

PINETREE CAPITAL LTD.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

AND

MANAGEMENT INFORMATION CIRCULAR

August 17, 2020

PINETREE CAPITAL LTD.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON OCTOBER 1, 2020

NOTICE IS HEREBY GIVEN that an annual meeting of shareholders (the “Meeting”) of Pinetree Capital Ltd. (the “Corporation”) will be held on October 1, 2020 at 10:00 am (Toronto time) virtually via live audio webcast, available online using the LUMI meeting platform at <https://web.lumiagm.com/257701632>, for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended December 31, 2019 and the report of the auditors thereon (see “Financial Statements” in the Management Information Circular, the “Circular”);
2. to elect directors (see “Election of Directors” in the Circular);
3. to appoint MNP LLP as auditors of the Corporation, and to authorize the directors to fix their remuneration (see “Appointment of Auditors” in the Circular); and
4. to transact such further or other business as may properly come before the Meeting or any adjournment thereof.

To mitigate risks to the health and safety of our shareholders, employees and other stakeholders and based on government recommendations to avoid large gatherings, the Meeting will be conducted in a virtual only format via live audio webcast. Shareholders will not be able to attend the Meeting in person. A summary of the information shareholders will need to attend the Meeting online is provided in the Circular.

Only shareholders of record at the close of business on August 17, 2020 (the “Record Date”) will be entitled to vote at the Meeting. Each shareholder is entitled to one vote for each common share of the Corporation (“Common Share”) held on the Record Date.

Notice and Access

The Corporation is using the “notice and access” procedure adopted by the Canadian Securities Administrators for the delivery of the Circular and related meeting materials (the “Meeting Materials”). Under the notice and access procedure, you are still entitled to receive a form of proxy (or voting instruction form) enabling you to vote at the Meeting. However, instead of receiving paper copies of the Meeting Materials, you are receiving a notice of meeting which contains information about how to access the Meeting Materials electronically. The principal benefit of the notice and access procedure is that it reduces costs and the environmental impact of producing and distributing paper copies of documents in large quantities. Shareholders who have consented to electronic delivery of materials may receive a notice of meeting in an electronic format.

The Circular and form of proxy (or voting instruction form) for the Common Shares provide additional information concerning the matters to be dealt with at the Meeting. **You should access and review all information contained in the Circular before voting.**

Websites Where Meeting Materials are Posted

The Meeting Materials can be viewed online on the Corporation’s website, www.pinetreecapital.com, on TSX Trust Company’s website, <https://docs.tsxtrust.com/2018>, and under the Corporation’s System for Electronic Document Analysis and Retrieval (“SEDAR”) profile at www.sedar.com.

Non-Registered and Registered Shareholders

If you would like a paper copy of the Meeting Materials, you should first determine whether you are a non-registered shareholder or a registered shareholder.

- You are a non-registered shareholder (also known as a beneficial shareholder) if you own Common Shares indirectly and your Common Shares are registered in the name of a bank, trust company, broker or other intermediary. For example, you are a non-registered shareholder if your Common Shares are held in a brokerage account of any type.
- You are a registered shareholder if you hold a paper share certificate or a direct registration system (DRS) statement and your name appears directly on the share certificate(s) or DRS statement.

How to Obtain Paper Copies of the Meeting Materials

All shareholders may request paper copies of the Meeting Materials be mailed to them at no cost for up to one year from the date that the Circular was filed on SEDAR.

A request may be made by calling TSX Trust Company at 1-866-600-5869.

Requests must be received by September 22, 2020 if you would like to receive the Meeting Materials in advance of the voting deadline and date of the Meeting.

Voting

Non-registered shareholders should exercise their right to vote by completing a voting instruction form in accordance with the directions on the form. Voting instruction forms will be provided by your intermediary.

Non-registered shareholders must submit their voting instructions at least one business day in advance of the proxy deposit date noted on your voting instruction form. If a non-registered shareholder wishes to vote at the Meeting (or have another person vote at the Meeting on the shareholder's behalf), the shareholder must complete the voting instruction form in accordance with the directions provided.

Registered shareholders should exercise their right to vote by completing the form of proxy in accordance with the directions in the form. TSX Trust Company must receive completed proxies no later than 10:00 a.m. (Toronto time) on September 28, 2020 or, if the Meeting is adjourned or postponed, on the day that is two business days before the date of the adjourned or postponed meeting.

DATED the 17th day of August, 2020

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Peter Tolnai"

Peter Tolnai
Chairman

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PINETREE CAPITAL LTD.

MANAGEMENT INFORMATION CIRCULAR FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON OCTOBER 1, 2020

SOLICITATION OF PROXIES

THIS MANAGEMENT INFORMATION CIRCULAR (“CIRCULAR”) IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF PINETREE CAPITAL LTD. (WHICH IS REFERRED TO IN THIS CIRCULAR AS THE “CORPORATION”, “PINETREE”, “WE”, “US” AND WORDS OF SIMILAR MEANING) OF PROXIES TO BE USED AT THE ANNUAL MEETING OF SHAREHOLDERS OF THE CORPORATION (THE “MEETING”) TO BE HELD AT THE TIME AND PLACE AND FOR THE PURPOSES SET FORTH IN THE NOTICE OF MEETING. While it is expected that the solicitation will be primarily by mail, proxies may also be solicited personally by our regular employees at nominal cost. The cost of solicitation by management will be borne directly by us. None of our directors have advised management in writing that they intend to oppose any action intended to be taken by management at the Meeting.

NOTICE-AND-ACCESS

This Circular and associated materials for the Meeting (collectively, the “Meeting Materials”) are being sent to both registered and non-registered holders of our common shares using Notice-and-Access, the delivery procedures that allow us to send shareholders paper copies of a notice of meeting and form of proxy or voting information form, as applicable, while providing shareholders access to electronic copies of the Meeting Materials or to paper copies of the Meeting Materials if they so request within the prescribed time periods. For more information, please refer to the notice of meeting delivered to you.

VOTING BY REGISTERED SHAREHOLDERS

Shareholders who hold common shares registered directly in their name may vote at the Meeting virtually by following the steps listed below:

1. Type in <https://web.lumiagm.com/257701632> your browser at least 15 minutes before the Meeting starts. Please do not do a Google Search. Do not use Internet Explorer. The best browser to use the Lumi platform is Chrome.
2. Click on “I have a control number”.
3. Enter your 12-digit control number (on your proxy form).
4. Enter the password: pnp2020 (case sensitive).
5. When the ballots have been opened, you will see them appear on your screen.

If you are a registered shareholder and you want to appoint someone else (other than the Management nominees) to vote online at the Meeting, you must first submit your proxy indicating who you are appointing. You or your appointee must then register with TSX Trust in advance of the Meeting by emailing tsxtrustproxyvoting@tmx.com the "Request for Control Number" form, which can be found here <https://tsxtrust.com/resource/en/75>. If you are a non-registered shareholder and want to vote online at the Meeting, you must appoint yourself as proxyholder and register with TSX Trust in advance of the Meeting by emailing tsxtrustproxyvoting@tmx.com the "Request for Control Number" form, which can be found here <https://tsxtrust.com/resource/en/75>.

The persons named in the form of proxy provided are Pinetree officers and/or directors. **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO REPRESENT THE SHAREHOLDER AT THE MEETING MAY DO SO** either by inserting such person’s name in the blank space provided in that form of proxy or by completing another proper form of proxy and, in either case, depositing such proxy in accordance with the above instructions.

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy and may do so either:

1. by delivering another properly executed form of proxy bearing a later date and depositing it as described above;
2. by depositing an instrument in writing revoking the proxy executed by the shareholder:
 - (a) with TSX Trust Company at any time up to the close of business on the last business day preceding the Meeting, or any adjournment thereof, at which the proxy is to be used; or
 - (b) with the Chairperson of the Meeting at the Meeting or any adjournment thereof, prior to the commencement of the Meeting or any adjournment thereof, as applicable; or
3. in any other manner permitted by applicable law.

Common shares represented by properly executed proxies **WILL BE VOTED OR WITHHELD FROM VOTING IN ACCORDANCE WITH THE INSTRUCTIONS OF THE SHAREHOLDER ON ANY BALLOT THAT MAY BE CALLED FOR AND IF THE SHAREHOLDER SPECIFIES A CHOICE WITH RESPECT TO ANY MATTERS TO BE ACTED UPON, THE SHARES WILL BE VOTED ACCORDINGLY.** Where there is no choice specified, shares represented by properly executed proxies in favour of persons designated in the printed portion of the form of proxy **WILL BE VOTED FOR EACH OF THE MATTERS TO BE VOTED ON BY SHAREHOLDERS AS DESCRIBED IN THIS CIRCULAR.** The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting, or other matters which may properly come before the Meeting. At the time of printing this Circular, the management of Pinetree knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which at present are not known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxyholder.

If you are a non-registered holder of our common shares (i.e., you hold common shares through a broker or other intermediary that are not registered in your name), you should refer to the section below entitled "Voting by Non-Registered Holders" for information on how to vote your common shares at the Meeting.

