



PINETREE CAPITAL LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**THREE AND SIX MONTHS ENDED
JUNE 30, 2015**

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed consolidated interim financial statements of Pinetree Capital Ltd. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

Pinetree Capital Ltd.

Condensed Consolidated Interim Statements of Financial Position

(In thousands of Canadian dollars)

Unaudited

	As at June 30, 2015	As at December 31, 2014
ASSETS		
Cash and cash equivalents (note 4)	\$ 10,337	\$ 213
Due from brokers (note 4)	4,928	1,209
Investments at fair value (notes 3 and 7(c))	60,812	106,760
Prepays and other receivables (note 4)	334	338
Property, plant and equipment (note 5)	212	228
Total assets	\$ 76,623	\$ 108,748
LIABILITIES AND EQUITY		
Liabilities		
Convertible debentures (notes 2(b), 6(b) and 15)	\$ 34,607	\$ 54,520
Accounts payable and accrued liabilities (note 6(a))	630	1,367
Income taxes payable	1,700	1,700
Total liabilities	36,937	57,587
Equity		
Share capital (note 8(a))	306,103	306,103
Warrants (note 8(d))	1,607	1,607
Contributed surplus (note 8(e))	106,238	105,839
Equity component of convertible debentures (note 6(b))	2,838	2,838
Foreign currency translation reserve	(35)	(35)
Deficit	(377,065)	(365,191)
Total equity	39,686	51,161
Total liabilities and equity	\$ 76,623	\$ 108,748

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

Nature of business (note 1)

Going concern basis of presentation (note 2(b))

Subsequent events (note 15)



Pinetree Capital Ltd.

Condensed Consolidated Interim Statements of Comprehensive (Loss) Income (In thousands of Canadian dollars, except for securities and per share amounts)

Unaudited

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Net investment (losses) gains				
Net realized losses on disposal of investments	\$ (10,632)	\$ (47,812)	\$ (40,113)	\$ (318,805)
Net change in unrealized gains on investments (note 7(c))	8,524	54,587	34,456	360,300
	(2,108)	6,775	(5,657)	41,495
Other income	223	137	403	421
	(1,885)	6,912	(5,254)	41,916
Expenses				
Operating, general and administrative (notes 7(a), 8(c) and 9)	1,506	2,017	3,494	4,189
Finance expenses (note 10)	1,328	2,564	3,126	5,120
	2,834	4,581	6,620	9,309
(Loss) profit before income taxes	(4,719)	2,331	(11,874)	32,607
Income tax recovery	-	(377)	-	(377)
Net (loss) profit for the period	(4,719)	2,708	(11,874)	32,984
Other comprehensive income				
Exchange differences on translation of foreign operations	(11)	-	-	-
Total comprehensive (loss) income for the period	\$ (4,730)	\$ 2,708	\$ (11,874)	\$ 32,984
(Loss) earnings per common share based on net (loss) profit for the period (note 8(f))				
Basic	\$ (0.02)	\$ 0.02	\$ (0.06)	\$ 0.21
Diluted	\$ (0.02)	\$ 0.02	\$ (0.06)	\$ 0.18
Weighted average number of common shares outstanding (note 8(f))				
Basic	201,929,155	162,900,984	201,929,155	157,550,751
Diluted	201,929,155	163,149,422	201,929,155	213,942,648

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.



Pinetree Capital Ltd.

Condensed Consolidated Interim Statements of Cash Flows

(In thousands of Canadian dollars)

Unaudited

	Six months ended June 30, 2015	Six months ended June 30, 2014
Cash flows from (used in) operating activities		
Net (loss) profit for the period	\$ (11,874)	\$ 32,984
Items not affecting cash:		
Net realized losses on disposal of investments	40,113	318,805
Net change in unrealized gains on investments	(34,456)	(360,300)
Loss on purchase of convertible debentures under normal course issuer bid	-	130
Realized gain on retraction of Class C preferred shares	(20)	(1)
Amortization	16	50
Stock-based compensation expense	399	446
Accretion of discount on convertible debentures	632	1,986
	(5,190)	(5,900)
Adjustments for:		
Proceeds on disposal of investments	42,776	85,792
Purchase of investments	(2,482)	(91,507)
Due from brokers	(3,719)	2,985
Prepays and other receivables	4	52
Due to brokers	-	3,320
Accounts payable and accrued liabilities	(719)	(240)
Income taxes payable	-	(341)
Net cash from (used in) operating activities	30,670	(5,839)
Cash flows used in investing activities		
Purchase of property, plant and equipment	-	(17)
Net cash used in investing activities	-	(17)
Cash flows from (used in) financing activities		
Purchase of convertible debentures under normal course issuer bid	-	(5,152)
Proceeds from issue of share capital pursuant to private placements, net	-	10,926
Redemption of convertible debentures	(20,000)	-
Transaction costs for convertible debentures	(545)	-
Cash paid for retraction of Class C shares	(1)	-
Net cash from (used in) financing activities	(20,546)	5,774
Net increase (decrease) in cash and cash equivalents for the period	10,124	(82)
Cash and cash equivalents, beginning of period	213	249
Cash and cash equivalents, end of period	\$ 10,337	\$ 167
Supplemental cash flow information		
Dividends paid on Class C preferred shares	\$ 9	\$ 9
Finance expenses paid	3,213	3,163
Non-cash purchase of investments	-	7,037

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.



