



PINETREE CAPITAL LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2017**

(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, 2017	As at December 31, 2016
ASSETS		
Cash and cash equivalents (note 4)	\$ 9,143	\$ 3,482
Due from brokers (note 4)	2,401	811
Investments at fair value (note 3)	7,683	6,695
Prepays and other receivables	66	36
Total assets	\$ 19,293	\$ 11,024
LIABILITIES AND EQUITY		
Liabilities		
Accounts payable and accrued liabilities (note 5(a))	\$ 426	\$ 375
Total liabilities	426	375
Equity		
Share capital (note 7(a))	324,410	315,029
Warrants (note 7(e))	-	1,607
Contributed surplus (note 7(f))	108,177	106,561
Foreign currency translation reserve	(35)	(35)
Deficit	(413,685)	(412,513)
Total equity	18,867	10,649
Total liabilities and equity	\$ 19,293	\$ 11,024

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

Nature of business (note 1)

Approved on behalf of the Board:

"Peter Tolnai", Director

"Howard Riback", Director



Pinetree Capital Ltd.

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

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

Unaudited

	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Net investment losses				
Net realized losses on disposal of investments	\$ -	\$ (5,117)	\$ (2,467)	\$ (14,959)
Net change in unrealized gains on investments	285	4,261	1,377	3,785
	285	(856)	(1,090)	(11,174)
Other income (note 8)	24	265	619	431
	309	(591)	(471)	(10,743)
Expenses				
Operating, general and administrative (notes 6(a), 7(d) and 9)	272	261	688	3,218
Finance expenses (note 10)	9	13	13	302
	281	274	701	3,520
Net income (loss) and comprehensive income (loss) for the period	\$ 28	\$ (865)	\$ (1,172)	\$ (14,263)
Income (loss) per common share based on net income (loss) for the period (note 7(g))				
Basic and diluted	\$ 0.00	\$ (0.19)	\$ (0.19)	\$ (4.05)
Weighted average number of common shares outstanding (note 7(g)) Basic and diluted	9,045,198	4,522,599	6,063,265	3,525,181

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, 2017	Nine months ended September 30, 2016
Cash flows provided by operating activities		
Net loss for the period	\$ (1,172)	\$ (14,263)
Items not affecting cash:		
Net realized losses on disposal of investments	2,467	14,959
Net change in unrealized gains on investments	(1,377)	(3,785)
Gain on redemption of convertible debentures	-	(152)
Gain on purchase of convertible debentures under normal course issuer bid	-	(1)
Stock-based compensation expense (note 7(d))	9	154
	(73)	(3,088)
Adjustments for:		
Proceeds on disposal of investments	309	7,855
Purchase of investments	(2,387)	(1,800)
Due from brokers	(1,590)	(397)
Prepays and other receivables	(30)	61
Accounts payable and accrued liabilities	51	(863)
Net cash (used in) provided by operating activities	(3,720)	1,768
Cash flows provided by (used in) financing activities		
Purchase of convertible debentures under normal course issuer bid	-	(27)
Proceeds from issue of common shares pursuant to rights offering, net	9,381	5,242
Redemption of convertible debentures	-	(2,000)
Repayment of convertible debentures	-	(6,688)
Net cash provided by (used in) financing activities	9,381	(3,473)
Net increase (decrease) in cash and cash equivalents for the period	5,661	(1,705)
Cash and cash equivalents, beginning of period	3,482	2,336
Cash and cash equivalents, end of period	\$ 9,143	\$ 631
Supplemental cash flow information		
Shares issued for redemption of convertible debentures	\$ -	\$ 848
Finance expenses paid	-	412