VOTING BY NON-REGISTERED HOLDERS

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most of our shareholders are "non-registered" shareholders because the common shares that they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they hold the shares. A person is not a registered shareholder in respect of our common shares which are held either: (a) in the name of an intermediary that the non-registered shareholder deals with in respect of the common shares (an intermediary includes, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP's, RRIF's, RESP's and similar plans); or (b) in the name of a clearing agency (such as the Canadian Depository for Securities Limited), of which the intermediary is a participant.

A non-registered shareholder entitled to vote at the Meeting may vote at the Meeting virtually by following the steps listed below:

1. Appoint yourself as proxyholder by writing your name in the space provided on the form of proxy or VIF. Do not fill out your voting instructions.
2. Sign and send it to your intermediary, following the voting deadline and submission instructions on the VIF.
3. Get a control number by contacting TSX Trust Company by emailing tsxtrustproxyvoting@tmx.com the "Request for Control Number" form, which can be found here

<https://tsxtrust.com/resource/en/75>. Request for control numbers must be made prior to 10:00 a.m. (Toronto time) on September 29, 2020.

4. Type in <https://web.lumiagm.com/257701632> on your browser at least 15 minutes before the Meeting starts. Please do not do a Google Search. Do not use Internet Explorer.
5. Click on “I have a control number”.
6. Enter your 12-digit control number provided by TSX Trust Company through email.
7. Enter the password: pnp2020 (case sensitive).
8. When the ballots have been opened, you will see them appear on your screen.

If you have any questions or require further information with regard to voting your Shares, please contact TSX Trust Company toll-free in North America at 1-866-600-5869 or by email at tmxeinvestorservices@tmx.com.

PRESENTATION OF SECURITY INFORMATION

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 shares (the “Share Consolidation”). All references to the number of shares, warrants and stock options and their strike price and per share information in this Circular has been adjusted to reflect the Share Consolidation. Unless otherwise indicated, all references to dollar amounts herein are to Canadian dollars. All information contained herein is as of August 17, 2020, unless otherwise noted.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Our authorized capital consists of an unlimited number of common shares, of which 9,045,198 common shares were issued and outstanding as at August 17, 2020. Only shareholders of record at the close of business on August 17, 2020 (the “Record Date”) will be entitled to vote at the Meeting. Each shareholder is entitled to one vote for each common share held as at the close of business on the Record Date.

To the knowledge of our directors and executive officers, as of August 17, 2020, no person or company beneficially owned, directly or indirectly, or exercised control or direction over more than 10% of our outstanding common shares, other than L6 Holdings Inc. (“L6”). L6 is a family holding company owned indirectly by Damien Leonard, Pinetree’s President, and certain of his siblings. L6 beneficially owns 2,975,515 common shares, representing approximately 32.9% of the issued and outstanding common shares of the Corporation.

PARTICULARS OF MATTERS TO BE ACTED UPON

Financial Statements

Our consolidated financial statements for the fiscal year ended December 31, 2019, together with the auditor’s report thereon, will be placed before the shareholders at the Meeting.

Election of Directors

Nominees For Election

At the Meeting, management of Pinetree proposes to nominate the persons listed in the table below for election as directors of the Corporation (the “Nominees”). Each director will hold office until the election of his successor at the next annual meeting of our shareholders, or any adjournment thereof, or until his office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (Ontario). **The persons named in the form of proxy or voting instruction form, as the case may be, intend to vote FOR the election of each of the Nominees. Management does not contemplate that any of the Nominees will be unable to serve as a director. If, however,**

a Nominee is so unavailable, the persons named in the form of proxy or voting instruction form, as the case may be, will vote FOR another nominee in management's discretion, unless the shareholder has specified in the shareholder's form of proxy or voting instruction form, as the case may be, that the shareholder's shares are to be withheld from voting in the election of the Nominee.

Name, Province and Country of Residence	Principal Occupation ⁽¹⁾⁽²⁾	Director Since	Number of Common Shares Owned, Controlled or Directed ⁽²⁾	Percentage of Total Outstanding Common Shares
Peter Tolnai, Chairman Western Australia, Australia	Corporate Director	2016	702,223	7.8 %
Craig Miller ⁽⁴⁾⁽⁶⁾⁽⁷⁾ Ontario, Canada	President of Ithaka Partners Ltd., a company providing advisory and management services to companies in the food and hospitality sectors	2016	4,000	0.04 %
Ian P. Howat ⁽⁶⁾⁽⁸⁾ Ontario, Canada	Corporate Director	2016	0	
Howard Riback ⁽⁵⁾⁽⁸⁾ British Columbia, Canada	Director of Private Equity, Sectoral Asset Management Inc., a private corporation which manages public portfolios and private equity funds	2016	0	
Damien Leonard Ontario, Canada	President, Pinetree	2017	2,975,515 ⁽³⁾	32.9 %

⁽¹⁾ Ian Howat has held his principal occupation for more than five years. Mr. Riback was CFO of CEMI Services Ltd. From 2013 to 2015 and CFO of Ventures West Capital Ltd., a venture capital firm, from 1991 to 2013. Mr. Miller was Vice President of Corporate Development of Pineridge Group from 2007-2017. Mr. Tolnai was President and CEO of Orchard Capital Group, Inc., a venture capital firm from 1997 to 2016, and CEO of Pinetree from 2016 to 2017. Damien Leonard is managing director of L6 Holdings Inc. since 2011.

⁽²⁾ The information has been provided by the Nominee.

⁽³⁾ Held indirectly via L6 Holdings Inc., a family holding company owned by Damien Leonard and certain of his siblings.

⁽⁴⁾ Lead Independent Director.

⁽⁵⁾ Chair of the Audit Committee.

⁽⁶⁾ Member of the Audit Committee.

⁽⁷⁾ Chair of the Corporate Governance, Nominating and Compensation ("CGNC") Committee.

⁽⁸⁾ Member of the CGNC Committee.

Majority Voting Policy

The board of directors has adopted a majority voting policy which requires that any nominee for election as a director in an uncontested election, who receives a greater number of votes "withheld" from his or her election than votes "for" such election, promptly tender his or her resignation to the board, to be effective upon the board's acceptance. The board will promptly, and in any event within 90 days of the final voting results, accept the tendered resignation unless it determines that there are extraordinary circumstances relating to the composition of the board or the voting results that should delay the acceptance of the resignation or justify rejecting it. Subject to any corporate law restrictions, the board may leave a resulting vacancy unfilled until the next annual meeting of shareholders, fill the resulting vacancy through the appointment of a new director, or call a special meeting of shareholders to consider another nominee for election to fill the vacancy.

Appointment of Auditor

The auditor of the Corporation is MNP LLP, located at 300-111 Richmond Street West, Toronto, Ontario, M5H 2G4. MNP LLP was initially appointed as auditor of the Corporation effective January 5, 2016.

Following its evaluation of MNP LLP's performance, the Audit Committee recommended to the board that MNP LLP be reappointed as the auditor of the Corporation for 2020 and the board accepted such recommendation. Shareholders are being asked to approve the reappointment of MNP LLP as auditor of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix the remuneration of the auditor.

The board recommends that you vote for the re-appointment of MNP LLP as our auditor.

The management representatives designated in the form of proxy (or voting instruction form) will vote for or withhold from voting the common shares in respect of which they are appointed by proxy in respect of the reappointment of MNP LLP as auditor of the Corporation to hold office until the Corporation's next annual meeting of shareholders and the authorization of the directors to fix the remuneration to be paid to the auditor in accordance with the instructions of the shareholder as indicated on the proxy (or voting instruction form, as applicable). **In the absence of such instructions, such common shares will be voted FOR the reappointment of MNP LLP as auditor of the Corporation and the authorization of the directors to fix the remuneration to be paid to the auditor.**

EXECUTIVE COMPENSATION

Disclosed elsewhere in this section of the Circular are details concerning the compensation paid to the Corporation's "Named Executive Officers" for the three most recently completed financial years. The Named Executive Officers were determined in accordance with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations* ("NI 51-102"). The Named Executive Officers for 2019 were: Damien Leonard, CEO and John Bouffard, CFO.

Compensation Discussion and Analysis

The process for determining executive compensation in 2019 was relatively informal, in view of our size and operations, and there were no specific performance goals or benchmarks used in determining the compensation of executive officers, described below. Executive officers were involved in the process, making recommendations to the board for its consideration and approval of the discretionary components (e.g., cash bonuses) of the annual compensation of senior management. The Corporation did not engage a compensation consultant to advise on executive or director compensation matters.

Salary and Fees

The Company's executive compensation philosophy recognizes the importance of attracting and retaining talented employees, and works with executive officers to achieve fair and competitive compensation agreements. Mr. Bouffard's current employment agreement provides for an hourly fee of \$60 per hour until December 31, 2020, at which point a full-time engagement will be arranged.

The Company also believes in the importance of aligning the interests of our shareholders and management, primarily through share ownership. As such, management and directors are encouraged to seek economic gains principally through share appreciation. Accordingly, as at the end of 2019, Mr. Leonard waived all compensation.

The Named Executive Officers are not currently entitled to any contractual payments or benefits upon their termination of employment or a change of control of the Corporation.

Option-Based Awards

The Named Executive Officers are not currently eligible to receive stock option awards and no options have been granted since April 2016.