Pinetree Capital Ltd.

Condensed Consolidated Interim Statements of Changes in Equity

(In thousands of Canadian dollars, except for number of shares)

Unaudited

	Number of shares	Share capital	Warrants	Contributed surplus	Equity component of convertible debentures	Foreign currency translation reserve	Deficit	Total equity
Balance, December 31, 2013	152,141,070	\$ 285,797	\$ -	\$ 105,016	\$ 2,838	\$ (36)	\$ (294,601)	\$ 99,014
Net profit for the period	-	-	-	-	-	-	32,984	32,984
Total comprehensive income for the period	-	-	-	-	-	-	32,984	32,984
Issued pursuant to acquisition of investments, net	15,636,856	7,037	-	-	-	-	-	7,037
Issued pursuant to private placement	24,153,005	9,480	1,520	-	-	-	-	11,000
Issued pursuant to finders' fees on private placement	1,331,557	512	87	-	-	-	-	599
Share issuance costs on private placements	-	(673)	-	-	-	-	-	(673)
Stock-based compensation expense	-	-	-	446	-	-	-	446
Balance, June 30, 2014	193,262,488	\$ 302,153	\$ 1,607	\$ 105,462	\$ 2,838	\$ (36)	\$ (261,617)	\$ 150,407
Balance, December 31, 2014	201,929,155	\$ 306,103	\$ 1,607	\$ 105,839	\$ 2,838	\$ (35)	\$ (365,191)	\$ 51,161
Net loss for the period	-	-	-	-	-	-	(11,874)	(11,874)
Total comprehensive loss for the period	-	-	-	-	-	-	(11,874)	(11,874)
Stock-based compensation expense	-	-	-	399	-	-	-	399
Balance, June 30, 2015	201,929,155	\$ 306,103	\$ 1,607	\$ 106,238	\$ 2,838	\$ (35)	\$ (377,065)	\$ 39,686

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2015

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

Unaudited

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, with early-stage investments in resource, biotechnology and technology companies.

These unaudited condensed consolidated interim financial statements were approved by the Company's board of directors on July 30, 2015.

2. Basis of preparation

a) Statement of compliance

These condensed consolidated interim 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").

The same accounting policies and methods of computation were followed in the preparation of these unaudited condensed consolidated interim 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, 2014. Accordingly, these unaudited condensed consolidated interim statements for the three and six months ended June 30, 2015 should be read together with the annual consolidated financial statements as at and for the year ended December 31, 2014.

b) Going concern basis of presentation

These unaudited condensed consolidated interim 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 ("\$").

Financial statements are required to be prepared on a going concern basis unless management either intends to liquidate the Company or cease trading, or has no realistic alternative but to do so. These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will continue to operate for the foreseeable future and have the ability to realize its assets and discharge its liabilities in the normal course of business. However, material uncertainty exists regarding the Company's ability to comply with certain debt covenants that it is subject to in connection with its 10% Convertible Secured Debentures due May 31, 2016 (the "Debentures") (note 6(b)) and the related forbearance agreement executed on February 13, 2015 (note 6(b)), as this ability is dependent primarily on the future market performance of the Company's investment portfolio, which cannot be predicted.

This material uncertainty, which is discussed in greater detail below, casts significant doubt upon the Company's ability to continue as a going concern.



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2015

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

Unaudited

2. Basis of preparation (continued)

b) Going concern basis of presentation (continued)

As of December 31, 2014, the Company was in default of a restrictive 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 "Debenture Covenant"). On January 23, 2015, the default became an "Event of Default" under the indenture when it was neither cured nor waived by that date. Following the occurrence of an Event of Default under the indenture, the trustee and the holders of the Debentures ("Debentureholders") have certain rights, including the right to declare the principal amount of the Debentures and accrued interest thereon immediately due and payable. However, on February 13, 2015, the Company entered into a forbearance agreement with Equity Financial Trust Company, as trustee on behalf of the Debentureholders, whereby the trustee and the Debentureholders agreed to refrain from exercising their rights under the indenture or otherwise in respect of the existing Event of Default or a subsequent default of the Debenture Covenant until October 31, 2015, unless the Company breaches the forbearance agreement.

Under the terms of the forbearance agreement, among other things, the Company is required by July 31, 2015 to reduce the outstanding principal amount of the Debentures by \$20,000 and is subject to a covenant that limits its debt-to-assets ratio to 50% (as at month-end) for the three-month period of July through to September 2015 (the "Forbearance Covenant"). The Company also granted security over its consolidated assets to the Debentureholders to secure its obligations under the Debentures.

The Company satisfied its obligation to reduce the principal amount of the Debentures by \$20,000 prior to July 31, 2015. The Company's ability to comply with the remaining terms and conditions of the forbearance agreement is dependent primarily upon its ability to manage its debt-to-assets ratio at or below the 50% ratio permitted in the Forbearance Covenant during the period of July to September 2015. In addition, the Company's ability to comply with the terms and conditions of the indenture is dependent primarily upon its ability to manage its debt-to-assets ratio at or below the 33% ratio permitted in the Debenture Covenant during the period of October 2015 to maturity of the Debentures in May 2016.

