Interim Condensed Consolidated Financial Statements of

PINETREE

(Unaudited - prepared in Canadian dollars)
March 31, 2014

Contents

Interim Condensed Consolidated Financial Statements

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

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

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

PINETREE CAPITAL LTD.
Consolidated Statements of Financial Position
As at March 31, 2014 and December 31, 2013
(Unaudited - in thousands of Canadian dollars)

	Notes		March 31, 2014		December 31, 2013
Assets					
Cash and cash equivalents		**$**	**223**	$	249
Due from brokers	5		**6,744**		3,029
Investments at fair value	4		**163,106**		133,965
Prepaids and other receivables			**263**		358
Property, plant and equipment			**656**		675
Deferred tax assets	7(a)		**13,000**		13,000
		$	**183,992**	$	151,276
Liabilities and Equity					
Liabilities					
Accounts payable and accrued liabilities	6(a)	**$**	**2,683**	$	1,396
Income taxes payable			**2,022**		1,998
Convertible debentures	6(b)		**49,842**		48,868
			54,547		52,262
Equity					
Share capital	8(a)		**285,797**		285,797
Contributed surplus	8(c)		**105,171**		105,016
Equity component of convertible debentures	6(b)		**2,838**		2,838
Foreign currency translation reserve			**(36)**		(36)
Deficit			**(264,325)**		(294,601)
			129,445		99,014
		$	**183,992**	$	151,276

See accompanying notes to the interim condensed consolidated financial statements.

PINETREE CAPITAL LTD.

Consolidated Statements of Comprehensive Income (loss)
Three Months Ended March 31,
(Unaudited - in thousands of Canadian dollars, except for securities and per share amounts)

	Notes		2014		2013
Net investment gains (losses)					
Net realized gains (losses) on disposal of investments		**$**	**(270,993)**	$	**3,037**
Net change in unrealized gains (losses) on investments	4(f)		**305,713**		**(45,379)**
			34,720		(42,342)
Other income	4(f)		**284**		600
			35,004		(41,742)
Expenses					
Operating, general and administrative	8(b), 9		**2,172**		2,197
Finance expenses	10		**2,556**		1,866
			4,728		4,063
Profit (loss) before income taxes			**30,276**		(45,805)
Income tax expense	7(e)		**-**		1,181
Net profit (loss) for the period			**30,276**		(46,986)
Other comprehensive income					
Exchange differences on translation of foreign operations			**-**		2
Total comprehensive income (loss) for the period		**$**	**30,276**	$	(46,984)
Earnings (loss) per common share based on net profit (loss) for the period	8(d)				
Basic		**$**	**0.20**	$	(0.33)
Diluted		**$**	**0.16**	$	(0.33)
Weighted average number of common shares outstanding	8(d)				
Basic			**152,141,070**		142,479,401
Diluted			**198,787,571**		142,479,401

See accompanying notes to the interim condensed consolidated financial statements.

PINETREE CAPITAL LTD.
Consolidated Statements of Changes in Equity
Three Months Ended March 31, 2014 and 2013
(Unaudited - 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, 2013		136,447,273	$ 276,797	$ 9,762	$ 94,018	$ 2,838	$ (39)	$ (171,226)	$ 212,150
Net loss for the period		-	-	-	-	-	-	(46,986)	(46,986)
Exchange differences on translation of foreign operations		-	-	-	-	-	2	-	2
Total comprehensive loss for the period		-	-	-	-	-	2	(46,986)	(46,984)
Stock-based compensation expense	8(b)	-	-	-	365	-	-	-	365
Issued pursuant to acquisitions of investments, net		7,372,097	6,360	-	-	-	-	-	6,360
Balance at March 31, 2013		143,819,370	$ 283,157	$ 9,762	$ 94,383	$ 2,838	$ (37)	$ (218,212)	$ 171,891
Balance at December 31, 2013		152,141,070	$ 285,797	$ -	$ 105,016	$ 2,838	$ (36)	$ (294,601)	$ 99,014
Net income for the period		**-**	**-**	**-**	**-**	**-**	**-**	**30,276**	**30,276**
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**-**	**-**	**30,276**	**30,276**
Stock-based compensation expense	8(b)	**-**	**-**	**-**	**155**	**-**	**-**	**-**	**155**
Balance at March 31, 2014		**152,141,070**	**$ 285,797**	**$ -**	**$ 105,171**	**$ 2,838**	**$ (36)**	**$ (264,325)**	**$ 129,445**

