PINETREE CAPITAL LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED
SEPTEMBER 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 September 30, 2015	As at December 31, 2014
ASSETS		
Cash and cash equivalents (note 4)	**$ 339**	$ 213
Due from brokers (note 4)	**2,027**	1,209
Investments at fair value (notes 3 and 7(c))	**38,714**	106,760
Prepaids and other receivables (note 4)	**347**	338
Property, plant and equipment (note 5)	**-**	228
Total assets	**$ 41,427**	$ 108,748
LIABILITIES AND EQUITY		
Liabilities		
Convertible debentures (notes 2(b), 6(b) and 15)	**$ 14,606**	$ 54,520
Accounts payable and accrued liabilities (note 6(a))	**1,446**	1,367
Income taxes payable	**-**	1,700
Total liabilities	**16,052**	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))	**106,346**	105,839
Equity component of convertible debentures (note 6(b))	**2,838**	2,838
Foreign currency translation reserve	**(35)**	(35)
Deficit	**(391,484)**	(365,191)
Total equity	**25,375**	51,161
Total liabilities and equity	**$ 41,427**	$ 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 September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Net investment (losses) gains				
Net realized losses on disposal of investments	**$ (120)**	$ (15,607)	**$ (40,233)**	$ (334,412)
Net change in unrealized gains (losses) on investments (note 7(c))	**(12,217)**	(6,892)	**22,239**	353,408
	(12,337)	(22,499)	**(17,994)**	18,996
Other income	**111**	311	**514**	732
	(12,226)	(22,188)	**(17,480)**	19,728
Expenses				
Operating, general and administrative (notes 7(a), 8(c) and 9)	**2,534**	1,883	**6,028**	6,072
Finance expenses (note 10)	**682**	2,427	**3,808**	7,547
	3,216	4,310	**9,836**	13,619
(Loss) profit before income taxes	**(15,442)**	(26,498)	**(27,316)**	6,109
Income tax expense (recovery)	**(1,023)**	3	**(1,023)**	(374)
Total comprehensive (loss) income for the period	**$ (14,419)**	$ (26,501)	**$ (26,293)**	$ 6,483
(Loss) earnings per common share based on net (loss) profit for the period (note 8(f))				
Basic	**$ (0.07)**	$ (0.13)	**$ (0.13)**	$ 0.04
Diluted	**$ (0.07)**	$ (0.13)	**$ (0.13)**	$ 0.04
Weighted average number of common shares outstanding (note 8(f))				
Basic	**201,929,155**	199,443,648	**201,929,155**	171,668,503
Diluted	**201,929,155**	199,443,648	**201,929,155**	171,781,786

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

	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Cash flows provided by (used in) operating activities		
Net (loss) profit for the period	**$ (26,293)**	$ 6,483
Items not affecting cash:		
Net realized losses on disposal of investments	**40,233**	334,412
Net change in unrealized gains on investments	**(22,239)**	(353,408)
(Gain) loss on purchase of convertible debentures under normal course issuer bid	**(4)**	130
Realized gain on retraction of Class C preferred shares	**(21)**	(1)
Impairment of fixed assets	**212**	-
Amortization	**16**	76
Stock-based compensation expense	**507**	647
Accretion of discount on convertible debentures	**732**	2,977
	(6,857)	(8,684)
Adjustments for:		
Proceeds on disposal of investments	**54,297**	113,025
Purchase of investments	**(4,242)**	(112,881)
Due from brokers	**(818)**	(834)
Prepaids and other receivables	**(9)**	(16)
Accounts payable and accrued liabilities	**100**	939
Income taxes payable	**(1,700)**	(317)
Net cash provided by (used in) operating activities	**40,771**	(8,768)
Cash flows used in investing activities		
Purchase of property, plant and equipment	**-**	(18)
Net cash used in investing activities	**-**	(18)
Cash flows (used in) provided by financing activities		
Purchase of convertible debentures under normal course issuer bid	**(93)**	(5,152)
Proceeds from issue of share capital pursuant to private placements, net	**-**	13,915
Share issuance costs	**-**	(37)
Redemption of convertible debentures	**(40,000)**	-
Transaction costs for convertible debentures	**(551)**	-
Cash paid for retraction of Class C shares	**(1)**	-
Net cash (used in) provided by financing activities	**(40,645)**	8,726
Net increase (decrease) in cash and cash equivalents for the period	**126**	(60)
Cash and cash equivalents, beginning of period	**213**	249
Cash and cash equivalents, end of period	**$ 339**	$ 189
Supplemental cash flow information		
Dividends paid on Class C preferred shares	**$ 9**	$ 9
Finance expenses paid	**3,591**	3,196
Non-cash purchase of investments	**-**	7,998

