Interim Condensed Consolidated Financial Statements of

PINETREE

(Unaudited - prepared in Canadian dollars)
September 30, 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 September 30, 2014 and December 31, 2013
(Unaudited - in thousands of Canadian dollars)

	Notes		September 30, 2014		December 31, 2013
Assets					
Cash and cash equivalents		**$**	**189**	$	249
Due from brokers	5		**3,863**		3,029
Investments at fair value	4		**160,853**		133,965
Prepaids and other receivables			**374**		358
Property, plant and equipment			**617**		675
Deferred tax assets	7(a)		**13,000**		13,000
		$	**178,896**	$	151,276
Liabilities and Equity					
Liabilities					
Accounts payable and accrued liabilities	6(a)	**$**	**2,335**	$	1,396
Income taxes payable			**1,681**		1,998
Convertible debentures	6(b)		**46,823**		48,868
			50,839		52,262
Equity					
Share capital	8(a)		**306,103**		285,797
Warrants	8(c)		**1,607**		-
Contributed surplus	8(d)		**105,663**		105,016
Equity component of convertible debentures	6(b)		**2,838**		2,838
Foreign currency translation reserve			**(36)**		(36)
Deficit			**(288,118)**		(294,601)
			128,057		99,014
		$	**178,896**	$	151,276

See accompanying notes to the interim condensed consolidated financial statements.

PINETREE CAPITAL LTD.

Consolidated Statements of Comprehensive Income (loss)

Three And Nine Months Ended September 30,

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

	Notes	Three Months Ended 2014	Three Months Ended 2013	Nine Months Ended 2014	Nine Months Ended 2013
Net investment gains (losses)					
Net realized losses on disposal of investments		**$ (15,607)**	$ (11,744)	**$ (334,412)**	$ (14,921)
Net change in unrealized gains (losses) on investments	4(f)	**(6,892)**	20,773	**353,408**	(79,947)
		(22,499)	9,029	**18,996**	(94,868)
Other income	4(f)	**311**	9,749	**732**	13,124
		(22,188)	18,778	**19,728**	(81,744)
Expenses					
Operating, general and administrative	6(b), 8(b), 9	**1,883**	1,646	**6,072**	5,986
Finance expenses	10	**2,427**	4,842	**7,547**	8,850
		4,310	6,488	**13,619**	14,836
Profit (loss) before income taxes		**(26,498)**	12,290	**6,109**	(96,580)
Income tax expense (recovery)	7(e)	**3**	(538)	**(374)**	515
Net profit (loss) for the period		**(26,501)**	12,828	**6,483**	(97,095)
Other comprehensive income (loss)					
Exchange differences on translation of foreign operations		**-**	(1)	**-**	2
Total comprehensive income (loss) for the period		**$ (26,501)**	$ 12,827	**$ 6,483**	$ (97,093)
Earnings (loss) per common share based on net profit (loss) for the period	8(e)				
Basic		**$ (0.13)**	$ 0.09	**$ 0.04**	$ (0.68)
Diluted		**$ (0.13)**	$ 0.04	**$ 0.04**	$ (0.68)
Weighted average number of common shares outstanding	8(e)				
Basic		**199,443,648**	143,819,370	**171,668,503**	143,377,622
Diluted		**199,443,648**	200,653,983	**171,781,786**	143,377,622

See accompanying notes to the interim condensed consolidated financial statements.