See accompanying notes to the interim condensed consolidated financial statements.

PINETREE CAPITAL LTD.
Consolidated Statements of Cash Flows
Three Months Ended March 31,
(Unaudited - in thousands of Canadian dollars)

	2014	2013
Cash flows from (used in) operating activities		
Net profit (loss) for the period	**$ 30,276**	$ (46,986)
Items not affecting cash:		
Net realized losses (gains) on disposal of investments	**270,993**	(3,037)
Net change in unrealized losses (gains) on investments	**(305,713)**	45,379
Gain on purchase of convertible debentures under normal course issuer bid	**-**	(112)
Amortization	**26**	66
Stock-based compensation expense	**155**	365
Accretion of discount on convertible debentures	**974**	168
Amortization of finance expenses on convertible debentures	**-**	189
	(3,289)	(3,968)
Adjustments for:		
Proceeds on disposal of investments	**65,697**	41,818
Purchase of investments	**(60,118)**	(26,095)
Increase in due from brokers	**(3,715)**	(3,524)
Prepaids and other receivables	**95**	38
Decrease in due to brokers	**-**	(8,875)
Accounts payable and accrued liabilities	**1,287**	154
Income taxes payable	**24**	1,181
Net cash from (used in) operating activities	**(19)**	729
Cash flows used in financing activities		
Purchases of convertible debentures under normal course issuer bid	**-**	(629)
Share issuance costs	**-**	(40)
Net cash used in financing activities	**-**	(669)
Cash flows used in investing activities		
Purchase of property, plant and equipment	**(7)**	(70)
Net cash used in investing activities	**(7)**	(70)
Net decrease in cash and cash equivalents during the period	**(26)**	(10)
Exchange differences on translation of foreign operations	**-**	2
Cash and cash equivalents, beginning of period	**249**	236
Cash and cash equivalents, end of period	**$ 223**	$ 228
Supplemental cash flow information		
Income taxes paid	**$ -**	$ -
Finance expenses paid	**57**	41
Non-cash purchase of investments	**-**	6,400

See accompanying notes to the interim condensed consolidated financial statements.

1. Nature of business:

Pinetree Capital Ltd. ("Pinetree" or the "Company") was incorporated in 1962 under the laws of the Province of Ontario and its shares are publicly traded on the Toronto Stock Exchange (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 our relative return in light of changing fundamentals and opportunities. Pinetree is recognized as a value added partner.

These unaudited interim condensed consolidated financial statements ("interim consolidated statements") were approved by the Company's board of directors on May 1, 2014.

2. Basis of preparation:

(a) Statement of compliance:

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

Except as described in Note 3 below, the same accounting policies and methods of computation were followed in the preparation of these interim consolidated statements as were followed in the preparation and described in Note 3 of the annual consolidated financial statements as at and for the year ended December 31, 2013. Accordingly, these interim consolidated statements for the three month periods ended March 31, 2014 and 2013 should be read together with the annual consolidated financial statements as at and for the year ended December 31, 2013.

(b) Basis of presentation:

These interim consolidated 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 ("$").

2. Basis of preparation (continued):

(c) Basis of consolidation:

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

The Company controls an investee if the Company has:

(i) power over the investee;

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

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

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

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

(ii) rights arising from other contractual arrangements; and

(iii) the Company's potential voting rights.

