	**-**	**$**	**-**	**$**	**-**

	December 31, 2012				
	# of warrants and broker warrants	Weighted average exercise price		Amount	
Outstanding, at beginning of year	20,513,650	$	7.31	$	66,524
Expired	(11,875,000)		10.08		(56,762)
Outstanding, at end of year	8,638,650	$	3.50	$	9,762

(e) Contributed surplus transactions for the respective years are as follows:

	Amount	
Balance, January 1, 2012	$	34,740
Stock-based compensation (Note 11(c))		2,516
Fair value of expired warrants and broker warrants		56,762
Balance, December 31, 2012		94,018
Stock-based compensation (Note 11(c))		**1,236**
Fair value of expired warrants and broker warrants		**9,762**
Balance, December 31, 2013	**$**	**105,016**

Contributed surplus comprises of the following as at December 31:

		2013		2012
Fair value of stock-based compensation	**$**	**32,705**	$	31,469
Fair value of expired warrants and broker warrants		**72,268**		62,506
Cancellation of shares under normal course issuer bid		**43**		43
	$	**105,016**	$	94,018

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

11. Equity (continued):

(f) Normal course issuer bids:

During the year ended December 31, 2012, the Company instituted a normal course issuer bid in respect of its Debentures, which was amended during the year ended December 31, 2013, to increase the amount of Debentures that it could purchase under the bid from $3,750 principal amount to $7,440. In May 2013, the Company renewed its 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.

The Company purchased and cancelled an aggregate of $14,136 principal amount of Debentures under the NCIBs, see Note 8(c). All Debentures purchased under the NCIBs were cancelled.

(g) Basic and diluted earnings per common share based on loss for the year ended December 31:

Numerator:	**2013**	2012
Net loss for the year	**$ 123,375**	$ 145,937

Denominator:	**2013**	2012
Weighted average number of common shares outstanding - basic	**144,763,581**	136,447,273
Weighted average effect of diluted convertible securities (i)	**-**	-
Weighted average number of common shares outstanding – diluted	**144,763,581**	136,447,273

Loss per common share based on net loss for the year:	**2013**	2012
Basic and diluted	**$ 0.85**	$ 1.07

(i) The determination of the weighted average number of common shares outstanding – diluted excludes 103,745,114 shares related to convertible securities that were anti-dilutive for the year ended December 31, 2013 (2012 – 62,887,062 shares).

(h) Maximum share dilution:

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

	2013	2012
Common shares outstanding	**152,141,070**	136,447,273
Stock options outstanding to purchase common shares	**14,331,900**	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	**180,793,911**	175,312,382

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

11. Equity (continued):

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

12. Commitments:

As at December 31, 2013, future minimum annual lease payments under operating leases for equipment and premises are approximately as follows:

2014	$ 590
2015	590
2016	590
2017	597
2018 to 2023	3,678
	$ 6,045

As at December 31, 2013, the Company had no commitments to purchase any investments. As at December 31, 2012, the Company had commitments to purchase investments totaling $100. In addition, as at December 31, 2012, the Company had commitments to issue 7,372,097 common shares of the Company in exchange for certain investments totaling $6,400.

13. Other income:

Other income comprises of the following for the years ended December 31:

	2013	2012
Gain on extinguishment of convertible securities (Note 8(c))	**$ 9,522**	$ -
Gain on purchase of convertible debentures under NCIBs (Note 8(c))	**2,344**	-
Dividend income	**533**	488
Income from sublease and service agreements	**520**	589
Interest income	**343**	46
Income from securities lending (Note 5(c))	**69**	281
	$ 13,331	$ 1,404

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

14. Expenses by nature:

Included in operating, general and administrative expenses for the years ended December 31:

	2013	2012
Salaries and bonuses	**$ 2,172**	$ 2,412
Stock-based compensation expense	**1,236**	2,516
Professional fees	**1,006**	734
Transaction costs	**776**	1,476
Other office and general	**735**	884
Operating lease payments	**591**	525
Consulting and directors' fees	**529**	790
Transfer agent, filing fees and other information systems	**393**	354
Travel and promotion	**321**	758
Amortization	**270**	277
Other employee benefits	**173**	201
Exploration and evaluation expenditures (a)	**50**	1,286
Foreign exchange loss (gain)	**(4)**	49
	$ 8,248	$ 12,262