To a certain extent, Pinetree's ability to manage its debt-to-assets ratio (beyond managing its debt level) remains outside of the Company's control given the nature of Pinetree's assets, which can experience sudden and significant changes in value, and the uncertainty of the Company's ability to access external sources of capital to expand the portfolio or to otherwise increase its asset base. Accordingly, there is no certainty that the Company will be able to comply with the Forbearance Covenant or return to being in compliance with the Debenture Covenant when required to do so.

If the Company breaches the forbearance agreement or the indenture, the trustee or the Debentureholders may declare the principal amount of the Debentures (and accrued interest) immediately due and payable by the Company. It is uncertain whether the Company could generate sufficient funds from proceeds of dispositions of its investments, or otherwise, to repay the total amount owing to Debentureholders, if and when required to do so.

Furthermore, because the Debentures are secured by all of the Company's assets, including its investments, if the Debentureholders realize on their security, the Company may not have sufficient assets, or any assets remaining following repayment of its Debenture obligations to enable it to continue as a going concern. If the proceeds of realization are insufficient to pay off all of the Company's obligations to the Debentureholders, the Company would remain liable for the balance owing and would not be able to continue as a going concern.



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2015

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

Unaudited

2. Basis of preparation (continued)

b) Going concern basis of presentation (continued)

These unaudited condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern basis was not used, the liquidation value of the Company's investment portfolio could be significantly less than its carrying value as at June 30, 2015. Such an adjustment could have a material impact on the Company's reported total assets and net loss for the period.

c) Basis of consolidation

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

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 period are included in comprehensive loss from the date that the Company gains control until the date that the Company ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company's reporting period using consistent accounting policies. All inter-company account balances and transactions have been eliminated upon consolidation.



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2015

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

Unaudited

2. Basis of preparation (continued)

d) Critical accounting judgments, estimates and assumptions

The preparation of the unaudited condensed consolidated interim 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 unaudited condensed consolidated interim 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 unaudited condensed consolidated interim statements were the same as those in the preparation of the annual consolidated financial statements as at and for the year ended December 31, 2014.

3. 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 unaudited condensed consolidated interim 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.



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2015

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

Unaudited

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

(b) Determination of investments' fair values (continued)

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



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2015

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

Unaudited

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

(c) Investments at fair value:

Investments consist of the following as at June 30, 2015:

Investments	Cost	Level 1	Level 2	Level 3	Total fair value
		Quoted market price	Valuation technique - observable market inputs	Valuation technique - non-observable market inputs	
Equities	\$ 116,317	\$ 31,259	\$ 33	\$ 18,893	\$ 50,185
Warrants	-	64	6,101	-	6,165
Promissory notes and convertible debentures	4,675	-	-	4,462	4,462
Total investments (i)	\$ 120,992	\$ 31,323	\$ 6,134	\$ 23,355	\$ 60,812
Investments denominated in foreign currencies		\$ 1,390	\$ -	\$ 11,132	\$ 12,522
% of investments denominated in foreign currencies		4%	0%	48%	21%

Investments consist of the following as at December 31, 2014:

Investments	Cost	Level 1	Level 2	Level 3	Total fair value
		Quoted market price	Valuation technique - Observable market inputs	Valuation technique - non-observable market inputs	
Equities	\$ 196,722	\$ 75,374	\$ 738	\$ 19,161	\$ 95,273
Warrants	-	25	7,188	-	7,213
Promissory notes and convertible debentures	4,675	-	-	4,274	4,274
Total investments (i)	\$ 201,397	\$ 75,399	\$ 7,926	\$ 23,435	\$ 106,760
Investments denominated in foreign currencies		\$ 18,131	\$ 479	\$ 10,330	\$ 28,940
% of investments denominated in foreign currencies		24.0%	6.0%	44.1%	27.1%



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2015

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

Unaudited

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

(c) Investments at fair value (continued):

(i) As at June 30, 2015, included in total investments were securities of private companies with a fair value totaling \$18,893 (cost of \$33,538) (December 31, 2014 – fair value of \$19,944 (cost of \$36,245)) measured in accordance with the Company's accounting policy for private company investments.

(ii) During the six months ended June 30, 2015, \$50 of the investments that were held in Level 2 as at December 31, 2014 were transferred to Level 1. During the six months ended June 30, 2014, \$6,430 of the investments that were held in Level 2 as at December 31, 2013 were transferred to Level 1. There were no transfers from Level 1 to 2 during the six months ended June 30, 2015 and 2014. During the year ended December 31, 2014, \$7,107 of the investments that were held in Level 2 as at December 31, 2013 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 (losses) are recognized in the unaudited condensed consolidated interim statements of comprehensive (loss) income.

Investment at fair value	Opening balance at January 1	Purchases /loans	Proceeds	Net realized losses	Net unrealized gains (losses)	Transfer out of Level 3	Ending balance
June 30, 2015	\$ 23,435	\$ -	\$ (971)	\$ (436)	\$ 1,327	\$ -	\$ 23,355
December 31, 2014	28,309	15,220	(2,322)	\$ (179)	\$ (11,983)	(5,610)	23,435

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 period.