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

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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	-	-	-	-	-	-	6,483	6,483
Total comprehensive income for the period	-	-	-	-	-	-	6,483	6,483
Issued pursuant to acquisition of investments, net	17,636,856	7,998	-	-	-	-	-	7,998
Issued pursuant to private placement	30,819,672	12,480	1,520	-	-	-	-	14,000
Issued pursuant to finders' fees on private placement	1,331,557	512	87	-	-	-	-	599
Share issuance costs on private placements	-	(684)	-	-	-	-	-	(684)
Stock-based compensation expense	-	-	-	647	-	-	-	647
Balance, September 30, 2014	**201,929,155**	**$ 306,103**	**$ 1,607**	**$ 105,663**	**$ 2,838**	**$ (36)**	**$ (288,118)**	**$ 128,057**
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	-	-	-	-	-	-	(26,293)	(26,293)
Total comprehensive loss for the period	-	-	-	-	-	-	(26,293)	(26,293)
Stock-based compensation expense	-	-	-	507	-	-	-	507
Balance, September 30, 2015	**201,929,155**	**$ 306,103**	**$ 1,607**	**$ 106,346**	**$ 2,838**	**$ (35)**	**$ (391,484)**	**$ 25,375**

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these 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, 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 November 13, 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 nine months ended September 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.

2. Basis of preparation (continued)

b) Going concern basis of presentation (continued)

Commencing October 31, 2014, the Company was in default of a restrictive debt covenant contained in the indenture (the "Debenture 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 Debenture Indenture when it was neither cured nor waived by that date. Following the occurrence of an Event of Default under the Debenture 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 Debenture 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 was required by July 31, 2015 to reduce the outstanding principal amount of the Debentures by $20,000 and was subject to a covenant that limited 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 and successfully managed its debt-to-assets ratio below the 50% ratio permitted in the Forbearance Covenant during the period of July to September 2015. The Company's ability to comply with the terms and conditions of the Debenture 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 return to being in compliance with the Debenture Covenant when required to do so.

If the Company breaches the forbearance agreement or the Debenture 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.

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 September 30, 2015. Such an adjustment could have a material impact on the Company's reported total assets and net loss for the period.

In accordance with the terms of the forbearance agreement, the Debentureholders' agreement to refrain from exercising their rights in respect of the Company's Event of Default under the Debenture Indenture (which had existed since January 2015) ceased on October 31, 2015 and the Company became subject to the Debenture Covenant once again, requiring it to maintain a debt-to-assets ratio of 33% (calculated as at the last day of each month). The Company was in compliance with the Debenture Covenant for October, the effect of which was to cure the Event of Default (note 15).

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) income from the date that the Company gains control until the date that the Company ceases to control the subsidiary.

2. Basis of preparation (continued)

c) Basis of consolidation (continued)

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.

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.

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.

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

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

(c) Investments at fair value:

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

Investments		Cost		Level 1 Quoted market price		Level 2 (ii) Valuation technique - observable market inputs		Level 3 Valuation technique - non-observable market inputs		Total fair value
Equities	**$**	**106,276**	**$**	**14,167**	**$**	**27**	**$**	**19,748**	**$**	**33,942**
Warrants		**-**		**46**		**-**		**-**		**46**
Promissory notes and convertible debentures		**4,836**		**-**		**-**		**4,726**		**4,726**
Total investments (i)	**$**	**111,112**	**$**	**14,213**	**$**	**27**	**$**	**24,474**	**$**	**38,714**
Investments denominated in foreign currencies			**$**	**263**	**$**	**-**	**$**	**12,376**	**$**	**12,639**
% of investments denominated in foreign currencies				**2%**		**0%**		**51%**		**33%**