Prior to April 2016, options were granted pursuant to our 2007 Stock Option Plan (the "Option Plan" or "2007 Plan"). In accordance with the resolution of shareholders of the Corporation dated May 13, 2013, all unallocated options under the Option Plan expired on June 13, 2016. Further, pursuant to the rules of the TSX, all unallocated options were cancelled and the Corporation is generally not permitted to make further grants until approval of the shareholders of the Corporation is obtained. The Corporation does not intend to obtain such approval.

Bonuses

Periodically, the Corporate Governance, Nominating and Compensation Committee may grant discretionary cash bonuses to NEOs. During 2019, a cash bonus of \$5,000 was awarded to John Bouffard. No other bonuses were paid during the year.

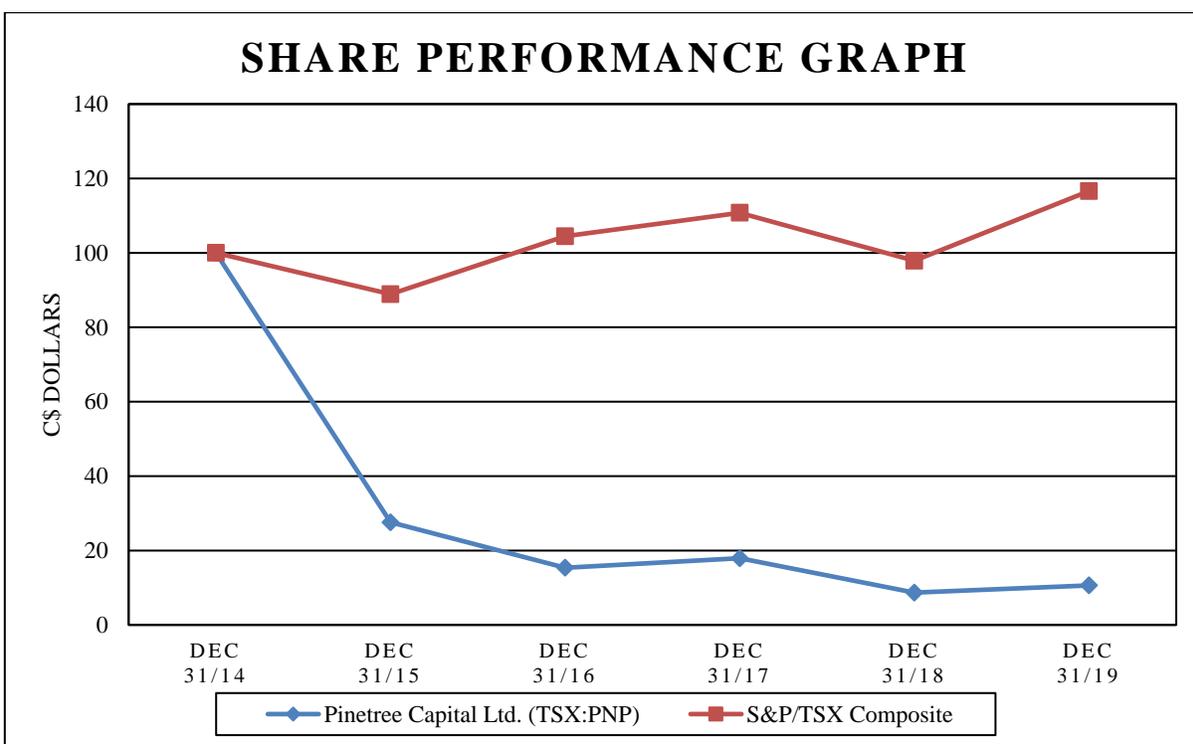
Compensation Risk

The board has periodically considered our compensation practices to determine whether they are likely to encourage executive officers to expose the Corporation to inappropriate or excessive risks. The design of the Corporation's executive compensation program is intended to discourage excessive or inappropriate risk taking. Salary and bonuses for our executive officers were also reviewed and approved by the board, which acts as a control on the quantum of these compensation components in view of their discretionary nature.

Performance Graph

The following table and graph compare the cumulative total shareholder return on our common shares with the cumulative total return of each of the S&P/TSX Composite Index and the S&P/TSX Venture Composite Index for our five most recently completed financial years. The graph and table illustrate what a \$100 investment in our common shares made on December 31, 2014, compared to a \$100 investment in each of the two indices made on the same date, would be worth on December 31st of each of the five

	Dec 31/14	Dec 31/15	Dec 31/16	Dec 31/17	Dec 31/18	Dec 31/19
Pinetree Capital Ltd. (TSX:PNP)	\$ 100	\$ 28	\$ 15	\$ 18	\$ 9	\$ 11
S&P/TSX Composite	\$ 100	\$ 89	\$ 104	\$ 111	\$ 98	\$ 117



The individuals who qualified as the Named Executive Officers were not the same in each of the years reflected in the graph. Generally, no specific part of Pinetree's executive compensation structure was directly tied to our share price, in the sense that share performance was not typically determinative of the quantum of base salaries, annual bonuses or stock option grants (if any).

Summary Compensation Table

The following table indicates the total compensation paid by the Corporation, for its fiscal years ended December 31, 2019, 2018 and 2017, to our Named Executive Officers.

Name	Fiscal Year	Annual Compensation				Total Compensation (\$)
		Salary/Fees (\$)	Annual Incentive Plans		Other Annual Compensation ⁽³⁾ (\$)	
			Option-based Awards ⁽¹⁾ (\$)	Non-Equity Incentive Plan Compensation ⁽²⁾ (\$)		
Damien Leonard ⁽⁴⁾⁽⁵⁾ President & Director	2019	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil
John Bouffard ⁽⁶⁾ CFO	2019	16,850	Nil	5,000	Nil	21,850
	2018	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil

⁽¹⁾ No options have been granted to the Named Executive Officers. See "Option Plan" for additional information relating to the stock option plan.

⁽²⁾ Non-equity incentive plan compensation reflects annual discretionary cash bonuses paid to the Named Executive Officers in respect of the applicable year.

⁽³⁾ No Named Executive Officer received perquisites worth \$50,000 or more or 10% or more of his total salary, in any of the specified years.

⁽⁴⁾ Mr. Leonard became President of the Corporation on August 7, 2020.

⁽⁵⁾ No Compensation has been received by, or is payable to Mr. Leonard in respect of 2019, 2018 or 2017. See "Salary and Fees" for additional information relating to executive compensation. Mr. Leonard was also a director of the Corporation but did not receive any compensation from Pinetree for services rendered in that capacity.

⁽⁶⁾ Mr. Bouffard became CFO of the Corporation on March 1, 2019.

Executive Incentive Plan Awards – Outstanding Option-Based Awards

The following table provides details of stock options held by the Named Executive Officers as at December 31, 2019. The Named Executive Officers do not hold any stock options or share-based awards.

Name	Number of securities underlying unexercised options	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
Damien Leonard	N/A	N/A	N/A	N/A
John Bouffard	N/A	N/A	N/A	N/A

Executive Incentive Plan Awards – Value Vested or Earned During the Year

The following table indicates the value of the incentive plan awards held by the Named Executive Officers which vested during the year ended December 31, 2019. The Names Executive Officers have not received any incentive plan award.

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year ⁽²⁾ (\$)	Non-equity incentive plan compensation – Value vested during the year ⁽³⁾ (\$)
Damien Leonard	N/A	N/A	N/A
John Bouffard	N/A	N/A	N/A

- (1) Pinetree does not make any option-based awards and none were held by the Named Executive Officers during 2019.
(2) Pinetree does not make any share-based awards and none were held by the Named Executive Officers during 2019.
(3) No equity incentive plan compensation was paid to the Named Executive Officers in respect of the 2019 financial year.

Director Compensation

Non-management directors receive a fee of \$2,000 per board meeting attended. The Chair of the Audit Committee receives an annual retainer of \$5,000. The Chair of the CGNC Committee receives an annual retainer of \$2,500. In addition, the Lead Independent Director receives an annual retainer of \$2,500. The Corporation does not grant any options or share-based awards to its directors.

The following is a list of non-management directors whom were employed by the Company in the year ended December 31, 2019.

Name	Total Fees Earned ⁽¹⁾ (\$)	All other compensation ⁽²⁾ (\$)	Total compensation (\$)
Ian Howat	8,000	Nil	8,000
Craig Miller	13,000	Nil	13,000
Howard Riback	13,000	Nil	13,000
Peter Tolnai	Nil	Nil	Nil

- (1) Fees earned for each director are comprised of an annual retainer and meeting attendance fees.
(2) The Company does not provide any incentive based awards to its directors.
(3) Mr. Tolnai was CEO until September 2017, but continues to serve on the board.

Option Plan

Prior to April 29, 2016, the Corporation granted options pursuant to the Option Plan to optionees who were eligible to participate in the plan. None of the Corporation's current employees or directors hold options.

In accordance with the rules of the TSX, all unallocated entitlements to common shares under the Option Plan are subject to renewal approval by shareholders every three years. Such renewal approval was last obtained at our annual and special shareholder meeting held on June 13, 2013. On June 13, 2016, all unallocated options under the Option Plan were cancelled and the Corporation is generally not permitted to make further grants until approval of the shareholders of the Corporation is obtained. Any options that are outstanding shall remain exercisable subject to meeting any applicable vesting requirements.