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 used in the valuation of these instruments include (but are not limited to) the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions and the share performance of comparable publicly-traded companies.



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2015

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

Unaudited

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

(d) Level 3 hierarchy (continued):

The following table presents the fair value, categorized by key valuation techniques and the unobservable inputs used within Level 3 as at:

Valuation technique	June 30, 2015		December 31, 2014	
	Fair ⁽¹⁾ value	Unobservable inputs	Fair value	Unobservable inputs
Recent financing	\$ 2,995	Transaction price	\$ 3,489	Transaction price
Trends in comparable publicly traded companies and general market conditions	15,898	Adjustment range (-68% to -10%)	16,455	Adjustment range (-68% to -10%)
Discounted cash flows	4,462	Discount rate (15% - 19%)	3,491	Discount rate (15% - 19%)
	\$ 23,355		\$ 23,435	

⁽¹⁾ Change of fair value of investments in private companies held as at June 30, 2015 is due to the change of foreign exchange rate of US dollar against Canadian dollar from 1.1601 as at December 31, 2014 to 1.2490 as at June 30, 2015.

For those investments valued based on recent financing, management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at June 30, 2015 and December 31, 2014. For those investments valued based on trends in comparable publicly-traded companies and general market conditions, the inputs used can be highly judgmental. A +/- 25% change on the fair value of these investments will result in a corresponding +/- \$3,975 (December 31, 2014: +/- \$4,114) 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.



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2015

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

Unaudited

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

(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 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. Effective February 13, 2015, the Company is contractually prohibited from lending its securities until it has satisfied its obligations in full in respect of the Debentures (see note 6(b)).

4. Financial assets other than investments at fair value

	As at June 30, 2015	As at December 31, 2014
Cash and cash equivalents	\$ 10,337	\$ 213
Due from brokers	4,928	1,209
Other receivables	196	335

All amounts above are classified as financial assets at amortized cost and are short-term in nature. Cash and cash equivalents consist of cash on hand.



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2015

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

Unaudited

5. Property, plant and equipment

	Computer equipment	Computer software	Leasehold improvements	Furniture and equipment	Total
Cost					
As at December 31, 2014	\$ 146	\$ 68	\$ 1,587	\$ 562	\$ 2,363
Disposals	(6)	-	-	-	(6)
As at June 30, 2015	\$ 140	\$ 68	\$ 1,587	\$ 562	\$ 2,357
Accumulated amortization					
As at December 31, 2014	\$ 131	\$ 49	\$ 1,142	\$ 433	\$ 1,755
Disposals	(6)	-	-	-	(6)
Amortization	2	-	8	6	16
As at June 30, 2015	\$ 127	\$ 49	\$ 1,150	\$ 439	\$ 1,765
Impairment					
As at December 31, 2014 and June 30, 2015	\$ 9	\$ 3	\$ 291	\$ 77	\$ 380
Carrying amount					
December 31, 2014	\$ 6	\$ 16	\$ 154	\$ 52	\$ 228
June 30, 2015	\$ 4	\$ 16	\$ 146	\$ 46	\$ 212

6. Financial liabilities

	As at June 30, 2015	As at December 31, 2014
Accounts payable and accrued liabilities (a)	\$ 630	\$ 1,367
Convertible debentures, due May 31, 2016 (b)	34,607	54,520
	\$ 35,237	\$ 55,887

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

(a) As at June 30, 2015, included in accounts payable and accrued liabilities are Class C preferred share liabilities of \$218 (December 31, 2014 - \$239). The Class C preferred shares ("Class C Shares") were issued in 2009 by Pinetree's wholly-owned subsidiary, PCIC, are non-voting, redeemable and retractable at any time, and entitle the holders thereof to receive cumulative dividends at a rate of 8% per annum. During the six months ended June 30, 2015, \$9 (six months ended June 30, 2014 - \$9) in dividends were declared and paid on the Class C Shares.

The Class C Shares' redemption and retraction prices are linked to the market price of the Company's common shares subject to a minimum redemption price of \$10 per share. As at June 30, 2015, the redemption price was \$10 per share and the retraction price in effect was \$0.48 per share (December 31, 2014 - \$0.62 per share). During the six months ended June 30, 2015, 2,100 Class C Shares were cancelled by PCIC following their retraction by the holders at \$0.48 per share plus accrued and unpaid dividends. As at June 30, 2015, 21,800 Class C Shares (December 31, 2014 - 23,900 Class C Shares) were issued and outstanding.



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2015

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

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6. Financial liabilities (continued)

(a) (continued) As at June 30, 2015, also included in accounts payable and accrued liabilities is accrued interest payable of \$280 (December 31, 2014 - \$466) on the Debentures.