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 income (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.

2. Basis of preparation (continued):

(d) Critical accounting judgments, estimates and assumptions:

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

The information about significant areas of estimation uncertainty and judgment considered by management in preparing the interim consolidated statements were the same as those in the preparation of the annual consolidated financial statements as at and for the year ended December 31, 2013.

3. Changes in accounting policies:

Effective January 1, 2014, 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) *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. The Company has assessed and determined that the amendments to IFRS 10, IFRS 12 and IAS 27 did not result in any change in the accounting or disclosures for its subsidiaries.

4. Financial instruments hierarchy and investments at fair value:

(a) Financial hierarchy:

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

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

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

(b) Determination of investments' 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.

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

1. 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.

2. 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.

3. 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.

(ii) 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 valuation indicators. These are included in Level 3. Options and warrants of private companies are carried at their intrinsic value.

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

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

(c) Investments at fair value:

Investments by sector consist of the following as at March 31, 2014:

		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	**$ 126,601**	**$ 37,940**	**$ 3,416**	**$ 5,458**	**$ 46,814**	**28.7**
Uranium	**48,917**	**13,510**	**734**	**1,373**	**15,617**	**9.6**
Oil and gas	**18,530**	**4,295**	**243**	**9,382**	**13,920**	**8.5**
Base metals	**60,952**	**9,627**	**450**	**2,920**	**12,997**	**8.0**
Potash, lithium and rare earths	**18,646**	**7,414**	**162**	**1,337**	**8,913**	**5.5**
Coal	**1,385**	**76**	**-**	**112**	**188**	**0.1**
Technology and other	**53,888**	**40,281**	**16,334**	**8,042**	**64,657**	**39.6**
Total (i)	**$ 328,919**	**$ 113,143**	**$ 21,339**	**$ 28,624**	**$ 163,106**	**100.0**
Investments denominated in foreign currencies		**$ 2,439**	**$ 1,185**	**$ 12,525**	**$ 16,149**	
% of investments denominated in foreign currencies		**5.3%**	**2.2%**	**43.8%**	**9.9%**	

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%	

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

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

(i) As at March 31, 2014, included in total investments were securities of private companies with a fair value totaling $27,539 (cost of $28,074) (December 31, 2013 – fair value of $25,253 [cost of $29,663]) 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 three months ended March 31, 2014 and year ended December 31, 2013.

During the three months ended March 31, 2014, $5,428 of the investments that were held in Level 2 as at December 31, 2013 were transferred to Level 1. 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. The transfer out of Level 2 to Level 1 consists of restricted investments that became unrestricted during the period.

(d) Level 3 hierarchy:

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

	Opening balance at January 1	**Purchases /loans**	**Proceeds**	**Net realized losses**	**Net change in unrealized gains**	**Transfer out of Level 3**	**Ending balance**
Investments at fair value:							
March 31, 2014	**$ 28,309**	**$ 1,911**	**$ (2,079)**	**$ (71)**	**$ 3,904**	**$(3,350)**	**$ 28,624**
December 31, 2013	24,681	6,094	(38)	(140)	855	(3,143)	28,309

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.

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

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

The following table presents the fair value, categorized by key valuation techniques employed within Level 3 as at March 31, 2014 and December 31, 2013:

	March 31, 2014	December 31, 2013
Recent financing and recent purchases	**$ 20,915**	$ 20,639
General market conditions and specific company information	**7,709**	5,670
Other	**-**	2,000
	$ 28,624	$ 28,309

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 March 31, 2014 and December 31, 2013. 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 +/- $1,927 (December 31, 2013 - $1,418) 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.

(e) 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.