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

Investments		Cost		Level 1 Quoted market price		Level 2 (ii) Valuation technique - observable market inputs		Level 3 Valuation technique - non-observable market inputs		Total fair value
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%

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

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

(c) Investments at fair value (continued):

(i) As at September 30, 2015, included in total investments were securities of private companies with a fair value totaling $19,748 (cost of $33,688) (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 nine months ended September 30, 2015, $50 of the investments that were held in Level 2 as at December 31, 2014 were transferred to Level 1. 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. There were no transfers from Level 1 to 2 during the nine months ended September 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
September 30, 2015	$ 23,435	$ 310	$ (971)	$ (434)	$ 2,134	$ -	$ 24,474
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.

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

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:

	September 30, 2015			December 31, 2014		
Valuation technique		**Fair [1] value**	**Unobservable inputs**		**Fair value**	**Unobservable inputs**
Recent financing	**$**	**3,014**	Transaction price	$	3,489	Transaction price
Trends in comparable publicly traded companies and general market conditions		**16,734**	Adjustment range (-68% to -10%)		16,455	Adjustment range (-68% to -10%)
Discounted cash flows		**4,726**	Discount rate (15% - 19%)		3,491	Discount rate (15% - 19%)
	$	**24,474**		$	23,435	

[1] Change of fair value of investments in private companies held as at September 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 1.3394 as at September 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 September 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 +/- $4,184 (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.

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

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

(e) Securities lending:

The Company 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 September 30, 2015	As at December 31, 2014
Cash and cash equivalents	**$ 339**	$ 213
Due from brokers	**2,027**	1,209
Other receivables	**278**	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.

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

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 September 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 September 30, 2015	$ 127	$ 49	$ 1,150	$ 439	$ 1,765
Impairment					
As at December 31, 2014	$ 9	$ 3	$ 291	$ 77	$ 380
Change for the period	4	16	146	46	212
As at September 30, 2015	$ 13	$ 19	$ 437	$ 123	$ 592
Carrying amount					
December 31, 2014	$ 6	$ 16	$ 154	$ 52	$ 228
September 30, 2015	$ -	$ -	$ -	$ -	$ -

6. Financial liabilities

	As at September 30, 2015	As at December 31, 2014
Accounts payable and accrued liabilities (a)	**$ 1,446**	$ 1,367
Convertible debentures, due May 31, 2016 (b)	**14,606**	54,520
	$ 16,052	$ 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 September 30, 2015, included in accounts payable and accrued liabilities are Class C preferred share liabilities of $217 (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 nine months ended September 30, 2015, $9 (nine months ended September 30, 2014 - $9) in dividends were declared and paid on the Class C Shares.

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

6. Financial liabilities (continued)

(a) (continued) 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, 2015, the redemption price was $10 per share and the retraction price in effect was $0.40 per share (December 31, 2014 - $0.62 per share). During the nine months ended September 30, 2015, 2,200 Class C Shares were cancelled by PCIC following their retraction by the holders at $0.62 per share plus accrued and unpaid dividends. 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, 2015, 21,700 Class C Shares (December 31, 2014 - 23,900 Class C Shares) were issued and outstanding.

As at September 30, 2015, also included in accounts payable and accrued liabilities is accrued interest payable of $486 (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, September 30, 2014	**$**	**54,822**
Opening principal balance, December 31, 2014	$	54,822
Redemptions and NCIB purchases of convertible debentures		(40,096)
Ending principal balance, September 30, 2015	**$**	**14,726**
Liability		
Opening 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**
Opening liability balance, December 31, 2014	$	54,520
Accretion of discount on the convertible debentures		732
Transaction costs for convertible debentures		(551)
Redemptions and NCIB purchases of convertible debentures		(40,095)
Ending liability balance, September 30, 2015	**$**	**14,606**
Equity component		
Opening equity component balance, December 31, 2013	$	2,838
No transactions		-
Ending equity component balance, September 30, 2014	**$**	**2,838**

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

6. Financial liabilities (continued)

(b) (continued)

Equity component		
Opening equity component balance, December 31, 2014	$	2,838
No transactions		-
Ending equity component balance, September 30, 2015	**$**	**2,838**

As at September 30, 2015, the fair value of the Debentures was $14,688 (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.