(b) The following table summarizes the changes in the Debentures' liability and equity components during the period ended:

Principal	
Opening principal balance, December 31, 2013	\$ 60,864
Repurchase of convertible debentures	(6,042)
Ending principal balance, June 30, 2014	\$ 54,822
Opening principal balance, December 31, 2014	\$ 54,822
Redemption of convertible debentures	(20,000)
Ending principal balance, June 30, 2015	\$ 34,822
Liability	
Opening liability balance, December 31, 2013	\$ 48,868
Repurchase of convertible debentures	(5,022)
Accretion of discount on the convertible debentures	1,986
Ending liability balance, June 30, 2014	\$ 45,832
Opening liability balance, December 31, 2014	\$ 54,520
Accretion of discount on the convertible debentures	632
Transaction costs for convertible debentures	(545)
Redemption of convertible debentures	(20,000)
Ending liability balance, June 30, 2015	\$ 34,607
Equity component	
Opening equity component balance, December 31, 2013	\$ 2,838
No transactions	-
Ending equity component balance, June 30, 2014	\$ 2,838
Opening equity component balance, December 31, 2014	\$ 2,838
No transactions	-
Ending equity component balance, June 30, 2015	\$ 2,838

As at June 30, 2015, the fair value of the Debentures was \$33,781 (December 31, 2014 - \$42,761) 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.



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

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6. Financial liabilities (continued)

(b) (continued) The Debentures are convertible into common shares of the Company on the basis of a conversion price of \$4.25 per share ("Conversion Price"), subject to adjustment under certain circumstances.

On January 23, 2015, the default of the Debenture Covenant became an "Event of Default" under the indenture governing the Debentures when the default was neither cured nor waived by that date. On February 13, 2015, the Company entered into a forbearance agreement with Equity Financial Trust Company, as trustee on behalf of the Debentureholders, in connection with the Event of Default. Pursuant to the terms of the forbearance agreement, until October 31, 2015, the Debentureholders will refrain from exercising any rights or remedies that they may have under the indenture or otherwise in respect of the Event of Default and any subsequent default of the Debenture Covenant, unless a breach of the forbearance agreement occurs. As a result of the agreement reached with Debentureholders:

- The Company's obligations in respect of the Debentures are now secured by its consolidated assets.
- By July 31, 2015, the Company is required to reduce the aggregate principal amount of the outstanding Debentures by at least \$20,000, an obligation that was satisfied during the three and six months ended June 30, 2015.
- For the three month period of July through September 2015, the Company is subject to a covenant that limits its debt to assets ratio (as at month-end) to 50% and reverts back to 33% as of October 1, 2015.
- The Company can redeem the Debentures at par plus accrued interest, regardless of the trading price of the Company's common shares.

For accounting purposes, the Company determined that the amended terms of the Debentures were not substantially modified due to the forbearance agreement. In accordance with the terms of the forbearance agreement, the effective interest rate has been revised to reflect cash flow assumptions.

If the Company breaches the forbearance agreement or the indenture governing the Debentures, 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 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 these circumstances, the liquidation value of the Company's portfolio may be significantly less than its carrying value as at June 30, 2015. The accelerated repayment of the Debentures under the forbearance agreement would significantly reduce the Company's investments and the reduction of these assets would be material.

On April 30, 2015 (the "First Redemption Date"), the Company partially redeemed \$10,000 principal amount of the \$54,822 aggregate principal amount of the Debentures then outstanding in accordance with the terms of the indenture governing the Debentures, on a pro rata basis, at par, together with all accrued and unpaid interest thereon up to but excluding the First Redemption Date, for a total redemption amount equal to \$10,413.



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2015

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

Unaudited

6. Financial liabilities (continued)

(b) (continued) The Company redeemed an additional \$10,000 principal amount of the Debentures on June 5, 2015 (the "Second Redemption Date"), on a pro rata basis, at par, together with all accrued and unpaid interest thereon up to but excluding the Second Redemption Date, for a total redemption amount equal to \$10,014. An aggregate of \$34,822 principal amount of Debentures were outstanding upon completion of the redemption.

The Company renewed its normal course issuer bid ("NCIB") for the Debentures for the period of June 5, 2015 to June 4, 2016. In accordance with and subject to the rules of the TSX, the Company can purchase up to \$3,460 principal amount of Debentures pursuant to the NCIB.

On June 11, 2015, the Company announced that it will redeem a further \$10,000 principal amount of the Debentures on July 13, 2015 (the "Third Redemption Date"), on a pro rata basis, at par, together with all accrued and unpaid interest thereon up to but excluding the Third Redemption Date, for a total redemption amount equal to \$10,118 (see note 15).

7. Related party transactions

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

(a) Related party transactions included in the unaudited condensed consolidated interim statements of comprehensive (loss) income were as follows during the three and six months ended June 30:

Type of service	Nature of relationship	Three months ended	Three months ended
		June 30, 2015	June 30, 2014
Salaries, consulting fees and other benefits	Officers	\$ 109	\$ 343
Director fees (i)	Directors	70	27
Stock-based compensation expense	Directors and officers	170	197

Type of service	Nature of relationship	Six months ended	Six months ended
		June 30, 2015	June 30, 2014
Salaries, consulting fees and other benefits	Officers	\$ 633	\$ 670
Director fees (i)	Directors	146	55
Stock-based compensation expense	Directors and officers	315	318

(i) Non-management directors of the Company are entitled to remuneration for their services at rates approved by the board of directors. In addition, directors are reimbursed for reasonable travelling, hotel and other incidental expenses in respect of attending meetings of the directors.