PINETREE CAPITAL LTD.
Consolidated Statements of Changes in Equity
Nine Months Ended September 30, 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 as at January 1, 2013		136,447,273	$ 276,797	$ 9,762	$ 94,018	$ 2,838	$ (39)	$ (171,226)	$ 212,150
Net loss for the period		-	-	-	-	-	-	(97,095)	(97,095)
Exchange differences on translation of foreign operations		-	-	-	-	-	2	-	2
Total comprehensive loss for the period		-	-	-	-	-	2	(97,095)	(97,093)
Stock-based compensation expense	8(b)	-	-	-	969	-	-	-	969
Reallocation of expired warrants	8(c)	-	-	(9,762)	9,762	-	-	-	-
Issued pursuant to acquisitions of investments, net	8(a)	7,372,097	6,360	-	-	-	-	-	6,360
Balance as at September 30, 2013		143,819,370	$ 283,157	$ -	$ 104,749	$ 2,838	$ (37)	$ (268,321)	$ 122,386
Balance as at January 1, 2014		**152,141,070**	**$ 285,797**	**$ -**	**$ 105,016**	**$ 2,838**	**$ (36)**	**$ (294,601)**	**$ 99,014**
Net profit for the period		**-**	**-**	**-**	**-**	**-**	**-**	**6,483**	**6,483**
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**-**	**-**	**6,483**	**6,483**
Issued pursuant to acquisitions of investments, net	8(a)	**17,636,856**	**7,998**	**-**	**-**	**-**	**-**	**-**	**7,998**
Issued pursuant to private placements	8(a)	**30,819,672**	**12,480**	**1,520**	**-**	**-**	**-**	**-**	**14,000**
Issued pursuant to finders' fees on private placement	8(a)	**1,331,557**	**512**	**87**	**-**	**-**	**-**	**-**	**599**
Share issuance costs on private placements		**-**	**(684)**	**-**	**-**	**-**	**-**	**-**	**(684)**
Stock-based compensation expense	8(b)	**-**	**-**	**-**	**647**	**-**	**-**	**-**	**647**
Balance as at September 30, 2014		**201,929,155**	**$ 306,103**	**$ 1,607**	**$ 105,663**	**$ 2,838**	**$ (36)**	**$ (288,118)**	**$ 128,057**

See accompanying notes to the interim condensed consolidated financial statements.

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

	2014	2013
Cash flows from (used in) operating activities		
Net profit (loss) for the period	$ 6,483	$ (97,095)
Items not affecting cash:		
Net realized losses on disposal of investments	334,412	14,921
Net change in unrealized losses (gains) on investments	(353,408)	79,947
Loss (gain) on purchase of convertible debentures under normal course issuer bid	130	(2,344)
Gain on extinguishment of convertible debentures	-	(9,522)
Realized gain on retraction of Class C preferred shares	(1)	-
Amortization	76	201
Stock-based compensation expense	647	969
Accretion of discount on convertible debentures	2,977	688
Amortization of finance expenses on convertible debentures	-	928
	(8,684)	(11,307)
Adjustments for:		
Proceeds on disposal of investments	113,025	75,266
Purchase of investments	(112,881)	(43,757)
Increase in due from brokers	(834)	(3,332)
Decrease (increase) in prepaids and other receivables	(16)	121
Decrease in due to brokers	-	(8,875)
Increase in accounts payable and accrued liabilities	939	2,729
Increase (decrease) in income taxes payable	(317)	470
Net cash from (used in) operating activities	(8,768)	11,315
Cash flows from (used in) financing activities		
Purchases of convertible debentures under normal course issuer bid	(5,152)	(11,234)
Proceeds from issue of share capital pursuant to private placements, net	13,915	-
Share issuance costs	(37)	(40)
Net cash from (used in) financing activities	8,726	(11,274)
Cash flows used in investing activities		
Purchase of property, plant and equipment	(18)	(85)
Net cash used in investing activities	(18)	(85)
Net decrease in cash and cash equivalents during the period	(60)	(44)
Exchange differences on translation of foreign operations	-	2
Cash and cash equivalents, beginning of period	249	236
Cash and cash equivalents, end of period	$ 189	$ 194
Supplemental cash flow information		
Income taxes paid	$ -	$ -
Dividends paid on Class C preferred shares	9	9
Finance expenses paid	3,196	2,960
Non-cash purchase of investments, net	7,998	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, Technology and Uranium. 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 its 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 for issue by the Company's board of directors on November 12, 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 and nine month periods ended September 30, 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 it 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 the reported amounts of revenue 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 except for:

(i) Warrants:

The Company uses the Black-Scholes option pricing model ("B-S") to calculate the value of warrants issued as part of the Company's private placements. The B-S requires six key inputs to determine a value for a warrant: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain of the inputs are estimates which involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. For example, a longer expected life of the warrant or a higher volatility number used would result in an increase in the warrant value.