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 Debenture Indenture 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 Debenture 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 was required to reduce the aggregate principal amount of the outstanding Debentures by at least $20,000, an obligation that was satisfied during the nine months ended September 30, 2015.
- For the three month period of July through September 2015, the Company was subject to the Forbearance Covenant that limited its debt-to-assets ratio (as at month-end) to 50%, instead of the 33% ratio under the Debenture Covenant (which the Company will once again be required to comply with commencing October 2015). The Company successfully managed its debt-to-assets ratio below the 50% ratio during the period of July to September 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 was revised to reflect cash flow assumptions.

If the Company breaches the forbearance agreement or the Debenture Indenture, 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.

6. Financial liabilities (continued)

(b) (continued) In these circumstances, the liquidation value of the Company's portfolio may be significantly less than its carrying value as at September 30, 2015. The accelerated repayment of the Debentures would significantly reduce the Company's investments and the reduction of these assets would be material.

During the three month period ended June 30, 2015, the Company partially redeemed an aggregate of $20,000 principal amount of the Debentures in accordance with the terms of the Debenture Indenture, on a pro rata basis, at par, together with all accrued and unpaid interest thereon, for a total redemption amount equal to $20,427.

During the three month period ended September 30, 2015, the Company partially redeemed an aggregate of $20,000 principal amount of the Debentures in accordance with the terms of the Debenture Indenture, on a pro rata basis, at par, together with all accrued and unpaid interest thereon, for a total redemption amount equal to $20,370.

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. During the three and nine months ended September 30, 2015, the Company bought back an aggregate of $96 principal amount of the Debentures under its NCIB at an average cost of 0.97181 of the par value for a total cash payment of $93. Included in other income for the three and nine months ended September 30, 2015 is a gain of $4 on the purchases of the Debentures under the NCIB.

As at September 30, 2015, an aggregate of $14,726 principal amount of Debentures were outstanding. The Company redeemed an additional $5,000 principal amount of the Debentures on October 29, 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 $5,207. An aggregate of $9,726 principal amount of the Debentures were outstanding following the redemption (note 15).

During the nine months ended September 30, 2014, the Company purchased and cancelled an aggregate of $6,042 principal amount of Debentures under its 2014 NCIB at an average cost of 0.8517 of the par value for total consideration of $5,152, including commission of $7. Included in finance expenses for the nine months ended September 30, 2014 is a loss of $130 on the purchases of the Debentures under the NCIB.

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

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 nine months ended September 30:

Type of service	Nature of relationship	Three months ended September 30, 2015	Three months ended September 30, 2014
Salaries, consulting fees and other benefits	Officers	**$ 89**	$ 330
Director fees (i)	Directors	**71**	32
Stock-based compensation expense	Directors and officers	**37**	145

Type of service	Nature of relationship	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Salaries, consulting fees and other benefits	Officers	**$ 722**	$ 1,000
Director fees (i)	Directors	**217**	87
Stock-based compensation expense	Directors and officers	**352**	463

(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.

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

Grant date	Options granted	Exercise price	Expiry date
March 31, 2015	1,650,000	$ 0.16	March 30, 2020
May 29, 2015	550,000	$ 0.08	May 28, 2020
August 31, 2015	150,000	$ 0.08	August 30, 2020
Total granted	2,350,000		

During the nine months ended September 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
August 29, 2014	250,000	$ 0.33	August 28, 2019
Total granted	2,000,000		

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

7. Related party transactions (continued)

(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 September 30, 2015	As at December 31, 2014
Investment at fair value	**$ 12,103**	$ 20,400
Cost of investments	**29,633**	39,629

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 September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Net change in unrealized (losses) gains on investments	**$ (2,346)**	$ (611)	**$ (8,297)**	$ 6,721
Interest earned on promissory notes	**91**	-	**271**	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.