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, 2015	2,019,292	\$ 306,103	\$ 1,607	\$ 106,395	\$ 2,838	\$ (35)	\$ (397,406)	\$ 19,502
Net loss for the period	-	-	-	-	-	-	(14,263)	(14,263)
Total comprehensive loss for the period	-	-	-	-	-	-	(14,263)	(14,263)
Shares issued from redemption of convertible debentures	242,014	848	-	-	-	-	-	848
Shares issued from rights offering	2,261,305	5,652	-	-	-	-	-	5,652
Transaction costs for rights offering	-	(412)	-	-	-	-	-	(412)
Stock-based compensation expense	-	-	-	154	-	-	-	154
Expiry of equity component of convertible debentures	-	2,838	-	-	(2,838)	-	-	-
Balance, September 30, 2016	4,522,611	\$ 315,029	\$ 1,607	\$ 106,549	\$ -	\$ (35)	\$ (411,669)	\$ 11,481
Balance, December 31, 2016	4,522,599	\$ 315,029	\$ 1,607	\$ 106,561	\$ -	\$ (35)	\$ (412,513)	\$ 10,649
Net loss for the period	-	-	-	-	-	-	(1,172)	(1,172)
Total comprehensive loss for the period	-	-	-	-	-	-	(1,172)	(1,172)
Shares issued from rights offering	4,522,599	9,498	-	-	-	-	-	9,498
Transaction costs for rights offering	-	(117)	-	-	-	-	-	(117)
Stock-based compensation expense	-	-	-	9	-	-	-	9
Expiry of warrants	-	-	(1,607)	1,607	-	-	-	-
Balance, September 30, 2017	9,045,198	\$ 324,410	\$ -	\$ 108,177	\$ -	\$ (35)	\$ (413,685)	\$ 18,867

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 Nine Months Ended September 30, 2017

(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 Suite 1100, 34 King Street East, Toronto, ON, M5C 2X8.

Pinetree is an investment and merchant banking company with investments in technology and resource companies.

On July 20, 2016, the Company completed a share consolidation of its common shares of one (1) post-consolidation common share for every one hundred (100) pre-consolidation common shares (the "Share Consolidation"). The 1-100 Share Consolidation has been reflected in these unaudited condensed consolidated interim financial statements and all applicable references to the number of shares, warrants and stock options and their strike price and per share information has been adjusted.

These unaudited condensed consolidated interim financial statements were approved by the Company's board of directors on November 8, 2017.

2. Basis of preparation

a) Statement of compliance

These unaudited 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, 2016. Accordingly, these unaudited condensed consolidated interim statements for the nine months ended September 30, 2017 should be read together with the annual consolidated financial statements as at and for the year ended December 31, 2016.

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.



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2017

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

Unaudited

3. Financial instruments hierarchy and investments at fair value

(a) Financial hierarchy:

Investments consist of the following as at September 30, 2017:

Investments	Cost	Level 1 Quoted market price	Level 2 Valuation technique - observable market inputs	Level 3 Valuation technique - non-observable market inputs	Total fair value
Equities	\$ 63,286	\$ 3,563	\$ -	\$ 2,722	\$ 6,285
Warrants	200	-	-	-	-
Promissory notes and convertible debentures	1,132	1,398	-	-	1,398
Total investments	\$ 64,618	\$ 4,961	\$ -	\$ 2,722	\$ 7,683
Investments denominated in foreign currencies		\$ 325	\$ -	\$ 1,404	\$ 1,729
% of investments denominated in foreign currencies		7%	0%	52%	23%

Level 1 (Quoted Market Price), Level 2 (Valuation – observable market inputs), Level 3 (Valuation – non-observable market inputs)

Investments consist of the following as at December 31, 2016:

Investments	Cost	Level 1 Quoted market price	Level 2 Valuation technique - observable market inputs	Level 3 Valuation technique - non-observable market inputs	Total fair value
Equities	\$ 63,676	\$ 3,812	\$ -	\$ 2,822	\$ 6,634
Warrants	200	-	61	-	61
Promissory notes and convertible debentures	1,131	-	-	-	-
Total investments	\$ 65,007	\$ 3,812	\$ 61	\$ 2,822	\$ 6,695
Investments denominated in foreign currencies		\$ 43	\$ -	\$ 1,504	\$ 1,547
% of investments denominated in foreign currencies		1%	0%	53%	23%