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.

(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 interim consolidated 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 interim consolidated 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 statements of financial position dates or the closing trade price on the last day the security traded if there were no trades at the consolidated statements of financial position dates. 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;

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

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

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 statements of financial position dates 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.

(c) Investments at fair value:

Investments by sector consist of the following as at September 30, 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	$ 81,745	$ 19,188	$ 6,471	$ 4,970	$ 30,629	19.1
Oil and gas	13,488	4,190	58	9,618	13,866	8.6
Uranium	48,887	10,405	-	900	11,305	7.0
Base metals	42,038	7,444	490	2,520	10,454	6.5
Potash, lithium and rare earths	18,806	7,080	173	1,218	8,471	5.3
Coal	768	3	-	336	339	0.2
Technology and other	73,285	57,539	9,385	18,865	85,789	53.3
Total (i)	$ 279,017	$ 105,849	$ 16,577	$ 38,427	$ 160,853	100.0
Investments denominated in foreign currencies		$ 2,442	$ 1,014	$ 19,675	$ 23,131	
% of investments denominated in foreign currencies		2.3%	6.1%	51.2%	14.4%	

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

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

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%	

(i) As at September 30, 2014, included in total investments were securities of private companies with a fair value totaling $37,454 (cost of $36,615) (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 nine months ended September 30, 2014 and for the year ended December 31, 2013.

During the nine months ended September 30, 2014, $6,430 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).

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

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

	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:							
September 30, 2014	**$ 28,309**	**$ 12,153**	**$ (2,322)**	**$ (179)**	**$ 5,266**	**$(4,800)**	**$ 38,427**
December 31, 2013	24,681	6,094	(38)	(140)	855	(3,143)	28,309

Transfers between levels of the 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 a securities 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 September 30, 2014 and December 31, 2013:

	September 30, 2014	December 31, 2013
Recent financing and recent purchases	**$ 29,589**	$ 20,639
General market conditions and specific company information	**8,838**	5,670
Other	**-**	2,000
	$ 38,427	$ 28,309

For those investments valued based on recent financing and recent purchases, management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at September 30, 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 +/- $2,210 (December 31, 2013 - $1,418) change in 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.

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

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

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 laws. 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 securities lending arrangement positions are as follows as at September 30, 2014 and December 31, 2013:

	September 30, 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 (less than 50%) equity investments (which includes convertible securities) in companies 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 in associates are not equity accounted for (as permitted by IAS 28) but are related party transactions. There are also certain regulatory trading restrictions on investments representing an equity holding of greater than 20%.

The total amounts included in the consolidated statements of financial position for investments in associates are as follows as at September 30, 2014 and December 31, 2013:

	September 30, 2014	December 31, 2013
Investments at fair value	**$ 25,818**	$ 10,640
Cost of investments	**51,765**	50,670

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

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

The total amounts included in the consolidated statements of comprehensive income (loss) for investments in associates are as follows for the nine months ended September 30:

	2014	2013
Net change in unrealized gains (losses) on investments	**$ 6,721**	$ (7,415)
Interest earned on promissory notes	**42**	90

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

In July 2014, the Company acquired securities of Latin American Minerals Inc. ("Latin"), an associate investee of Pinetree, for total consideration of $1,000 by issuing 2,000,000 common shares of the Company to Latin at deemed value of $0.50 per share. The Latin investment was undertaken in the normal course of the Company's investment activities.

In June 2014, the Company acquired securities of Sviral Inc. ("Sviral"), an associate investee of Pinetree, for total consideration of $5,488 (US$5,000) by paying US$500 cash and issuing 10,975,610 common shares of the Company to Sviral at deemed value of $0.45 per share. The Sviral investment was undertaken in the normal course of the Company's investment activities.