In August 2015, the Company provided $100 in debt financing to Latin American Minerals Inc. ("Latin"), a publicly traded company on the TSXV under the symbol "LAT", evidenced by a promissory note bearing interest at a rate of 12% per annum, with the principal and interest due on August 19, 2016. The financing was done in the normal course of the Company's investment activities.

In July 2014, the Company acquired securities of Latin 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.

7. Related party transactions (continued)

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.

8. Equity

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

As at September 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.

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.

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

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

8. Equity (continued)

(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.

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 nine months ended September 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
August 31, 2015	150,000	0.08	August 30, 2020
	3,335,000		

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. 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 on August 31, 2015 vest four months from the grant date. 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.

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

8. Equity (continued)

(c) Stock options (continued)

The fair value of the options granted during the three and nine months ended September 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% - 79.91%
Expected dividend yield	0.0%
Risk-free interest rate	0.58% - 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
Fair value per option granted on August 31, 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 nine months ended September 30, 2015, included in operating, general and administrative expenses is stock-based compensation of $108 and $507, respectively (three and nine months ended September 30, 2014 - $201 and $647, respectively) relating to the stock options granted to directors, officers, employees, and consultants of the Company.

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

8. Equity (continued)

(c) Stock options (continued)

A summary of the status of the Company's stock options as at September 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	3,335,000	0.13
Options forfeited	(4,430,000)	0.92
Options expired	(1,395,910)	1.52
Balance, September 30, 2015	15,485,000	$ 0.70

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

Number of stock outstanding	Number of stock options vested and exercisable	Exercisable price ($)	Expiry date
250,000	250,000	3.23	November 30, 2015
830,000	830,000	3.17	March 30, 2016
250,000	250,000	2.93	May 30, 2016
250,000	250,000	1.92	August 30, 2016
875,000	875,000	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
895,000	895,000	0.89	November 29, 2017
920,000	920,000	0.62	March 27, 2018
1,270,000	1,270,000	0.43	August 28, 2018
250,000	250,000	0.27	November 28, 2018
1,480,000	1,480,000	0.50	March 30, 2019
500,000	416,667	0.42	May 29, 2019
300,000	200,000	0.33	August 28, 2019
3,380,000	1,690,000	0.16	November 27, 2019
2,185,000	2,185,000	0.16	March 30, 2020
950,000	158,333	0.08	May 28, 2020
150,000	-	0.08	August 30, 2020
15,485,000	12,670,000		

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

8. Equity (continued)

(d) Warrants

A summary of the status of the Company's warrants as at September 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 September 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	507
Balance, September 30, 2015	$ 106,346

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

	September 30, 2015	December 31, 2014
Fair value of stock-based compensation	**$ 34,035**	$ 33,528
Fair value of expired warrants and broker warrants	**72,268**	72,268
Cancellation of shares under normal course issuer bid	**43**	43
	$ 106,346	$ 105,839

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

	Three months ended September 30,		Nine months ended September 30,	
Numerator:	**2015**	**2014**	**2015**	**2014**
Net (loss) profit for the period	**$ (14,419)**	$ (26,501)	**$ (26,293)**	$ 6,483
Adjusted net (loss) profit for the period	**$ (14,419)**	$ (26,501)	**$ (26,293)**	$ 6,483

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

8. Equity (continued)

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

	Three months ended September 30,		Nine months ended September 30,	
Denominator:	**2015**	**2014**	**2015**	**2014**
Weighted average number of common shares outstanding - basic	**201,929,155**	199,443,648	**201,929,155**	171,668,503
Weighted average effect of diluted convertible securities (i)	**-**	-	**-**	113,283
Weighted average number of common shares outstanding - diluted	**201,929,155**	199,443,648	**201,929,155**	171,781,786

(Loss) earnings per common share based on net (loss) profit for the period	Three months ended September 30,		Nine months ended September 30,	
	2015	**2014**	**2015**	**2014**
Basic	**$ (0.07)**	$ (0.13)	**$ (0.13)**	$ 0.04
Diluted	**(0.07)**	(0.13)	**(0.13)**	0.04

(i) The determination of the weighted average number of common shares outstanding – diluted excludes 128,612,866 and 196,857,538, respectively, shares related to convertible securities that were anti-dilutive for the three and nine months ended September 30, 2015 (three and nine months ended September 30, 2014 - 77,117,471 and 78,905,893, 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 September 30, 2015 and December 31, 2014:

	September 30, 2015	**December 31, 2014**
Common shares outstanding	**201,929,155**	201,929,155
Stock options outstanding to purchase common shares	**15,485,000**	17,975,910
Warrants to purchase common shares	**12,332,451**	12,332,451
Debentures convertible to common shares (i)	**3,464,941**	12,899,294
Fully diluted common shares outstanding	**233,211,547**	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).