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2015

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

Unaudited

7. Related party transactions (continued)

(b) During the six months ended June 30, 2015, the Company granted to directors and officers the following stock options:

Grant date	Options granted	Exercise price	Expiry date
March 31, 2015	1,500,000	\$ 0.16	March 30, 2020
May 29, 2015	950,000	\$ 0.08	May 28, 2020
Total granted	2,450,000		

During the six months ended June 30, 2014, the Company granted to directors and officers the following stock options:

Grant date	Options granted	Exercise price	Expiry date
March 31, 2014	1,250,000	\$ 0.50	March 30, 2019
May 30, 2014	500,000	\$ 0.42	May 29, 2019
Total granted	1,750,000		

(c) Investments in associates

The Company's directors and officers may have investments in and hold management and/or director positions in some of the Company's investments. The Company makes minority investments (less than 50%) in the equity of companies (including convertible securities) by way of open market transactions and private placement financings. It is presumed that it is possible to exert significant influence when an equity holding is greater than 20% on a partially diluted basis. However, the Company also considers other factors when determining if it has significant influence such as board representations and officers and directors involvement with the investee. 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 unaudited condensed consolidated interim statements of financial position for investments in associates are as follows:

	As at June 30, 2015	As at December 31, 2014
Investment at fair value	\$ 14,449	\$ 20,400
Cost of investments	29,858	39,629



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

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

Unaudited

7. Related party transactions (continued)

(c) Investments in associates (continued)

The total amounts included in the unaudited condensed consolidated interim statements of comprehensive (loss) income for investments in associates are as follows:

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Net change in unrealized (losses) gains on investments	\$ 735	\$ (4,770)	\$ (5,951)	\$ 7,332
Interest earned on promissory notes	90	13	180	42

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. No related party transactions were conducted with investee companies during the six-month period ended June 30, 2015.

During the six-month period ended June 30, 2014, the following transactions were conducted with investee companies:

In June 2014, the Company acquired securities of Sviral Inc. ("Sviral"), a private company, 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 a 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.



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2015

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

Unaudited

8. Equity

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

As at June 30, 2015, the Company had 201,929,155 (December 31, 2014 - 201,929,155) common shares issued and outstanding.

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 and purchased an investment in securities for an equal amount. The share issuance costs were \$6 (note 7(c)).

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 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.

(b) Stock options plan

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



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2015

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Unaudited

8. Equity (continued)

(b) Stock options plan (continued)

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

(c) Stock options

The following table summarizes stock options granted during the six months ended June 30, 2015:

Date granted	Options granted	Exercisable price (\$)	Expiry date
March 31, 2015	2,235,000	0.16	March 30, 2020
May 29, 2015	950,000	0.08	May 28, 2020
	3,185,000		

The following table summarizes stock options granted during the year ended December 31, 2014:

Date granted	Options granted	Exercisable price (\$)	Expiry date
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
November 28, 2014	4,445,000	0.16	November 27, 2019
	7,310,000		

Stock options granted on March 31, 2015 vest four months from the grant date and stock options granted on May 29, 2015 vest at the rate of 1/6th of the grant at the end of each three-month period over an 18-month period. Stock options granted during the year ended December 31, 2014 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.



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Unaudited

8. Equity (continued)

(c) Stock options (continued)

The fair value of the options granted during the three and six months ended June 30, 2015 was estimated at the date of grant using the following weighted average assumptions:

Black-Scholes option valuation model assumptions used:

Expected volatility	75.36% - 76.8%
Expected dividend yield	0.0%
Risk-free interest rate	0.60% - 0.69%
Expected option life in years	3.4 - 5.0
Expected forfeiture rate	0% - 3.3%
Fair value per option granted on March 31, 2015	\$0.07
Fair value per option granted on May 29, 2015	\$0.05

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

Black-Scholes option valuation model assumptions used:

Expected volatility	63.8%
Expected dividend yield	0.0%
Risk-free interest rate	1.2%
Expected option life in years	3.4
Expected forfeiture rate	3.3%
Fair value per option granted on March 31, 2014	\$0.23
Fair value per option granted on May 30, 2014	\$0.19
Fair value per option granted on August 29, 2014	\$0.16
Fair value per option granted on November 28, 2014	\$0.07

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 and six months ended June 30, 2015, included in operating, general and administrative expenses is stock-based compensation of \$215 and \$399, respectively (three and six months ended June 30, 2014 - \$291 and \$446, respectively) relating to the stock options granted to directors, officers, employees, and consultants of the Company.