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

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

The details of the security lending arranging positions are as follows as at March 31, 2014 and December 31, 2013:

	March 31, 2014	December 31, 2013
Investments at fair value lent under SLA – carrying amount	**$ -**	$ 322
Fair value of collateral held for investments lent under SLA	**-**	676

(f) Investments in associates:

The Company makes minority equity investments (less than 50%) in companies (including convertible securities) by way of open market transactions and participation in 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 or 15% on a partially diluted basis with board representation. These investments are not equity accounted for (as permitted by IAS 28) but are related party transactions. Furthermore, the Company has certain regulatory trading restrictions on investments with an equity holding of greater than 20%.

The total amounts included in the statements of financial position for these investment are as follows as at March 31, 2014 and December 31, 2013:

	March 31, 2014	December 31, 2013
Investments at fair value	**$ 25,756**	$ 10,640
Cost of investments	**54,074**	50,670

The total amounts included in the statements of comprehensive income (loss) for these investment are as follows for the three months ended March 31:

	2014	2013
Net change in unrealized losses on investments	**12,102**	(2,450)
Interest earned on promissory notes	**29**	-

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

In December 2013, the Company acquired securities of an associate investee at a total cost of $900 and issued 3,000,000 common shares of the Company to the associate investee for gross proceeds to the Company of $900.

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

5. Due from brokers:

Due from brokers is classified as financial assets at amortized cost and are short-term in nature. As at March 31, 2014, due from brokers is net of $4,530 (December 31, 2013 - $2,778) due to brokers that has been offset in accordance with IAS 32, *Offsetting Financial Assets and Financial Liabilities.*

6. Financial liabilities:

	March 31, 2014	December 31, 2013
Accounts payable and accrued liabilities (a)	**$ 2,683**	$ 1,396
Convertible debentures, due May 31, 2016 (b)	**49,842**	48,868
	$ 52,525	$ 50,264

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

(a) As at March 31, 2014, included in accounts payable and accrued liabilities are Class C preferred share liabilities of $240 (December 31, 2013 - $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.

The Class C Shares' redemption and retraction prices are linked to the market price of the Company's common shares subject to a minimum redemption price of $10 per share. As at March 31, 2014, the redemption price was $10 per share and the retraction price in effect was $3.01 per share (December 31, 2013 - $1.48 per share). As at March 31, 2014 and December 31, 2013, 24,000 Class C Shares were issued and outstanding.

As at March 31, 2014, also included in accounts payable and accrued liabilities is accrued interest payable of $2,018 (December 31, 2013 - $517) on the convertible debentures (see Note 6(b)).

(b) On September 12, 2013, the terms of the outstanding convertible debentures were amended. As at March 31, 2014, the Company has $60,864 principal amount outstanding of 10% 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, subject to adjustment under certain circumstances.

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

6. Financial liabilities (continued):

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

Principal		
Opening principal balance, January 1, 2013	$	75,000
Repurchase of convertible debentures		(14,136)
Principal balance, December 31, 2013		60,864
No transactions		**-**
Ending principal balance, March 31, 2014	**$**	**60,864**

Old liability		
Opening liability balance, January 1, 2013	$	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
Liability balance, December 31, 2013		48,868
Accretion of discount on the convertible debentures		**974**
Ending liability balance, March 31, 2014	**$**	**49,842**

Equity component		
Opening equity component balance, January 1, 2013	$	2,838
No transactions		-
Ending equity component balance, March 31, 2014 and December 31, 2013	**$**	**2,838**

As at March 31, 2014, the fair value of the Debentures was $51,655 (December 31, 2013 - $42,039) 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 at March 31, 2014 and December 31, 2013, the Company was in compliance with the debt covenants contained in the amended indenture governing its Debentures.