In April 2014, the Company acquired securities of Mooncor Oil & Gas Corp. ("Mooncor"), an associate investee of Pinetree, at a total cost of $500, and issued 819,672 common shares of the Company to Mooncor for gross proceeds of $500 to Pinetree. The Mooncor investment was undertaken in the normal course of the Company's investment activities.

In December 2013, the Company acquired securities of Augusta Industries Inc. ("Augusta"), an associate investee, at a total cost of $900 and issued 3,000,000 common shares of the Company to Augusta for gross proceeds of $900 to Pinetree. The Augusta investment was undertaken in the normal course of the Company's investment activities.

5. Due from brokers:

The amount due from brokers is classified as financial assets at amortized cost and is short-term in nature. As at December 31, 2013, due from brokers was net of $2,778 due to brokers that has been offset in accordance with IAS 32, *Offsetting Financial Assets and Financial Liabilities.*

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

6. Financial liabilities:

	September 30, 2014	December 31, 2013
Accounts payable and accrued liabilities (a)	**$ 2,335**	$ 1,396
Convertible debentures, due May 31, 2016 (b)	**46,823**	48,868
	$ 49,158	$ 50,264

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) As at September 30, 2014, included in accounts payable and accrued liabilities are Class C preferred share liabilities of $239 (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 September 30, 2014, the redemption price was $10 per share and the retraction price in effect was $1.44 per share (December 31, 2013 - $1.48 per share). During the nine months ended September 30, 2014, 100 Class C Shares were cancelled by PCIC following their retraction by the holder at $2.36 per share plus accrued and unpaid dividends. As at September 30, 2014, the Company had 23,900 Class C Shares (December 31, 2013 – 24,000) issued and outstanding.

As at September 30, 2014, also included in accounts payable and accrued liabilities is accrued interest payable of $1,832 (December 31, 2013 - $517) on the convertible debentures (see Note 6(b)).

(b) As at December 31, 2013, $60,864 principal amount of the Company's 10% convertible unsecured subordinated debentures maturing May 31, 2016 ("Debentures") were outstanding. 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.

In May 2014, the Company renewed its normal course issuer bid (the "NCIB") in respect of its Debentures. Pursuant to the terms of the renewed NCIB, and in accordance with the policies of the TSX, during the period commencing May 21, 2014 and ending May 20, 2015, the Company may purchase up to $6,044 principal amount of Debentures, representing 10% of the "public float" of the Debentures that were outstanding on May 13, 2014.

NCIB purchases are made in open market transactions through the facilities of the TSX and on other alternative Canadian trading systems at market prices prevailing at the time of acquisition and otherwise in accordance with the TSX rules. All Debentures purchased under the NCIB are cancelled.

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

6. Financial liabilities (continued):

During the nine months ended September 30, 2014, the Company purchased and cancelled an aggregate of $6,042 principal amount of Debentures under the NCIB at an average price of $85.17 per $100.00 principal amount, for total consideration of $5,152, including commissions of $7. Included in operating, general and administrative expenses for the nine months ended September 30, 2014 is a loss of $130 on the purchase of the Debentures under the NCIB. As at September 30, 2014, $54,822 principal amount of the Debentures were outstanding.

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 19.36% (the rate attributable to a comparable debt instrument without a conversion feature), is the amount reflected as the total consideration paid for the repurchased Debentures.

The following table summarizes the changes in the Debentures' principal amount 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
Repurchase of convertible debentures		**(6,042)**
Ending principal balance, September 30, 2014	**$**	**54,822**

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 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". Effective June 12, 2014, the debt-to-assets ratio cannot exceed 33%.

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 statements of comprehensive income (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 September 30, 2014 and December 31, 2013 is nil.

(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:

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
Repurchase of convertible debentures		**(5,022)**
Accretion of discount on the convertible debentures		**2,977**
Ending liability balance, September 30, 2014	**$**	**46,823**

Equity component		
Opening equity component balance, January 1, 2013	$	2,838
No transactions		-
Ending equity component balance, September 30, 2014 and December 31, 2013	**$**	**2,838**

As at September 30, 2014, the fair value of the Debentures was $43,304 (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 September 30, 2014 and December 31, 2013, the Company was in compliance with the debt covenants contained in the amended indenture governing the Debentures. See "Subsequent events" (Note 14) for debt covenant default.