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Unaudited

8. Equity (continued)

(c) Stock options (continued)

A summary of the status of the Company's stock options as at June 30, 2015 and December 31, 2014 and changes during the periods then ended is presented below:

	Number of options	Weighted average exercise price per share
Balance, December 31, 2013	14,331,900	\$ 1.36
Options granted	7,310,000	0.28
Options forfeited	(108,337)	0.53
Options expired	(3,557,653)	1.41
Balance, December 31, 2014	17,975,910	0.92
Options granted	3,185,000	0.14
Options forfeited	(1,290,000)	1.01
Options expired	(1,145,910)	1.55
Balance, June 30, 2015	18,725,000	\$ 0.74

The following table summarizes information about stock options outstanding and exercisable as at June 30, 2015:

Number of stock outstanding	Number of stock options vested and exercisable	Exercisable price (\$)	Expiry date
250,000	250,000	1.41	August 31, 2015
250,000	250,000	3.23	November 30, 2015
1,180,000	1,180,000	3.17	March 30, 2016
250,000	250,000	2.93	May 30, 2016
250,000	250,000	1.92	August 30, 2016
1,225,000	1,225,000	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
1,270,000	1,270,000	0.89	November 29, 2017
1,270,000	1,270,000	0.62	March 27, 2018
1,760,000	1,760,000	0.43	August 28, 2018
250,000	250,000	0.27	November 28, 2018
1,855,000	1,545,833	0.50	March 30, 2019
500,000	333,333	0.42	May 29, 2019
300,000	150,000	0.33	August 28, 2019
4,180,000	1,393,333	0.16	November 27, 2019
2,235,000	-	0.16	March 30, 2020
950,000	-	0.08	May 28, 2020
18,725,000	12,127,499		



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8. Equity (continued)

(d) Warrants

A summary of the status of the Company's warrants as at June 30, 2015 and December 31, 2014 and changes during the periods then ended is presented below:

	Number of warrants	Weighted average exercise price per share	Amount
Balance, December 31, 2013	-	\$ -	\$ -
Issued	12,332,451	0.75	1,607
Balance, December 31, 2014 and June 30, 2015	12,332,451	\$ 0.75	\$ 1,607

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

	Amount
Balance, December 31, 2013	\$ 105,016
Stock-based compensation	823
Balance, December 31, 2014	105,839
Stock-based compensation	399
Balance, June 30, 2015	\$ 106,238

Contributed surplus comprises of the following as at June 30, 2015 and December 31, 2014:

	June 30, 2015	December 31, 2014
Fair value of stock-based compensation	\$ 33,927	\$ 33,528
Fair value of expired warrants and broker warrants	72,268	72,268
Cancellation of shares under normal course issuer bid	43	43
	\$ 106,238	\$ 105,839

(f) Basic and diluted (loss) earnings per common share based on net (loss) profit for the three and six months ended are as follows:

Numerator:	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Net (loss) profit for the period	\$ (4,719)	\$ 2,708	\$ (11,874)	\$ 32,984
Adjustment for:				
Accretion of discount and interest expense on convertible debentures	-	-	-	4,976
Loss on purchase of convertible debentures under NCIB	-	-	-	130
Adjusted net (loss) profit for the period	\$ (4,719)	\$ 2,708	\$ (11,874)	\$ 38,090



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

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Unaudited

8. Equity (continued)

(f) Basic and diluted (loss) earnings per common share based on net (loss) profit for the three and six months ended (continued):

Denominator:	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Weighted average number of common shares outstanding - basic	201,929,155	162,900,984	201,929,155	157,550,751
Weighted average effect of diluted convertible securities (i)	-	248,438	-	56,391,897
Weighted average number of common shares outstanding - diluted	201,929,155	163,149,422	201,929,155	213,942,648

(Loss) earnings per common share based on net (loss) profit for the period

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Basic	\$ (0.02)	\$ 0.02	\$ (0.06)	\$ 0.21
Diluted	(0.02)	0.02	(0.06)	0.18

(i) The determination of the weighted average number of common shares outstanding – diluted excludes 39,250,863 shares related to convertible securities that were anti-dilutive for the three and six months ended June 30, 2015 (three and six months ended June 30, 2014 - 80,700,990 and 25,269,351, respectively).

(g) Maximum share dilution

The following table presents the maximum number of shares that would be outstanding if all outstanding stock options and warrants were exercised and all outstanding convertible debentures were converted as at June 30, 2015 and December 31, 2014:

	June 30, 2015	December 31, 2014
Common shares outstanding	201,929,155	201,929,155
Stock options outstanding to purchase common shares	18,725,000	17,975,910
Warrants to purchase common shares	12,332,451	12,332,451
Debentures convertible to common shares (i)	8,193,412	12,899,294
Fully diluted common shares outstanding	241,180,018	245,136,810

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



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Unaudited

9. Expense by nature

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

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Transaction costs	\$ 188	\$ 233	\$ 327	\$ 958
Salaries	64	539	287	1,061
Other office and general	135	223	270	405
Stock-based compensation expense	215	291	399	446
Operating lease payments	147	151	293	300
Consulting and directors' fees	205	146	873	286
Travel and other	10	136	19	274
Transfer agent, filing fees and other information systems	54	95	244	206
Professional fees	358	91	668	143
Other employee benefits	26	48	89	96
Amortization	8	24	16	50
Loss on repurchase of convertible debentures	-	130	-	130
Foreign exchange loss (gain)	96	(90)	9	(166)
	\$ 1,506	\$ 2,017	\$ 3,494	\$ 4,189

10. Finance expenses

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

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Accretion of discount and interest expense on convertible debentures	\$ 1,319	\$ 2,501	\$ 3,114	\$ 4,976
Interest expense	9	63	12	144
	\$ 1,328	\$ 2,564	\$ 3,126	\$ 5,120