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

7. 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	**March 31, 2014**	December 31, 2013
Corporate minimum tax credit	**$ 6,348**	$ 6,348
Capital losses	**4,833**	3,281
Non-capital losses	**1,210**	347
Share issuance costs and consent fees on Debentures	**1,104**	1,242
Property, plant and equipment	**96**	98
Investments – differences in carrying value and tax cost	**-**	2,330
Convertible debentures	**(591)**	(646)
Total deferred tax assets (Note 7(c))	**$ 13,000**	$ 13,000

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

	2014	2013
Investments – differences in carrying value and tax cost	**$ 2,330**	$ 1,417
Share issuance costs and other	**140**	(5)
Corporate minimum tax credit	**-**	(454)
Net reversal of tax on future capital gains dividend	**-**	(1,714)
Convertible debentures	**(55)**	(60)
Non-capital losses	**(863)**	816
Capital losses	**(1,552)**	-
	$ -	$ -

(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 March 31, 2014 was $50,507 (December 31, 2013 - $56,959).

(d) As at March 31, 2014, the Company has approximately $4,480 (December 31, 2013 - $1,230) of Canadian non-capital losses and $171,007 capital losses (December 31, 2013 - $24,762) available to reduce future years' profits for tax purposes, the tax effect of which some has been recorded in the accounts.

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

7. Income taxes (continued):

The capital losses can be carried forward indefinitely. The non-capital losses will expire as follows:

2030	$	262
2033		968
2034		3,250
	$	4,480

(e) Significant components of the income tax expense (benefit) for the three months ended March 31 are as follows:

	2014		2013	
Current tax expense	**$**	**-**	$	1,181
Deferred tax expense relating to origination and reversal of temporary differences		**-**		-
	$	**-**	$	1,181

(f) The income tax expense attributable to profit (loss) before income taxes differs from the amounts computed by applying the combined federal and provincial tax rate of 26.5% (March 31, 2013 – 26.5%) of pre-tax profits (loss) as a result of the following for the three months ended March 31:

	2014		2013	
Profit (loss) before income taxes	**$**	**30,276**	$	(45,805)
Computed expected income tax benefit		**8,023**		(12,138)
Non-taxable portion of capital losses (gains)		**35,783**		(1,629)
Non-taxable portion of unrealized losses (gains)		**(40,054)**		6,088
Net deferred tax assets not recognized		**(6,452)**		7,651
Release of expired transitional tax credits		**2,696**		-
Non-taxable stock-based compensation expense		**41**		97
Taxable capital gains dividend		**-**		1,144
Permanent and other differences		**(37)**		(32)
Income tax expense	**$**	**-**	$	1,181

8. Equity:

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

There were no equity transactions during the three months ended March 31, 2014.

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.

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

8. Equity (continued):

In October 2013, the Company issued 5,321,700 common shares to certain holders of the Debentures totaling $1,756 in satisfaction of the fee payable to them for consenting to amendments to the Debentures. 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 options:

The following table summarizes stock options granted during the three months ended March 31, 2014:

Date Granted	Options Granted	Exercise Price	Expiry
March 31, 2014	2,015,000	$ 0.50	March 30, 2019
Total granted	2,015,000		

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		

Stock options granted during the three months ended March 31, 2014 and year ended December 31, 2013 vest at the rate of 1/6th of the grant at the end of each three-month period over an 18-month period. Options granted are accounted for by the fair value method of accounting for stock-based compensation. The Company records compensation expense over the vesting period and credits contributed surplus for all options granted.

The fair value of the options granted during the three months ended March 31, 2014 was estimated at the date of grant using the following weighted average assumptions:

Black-Scholes option valuation model assumptions used	
Expected volatility	**64.5%**
Expected dividend yield	**0.0%**
Risk-free interest rate	**1.3%**
Expected option life in years	**3.3**
Expected forfeiture rate	**3.5%**
Fair value per stock option granted on March 31, 2014	**$ 0.23**

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

8. Equity (continued):

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

For the three months ended March 31, 2014, included in operating, general and administrative expenses is stock-based compensation of $155 (three months ended March 31, 2013 - $365) relating to the stock options granted to directors, officers, employees, and consultants of the Company.