The number of common shares issuable pursuant to options granted under the Option Plan may not exceed 10% of the number of common shares outstanding from time to time. Notwithstanding such 10% limit, that number of common shares, if any, underlying options that have been cancelled or that have expired unexercised (whether in full or in part) will once again be issuable under the Option Plan. Furthermore, the Option Plan has a "reload" provision whereby the number of common shares that have been issued pursuant to the exercise of options granted under the Option Plan will once again be available for issuance under the plan. No "reloaded" options will be granted by the Corporation under this plan going forward.

As at August 17, 2020 65,542 common shares had been issued under the Option Plan and 151,050 common shares were issuable pursuant to outstanding options granted under the Option Plan, representing approximately 0.7% and 1.7%, respectively, of the 9,045,198 common shares outstanding as at that date. The following table sets forth the grant rate ("burn rate") for options granted in 2019, 2018 and 2017 as a percentage of issued and outstanding common shares of the Corporation at the time of grant.

Year	Weighted Average Number of Common Shares Outstanding	Number of Options Granted	Percentage
2019	9,045,198	Nil	-
2018	9,045,198	Nil	-
2017	6,814,875	Nil	-

The number of common shares that may be issuable, at any time, to insiders of the Corporation under the Option Plan, together with any of our other share-based compensation arrangements, may not exceed 10% of the number of common shares outstanding on the date of grant. The number of common shares that may be issued, within any one-year period, to insiders of the Corporation under the plan, together with any of our other share-based compensation arrangements, may not exceed 10% of the number common shares issued and outstanding.

The exercise price of an option granted under the Option Plan was determined by our board of directors but may not be less than the closing price of the Corporation's common shares on the TSX on the trading day immediately prior to the date of the option grant or, if the common shares do not trade on such date, then the exercise price may not be less than the average of the daily high and low board lot trading prices of the common shares on the TSX for the five trading days immediately preceding the date the option is granted.

The board of directors has the discretion to determine the term and vesting provisions (if any) of options granted under the Option Plan, provided that the term of an option may not exceed ten (10) years. Depending upon when issued, options vest and become exercisable either: (a) four months from the date of grant, or (b) in six equal amounts every three months, over a period of eighteen months from the grant date. If an Optionee's employment or service with the Corporation is terminated for any reason (other than as a result of the Optionee's death or for cause), all options which have vested as at the date of resignation or notice of termination of employment or service, as the case may be, may be exercised until the earlier of the expiry date of the options and the date that is ninety (90) days from the date of resignation or notice of termination of employment or service, as the case may be. In the event of an Optionee's death, all options which have vested as at the date of death may be exercised until the earlier of the expiry date of the options and the date that is twelve (12) months from the date of death. The board has the discretion to determine an alternative expiry date in the event of the termination of an Optionee's employment or service or the Optionee's death. All unvested options held by an Optionee on the date of resignation, notice of termination or death (unless the Optionee is terminated for cause), as the case may be, will continue to vest until expiry.

The board of directors may amend the terms of the Option Plan, subject to the receipt of any applicable regulatory approval and without the approval of shareholders, except any amendment to (i) change the maximum number of common shares that may be issued under the plan, whether as a fixed number of common shares or as a percentage of the number of common shares outstanding from time to time (other than to reflect an adjustment otherwise permitted under the stock Option Plan), (ii) reduce the exercise price or extend the expiry period of any option, (iii) increase the limits on the number of common shares issuable to participants under plan who are insiders of the company, or (iv) expand the class of participants eligible to participate in the plan, any of which amendments shall be subject to the approval of shareholders.

Amendments that can be made to the Option Plan by the board which will not require the approval of shareholders include changing the vesting provisions of any option and changing the effect of the termination of an Optionee's employment with or service to the Corporation on the Optionee's outstanding options.

Options granted under the Option Plan may not be assigned or transferred, other than to certain permitted assigns, including a registered retirement savings plan or registered retirement income fund of the Optionee.

As of August 17, 2020, the Company does not intend to seek approval to renew the Option Plan, commence a new Option Plan, or use options as a part of compensation for its employees, officers or directors.

Restrictions on Trading Pinetree Securities

All of the Corporation's directors and officers are subject to an Insider Trading Policy and a Personal Trading Policy which prohibits them from actively trading in the Corporation's securities and in the publicly-traded securities of the entities in which the Corporation has an investment. The Insider Trading Policy and Personal Trading Policy set out

guidelines for appropriate timing and procedures for market purchases and sales. The Corporation's directors and Named Executives are not permitted to purchase financial instruments designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive of director.

DIRECTORS AND OFFICERS INDEMNIFICATION

We maintain liability insurance for our directors and officers. For the year ended December 31, 2019, the policy provided coverage of up to \$5 million with a deductible of \$250,000. The annual insurance premium was \$53,000 (plus applicable taxes), no portion of which was payable by the individual directors and officers.

INTEREST OF INFORMED PERSONS AND OTHERS IN MATERIAL TRANSACTIONS

No "informed person" (as defined in NI 51-102), proposed director of the Corporation or associate or affiliate of any informed person or proposed director has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date hereof, none of the current or former executive officers or directors of the Corporation or any of its subsidiaries are indebted to the Corporation or any of its subsidiaries.

CORPORATE GOVERNANCE

The Canadian securities regulatory authorities have issued corporate governance guidelines (the "Corporate Governance Guidelines") for all reporting issuers in Canada (other than investment funds), together with certain related disclosure requirements. The Corporate Governance Guidelines are recommended as "best practices" for issuers to follow. We recognize that good corporate governance plays an important role in our overall success and in enhancing shareholder value and, accordingly, we have adopted certain corporate governance practices which are reflective of the recommended guidelines. A summary of certain aspects of our approach to corporate governance is provided below.

Board of Directors

Independence

NI 52-110 sets out the standard for determining whether a director is "independent" for the purposes of the Corporate Governance Guidelines and disclosure requirements of the Canadian securities regulatory authorities. In accordance with NI 52-110, a director is "independent" if he or she has no direct or indirect material relationship with the Corporation. A "material relationship" is a relationship which could, in the view of the board of directors, be reasonably expected to interfere with the exercise of the director's independent judgment. NI 52-110 also sets out certain circumstances where a director will automatically be considered to have a material relationship with the Corporation.

As of December 31, 2019, the board is comprised of 5 directors, 3 of whom are independent. The Corporation's independent directors are Craig Miller, Ian P. Howat and Howard Riback. The Chairman of the board, Peter Tolnai and Damien Leonard are not independent as a result of being executive officers of the Corporation within the last three years. The board has appointed Craig Miller as Lead Independent Director. The independent directors hold regularly scheduled meetings without members of management or Peter Tolnai in attendance. During the year ended December 31, 2019, the board held 4 *in camera* meeting without members of management or Peter Tolnai in attendance. In addition, open and candid discussion among the independent directors is facilitated by the small size of the board and significant weight is attributed to the views and opinions of the independent directors. All independent directors are encouraged by the Chair of the Board to have open and candid discussions with the Chair and other members of the Board.

Attendance

During the year ended December 31, 2019, there were 4 meetings of the board of directors, 4 meetings of the Audit Committee and 2 meetings of the CGNC Committee. The attendance record of each existing director at these meetings is set out below:

Director	Board	Audit Committee	CGNC Committee
Ian Howat	4	4	2
Craig Miller	4	4	2
Howard Riback	4	4	2
Peter Tolnai	4	N/A	N/A
Damien Leonard	4	N/A	N/A

Board Mandate

The board of directors is responsible for the stewardship of the Corporation and for supervising the management of our business and affairs. The board reviews, discusses and approves various matters relating to our strategic direction, business and operations and its organizational structure, with a view to our best interests.

While management is responsible for the day-to-day conduct of our business, in carrying out its supervisory responsibilities, the board of directors (or the committees of the board, as the case may be) has numerous responsibilities, including: (a) adopting a strategic planning process and approving a strategic plan; (b) identifying our principal business risks and ensuring the implementation of appropriate systems to manage these risks; (c) ensuring appropriate succession planning in place, including appointing, training and monitoring senior management; (d) developing a communications policy for the Corporation; (e) developing policies and procedures to ensure the integrity of our internal control and management information systems; (f) ensuring appropriate standards of corporate conduct, including adopting a code of business conduct and ethics, and monitoring compliance with and waivers from the code; (g) ensuring implementation of appropriate environmental stewardship and health and safety management systems; (h) reviewing and approving compensation of senior management; (i) adopting corporate governance guidelines or principles applicable to the Corporation; (j) reviewing annually the contribution of the board as a whole, the committees of the board and each of the directors; and (k) adopting a process for shareholders and other interested parties to communicate directly with the board of directors or its independent directors.

The board of directors has implemented and approved various policies, including the adoption of our Insider Trading Policy and Code of Business Conduct and Ethics.