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Unaudited

11. Management of capital

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

	June 30, 2015	December 31, 2014
Convertible debentures	\$ 34,607	\$ 54,520
Equity comprises of:		
Share capital	306,103	306,103
Warrants	1,607	1,607
Contributed surplus	106,238	105,839
Equity component of convertible debentures	2,838	2,838
Foreign currency translation reserve	(35)	(35)
Deficit	(377,065)	(365,191)
	\$ 74,293	\$ 105,681

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. Thereafter, the Company was required to maintain a debt-to-assets ratio of 33%. Since October 31, 2014, the Company has been in default of the covenant, however, the Debentureholders have agreed to refrain from exercising their rights in respect of the default until October 31, 2015, subject to the terms and conditions of the forbearance agreement entered into by the Company in February 2015.

The Company has changed its objectives in managing and maintaining capital subsequent to the year ended December 31, 2014. The Company is not subject to any capital requirements imposed by a regulator.

The Company's objectives when managing capital are:

- (a) to ensure that the Company maintains the level of capital and debt ratios necessary to comply with the forbearance agreement and the indenture governing the Debentures; and
- (b) to maintain a flexible capital structure that optimizes the cost of capital at acceptable levels of risk.

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

- (a) realizing proceeds from the disposition of its investments; and
- (b) raising capital through equity financings.

The payment of cash dividends does not form part of Pinetree's current capital management program and, to date, the Company has not declared any cash dividends on its common shares. Pursuant to the indenture governing the Debentures, the Company cannot pay dividends on its common shares for so long as an "Event of Default" exists under the indenture.



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Three and Six Months Ended June 30, 2015

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

Unaudited

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. The use of financial instruments can expose the Company to the following risks. A discussion of the Company's use of financial instruments and their associated risks is provided below.

Market risk

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

Additionally, in accordance with IFRS 9, Financial Instruments ("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, 2014. 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 junior resource industry, early stage technology sector and biotechnology sector.

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

The following table shows the estimated sensitivity of the Company's after-tax loss for the three and six months ended June 30, 2015 from a change in the closing trade price of the Company's investments with all other variables held constant as at June 30, 2015:

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%	\$ 944	\$ (944)
4%	1,888	(1,888)
6%	2,832	(2,832)
8%	3,776	(3,776)
10%	4,720	(4,720)



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

Unaudited

12. Risk management (continued)

The following table shows the estimated sensitivity of the Company's after-tax profit for the three and six months ended June 30, 2014 from a change in the closing trade price of the Company's investments with all other variables held constant as at June 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%	\$ 3,265	\$ (3,265)
4%	6,531	(6,531)
6%	9,796	(9,796)
8%	13,062	(13,062)
10%	16,327	(16,327)

Concentration risk in the Company's investment portfolio

Concentration risk is the risk that any single investment or group of investments will have the potential to materially affect the operating results of the Company.

Subject to board approval for investments in excess of a pre-determined threshold, there are no restrictions on the proportion of Pinetree's funds and no limit on the amount of funds that may be allocated to any particular investment, industry or sector. Accordingly, the Company's investment activities may be highly concentrated in a limited number of investments or industry sectors and the Company's financial results may be substantially adversely affected by the unfavourable performance in those investments or industry sectors.

As at June 30, 2015, the Company's top five investments had a fair value of \$30,383 in the technology, resource and biotechnology sectors, representing 31%, 10% and 9% of the fair value of the Company's total portfolio, of which four are public companies and one is a private company. As at December 31, 2014, the Company's top five investments had a fair value of \$59,474 in the technology sector representing 55.7% of the fair value of the Company's total portfolio, all of which are publicly traded companies.

13. Operating segment information

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

The Company has a single reportable geographic segment, Canada, and all of the Company's property, plant and equipment are located in Canada.

The internal reporting provided to management of the Company's assets, liabilities, and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS. There were no changes in the reportable segments during the three and six months ended June 30, 2015.



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

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14. Future accounting changes

As at the date of authorization of these unaudited condensed consolidated interim statements, the International Accounting Standards Board ("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 non-financial 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, 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 recognized 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.

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.



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15. Subsequent events

(1) On July 6, 2015, the Company bought back \$38 principal amount of the Debentures under its NCIB at 0.948092 of the par value, plus accrued interest and commission for a total cash payment of \$36.

(2) The Company redeemed a further \$10,000 principal amount of the Debentures on July 13, 2015, on a pro rata basis, at par, together with all accrued and unpaid interest thereon up to but excluding the redemption date, for a total redemption amount equal to \$10,118. An aggregate of \$24,784 principal amount of the Debentures were outstanding following the redemption.

(3) On July 30, 2015, the Company gave notice to the Debentureholders that it will redeem a further \$10,000 principal amount of the Debentures on August 31, 2015, on a pro rata basis, at par, together with all accrued and unpaid interest thereon up to but excluding the redemption date, for a total redemption amount equal to \$10,252. An aggregate of \$14,784 principal amount of the Debentures will be outstanding following the redemption, excluding any Debentures which may be purchased and cancelled under the NCIB on or before the redemption date.