Level 1 (Quoted Market Price), Level 2 (Valuation – observable market inputs), Level 3 Valuation – non-observable market inputs)



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2017

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

Unaudited

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

(b) Level 3 hierarchy:

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

Investment at fair value	Opening balance at January 1	Purchases /loans	Proceeds	Net realized losses	Net unrealized losses	Ending balance
September 30, 2017	\$ 2,822	\$ -	\$ -	\$ -	\$ (100)	\$ 2,722
December 31, 2016	19,525	676	(6,808)	(2,980)	(7,591)	2,822

Transfers between levels of fair value hierarchy are deemed to have occurred at the date of event.

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, the share performance of comparable publicly-traded companies and a strategic review.

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

Valuation technique	September 30, 2017		December 31, 2016	
	Fair value	Unobservable inputs	Fair value	Unobservable inputs
Recent financing and strategic review	\$ 1,321	Transaction price and adjustments	\$ 1,415	Transaction price and adjustments
Trends in comparable publicly traded companies and general market conditions and strategic review	1,401		1,407	
	\$ 2,722		\$ 2,822	



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2017

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

Unaudited

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

(b) Level 3 hierarchy (continued):

For these Level 3 investments, the inputs used can be highly judgmental. A +/- 25% change on the fair value of these investments will result in a corresponding +/- \$681 (December 31, 2016: +/- \$706) change to the total fair value of the investments.

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.

4. Financial assets other than investments at fair value

	As at September 30, 2017	As at December 31, 2016
Cash and cash equivalents	\$ 9,143	\$ 3,482
Due from brokers	\$ 2,401	\$ 811

All amounts above are classified as financial assets at amortized cost and are short-term in nature.

5. Financial liabilities

	As at September 30, 2017	As at December 31, 2016
Accounts payable and accrued liabilities (a)	\$ 426	\$ 375

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



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2017

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

Unaudited

5. Financial liabilities (continued)

(a) As at September 30, 2017, included in accounts payable and accrued liabilities are Class C preferred share liabilities of \$213 (December 31, 2016 - \$217). The Class C preferred shares ("Class C Shares") were issued in 2009 by Pinetree's wholly-owned subsidiary, PCIC, are non-voting, redeemable and retractable at any time, and entitle the holders thereof to receive cumulative dividends at a rate of 8% per annum.

The Class C Shares' redemption and retraction prices are linked to the market price of the Company's common shares subject to a minimum redemption price of \$10 per share. As at September 30, 2017, the redemption price was \$10 per share and the retraction price in effect was \$0.11 per share (December 31, 2016 - \$0.13 per share). During the nine months ended September 30, 2017, 400 Class C shares were cancelled by PCIC following their retraction by the holders at \$0.12 per share plus accrued and unpaid dividends. During the year ended December 31, 2016, no Class C Shares were cancelled. As at September 30, 2017, 21,300 Class C Shares (December 31, 2016 - 21,700 Class C Shares) were issued and outstanding.

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

Principal	
Opening principal balance, December 31, 2015	\$ 9,716
Redemptions and NCIB purchases of convertible debentures	(3,028)
Repayment of convertible debentures	(6,688)
Ending principal balance, September 30, 2016	\$ -
Opening and ending principal balance, December 31, 2016 and September 30, 2017	
	\$ -
Liability	
Opening liability balance, December 31, 2015	\$ 9,716
Redemptions and NCIB purchases of convertible debentures	(3,028)
Repayment of convertible debentures	(6,688)
Ending liability balance, September 30, 2016	\$ -
Opening and ending liability balance, December 31, 2016 and September 30, 2017	
	\$ -
Equity component	
Opening equity component balance, December 31, 2015	\$ 2,838
Expiry of equity component of convertible debentures	(2,838)
Ending equity component balance, September 30, 2016	\$ -
Opening and ending equity component balance, December 31, 2016 and September 30, 2017	
	\$ -

As at September 30, 2017 and December 31, 2016, \$nil principal amount of the Debentures was outstanding.