Position Descriptions

Although written position descriptions have not been adopted, the Chairman of the board and of each committee are aware of the roles and responsibilities of each such position and are aided with reference to the Charter of each committee, as applicable. These roles and responsibilities include: chairing meetings; planning and organizing board/committee activities; providing leadership to enhance effectiveness; ensuring responsibilities are well understood by board/committee members and management, and that the boundaries between board and management responsibilities are clearly understood and respected; ensuring that adequate resources are available, including timely and relevant information, to allow the board/committee to meet its responsibilities; and reporting to the full board on decisions or recommendations made by a committee.

In addition, although a written position description has not been adopted, the Lead Independent Director provides leadership to the board and particularly to the independent directors, ensures that the board operates independently of management and that directors have an independent leadership contact, and chairs in camera meetings without members of management or non-independent directors in attendance following each board meeting and on other occasions, as required or desirable.

A position description for the CEO has not been developed; however, the CEO is charged with spearheading those functions that have been delegated by the board to management. The board assists in the delineation of the role and responsibilities of the CEO through its regular meetings.

Orientation and Continuing Education

Each new director brings a different skill set and professional background, and with this information, the board of directors is able to determine what orientation to the nature and operations of our business will be necessary and relevant to each new director. Continuing education for directors is provided as such need arises and open discussion is encouraged at all meetings, a format that fosters learning by the directors.

Management provides ongoing updates about our business activities and investments to directors on a routine basis that is sufficient to ensure that directors have the knowledge about our business to meet their obligations as directors.

Ethical Business Conduct

We have implemented a Code of Business Conduct and Ethics (the “Code”) to be followed by our employees, officers and directors and those of our subsidiaries. The purpose of the Code is to, among other things, promote honest and ethical conduct, avoidance of conflicts of interest and compliance with applicable governmental laws, rules and regulations. A copy of the Code is available electronically under our issuer profile at www.sedar.com and a summary of certain of its provisions is provided below.

We are committed to sound environmental management. The Code confirms our intention to conduct ourselves in partnership with the environment and community at large as a responsible and caring business entity, and our commitment to managing all phases of our business in a manner that minimizes any adverse effects of our operations on the environment and the communities in which we do business.

The Code provides that our employees, officers and directors are required to act with honesty and integrity and to avoid any relationship or activity that might create, or appear to create, a conflict between their personal interests and the interests of the Corporation.

We are committed to providing a healthy and safe workplace in compliance with applicable laws, rules and regulations. The Code affirms our commitment to foster a work environment in which all individuals are treated with respect and dignity. We are an equal opportunity employer and do not discriminate against employees, officers, directors or potential employees, officers or directors on the basis of race, color, religion, sex, national origin, age or disability or any other category protected by applicable law.

All of our employees, officers and directors are expected to comply with the Code and any waiver from any part of the Code requires the approval of our CEO, in the case of an employee, or of the board of directors, in the case of an officer or director.

The Code also provides a process by which actual or potential violations of its provisions are to be reported (on a confidential basis) to the chairman of the Audit Committee and confirms that there will not be any reprisals against an individual who does so in good faith.

Corporate Governance, Nominating and Compensation Committee

The Corporate Governance, Nominating and Compensation Committee is composed of three directors – Craig Miller, Ian P. Howat and Howard Riback – each of whom is independent. Craig Miller is the Chair and has extensive experience as a director, chair or board observer of several private companies and non-profit organizations. Each member has, to the satisfaction of the board, sufficient skills and experience which are relevant and will contribute to the carrying out of the mandate of the committee. Each brings to the committee an understanding of financial and risk management matters relating to the Corporation specifically, as well as those matters in the context of other issuers, which enable the committee, as a whole, to make decisions concerning our compensation policies and practices.

The purpose of the Corporate Governance, Nominating and Compensation Committee is to assist the board of directors in fulfilling its responsibilities relating to the nomination of directors to the board, enhancement of the

Corporation's governance and compensation of the Corporation's directors and officers. The following is a summary of its key representatives:

- The Corporate Governance, Nominating and Compensation Committee participates in the director nomination process by identifying new candidates for nominations who, by virtue of their skills, diversity of background and experience, areas of expertise, industry knowledge, geographic location and industry contacts are beneficial to the Corporation. If desirable, the board may also retain search firms to assist it in identifying candidates. The Corporate Governance, Nominating and Compensation Committee also establishes the procedures and approve appropriate orientation and education programs for new directors, such that they fully understand the role of the board and its committees, the contribution that individual directors are expected to make and the nature and operation of the Corporation's business.
- The Corporate Governance, Nominating and Compensation Committee enhances the Corporation's governance policies by developing and recommending to the board corporate governance guidelines, periodically reviewing and reassessing the adequacy of such guidelines and recommending any proposed changes for the board's approval. It leads an annual review of the board, including an assessment of the composition and effectiveness of the board and the contribution and effectiveness of individual directors and report its assessment to the board following the end of each fiscal year. In addition, it will recommend to the board a position description for the Chairman of the board.
- The Corporate Governance, Nominating and Compensation Committee reviews and considers the compensation policies with respect to senior management and submits recommendations thereof to the board. The Corporate Governance, Nominating and Compensation Committee establishes annual corporate goals and objectives against which to review and assess the senior management's performance. In addition, it conducts periodic reviews of the status of the Corporation's equity compensation plans, if any, and submits recommendations to the board with respect to any new equity-based compensation plan or other incentive plan or any amendments to existing plans.
- The Corporate Governance, Nominating and Compensation Committee is responsible for regularly reviewing directors' performance in order to determine whether they are functioning effectively. The Corporate Governance, Nominating and Compensation Committee may perform such reviews through the completion of an analytical board and committee effectiveness questionnaire by each director, data analysis and a review of preliminary findings by the committee and reporting to and discussion among the directors.

The Audit Committee is comprised of three board members – Craig Miller, Ian P. Howat and Howard Riback. Howard Riback is the Chair. The Corporation has determined that each of the committee members is independent and financially literate for the purposes of NI 52-110. Each of the Audit Committee members has an understanding of the accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting. The relevant education and experience of each member of the Audit Committee is as follows:

- Craig Miller holds an M.B.A. from Harvard Business School. He has extensive experience in financial analysis and review of financial statements in his previous roles as a consultant at McKinsey & Company and Vice President of Corporate Development at Pineridge Group.
- Ian P. Howat holds an M.B.A. from the University of Western Ontario and has over 25 years' experience in the mining sector.
- Howard Riback is a Chartered Professional Accountant with over 35 years of accounting and financial experience. He was the CFO of Ventures West Capital Ltd. from 1991 to 2013. As CFO, Howard Riback was responsible for the financial and legal due diligence of all of Ventures West Capital Ltd.'s investments and for the financial reporting of its managed investment funds.

The responsibilities of the Audit Committee include: (i) reviewing the Company's procedures for internal control with the Company's auditors and CFO; (ii) reviewing and approving the engagements of the auditors; (iii) reviewing annual and quarterly financial statements and management's discussion and analysis thereon; (iv) reviewing and

recommending to the board for acceptance, prior to their public release, all material financial information required to be gathered and disclosed to the public by the Corporation; (v) assessing the Company's financial and accounting personnel; (vi) assessing the Corporation's accounting policies; (vii) reviewing the Corporation's risk management procedures; (viii) reviewing any significant transactions outside the Corporation's ordinary course of business, including related-party transactions, and any legal matters that may significantly affect the Corporation's financial statements; (ix) overseeing the work and confirming the independence of the external auditors; and (x) reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management.

Term Limits and Other Mechanisms for Board Renewal

We have not adopted term limits for our directors or other formal mechanisms for board renewal. Our board is of the view that the Corporation is best served where a balance exists between directors with the in-depth knowledge and institutional memory that comes from serving over longer periods of time and newer directors who bring different experiences and new perspectives. In our view, term limits ignore this balance.

Representation of Women on the Board and in Executive Officer Positions

We have not adopted a written policy relating to the identification and nomination of female directors. The board, however, supports the principles of diversity and recognizes the importance of diverse backgrounds, skills and experience and gender diversity when considering potential candidates who have the core skills and qualities to serve as directors. The board appreciates that the existing imbalance in respect of female representation on corporate boards is due primarily to a lack of opportunity, rather than qualifications, and intends to approach the process of identifying future candidates for board positions with a view to expanding its own diversity.

We have not adopted a target regarding the number of women on our board or in executive officer positions. We recognize the importance and value of gender diversity but believe, at this time, the Corporation is best served by making thoughtful and informed executive and board recruitment decisions that further diversity principles rather than applying a mathematical approach to any selection criteria. There are currently no women on our board (0 of 5 directors), which represents 0% of the board, and no women hold an executive officer positions (0 of 2 executive officer positions), which represents 0% of the Corporation's executive officer positions.

ADDITIONAL INFORMATION

Additional information concerning the Corporation is available on SEDAR at www.sedar.com. Financial information concerning the Corporation is provided in our audited comparative financial statements and management's discussion and analysis thereon for the financial year ended December 31, 2019. Certain information pertaining to our audit committee and our external auditors is also provided in the section entitled "Audit Committee Information" of our annual information form for the financial year ended December 31, 2019, which is also available on SEDAR at www.sedar.com.

Shareholders wishing to obtain a copy of our financial statements and management's discussion and analysis may contact us at: Pinetree Capital Ltd., 1965 Queen Street East, Unit 200, Toronto, Ontario, M4L 1H9, or 416-941-9600.