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

15. Finance expenses:

Finance expenses for the years ended December 31 are:

	2013	2012
Accretion of discount and interest expense on convertible debentures	**$ 7,200**	$ 6,600
Consent fee (Note 8(c))	**3,056**	-
Amortization of finance expenses on convertible debentures	**928**	768
Interest expense on margin borrowings and other	**125**	174
Standby fee on the Credit Facility (Note 10(a)(ii))	**-**	63
	$ 11,309	$ 7,605

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

16. Management of capital:

The Company includes the following items in its managed capital as at December 31:

		2013		2012
Due to brokers	$	-	$	8,875
Convertible debentures, due May 31, 2016		48,868		69,207
Equity comprises of:				
Share capital		285,797		276,797
Warrants		-		9,762
Contributed surplus		105,016		94,018
Equity component of convertible debentures		2,838		2,838
Foreign currency translation reserve		(36)		(39)
Deficit		(294,601)		(171,226)
	$	147,882	$	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 year ended December 31, 2013, the Company was in default of one of its debt-to-assets maintenance covenants and subsequently cured to the default. Effective September 12, 2013, the covenant was amended to permit a debt-to-assets ratio of up to 50% (previously 33%) for the following nine months.

There were no changes to the Company's objectives in managing and maintaining capital during the year ended December 31, 2013.

The Company's objectives when managing capital are:

(a) to ensure that the Company maintains the level of capital necessary to meet the requirements of its brokers, bank and Debentures;

(b) to allow the Company to respond to changes in economic and/or marketplace conditions by maintaining its ability to purchase new investments;

(c) to give shareholders sustained growth in shareholder value by increasing shareholders' equity; and

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

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

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

(b) utilizing or reducing leverage in the form of margin (due to brokers) and the Company's bank credit line (bank indebtedness); and

16. Management of capital (continued):

(c) raising capital through equity and debt financings.

The Company is not subject to any capital requirements imposed by a regulator. When using margin for its investing activities, however, Pinetree is subject to the margin requirements applicable thereto, which can require (at any time and from time to time) that the Company provide additional funds to its brokers depending on the then-value of its investments purchased on margin. The Company's convertible debentures are also subject to certain covenants including maintenance of certain financial ratios and restrictions on redemption.

The Company has an operating line of credit with its bank, Royal Bank of Canada ("RBC"), for $250. The operating line of credit bears interest at RBC's prime rate plus 0.75%, collateralized by the Company's assets, and is due on demand. As at December 31, 2013 and 2012, the Company had nil outstanding on the line of credit.

The payment of cash dividends does not form part of Pinetree's current capital management program and, to date, the Company has not declared any cash dividends on its common shares. However, the holders of the Class C Shares issued by PCIC are entitled to receive cumulative dividends at a rate of 8% per annum. During the year ended December 31, 2013, PCIC declared and paid to Class C shareholders dividends totaling $19 (2012 - $19).

The Company's management is responsible for the management of capital and monitors the Company's use of various forms of leverage on a daily basis. The Company expects that its current capital resources will be sufficient to discharge its liabilities as at December 31, 2013.

17. Risk management:

Financial instrument risks:

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

(a) Liquidity risk:

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

17. Risk management (continued):

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 that 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.

The Company uses varying levels of financial leverage (or “margin”) when purchasing investments, subject to the Company’s Debenture debt covenants. Trading on margin allows the Company to borrow part of the purchase price of the investments (using marginable investments as collateral) rather than pay for them in full. Buying on margin allows the Company to increase its portfolio size by increasing the number and amount of investments through the use of leverage.