A summary of the status of the Company's stock options as at March 31, 2014 and December 31, 2013 and changes during the periods then ended is presented below:

	March 31, 2014		December 31, 2013	
Stock Options	**# of Options**	**Weighted Average Exercise Price**	# of Options	Weighted Average Exercise Price
Outstanding, at beginning of period	**14,331,900**	**$ 1.36**	12,579,400	$ 1.84
Granted	**2,015,000**	**0.50**	3,820,000	0.50
Forfeited	**(66,669)**	**0.56**	(58,336)	0.93
Expired	**(1,103,331)**	**1.33**	(2,009,164)	2.69
Outstanding, at end of period	**15,176,900**	**$ 1.26**	14,331,900	$ 1.36
Exercisable, at end of period	**10,906,021**	**$ 1.55**	11,056,849	$ 1.61

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

8. Equity (continued):

The following table summarizes information about stock options outstanding and exercisable as at March 31, 2014:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date
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
1,385,000	**1,385,000**	**3.17**	March 30, 2016
250,000	**250,000**	**2.93**	May 30, 2016
250,000	**250,000**	**1.92**	August 30, 2016
1,420,000	**1,420,000**	**1.61**	November 29, 2016
100,000	**100,000**	**1.38**	March 29, 2017
250,000	**250,000**	**0.88**	May 30, 2017
400,000	**400,000**	**0.90**	August 30, 2017
1,525,000	**1,270,823**	**0.89**	November 29, 2017
1,500,000	**999,980**	**0.62**	March 27, 2018
1,940,000	**646,652**	**0.43**	August 28, 2018
250,000	**41,666**	**0.27**	November 28, 2018
2,015,000	**-**	**0.50**	March 30, 2019
15,176,900	**10,906,021**		

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

	Amount
Balance, January 1, 2013	$ 94,018
Stock-based compensation	1,236
Fair value of expired warrants and broker warrants	9,762
Balance, December 31, 2013	105,016
Stock-based compensation (Note 8(b))	**155**
Balance, March 31, 2014	**$ 105,171**

Contributed surplus comprises of the following as at March 31, 2014 and December 31, 2013:

	March 31, 2014	December 31, 2013
Fair value of stock-based compensation	**$ 32,860**	$ 32,705
Fair value of expired warrants and broker warrants	**72,268**	72,268
Cancellation of shares under normal course issuer bid	**43**	43
	$ 105,171	$ 105,016

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

8. Equity (continued):

(d) Basic and diluted earnings (loss) per common share based on net profit (loss) for the three months ended March 31:

Numerator:	**2014**	2013
Net profit (loss) for the period	**$ 30,276**	$ (46,986)
Adjustments for:		
Accretion of discount and interest expense on convertible debentures	**2,475**	-
Adjusted net profit (loss) for the period	**$ 32,751**	$ (46,986)

Denominator:	**2014**	2013
Weighted average number of common shares outstanding - basic	**152,141,070**	142,479,401
Weighted average effect of diluted convertible securities (i)	**46,646,501**	-
Weighted average number of common shares outstanding – diluted	**198,787,571**	142,479,401

Earnings (loss) per common share based on net profit (loss) for the period:	**2014**	2013
Basic	**$ 0.20**	$ (0.33)
Diluted	**0.16**	(0.33)

(i) The determination of the weighted average number of common shares outstanding – diluted excludes 12,986,900 shares relating to convertible securities that were anti-dilutive for the three months ended March 31, 2014 (three months ended March 31, 2013 – 75,762,802 shares).