DIRECTORS' APPROVAL

The contents and sending of this Circular to each director of the Corporation, each shareholder of the Corporation entitled to notice of the Meeting and the auditor of the Corporation have been approved by the directors of the Corporation.

DATED the 17th day of August, 2020

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Peter Tolnai"

Peter Tolnai
Chairman



PINETREE CAPITAL LTD.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of Pinetree Capital Ltd.:

Opinion

We have audited the consolidated financial statements of Pinetree Capital Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and December 31, 2018, and the consolidated statements of income (loss) and comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Pierrette Dosanjh.

MNP LLP

Toronto, Ontario
February 28, 2020

Chartered Professional Accountants
Licensed Public Accountants

PINETREE CAPITAL LTD.
Consolidated Statements of Financial Position
As at December 31,
(In thousands of Canadian dollars)

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
Assets			
Cash and cash equivalents	5	\$ 6,206	\$ 7,250
Due from brokers	5	1,845	76
Investments at fair value	4	10,105	8,969
Prepays and other receivables		52	61
Income taxes receivable		19	19
Total assets		\$ 18,227	\$ 16,375
Liabilities and Equity			
Liabilities			
Accounts payable and accrued liabilities	5, 13(c)	\$ 329	\$ 395
Total liabilities		329	395
Equity			
Share capital	8(a)	324,410	324,410
Contributed surplus		108,177	108,177
Deficit		(414,689)	(416,607)
Total equity		17,898	15,980
Total liabilities and equity		\$ 18,227	\$ 16,375
Nature of business	1		
Commitment	16		

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

"Peter Tolnai" Director

"Howard Riback" Director

PINETREE CAPITAL LTD.**Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)****Years Ended December 31,****(In thousands of Canadian dollars, except for securities and per share amounts)**

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
Net investment gains (losses)	9	\$ 2,137	\$ (2,164)
Other income	9	352	275
		<u>2,489</u>	<u>(1,889)</u>
Expenses			
Operating, general and administrative	7, 10	563	454
Finance expenses	11	8	17
		<u>571</u>	<u>471</u>
Net income (loss) for the year		1,918	(2,360)
Other comprehensive income			
Exchange differences on translation of foreign operations		-	35
Net income (loss) and comprehensive income (loss) for the year		<u>\$ 1,918</u>	<u>\$ (2,325)</u>
<hr/>			
Earnings (loss) per common share based on			
net income (loss) for the year			
Basic and diluted		<u>\$ 0.21</u>	<u>\$ (0.26)</u>
Weighted average number of common shares outstanding			
Basic and diluted		9,045,198	9,045,198

See accompanying notes to the consolidated financial statements.

PINETREE CAPITAL LTD.
Consolidated Statements of Cash Flows
Years Ended December 31,
(In thousands of Canadian dollars)

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
Cash flows used in operating activities			
Net income (loss) for the year		\$ 1,918	\$ (2,360)
Items not affecting cash:			
Net investment losses (gains)		(2,137)	2,164
		<u>(219)</u>	<u>(196)</u>
Adjustments for:			
Proceeds on disposal of investments		7,031	2,344
Purchase of investments		(6,096)	(4,209)
Proceeds from return of capital		66	-
Decrease (increase) in due from brokers		(1,769)	1,821
Decrease (increase) in prepaids and other receivables		9	(39)
Increase in income taxes receivable		-	(19)
Increase (decrease) in accounts payable and accrued liabilities		(66)	3
		<u>(1,044)</u>	<u>(295)</u>
Net cash used in operating activities		(1,044)	(295)
Net decrease in cash and cash equivalents, during the year		(1,044)	(295)
Exchange differences on translation of foreign operations		-	35
Cash and cash equivalents, beginning of year		7,250	7,510
Cash and cash equivalents, end of year		\$ 6,206	\$ 7,250

Supplementary disclosure of cash flow information

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See accompanying notes to the consolidated financial statements.

PINETREE CAPITAL LTD.**Consolidated Statements of Changes in Equity****Years Ended December 31,****(In thousands of Canadian dollars, except for securities and per share amounts)**

	Number of shares	Share capital	Contributed surplus	Foreign currency translation reserve	Deficit	Total equity
Balance as at December 31, 2017	9,045,198	\$ 324,410	\$ 108,177	(35)	\$ (414,247)	\$ 18,305
Net loss for the year	-	-	-	-	(2,360)	(2,360)
Exchange differences on translation of foreign operations	-	-	-	35	-	35
Balance as at December 31, 2018	9,045,198	\$ 324,410	\$ 108,177	-	\$ (416,607)	\$ 15,980
Net income for the year	-	-	-	-	1,918	1,918
Balance as at December 31, 2019	9,045,198	\$ 324,410	\$ 108,177	\$ -	\$ (414,689)	\$ 17,898

See accompanying notes to the consolidated financial statements.



Pinetree Capital Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2019 and 2018
(In thousands of Canadian dollars except for securities and per share amounts)

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 Unit 200, 1965 Queen Street East, Toronto, ON, M4L 1H9.

Pinetree is a value-oriented investment and merchant banking company focused on the technology sector.

These consolidated financial statements were approved by the Company’s board of directors on February 28, 2020.

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Significant accounting estimates, judgments and assumptions used or exercised by management in the preparation of these consolidated financial statements are presented below.

(b) Basis of consolidation

These consolidated financial statements include the accounts of Pinetree and its wholly-owned subsidiaries: Pinetree (Barbados) Inc., Pinetree (Israel) 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. In December 2019, the Company dissolved its inactive wholly-owned subsidiary, Genevest Inc. 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. All subsidiaries are currently inactive except for PCIC and PIP.

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.

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2. Basis of preparation (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.

(c) Critical accounting judgments, estimates and assumptions

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

The information about significant areas of estimation uncertainty and judgment considered by management in preparing the consolidated financial statements are as follows:

(i) Fair value of investment in securities not quoted in an active market or private company investments:

Where the fair values of financial assets and financial liabilities recorded on the consolidated statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Refer to Note 3(b)(iv) for further details.

(ii) Fair value of financial derivatives:

Investments in options and warrants that are not traded on a recognized securities exchange do not have a readily available market value. When there are sufficient and reliable observable market inputs, an option pricing model is used; if no such market inputs are available, the warrants and options are valued using alternative methods representing fair value. Refer to Note 3 (b)(iv) for further details.

(iii) Stock-based compensation expense:

The Company uses the Black-Scholes option pricing model to fair value options in order to calculate stock-based compensation expense. The Black-Scholes model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of stock-based compensation expense. Refer to Note 8(c) for further details.

(iv) Income taxes:

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

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2. Basis of preparation (continued)

(v) Warrants:

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

3. Significant accounting policies

The significant accounting policies used in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the years presented.

(a) Foreign currency:

(i) Functional currency:

These consolidated financial statements are presented in Canadian dollars, which is the parent's functional and presentation currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(ii) Transactions and balances:

Transactions in foreign currencies are initially recorded in the functional currency at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange in effect at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. All exchange differences are recorded in the consolidated statements of comprehensive income (loss).

(iii) Translation of foreign operations:

The results and financial position of Pinetree's subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of the consolidated statement of financial position;
2. Share capital is translated using the exchange rate at the date of the transaction;
3. Revenue and expenses for each consolidated statement of comprehensive income (loss) are translated at average exchange rates; and
4. All resulting exchange differences are recognized as a separate component of equity and as an exchange difference on translation of foreign operations in other comprehensive loss in the consolidated statements of comprehensive income (loss).

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3. Significant accounting policies (continued)

The Company treats specific inter-company loan balances that are not intended to be repaid in the foreseeable future as part of its net investment in a foreign operation, which is recorded as an exchange difference on translation of foreign operations in other comprehensive loss in the consolidated statements of comprehensive income (loss).

(b) Financial instruments (investments, Class C preferred shares and due from brokers):

(i) Classification:

All investments are classified upon initial recognition at fair value through profit or loss, with changes in fair value reported in profit (loss).

Class C preferred shares are liabilities designated at fair value through profit or loss with changes in fair value reported in expenses in the consolidated statements of comprehensive income (loss).

Due from brokers are assets initially recognized at fair value (net of directly attributable transaction costs) and classified as subsequently measured at amortized cost.

(ii) Recognition, derecognition and measurement:

Purchases and sales of investments are recognized on the settlement date.

Investments at fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed as incurred in the consolidated statements of comprehensive income (loss). Investments are derecognized when the rights to receive cash flows from the investments have expired or the Company has transferred the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9, Financial Instruments ("IFRS 9").

Subsequent to initial recognition, all investments are remeasured at fair value. Gains and losses arising from changes in the fair value of the investments at fair value through profit or loss category are presented in the consolidated statements of comprehensive income (loss) within net change in unrealized gains or losses on investments in the period in which they arise.

The fair value of Class C preferred share liabilities is determined by reference to the trading price of Pinetree's shares (Note 5 (a)).

(iii) Reclassification of investments:

The Company would only reclassify a financial asset when the Company changes its business model for managing the financial asset.

Reclassifications are recorded at fair value at the date of reclassification, which becomes the new carrying value.

(iv) Determination of fair values:

The determination of fair value requires judgment and is based on market information, where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the consolidated financial statements.