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		**September 30, 2014**		December 31, 2013
Investments – differences in carrying value and tax cost	**$**	**8,528**	$	12,306
Capital losses		**3,850**		-
Share issuance costs and consent fees on convertible debentures		**1,002**		1,242
Property, plant and equipment		**93**		98
Convertible debentures		**(473)**		(646)
Total deferred tax assets (Note 7(c))	**$**	**13,000**	$	13,000

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

7. Income taxes (continued):

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

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	**2014**	2013
Investments – differences in carrying value and tax cost	**$ (1,166)**	$ 1,204	**$ 3,778**	$ 4,339
Capital losses	**1,089**	-	**(3,850)**	-
Share issuance costs and other	**138**	(749)	**245**	(1,338)
Net reversal of tax on future capital gains dividend	**-**	(547)	**-**	(2,859)
Convertible debentures	**(61)**	92	**(173)**	(142)
	$ -	$ -	**$ -**	$ -

(c) The realization of deferred tax assets is dependent upon future taxable profit 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 profit in making this assessment. Based upon the level of historical taxable profit and historical market trends of a comparable market index, management believes it is probable that the Company will generate sufficient taxable profit to realize the benefits of these deductible differences. The full deferred tax assets as at September 30, 2014 was $53,631 (December 31, 2013 - $56,959).

(d) As at September 30, 2014, the Company has approximately $14,610 (December 31, 2013 - $1,230) of Canadian non-capital losses and $206,477 of 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.

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

2033	$ 5,218
2034	9,392
	$ 14,610

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

7. Income taxes (continued):

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

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	**2014**	2013
Current tax expense (recovery)	**$ 3**	$ (538)	**$ (374)**	$ 515
Deferred tax benefit	**-**	-	**-**	-
Income tax expense (recovery)	**$ 3**	$ (538)	**$ (374)**	$ 515

(f) The income tax expense (recovery) attributable to profit (loss) before income taxes differs from the amounts computed by applying the combined federal and provincial tax rate of 26.5% (September 30, 2013 – 26.5%) of profit (loss) before income taxes as a result of the following for the three and nine months ended September 30:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	**2014**	2013
Profit (loss) before income taxes	**$ (26,498)**	$ 12,290	**$ 6,109**	$ (96,580)
Computed expected income tax expense (recovery)	**$ (7,022)**	$ 3,256	**$ 1,619**	$ (25,594)
Non-taxable portion of capital losses	**2,051**	2,160	**44,189**	1,957
Non-taxable portion of unrealized losses (gains)	**917**	(2,753)	**(46,359)**	10,668
Non-taxable stock-based compensation expense	**53**	68	**171**	257
Release of expired transitional tax credits	**-**	-	**2,696**	-
Taxable capital gains dividend	**-**	(544)	**-**	(1)
Reversal of corporate minimum tax payable	**-**	-	**(377)**	-
Non-taxable gain on extinguishment of Debentures	**-**	(2,523)	**-**	(2,523)
Net deferred tax assets not recognized	**3,667**	(249)	**(3,329)**	16,307
Permanent and other differences	**337**	47	**1,014**	(556)
Income tax expense (recovery)	**$ 3**	$ (538)	**$ (374)**	$ 515

8. Equity:

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

In April 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. The share issuance costs were $6. (See Note 4(f)).

In May 2014, the Company completed a non-brokered private placement of 23,333,333 units of the Company at a price of $0.45 per unit, resulting in aggregate gross proceeds of $10,500 to the Company. Each unit was comprised of one common share of Pinetree and one-half of

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

8. Equity (continued):

one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of $0.75 per share until expiry on May 26, 2017.