However, if the market moves against the Company’s positions and the Company’s investments decline in value, the Company may be required to provide additional funds to its brokers that could be substantial. Given the nature of the Company’s business, the Company may not have sufficient cash on hand to meet margin calls and may be required to liquidate investments prematurely and/or at a loss, in order to generate funds needed to satisfy the Company’s obligations. Furthermore, if the Company is unable to provide the necessary funds within the time required, the Company’s marginable investments may be involuntarily liquidated at a loss by its brokers to meet the obligations (and the Company may still be required to make up any additional shortfall in funds thereafter).

The Company has at times borrowed funds from other sources to meet its obligations, but there can be no assurances that such funds will be available in the future, or available on reasonable terms, and the absence of available funding and/or the sale of the Company’s investments in order to meet margin calls could have a materially adverse impact on the Company’s operating results.

There were no changes to the way that 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 that can be converted into cash when required.

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

17. Risk management (continued):

As at December 31, 2012, the Company had used margin of $8,875 and had additional margin available of $10,636. The following table shows the estimated sensitivity of the Company's available margin from a change in the closing bid price of the Company's investments with all other variables held constant as at December 31, 2012.

Percentage of change in closing bid price	Margin available with a % increase in closing bid price	Margin available with a % decrease in closing bid price
2%	$ 11,555	$ 10,754
4%	11,956	10,353
6%	12,356	9,953
8%	12,757	9,552
10%	13,157	9,152

The following table shows the Company's liabilities on the consolidated statement of financial position and potential due dates related to liquidity risk as at December 31, 2013:

	Payments due by period				
Liabilities and obligations	**Total**	**Less than 1 year**	**1 – 3 years**	**4 – 5 years**	**After 5 years**
Accounts payable and accrued liabilities	**$ 1,396**	**$ 1,396**	**$ -**	**$ -**	**$ -**
Income taxes payable	**1,998**	**1,998**	**-**	**-**	**-**
Convertible debentures due May 16, 2016	**48,868**	**-**	**48,868**	**-**	**-**
	$ 52,262	**$ 3,394**	**$ 48,868**	**$ -**	**$ -**

The following table shows the Company's liabilities on the consolidated statement of financial position and potential due dates related to liquidity risk as at December 31, 2012:

	Payments due by period				
Liabilities and obligations	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Due to brokers	$ 8,875	$ 8,875	$ -	$ -	$ -
Accounts payable and accrued liabilities	2,437	2,437	-	-	-
Income taxes payable	1,881	1,881	-	-	-
Convertible debentures due May 16, 2016	69,207	-	69,207	-	-
	$ 82,400	$ 13,193	$ 69,207	$ -	$ -

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

17. Risk management (continued):

The following table shows the Company's source of liquidity by assets as at December 31, 2013:

Assets	**Total**	**Less than 1 year**	**1 – 3 years**	**After 4 years**	**Non-liquid assets**
	Liquidity by period				
Cash and cash equivalents	**$ 249**	**$ 249**	**$ -**	**$ -**	**$ -**
Due from brokers	**3,029**	**3,029**	**-**	**-**	**-**
Investments at fair value	**133,965**	**105,656**	**28,309**	**-**	**-**
Prepaids and other receivables	**358**	**167**	**-**	**-**	**191**
Property, plant and equipment	**675**	**-**	**-**	**-**	**675**
Deferred tax assets	**13,000**	**-**	**-**	**-**	**13,000**
	$ 151,276	**$ 109,101**	**$ 28,309**	**$ -**	**$ 13,866**

The following table shows the Company's source of liquidity by assets as at December 31, 2012:

Assets	Total	Less than 1 year	1 – 3 years	After 4 years	Non-liquid assets
	Liquidity by period				
Cash and cash equivalents	$ 236	$ 236	$ -	$ -	$ -
Due from brokers	14	14	-	-	-
Investments at fair value	270,180	245,499	24,681	-	-
Prepaids and other receivables	213	32	-	-	181
Property, plant and equipment	860	-	-	-	860
Deferred tax assets	23,047	-	-	-	23,047
	$ 294,550	$ 245,781	$ 24,681	$ -	$ 24,088

(b) Market risk:

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

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

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

17. Risk management (continued):

There were no changes to the way that the Company manages market risk since December 31, 2012. The Company manages market risk by having a portfolio that is not singularly exposed to any one issuer or class of issuers, although Pinetree's investment activities are currently concentrated primarily across several sectors in the natural resource industry: precious metals, base metals, oil and gas, potash, lithium and rare earths, uranium and coal.