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3. Significant accounting policies (continued)

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 consolidated 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 (Note 4).

1. Publicly-traded investments (i.e., securities of issuers that are public companies):
 - a. 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 bid prices at the consolidated statement of financial position dates or the closing trade price on the last day the security traded if there were no trades at the consolidated statement of financial position dates. These are included in Level 1 in Note 4 (a).
 - b. 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 in Note 4 (a).
 - c. 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, an option pricing model is used; if no such market inputs are available, the warrants and options are valued using alternative methods representing fair value. These are included in Level 2 in Note 4 (a).
2. 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 of the valuation indicators described below. These are included in Level 3 in Note 4(a). Options and warrants of private companies are valued using an option pricing model when there are sufficient and reliable observable market inputs; if no such market inputs are available, the warrants and options are valued using alternative methods representing fair value.

The determinations of fair value of the Company's privately-held investments at other than initial cost are subject to certain limitations. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable.

Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

Company-specific information is considered when determining whether the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will take into account trends in general market conditions and the share performance of comparable publicly-traded companies when valuing privately-held investments.

The absence of the occurrence of any of these events, any significant change in trends in general market conditions, or any significant change in share performance of comparable publicly-traded companies indicates generally that the fair value of the investment has not materially changed.

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3. Significant accounting policies (continued)

The fair value of a privately-held investment may be adjusted if:

- a. there has been a significant subsequent equity financing provided by outside investors at a valuation different than the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;
- b. there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a material impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable;
- c. the investee company is placed into receivership or bankruptcy;
- d. based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern;
- e. receipt/denial by the investee company of environmental, mining, aboriginal or similar approvals, which allow the investee company to proceed/prohibit with its project(s);
- f. filing by the investee company of a National Instrument 43-101 technical report in respect of a previously noncompliant resource;
- g. release by the investee company of positive/negative exploration results; and
- h. important positive/negative management changes by the investee company that the Company's management believes will have a very positive/negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

Adjustments to the fair value of a privately-held investment are based upon management's judgment and any value estimated may not be realized or realizable. The resulting values for non-publicly traded investments may differ from values that could be realized if a ready market existed.

In addition, the amounts at which the Company's privately-held investments could be disposed of currently may differ from the carrying value assigned.

3. Investments in associates:

Investments in associates are those entities in respect of which the Company has or is deemed to have significant influence, but not control, over the financial and operating policies. Investments in associates are held as part of the Company's investment portfolio and carried in the consolidated statements of financial position at fair value even though the Company may have significant influence over the companies.

This treatment is permitted by IAS 28, Investment in Associates, which allows investments held by venture capital or similar organizations to be excluded from its scope where those investments are measured at fair value through profit or loss in accordance with IFRS 9, with changes in fair value recognized in the consolidated statements of comprehensive income (loss) within net change in unrealized gains or losses on investments.

(c) Financial assets other than investments at fair value:

Financial assets that collect contractual cash flows made up of principal and interest on specified dates are classified

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3. Significant accounting policies (continued)

as subsequently measured at amortized cost. All other financial assets are designated as at fair value through profit or loss. All financial assets are recognized initially at fair value plus, in the case of financial assets classified as subsequently measured at amortized cost, directly attributable transaction costs.

Financial assets at amortized cost are measured at initial cost plus interest calculated using the effective interest rate method less cumulative repayments and adjustments for expected credit losses. A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred substantially all the risks and rewards of the asset. The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. For amounts deemed to be impaired, the impairment provision is based upon the expected credit loss.

(d) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand and short-term investments with remaining maturities of less than three months. Cash and cash equivalents include accrued interest on short-term investments.

(e) Revenue recognition:

Purchases and sales of investments are recognized on the settlement date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the consolidated statements of comprehensive income (loss), as part of net investment gains (losses).

Upon disposal of an investment, previously recognized unrealized gains or losses are reversed to recognize the full realized gain or loss in the period of disposition. All transaction costs associated with the acquisition and disposition of investments are expensed to the consolidated statements of comprehensive income (loss) as incurred.

Dividend income is recorded on the ex-dividend date and when the right to receive the dividend has been established. Interest income, other income and income from securities lending are recorded on an accrual basis.

(f) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(g) Income taxes:

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

(i) Current income tax:

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years

(ii) Deferred tax:

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period

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3. Significant accounting policies (continued)

when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

(h) Stock-based compensation plans:

The Company has a stock option plan that is described in Note 8(b). Employees (including officers), directors and consultants of the Company may receive remuneration in the form of stock options granted under the plan for rendering services to the Company. Any consideration received on the exercise of stock options is credited to share capital. The cost of options is recognized together with a corresponding increase in contributed surplus, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant optionee becomes fully entitled to the award (the “vesting date”).

The cumulative expense recognized for option grants at each reporting date until the vesting date reflects the portion of the vesting period that passed and the Company’s best estimate of the number of options that will ultimately vest on the vesting date. The Company records compensation expense and credits contributed surplus for all stock options granted, which represents the movement in cumulative expense recognized as at the beginning and end of that period.

Stock options granted during the period are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value for these options is estimated at the date of grant using the Black-Scholes option pricing model. The Company is also required to estimate the expected future forfeiture rate of options in its calculation of stock-based compensation expense.

Where the terms of a stock option award are modified, the minimum expense recognized in compensation expense is the expense as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the option, or is otherwise beneficial to the optionee as measured at the date of modification.

Where an option is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognized for the award is recognized immediately; however, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described above.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share, if applicable.

(i) Income/loss per common share:

Basic income/loss per common share is determined by dividing net income/loss attributable to common shareholders by the weighted average number of common shares outstanding during the year.

Diluted income/loss per common share is calculated in accordance with the treasury stock method and based on the weighted average number of common shares and dilutive common share equivalents outstanding.

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3. Significant accounting policies (continued)

(j) Cost of private placement financing:

Incremental costs incurred in respect of raising capital through private placements or rights offerings are charged against equity proceeds raised.

(k) Financial liabilities:

Financial liabilities are presented at amortized cost except for financial derivatives and certain financial liabilities that from inception were designated at fair value through profit or loss. All financial liabilities are recognized initially at fair value net of directly attributable transaction costs except for those designated at fair value through profit or loss. Financial liabilities at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in the consolidated statements of comprehensive income (loss).

Other financial liabilities are subsequently recognized at amortized cost using the effective interest method with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period.

(l) Due from brokers:

Due from brokers consists of cash owed to the Company from its brokers.

(m) Financial derivatives - options and warrants:

A financial derivative such as warrants or options that will be settled with the entity's own equity instruments will be classified as an equity instrument if the derivative is to acquire a fixed number of the entity's own equity instruments for a fixed amount of Canadian dollars.

A financial derivative will be considered a financial liability at fair value through profit or loss if it is to acquire either a variable number of equity instruments or consideration in a foreign currency and the options and warrants were not offered pro rata to all existing owners of the same class of non-derivative equity instruments.

(n) Segment reporting:

Operating segments are reported in a manner consistent with the internal reporting used by management and the Company's Board of Directors. The Company has a single reportable geographic segment, Canada.

(o) New accounting standards adopted:

Effective January 1, 2019, the Company has adopted IFRS 16, *Leases* and International Financial Reporting Interpretations Committee ("IFRIC") 23, *Uncertainty over Income Tax Treatments*. These changes were made in accordance with the applicable transitional provisions for which there was no impact on the consolidated financial statements for the year ended December 31, 2019. Under IFRS 16, the presentation on the statements of income (loss) and comprehensive income (loss) required by the new standard will result in most lease expenses being presented as amortization of lease assets and financing costs arising from lease liabilities rather than as being a part of goods and services purchased. The Company's office lease has a duration of 12 months which is exempted from the new presentation.

Pinetree Capital Ltd.**Notes to Consolidated Financial Statements****Years Ended December 31, 2019 and 2018****(In thousands of Canadian dollars except for securities and per share amounts)**

4. Financial instruments hierarchy and investments at fair value

(a) Financial hierarchy:

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

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- (ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3). 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.

Investments consist of the following as at December 31, 2019:

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	\$ 22,458	\$ 6,928	\$ 29	\$ 347	\$ 7,304
Debentures	2,495	2,801	-	-	2,801
Total investments	\$ 24,953	\$ 9,729	\$ 29	\$ 347	\$ 10,105
Investments denominated in foreign currencies		\$ 4,833	\$ -	\$ -	\$ 4,833
% of investments denominated in foreign currencies		50%	0%	0%	48%

Pinetree Capital Ltd.

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

Investments consist of the following as at December 31, 2018:

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	\$ 45,387	\$ 5,688	\$ -	\$ 714	\$ 6,402
Debentures	2,495	2,567	-	-	2,567
Total investments	\$ 47,882	\$ 8,255	\$ -	\$ 714	\$ 8,969
Investments denominated in foreign currencies		\$ 4,094	\$ -	\$ 45	\$ 4,139
% of investments denominated in foreign currencies		50%	0%	6%	46%

(1) As at December 31, 2019, included in total investments were securities of private companies with a fair value totaling \$347 (cost of \$11,539) (2018 – fair value of \$714 (cost of \$18,611) measured in accordance with the Company's accounting policy for private company investments.