In connection with the private placement, the Company paid finders' fees in the form of an aggregate of 1,331,557 units of the Company at a deemed price of $0.45 per unit for a total cost of $599. The units have the same terms and conditions as the units sold in the private placements. The Company issued a total of 12,332,451 warrants which were valued using the Black-Scholes option pricing model with the following assumptions: expected volatility of 64.3%; dividend yield of 0%; risk-free interest rate of 1.1%; and an expected life of 3.0 years. The total value assigned to the warrants was $1,607. The share issuance costs were $68.

In June 2014, the Company issued 15,636,856 common shares in exchange for certain investments totaling $7,037.

In July 2014, the Company issued 2,000,000 common shares in exchange for certain investments totaling $1,000.

In July 2014, the Company completed a non-brokered private placement of 6,666,667 common shares of the Company at a price of $0.50 per share resulting in aggregate gross proceeds to the Company of $3,000. The share issuance costs were $11.

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 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 costs 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 costs were $7. (See Note 4(f)).

(b) Stock options:

The following table summarizes stock options granted during the nine months ended September 30, 2014:

Date Granted	Options Granted	Exercise Price	Expiry
March 31, 2014	**2,015,000**	**$ 0.50**	March 30, 2019
May 30, 2014	**500,000**	**0.42**	May 29, 2019
August 29, 2014	**350,000**	**0.33**	August 28, 2019
Total granted	**2,865,000**		

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

8. Equity (continued):

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 nine months ended September 30, 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 nine months ended September 30, 2014 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	**1.3%**
Expected option life in years	**3.4**
Expected forfeiture rate	**3.5%**
Fair value per stock option granted on March 31, 2014	**$ 0.23**
Fair value per stock option granted on May 30, 2014	**$ 0.19**
Fair value per stock option granted on August 29, 2014	**$ 0.16**

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

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8. Equity (continued):

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 September 30, 2014, included in operating, general and administrative expenses is stock-based compensation of $201 (three months ended September 30, 2013 - $255) relating to the stock options granted to directors, officers, employees, and consultants of the Company.

For the nine months ended September 30, 2014, included in operating, general and administrative expenses is stock-based compensation of $647 (nine months ended September 30, 2013 - $969) relating to the stock options granted to directors, officers, employees, and consultants of the Company.

A summary of the status of the Company's stock options as at September 30, 2014 and December 31, 2013 and changes during the periods then ended are presented below:

	September 30, 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	**2,865,000**	**0.47**	3,820,000	0.50
Forfeited	**(66,669)**	**0.56**	(58,336)	0.93
Expired	**(3,314,321)**	**1.42**	(2,009,164)	2.69
Outstanding, at end of period	**13,815,910**	**$ 1.17**	14,331,900	$ 1.36
Exercisable, at end of period	**10,934,200**	**$ 1.36**	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 September 30, 2014:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date
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	**1,525,000**	**0.89**	November 29, 2017
1,500,000	**1,500,000**	**0.62**	March 27, 2018
1,940,000	**1,293,312**	**0.43**	August 28, 2018
250,000	**124,999**	**0.27**	November 28, 2018
2,015,000	**671,646**	**0.50**	March 30, 2019
500,000	**83,333**	**0.42**	May 29, 2019
350,000	**-**	**0.33**	August 28, 2019
13,815,910	**10,934,200**		

(c) Warrants:

A summary of the status of the Company's warrants at the reporting dates and the changes during the periods then ended are as follows:

	September 30, 2014		
	# of warrants	**Weighted average exercise price**	**Amount**
Outstanding, at beginning of period	**-**	**$ -**	**$ -**
Issued	**12,332,451**	**0.75**	**1,607**
Outstanding, at end of period	**12,332,451**	**$ 0.75**	**$ 1,607**

	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	-	$ -	$ -

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

8. Equity (continued):

The following table summarizes information about warrants outstanding as at September 30, 2014:

Number of warrants	Exercise price	Expiry date	Warrants value
12,332,451	**$ 0.75**	May 26, 2017	**$ 1,607**

(d) 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))		**647**
Balance, September 30, 2014	**$**	**105,663**

Contributed surplus comprises of the following as at September 30, 2014 and December 31, 2013:

		September 30, 2014		December 31, 2013
Fair value of stock-based compensation	**$**	**33,352**	$	32,705
Fair value of expired warrants and broker warrants		**72,268**		72,268
Cancellation of shares under normal course issuer bid		**43**		43
	$	**105,663**	$	105,016

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

		Three months ended September 30,				**Nine months ended September 30,**		
Numerator:		**2014**		2013		**2014**		2013
Net profit (loss) for the period	**$**	**(26,501)**	$	12,828	**$**	**6,483**	$	(97,095)
Adjustments for:								
Accretion of discount on convertible debentures		**-**		1,576		**-**		-
Amortization of finance expenses on convertible debentures		**-**		126		**-**		-
Consent fee		**-**		3,106		**-**		-
Gain on extinguishment of convertible debentures		**-**		(9,522)				
Adjusted net profit (loss) for the period	**$**	**(26,501)**	$	8,114	**$**	**6,483**	$	(97,095)

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

8. Equity (continued):

Denominator:	Three months ended September 30, 2014	2013	Nine months ended September 30, 2014	2013
Weighted average number of common shares outstanding - basic	**199,443,648**	143,819,370	**171,668,503**	143,377,622
Weighted average effect of diluted convertible securities (i)	**-**	56,834,613	**113,283**	-
Weighted average number of common shares outstanding – diluted	**199,443,648**	200,853,983	**171,781,786**	143,377,622

Earnings (loss) per common share based on net profit (loss) for the period:	Three months ended September 30, 2014	2013	Nine months ended September 30, 2014	2013
Basic	**$ (0.13)**	$ 0.09	**$ 0.04**	$ (0.68)
Diluted	**(0.13)**	0.04	**0.04**	(0.68)

(i) The determination of the weighted average number of common shares outstanding – diluted excludes 77,117,471 shares relating to convertible securities that were anti-dilutive for the three months ended September 30, 2014 and 78,905,893 shares relating to convertible securities that were anti-dilutive for the nine months ended September 30, 2014 (three months ended September 30, 2013 – 14,081,900 shares; nine months ended September 30, 2013 – 76,790,550 shares).

(f) Maximum share dilution:

The following table presents the maximum number of common shares that would be outstanding if all outstanding stock options and warrants were exercised and all outstanding convertible debentures were converted as at September 30, 2014 and December 31, 2013:

	September 30, 2014	December 31, 2013
Common shares outstanding	**201,929,155**	152,141,070
Stock options outstanding to purchase common shares	**13,815,910**	14,331,900
Warrants outstanding to purchase common shares	**12,332,451**	-
Debentures convertible to common shares (i)	**12,899,294**	14,320,941
Fully diluted common shares outstanding	**240,976,810**	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 and nine months ended September 30 are the following items:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	**2014**	2013
Salaries	**$ 551**	$ 526	**$ 1,612**	$ 1,645
Transaction costs	**254**	179	**1,212**	620
Stock-based compensation expense	**201**	255	**647**	969
Other office and general expenses	**113**	175	**518**	589
Operating lease payments	**148**	147	**448**	443
Consulting and directors' fees	**147**	129	**433**	401
Travel and promotion	**150**	77	**424**	257
Transfer agent, filing fees, and other info systems	**83**	61	**289**	295
Professional fees	**39**	110	**182**	335
Other employee benefits	**42**	43	**138**	139
Loss on the repurchase of convertible debentures	**-**	-	**130**	-
Amortization	**26**	68	**76**	201
Foreign exchange loss (gain)	**129**	(124)	**(37)**	42
Exploration and evaluation expenditures (a)	**-**	-	**-**	50
	$ 1,883	$ 1,646	**$ 6,072**	$ 5,986

(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 and nine months ended September 30 are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	**2014**	2013
Accretion of discount and interest expense on convertible debentures	**$ 2,373**	$ 1,576	**$ 7,349**	$ 4,724
Consent fee	**-**	3,106	**-**	3,106
Interest expense on margin borrowings and other	**54**	34	**198**	92
Amortization of finance expenses on convertible debentures	**-**	126	**-**	928
	$ 2,427	$ 4,842	**$ 7,547**	$ 8,850