The Company also has set thresholds on purchases of investments over which the approval of the Board of Directors is required. During periods of significantly broader market volatility or volatility experienced by the resource/commodity markets, the value of the Company's investment portfolio can be quite vulnerable to market fluctuations.

The following table shows the estimated sensitivity of the Company's after-tax loss for the year ended December 31, 2013 from a change in the closing trade price of the Company's investments with all other variables held constant as at December 31, 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%	**$ 2,324**	**$ (2,324)**
4%	**4,649**	**(4,649)**
6%	**6,973**	**(6,973)**
8%	**9,297**	**(9,297)**
10%	**11,621**	**(11,621)**

The following table shows the estimated sensitivity of the Company's after-tax loss for the year ended December 31, 2012 from a change in the closing bid price of the Company's investments with all other variables held constant as at December 31, 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%	$ 4,688	$ (4,688)
4%	9,375	(9,375)
6%	14,063	(14,063)
8%	18,750	(18,750)
10%	23,438	(23,438)

(c) Interest rate risk:

Interest rate risk is the impact that changes in interest rates could have on the Company's profit and liabilities. As at December 31, 2013, the Company did not have any significant interest rate risk. As at December 31, 2012, the Company had due to brokers (margin) that bears interest at rates fluctuating with the prime rate or overnight lending rate. The Company's obligations under the convertible debentures bear interest at a fixed rate.

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

17. Risk management (continued):

Due to brokers and bank indebtedness can be repaid by the Company at any time, without notice or penalty, which provides the Company with some ability to manage and mitigate its interest rate risk. The convertible debentures are due May 31, 2016 (see Note 8(c)). There were no changes to the way that the Company manages interest rate risk since December 31, 2012. Pinetree does not hedge against any interest rate risk.

The following table shows the estimated sensitivity of the Company's after-tax loss for the year ended December 31, 2012 from a change in the interest rate on the average interest risk liabilities with all other variables held constant as at December 31, 2012:

Change in interest rate	Increase in loss from an increase in interest rate	Decrease in loss from a decrease in interest rate
0.25%	$ (25)	$ 25
0.50%	(51)	51
0.75%	(76)	76
1.00%	(102)	102

(d) Currency risk:

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

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

There were no changes to the way that the Company manages currency risk since December 31, 2012. The Company believes that it is not significantly exposed to foreign exchange risk and does not actively hedge its foreign currency exposure although Pinetree's foreign exchange risk is, to a certain extent, mitigated by the Company's foreign exchange denominated investments.

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

17. Risk management (continued):

The following assets and liabilities were denominated in foreign currencies as at December 31:

		2013		2012
Denominated in U.S. dollars:				
Investments	$	**12,720**	$	5,424
Cash and cash equivalents		**17**		34
Due from brokers		**334**		-
Prepaids and other receivables		**1**		23
Due to brokers		**-**		(1,450)
Accounts payable and accrued liabilities		**(18)**		(27)
Net assets denominated in U.S. dollars		**13,054**		4,004
Denominated in Australian dollars:				
Investments		**2,601**		7,860
Due from brokers		**100**		1,118
Net assets denominated in Australian dollars		**2,701**		8,978
Denominated in British pounds:				
Investments		**872**		1,158
Due from brokers		**484**		421
Net assets denominated in British pounds		**1,356**		1,579
Denominated in Israeli shekels:				
Investments		**-**		6
Net assets denominated in Israeli shekels		**-**		6

The following table shows the estimated sensitivity of the Company's after-tax loss for the year ended December 31, 2013 from a change in the U.S. dollar exchange rate in which the Company has exposure with all other variables held constant as at December 31, 2013:

Percentage of change in U.S. dollar		Decrease in loss from an increase in % in the U.S. dollar exchange rate		Increase in loss from a decrease in % in the U.S. dollar exchange rate
2%	$	**192**	$	**(192)**
4%		**384**		**(384)**
6%		**576**		**(576)**
8%		**768**		**(768)**
10%		**960**		**(960)**

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

17. Risk management (continued):

The following table shows the estimated sensitivity of the Company's after-tax loss for the year ended December 31, 2013 from a change in the Australian dollar exchange rate in which the Company has exposure with all other variables held constant as at December 31, 2013:

Percentage of change in Australian dollar	**Decrease in loss from an increase in % in the Australian dollar exchange rate**	**Increase in loss from a decrease in % in the Australian dollar exchange rate**
2%	**$ 40**	**$ (40)**
4%	**79**	**(79)**
6%	**119**	**(119)**
8%	**159**	**(159)**
10%	**199**	**(199)**

The following table shows the estimated sensitivity of the Company's after-tax loss for the year ended December 31, 2012 from a change in the U.S. dollar exchange rate in which the Company has exposure with all other variables held constant as at December 31, 2012:

Percentage of change in U.S. dollar	Decrease in loss from an increase in % in the U.S. dollar exchange rate	Increase in loss from a decrease in % in the U.S. dollar exchange rate
2%	$ 58	$ (58)
4%	118	(118)
6%	177	(177)
8%	235	(235)
10%	294	(294)

The following table shows the estimated sensitivity of the Company's after-tax loss for the year ended December 31, 2012 from a change in the Australian dollar exchange rate in which the Company has exposure with all other variables held constant as at December 31, 2012:

Percentage of change in Australian dollar	Decrease in loss from an increase in % in the Australian dollar exchange rate	Increase in loss from a decrease in % in the Australian dollar exchange rate
2%	$ 132	$ (132)
4%	264	(264)
6%	396	(396)
8%	528	(528)
10%	660	(660)

17. Risk management (continued):

(e) Credit risk:

Credit risk is the risk associated with the inability of a third party to fulfill its payment obligations. The Company is exposed to the risk that third parties that owe it money or securities (in connection with securities lending and convertible or debt securities, for example) will not perform their underlying obligations. There were no changes to the way that the Company manages credit risk since December 31, 2012.

As at December 31, 2013, the total fair value of the Company's investments in convertible debentures, convertible notes, and promissory notes was $6,187 (2012 - $2,406). The Company believes that it is not significantly exposed to credit risk, as these investments comprise 4.6% (2012 – 0.9%) of the Company's total investments.

The Company entered into a securities lending agreement with its prime broker in order to earn additional revenue, which is included in other income in the consolidated statement of comprehensive loss (Note 5(c)). The Company receives collateral in an amount equal to the percentage of the market value of the loaned securities as agreed with the prime broker. The securities on loan continue to be included in investments on the consolidated statements of financial position. The Company believes that it is not significantly exposed to credit risk since the prime broker is required to pay the Company the fair value of the securities loaned if the securities are not returned upon the Company's request. As at December 31, 2013, the total fair value of investments loaned to third parties was $322 (2012 - $717), which comprise 0.2% (2012 – 0.3%) of the Company's total investments.

18. Operating segment information:

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

The Company has a single reportable geographic segment, Canada, and all of the Company's property, plant and equipment are located in Canada except for its exploration license in Israel which expired in July 2013 and relinquished back to the State of Israel.

The internal reporting provided to management of the Company's assets, liabilities, and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS. There were no changes in the reportable segments during the year ended December 31, 2013. As at December 31, 2013, the Company has a diversified portfolio of investments where no single investment accounts for more than 10% of the portfolio. The Company also has a diversified base of investors. There were no shareholders who each held more than 10% of the Company's common shares.

19. Future accounting changes:

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

(a) *Investment Entities* (Amendments to IFRS 10, IFRS 12 and IAS 27) - These amendments are effective for annual periods beginning on or after January 1, 2014 and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

20. Comparative consolidated financial statements:

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the December 31, 2013 consolidated financial statements.