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2017

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

Unaudited

6. Related party transactions

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

(a) Related party transactions included in the consolidated statements of comprehensive loss were as follows during the periods presented:

Type of service	Nature of relationship	Three months ended	
		September 30, 2017	September 30, 2016
Salaries, consulting fees and other benefits	Officers	\$ 28	\$ -
Director fees (i)	Directors	9	17

Type of service	Nature of relationship	Nine months ended	
		September 30, 2017	September 30, 2016
Salaries, consulting fees and other benefits	Officers	\$ 85	\$ 870
Director fees (i)	Directors	26	67
Stock-based compensation expense	Directors and officers	-	28

(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) Stock options granted

No stock options were granted to directors or officers during the nine months ended September 30, 2017 and 2016.



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2017

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

Unaudited

7. Equity

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

As at September 30, 2017, the Company had 9,045,198 (December 31, 2016 - 4,522,599) common shares issued and outstanding.

On January 8, 2016, the Company partially redeemed \$3,000 principal amount of its Debentures, \$2,000 of which (and all accrued interest) was paid in cash and \$1,000 of which was paid by the issuance of an aggregate of 242,014 Redemption Shares at a value of \$848 based on fair market value of \$3.50 per share on the date of issuance, resulting in a gain of \$152 which was recorded in other income (note 8).

The number of common shares issued under the redemption was based on a price per share of \$4.13, which was calculated in accordance with the terms of the Debentures as 95% of \$4.35, the volume weighted average trading price of Pinetree's common shares on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the date of redemption.

(b) Rights offerings

On March 21, 2016, the Company offered rights to holders of its common shares at the close of business on the record date of March 23, 2016, on the basis of one right for each common share held. Each right entitles the holder to subscribe for one common share of Pinetree upon payment of the subscription price of \$2.50 per common share. The rights started trading on the TSX under the symbol PNP.RT from March 21, 2016 and until noon on April 22, 2016 and expired at 4:00 p.m. (Toronto time) on April 22, 2016 (the "Expiry Time"), after which time unexercised rights were void and of no value. Shareholders who fully exercised their rights were entitled to subscribe pro rata for additional common shares, if available as a result of unexercised rights prior to the Expiry Time.

On April 29, 2016, the Company's shareholders exercised 849,103 rights for 849,103 common shares of Pinetree under the rights offering with gross proceeds of \$2,121. In accordance with the terms of the rights offering, 2507492 Ontario Ltd. ("250 Ontario"), a company controlled by Peter Tolnai, purchased 1,412,202 common shares of Pinetree at the same subscription price of \$2.50 per common share for gross proceeds to Pinetree of \$3,531. In connection with the rights offering, Pinetree paid a standby fee of \$250 in cash to 250 Ontario. The Company incurred \$162 transaction costs in connection with the rights offering.

On May 12, 2017, the Company offered rights to holders of its common shares at the close of business on the record date of May 19, 2017, on the basis of one right for each common share held. Each right entitles the holder to subscribe for one common share of Pinetree upon payment of the subscription price of \$2.10 per common share. The rights started trading on the TSX under the symbol PNP.RT from May 17, 2017 and until noon on June 22, 2017 and expired at 5:00 p.m. (Toronto time) on June 22, 2017 (the "Expiry Time"), after which time unexercised rights were void and of no value. Shareholders who fully exercised their rights were entitled to subscribe pro rata for additional common shares, if available as a result of unexercised rights prior to the Expiry Time.

On June 29, 2017, the Company's shareholders exercised 4,522,599 rights for 4,522,599 common shares of Pinetree under the rights offering with gross proceeds of \$9,498. In accordance with the terms of the rights offering, 2507492 Ontario Ltd. ("250 Ontario"), a company controlled by Peter Tolnai, purchased 2,098,912 common shares of Pinetree at the same subscription price of \$2.10 per common share for gross proceeds to Pinetree of \$4,408. The Company incurred \$117 transaction costs in connection with the rights offering.