(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:

	September 30, 2014	December 31, 2013
Convertible debentures, due May 31, 2016	**$ 46,823**	$ 48,868
Equity comprises of the following:		
Share capital	**306,103**	285,797
Warrants	**1,607**	-
Contributed surplus	**105,663**	105,016
Equity component of convertible debentures	**2,838**	2,838
Foreign currency translation reserve	**(36)**	(36)
Deficit	**(288,118)**	(294,601)
	$ 174,880	$ 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. Effective June 12, 2014, the Company is required to maintain a debt-to-assets ratio of 33%.

There were no changes to the Company's objectives in managing and maintaining capital during the nine months ended September 30, 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 September 30, 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.

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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 have been 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 and nine months ended September 30, 2014 from a change in the closing trade price of the Company's investments with all other variables held constant as at September 30, 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%	**$ 2,791**	**$ (2,791)**
4%	**5,582**	**(5,582)**
6%	**8,372**	**(8,372)**
8%	**11,163**	**(11,163)**
10%	**13,954**	**(13,954)**

The following table shows the estimated sensitivity of the Company's after-tax loss for the three and nine months ended September 30, 2013 from a change in the closing trade price of the Company's investments with all other variables held constant as at September 30, 2013:

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

13. Future accounting changes:

As at the date of authorization of these interim consolidated 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) IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"), was issued in May 2014, which replaced IAS 11, *Construction Contracts*, IAS 18, *Revenue Recognition*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 provides a single, principles based five-step model that will apply to all contracts with customers with limited exceptions, including, but not limited to, leases within the scope of IAS 17; financial instruments and other contractual rights or obligations within the scope of IFRS 9, IFRS 10, *Consolidated Financial Statements* and IFRS 11, *Joint Arrangements*. In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The incremental costs of obtaining a contract must be recognized as an asset if the entity expects to recover these costs.

The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some nonfinancial assets that are not an output of the entity's ordinary activities. IFRS 15 is required for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted. The Company is in the process of assessing the impact of IFRS 15 on its consolidated financial statements.

(b) In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 introduces a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value, such that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. IFRS 9 also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

13. Future accounting changes (continued):

In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Company is in the process of evaluating the impact of adopting these amendments on the Company's consolidated financial statements.

14. Subsequent event:

Subsequent to September 30, 2014, the Company was not in compliance with a debt covenant contained in the indenture governing its Debentures, which prohibits Pinetree's debt-to-assets ratio from exceeding 33% as at the end of each month. The Company's debt-to-assets ratio was 38.8% as at October 31, 2014 (Note 6(b)). Under the terms of the indenture governing its Debentures, the Company has 60 days from receipt of written notice of default from the trustee or holders of at least 25% of the principal amount of the Debentures outstanding to cure or obtain a waiver for the covenant default.

If the Company does not cure or obtain a waiver for the default by the required date, the principal amount of the Debentures (and accrued interest) could become immediately due and payable by Pinetree. The Company's management does not believe it can generate sufficient proceeds from the disposal of its investments to repay principal and interest on the Debentures if required to do so immediately, however, over a period of time, subject to market volatilities and demand for its investments, the Company believes that it could generate sufficient funds to settle the full amount of the Debentures from dispositions of its investments. In the circumstance where the Debentures become due immediately, the liquidation value of the Company's portfolio may be significantly less than its carrying value as at September 30, 2014. The accelerated repayment of the Debentures in this manner would significantly reduce the Company's investments and net assets and its ability to realize its deferred tax assets, and the reduction of these assets would be material.

Pinetree is actively considering the alternatives available to it to cure the default and will commence discussions with holders of the Debentures. There can be no assurance that the Company will cure the default or obtain a waiver of the default within the prescribed period, the effect of which could have a material adverse effect on the Company and its financial condition.

15. Comparative interim consolidated statements:

The comparative interim consolidated statements have been reclassified from statements previously presented to conform to the presentation of the September 30, 2014 interim consolidated statements.