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

9. Expense by nature

Included in operating, general and administrative expenses for the three and nine months ended September 30:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Transaction costs	**$ 101**	$ 254	**$ 428**	$ 1,212
Salaries	**33**	551	**320**	1,612
Other office and general	**280**	113	**550**	518
Stock-based compensation expense	**108**	201	**507**	647
Operating lease payments	**146**	148	**439**	448
Consulting and directors' fees	**183**	147	**1,056**	433
Charge for assignment of lease [1]	**1,549**	-	**1,549**	-
Impairment of fixed assets (note 5)	**212**	-	**212**	-
Travel and other	**1**	150	**20**	424
Transfer agent, filing fees and other information systems	**35**	83	**279**	289
Professional fees	**10**	39	**678**	182
Other employee benefits	**20**	42	**109**	138
Amortization	**-**	26	**16**	76
Loss on repurchase of convertible debentures	**-**	-	**-**	130
Foreign exchange loss (gain)	**(144)**	129	**(135)**	(37)
	$ 2,534	$ 1,883	**$ 6,028**	$ 6,072

[1] During the three and nine months ended September 30, 2015, the Company entered into an agreement to assign the lease in respect of its head office (the "Lease Assignment") to an arm's length party (the "Assignee") effective as of February 1, 2016. In accordance with the Lease Assignment, the Company is required to pay an aggregate of $1,549 to the Assignee, $1,000 of which was paid subsequent to the end of the period and the remainder of which is payable on February 1, 2016.

10. Finance expenses

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

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Accretion of discount and interest expense on convertible debentures	**$ 682**	$ 2,373	**$ 3,796**	$ 7,349
Interest expense	**-**	54	**12**	198
	$ 682	$ 2,427	**$ 3,808**	$ 7,547

(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, 2015	December 31, 2014
Convertible debentures	**$ 14,606**	$ 54,520
Equity comprises of:		
Share capital	**306,103**	306,103
Warrants	**1,607**	1,607
Contributed surplus	**106,346**	105,839
Equity component of convertible debentures	**2,838**	2,838
Foreign currency translation reserve	**(35)**	(35)
Deficit	**(391,484)**	(365,191)
	$ 39,981	$ 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. Since October 31, 2014, the Company has been in default of the Debenture Covenant, however, the Debentureholders 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 Debenture Indenture; 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 Debenture Indenture, the Company cannot pay dividends on its common shares for so long as an "Event of Default" exists under the Debenture Indenture.

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

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 nine months ended September 30, 2015 from a change in the closing trade price of the Company's investments with all other variables held constant as at September 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%	$ 619	$ (619)
4%	1,237	(1,237)
6%	1,856	(1,856)
8%	2,474	(2,474)
10%	3,093	(3,093)

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

12. Risk management (continued)

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)

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 September 30, 2015, the Company's top five investments had a fair value of $19,628 in the technology, biotechnology and resource sectors, representing 31%, 13% and 7% 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 nine months ended September 30, 2015.

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, 2018. 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.

15. Subsequent events

On October 29, 2015, the Company redeemed $5,000 principal amount of the Debentures, 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 $5,207.

In accordance with the terms of the forbearance agreement, the Debentureholders' agreement to refrain from exercising their rights in respect of the Company's Event of Default under the Debenture Indenture (which had existed since January 2015) ceased on October 31, 2015 and the Company became subject to the Debenture Covenant once again, requiring it to maintain a debt-to-assets ratio of 33% (calculated as at the last day of each month). The Company was in compliance with the Debenture Covenant for October, the effect of which was to cure the Event of Default.