(e) Maximum share dilution:

The following table presents the maximum number of shares that would be outstanding if all outstanding stock options and warrants were exercised and all outstanding convertible debentures were converted as at March 31, 2014 and December 31, 2013:

	March 31, 2014	December 31, 2013
Common shares outstanding	**152,141,070**	152,141,070
Stock options outstanding to purchase common shares	**15,176,900**	14,331,900
Debentures convertible to common shares (i)	**14,320,941**	14,320,941
Fully diluted common shares outstanding	**181,638,911**	180,793,911

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

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

9. Expenses by nature:

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

		2014		2013
Transaction costs	**$**	**725**	$	284
Salaries and bonuses		**522**		562
Other office and general		**182**		196
Stock-based compensation expense		**155**		365
Operating lease payments		**148**		148
Consulting and directors' fees		**141**		141
Travel and promotion		**138**		41
Transfer agent, filing fees, and other information systems		**111**		132
Professional fees		**52**		115
Other employee benefits		**48**		49
Amortization		**26**		66
Exploration and evaluation expenditures (a)		**-**		50
Foreign exchange loss (gain)		**(76)**		48
	$	**2,172**	$	2,197

(a) In June 2010, the Company, through a consortium, was awarded a petroleum license offshore Israel (the "Samuel License"). Pinetree had 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 relinquished their interests back to the State of Israel.

10. Finance expenses:

Finance expenses for the three months ended March 31 are:

		2014		2013
Accretion of discount and interest expense on convertible debentures	**$**	**2,475**	$	1,655
Interest expense on margin borrowings and other		**81**		22
Amortization of finance expenses on convertible debentures		**-**		189
	$	**2,556**	$	1,866

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

11. Management of capital:

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

	March 31, 2014	December 31, 2013
Convertible debentures, due May 31, 2016	$ 49,842	$ 48,868
Equity comprises of:		
Share capital	285,797	285,797
Contributed surplus	105,171	105,016
Equity component of convertible debentures	2,838	2,838
Foreign currency translation reserve	(36)	(36)
Deficit	(264,325)	(294,601)
	$ 179,287	$ 147,882

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 three months ended March 31, 2014.

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 March 31, 2014.

12. Risk management:

Financial instrument risks:

The investment operations of Pinetree's business involve the purchase and sale of securities and, accordingly, the majority of the Company's assets and liabilities currently comprised of financial instruments.

(a) 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.

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

12. Risk management (continued):

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.

There were no changes to the way that the Company manages market risk since December 31, 2013. 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 profit for the three months ended March 31, 2014 from a change in the closing trade price of the Company's investments with all other variables held constant as at March 31, 2014:

Percentage of change in closing trade price	**Increase in profit from % increase in closing trade price**	**Decrease in profit from % decrease in closing trade price**
2%	**$ 2,830**	**$ (2,830)**
4%	**5,660**	**(5,660)**
6%	**8,490**	**(8,490)**
8%	**11,320**	**(11,320)**
10%	**14,149**	**(14,149)**

The following table shows the estimated sensitivity of the Company's after-tax loss for the three months ended March 31, 2013 from a change in the closing trade price of the Company's investments with all other variables held constant as at March 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%	$ 3,791	$ (3,791)
4%	7,582	(7,582)
6%	11,374	(11,374)
8%	15,165	(15,165)
10%	18,956	(18,956)

13. Subsequent events:

(a) Subsequent to March 31, 2014, the Company completed a non-brokered private placement of 819,672 common shares of the Company at a price of $0.61 per share resulting in aggregate gross proceeds to the Company of $500.

(b) Subsequent to March 31, 2014, the Company announced a proposed non-brokered private placement to raise up to $10,500 in gross proceeds from the sale of up to a maximum of 23,333,333 units, at a price of $0.45 per unit. As proposed, each unit would be comprised of one common share and one-half of one common share purchase warrant of the Company. Each whole warrant would be exercisable for one common share of the Company, at a price of $0.75 per share, for a period of 36 months following the closing of the placement (subject to accelerated expiry under certain circumstances). Completion of the placement is subject to certain customary conditions, including the approval of the Toronto Stock Exchange.

14. Comparative interim consolidated statements:

The comparative interim consolidated statements have been reclassified from statements previously presented to conform to the presentation of the March 31, 2014 interim consolidated statements.