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2017

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

Unaudited

7. Equity (continued)

(b) Rights offering (continued)

Special Shareholders' Meeting

At a Shareholder Meeting held on April 22, 2016, shareholders approved a 1-for-100 share consolidation and the waiver of the application of Pinetree's shareholder rights plan. On July 20, 2016, the Share Consolidation was completed and was reflected in these unaudited condensed consolidated interim financial statements.

(c) Stock options plan

The Company previously granted stock options to eligible directors, officers, employees, and consultants pursuant to its 2007 Stock Option Plan (the "2007 Plan"). The 2007 Plan was not renewed at the 2016 Annual General Meeting and therefore no further options can be granted under the plan.

Under the terms of the 2007 Plan, the number of common shares that may be issued did not exceed 10% of the number of common shares outstanding at the time of grant. The exercise price of an option granted under the 2007 Plan was determined by the Board of Directors and could not be less than the closing price of the common shares on the TSX on the last trading day prior to the grant date of the option. The Board of Directors had the discretion to determine the term and vesting provisions (if any) of options granted under the 2007 Plan, provided that the option terms did not exceed 10 years.

(d) Stock options

No stock options were granted during the nine months ended September 30, 2017 or 2016.

A summary of the status of the Company's stock options as at September 30, 2017 and December 31, 2016 and changes during the periods then ended is presented below:

	Number of options	Weighted average exercise price per share
Balance, December 31, 2015	189,550	53.00
Options expired	(22,050)	238.20
Balance, December 31, 2016	167,500	\$ 37.32
Options expired	(7,500)	96.00
Balance, September 30, 2017	160,000	\$ 25.78



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2017

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

Unaudited

7. Equity (continued)

(e) Warrants

A summary of the status of the Company's warrants as at September 30, 2017 and December 31, 2016 and changes during the periods then ended is presented below:

	Number of warrants	Weighted average exercise price per share	Amount
Balance, December 31, 2015 and December 31, 2016 (i)	123,325	\$ 70.00	\$ 1,607
Expired	(123,325)	70.00	(1,607)
September 30, 2017	-	\$ -	-

(i) Upon completion of the rights offering, the exercise price of the warrants was modified to \$70 for 1.07 common share for each warrant.

8. Other income

Other income comprises of the following for the periods presented:

	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Interest income	\$ 24	\$ 1	\$ 25	\$ 14
Other income (i)	-	-	594	-
Dividend income	-	264	-	264
Gain on purchase of convertible debentures under normal course issuer bid	-	-	-	1
Gain on redemption of convertible debentures	-	-	-	152
	\$ 24	\$ 265	\$ 619	\$ 431

(i) Other income of \$594 represents the fund received from the settlement agreement on a class action law suit with a company whose shares used to be in Pinetree's investment portfolio.



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2017

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

Unaudited

9. Expense by nature

Included in operating, general and administrative expenses for the three and nine months ended September 30, 2017 and 2016:

	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Transaction costs	\$ -	\$ 4	\$ 6	\$ 74
Salaries	-	-	-	88
Other office and general	85	99	236	712
Stock-based compensation expense	-	22	9	154
Operating lease payments	-	1	-	17
Consulting and directors' fees	36	64	114	1,759
Travel and other	-	6	4	16
Transfer agent, filing fees and other information systems	10	35	83	248
Professional fees	77	34	131	119
Other employee benefits	1	-	2	21
Foreign exchange loss	63	(4)	103	10
	\$ 272	\$ 261	\$ 688	\$ 3,218

10. Finance expenses

Finance expenses comprises of the following for the three and nine months ended September 30, 2017 and 2016:

	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Accretion of discount and interest expense on convertible debentures	\$ -	\$ -	\$ -	\$ 289
Interest and dividend expenses	9	13	13	13
	\$ 9	\$ 13	\$ 13	\$ 302



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2017

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

Unaudited

11. Management of capital

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 liabilities. There were no changes to the Company's objectives in managing and maintaining capital during the three and nine months ended September 30, 2017. The Company is not subject to any capital requirements imposed by a regulator.

The Company's objectives when managing capital are:

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

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

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

The Company is meeting its objective of managing capital through detailed review and performance of due diligence on all potential investments and acquisitions. Management reviews its capital management approach on an on-going basis and believes that this approach, given the size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and there were no changes in its approach to capital management during the year ended December 31, 2016.

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) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and investments. As at September 30, 2017, the Company was holding cash and monies at deposit in brokers accounts of \$11,544 and investments of \$7,683.



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2017

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

Unaudited

12. Risk management (continued)

(a) Liquidity risk (continued):

The following table shows the Company's contractual undiscounted cash flows which are payable under financial liabilities on the unaudited condensed consolidated interim statement of financial position as at September 30, 2017.

Liabilities and obligations	Payments due by period				
	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Accounts payable and accrued liabilities	\$ 426	\$ 426	\$ -	\$ -	\$ -
	\$ 426	\$ 426	\$ -	\$ -	\$ -

The following table shows the Company's contractual undiscounted cash flows, including expected interest payments, which are payable under financial liabilities on the consolidated statement of financial position as at December 31, 2016.

Liabilities and obligations	Payments due by period				
	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Accounts payable and accrued liabilities	\$ 375	\$ 375	\$ -	\$ -	\$ -
	\$ 375	\$ 375	\$ -	\$ -	\$ -

(b) Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. A 10% change in closing trade price of the Company's investments would impact net income by \$496 based upon balances as at September 30, 2017.



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2017

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

Unaudited

12. Risk management (continued)

(c) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash at variable rates. The fair value of the Company's cash and investments affected by changes in short term interest rates will be minimal. A 1% change in interest rates impacts net income by \$69 based upon balances at September 30, 2017.

(d) Currency risk:

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

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

There were no changes to the way that the Company manages currency risk since December 31, 2016. The Company believes that it is exposed to foreign exchange risk (U.S. dollar) but does not actively hedge its foreign currency exposure although Pinetree's foreign exchange risk is, to a certain extent, mitigated by the Company's foreign exchange denominated investments. A 1% change in the US dollar exchange rate impacts net income by \$32 at September 30, 2017.

The following assets and liabilities were denominated in foreign currencies as at the following dates:

	September 30, 2017	December 31, 2016
Net assets denominated in U.S. dollars	\$ 3,175	\$ 4,500
Net assets denominated in Australian dollars	\$ 159	\$ -

(e) Credit risk:

Credit risk is the risk associated with the inability of a third party to fulfill its payment obligations. As at September 30, 2017, the total fair value of the Company's investments in convertible debentures, convertible notes, and promissory notes was \$nil (December 31, 2016 - \$nil). The Company believes that it is not significantly exposed to credit risk. There were no changes to the way that the Company manages credit risk since December 31, 2016.



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2017

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

Unaudited

12. Risk management (continued)

(f) 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. As at September 30, 2017, the Company's top five investments had a fair value of \$5,332 in the technology and resources sectors, representing 55% and 14% of the fair value of the Company's total portfolio, of which three are public companies and two are private companies. As at December 31, 2016, the Company's top five investments had a fair value of \$5,352 in the technology and resources sectors, representing 55%, and 25% of the fair value of the Company's total portfolio, of which three were public companies and two were private 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 equipment is 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 nine months ended September 30, 2017.

14. Future accounting changes

As at the date of authorization of these unaudited condensed consolidated interim financial 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 unaudited condensed consolidated interim financial statements of the Company. The Company intends to adopt below standard, if applicable, when the standard becomes effective:

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.



Pinetree Capital Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2017

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

Unaudited

14. Future accounting changes (continued)

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 unaudited condensed consolidated interim financial statements.