(2) During the year ended December 31, 2019 and 2018, there were no transfers from Level 2 to Level 1. Generally, the transfer out of level 2 to level 1 consists of restricted investments that became unrestricted during the year.

(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 loss and comprehensive loss.

	Opening balance at January 1,	Proceeds on dispositions	Net realized losses on dispositions	Net unrealized gains	Proceeds from return of capital	Transfer out to Level 1	Ending balance
2019	\$ 714	\$ (19)	\$ (6,777)	\$ 6,705	\$ (66)	\$ (210)	\$ 347
2018	2,661	(130)	(3,040)	1,623	-	(400)	714

Transfers between levels of fair value hierarchy are deemed to have occurred at the date of event. During the year ended December 31, 2019, one of the investees in which Pinetree held a Level 3 investment was acquired in a stock-based transaction. This resulted in the shares of the Level 3 investments being exchanged for shares of a newly listed public company causing this investment to be transferred out of Level 3 to Level 1.

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, review of adjusted net book values, liquidation analysis, trends in general market conditions, the share performance of comparable publicly-traded companies and a strategic review.

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

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

Valuation technique	December 31, 2019		December 31, 2018	
	Fair Value	Unobservable inputs	Fair Value	Unobservable inputs
Trends in comparable publicly traded companies and general market conditions, review of adjusted net book values, liquidation analysis, strategic review	\$ 347	Adjustment range (-80% to -12.5%)	\$ 714	Adjustment range (-80% to -12.5%)
	\$ 347		\$ 714	

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 +/- \$87 (2018: +/- \$178) 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.

5. Financial assets (liabilities) other than investments at fair value

Financial assets and liabilities other than investments at fair value are as follows as at December 31:

	2019	2018
Cash and cash equivalents	\$ 6,206	\$ 7,250
Due from brokers	1,845	76
Income taxes receivable	19	19
Accounts payable and accrued liabilities (a)	(329)	(395)
	\$ 7,741	\$ 6,950

The carrying values of cash and cash equivalents, due from brokers, and accounts payable and accrued liabilities approximate their fair values due to the short term to maturity for these instruments.

(a) As at December 31, 2019, included in accounts payable and accrued liabilities are Class C preferred share liabilities of \$211 (2018 - \$213). 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 December 31, 2019, the redemption price was \$10 per share and the retraction price in effect was \$0.07 per share (2018 - \$0.07 per share). During the year ended December 31, 2019, 200 of the Class C shares were cancelled by PCIC following their retraction by

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5. Financial assets (liabilities) other than investments at fair value (continued)

the holder at approximately \$0.07 per share plus accrued and unpaid dividends. During the year ended December 31, 2018, none of the Class C shares were cancelled by PCIC. As at December 31, 2019, 21,100 Class C Shares (2018 - 21,300 Class C Shares) were issued and outstanding.

6. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2018 - 26.5%) to the effective tax rate is as follows:

	2019	2018
Income (loss) before income taxes	\$ 1,918	\$ (2,360)
Expected income tax (recovery)	508	(625)
Tax rate changes	-	-
Tax rate changes and other adjustments	-	(2,166)
Non-deductible expenses and non-taxable income	(276)	298
Tax benefit from timing differences previously not recognized	-	-
Change in tax benefits not recognized	(232)	2,493
Income tax (recovery) expense	\$ -	\$ -

The following table summarizes the components of deferred tax:

	2019	2018
Deferred Tax Assets		
Capital losses carried forward	\$ 35	\$ -
Deferred tax expense		
Investments at fair value	\$ (35)	\$ -
Net deferred tax Asset	\$ -	\$ -

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences as at December 31:

	2019	2018
Equipment	\$ 190	\$ 625
Share and debt issuance costs	82	214
Non-capital losses carried forward	36,553	35,737
Investments at fair value	29,912	38,912
Capital losses carried forward	352,550	342,952
	\$ 419,287	\$ 418,440

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6. Income taxes (continued)

The Canadian non-capital loss carry forwards expire as noted in the table below. The net capital loss carry forward may be carried forward indefinitely, but can only be used to reduce capital gains. Share issue and financing costs will be fully amortized in 2020.

2030	\$	237
2033		5,829
2034		12,015
2035		11,566
2036		4,512
2037		1,136
2038		974
2039		284
	\$	36,553

The Company's tax returns for fiscal years 2013 to 2014 are currently being audited by the Canada Revenue Agency ("CRA"). Certain tax positions taken by the Company previously, if successfully challenged by the CRA, could result in a reduction in capital and non-capital losses available for carry forward or additional tax expenses. At this time, the amount of tax exposure cannot be determined with any level of assurance.

The Company believes that the tax positions taken in the past are in compliance with the applicable tax law and will vigorously contest any reassessment. As a result, the Company has not recorded an accrual for additional tax liabilities related to the audit.

7. 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 income (loss) were as follows during the years ended December 31:

Type of expense	2019	2018
Salaries, consulting fees and other benefits	\$ 16	\$ 26
Director fees	34	34
	\$ 50	\$ 60

(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.

8. Equity

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

As at December 31, 2019, the Company had 9,045,198 (2018 – 9,045,198) common shares issued and outstanding.

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

Years Ended December 31, 2019 and 2018

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

8. Equity (continued)

(b) Stock option 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.

(c) Stock options:

No stock options were granted during the years ended December 31, 2019 or 2018. A summary of the status of the Company's stock options as at December 31, 2019 and 2018 and changes during the years then ended is presented below:

Stock options	2019		2018	
	# of options	Weighted average exercise price	# of options	Weighted average exercise price
Outstanding and exercisable, beginning of year	126,650	\$ 16.93	151,050	\$ 22.03
Expired	(54,100)	28.18	(24,400)	48.52
Outstanding and exercisable, at end of year	72,550	\$ 8.54	126,650	\$ 16.93

(d) Basic and diluted income (loss) per common share based on net income (loss) are as follows for the years ended December 31:

Numerator:	2019	2018
Net income (loss) for the year	\$ 1,918	\$ (2,360)
Denominator:	2019	2018
Weighted average number of common shares outstanding – basic	9,045,198	9,045,198
Weighted average effect of diluted stock options (i)	-	-
Weighted average number of common shares outstanding – diluted	9,045,198	9,045,198
Earnings (loss) per common share based on net income (loss) for the year:	2019	2018
Basic and diluted	\$ 0.21	\$ (0.26)

- (i) The determination of the weighted average number of common shares outstanding – diluted excludes 72,550 stock options as they were anti-dilutive for the year ended December 31, 2019 (2018 – 126,650).

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

Years Ended December 31, 2019 and 2018

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

8. Equity (continued)

(e) Maximum share dilution:

The following table presents the maximum number of shares that would be outstanding if all outstanding stock options were exercised as at December 31:

	2019	2018
Common shares outstanding	9,045,198	9,045,198
Stock options to purchase common shares	72,550	126,650
Fully diluted common shares outstanding	9,117,748	9,171,848

9. Income

Net investment gains (losses) comprises of the following for the years ended December 31:

	2019	2018
Net realized losses on disposal of investments	\$ (21,927)	\$ (5,350)
Net change in unrealized gains on investments	24,064	3,186
	\$ 2,137	\$ (2,164)

For the year ended December 31, 2019 and 2018, other income comprises of interest and dividend income.

10. Expense by nature

Included in operating, general and administrative expenses for the years ended December 31:

	2019	2018
Professional fees	\$ 97	\$ 146
Office and general	176	184
Transfer agent, filing fees and other info systems	103	113
Consulting and directors' fees	79	60
Transaction costs	19	28
Travel and other	-	3
Foreign exchange loss (gain)	89	(80)
	\$ 563	\$ 454

Included in office and general expenses for the year ended December 31, 2019 is rent expense of \$22 in relation to the Company's commercial occupancy lease (December 31, 2018 - \$4).

11. Finance expense

Finance expense is comprised of interest and dividend expense for the years ended December 31, 2019 and 2018.

Pinetree Capital Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2019 and 2018
(In thousands of Canadian dollars except for securities and per share amounts)

12. Management of capital

The Company considers its capital to include equity which amounts to \$17,898 as at December 31, 2019 (2018 - \$15,980). 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.

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. There were no changes to the Company's objectives in managing and maintaining capital during the year ended December 31, 2019. The Company is not subject to any capital requirements imposed by a regulator or otherwise.

13. 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) 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 as 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 changes in fair value 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, 2018. The Company manages market risk by having a portfolio that is not singularly exposed to any one issuer, although Pinetree's investment activities are currently concentrated primarily in the technology sector. The Company also requires approval from the board of directors for purchases of investments over a certain cost threshold.

For the year ended December 31, 2019, a 1% change in the closing trade price of the Company's investments (with all other variables held constant) would have an estimated change on the Company's total comprehensive income of \$85 (2018 – decrease on the Company's total comprehensive loss of \$72).

- (b) Concentration risk in the Company's investment portfolio

Concentration risk is the risk that any investment or group of investments will have the potential to materially affect

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

Years Ended December 31, 2019 and 2018

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

13. Risk management (continued)

the operating results of the Company. As at December 31, 2019, the Company's top five investments, all of which are public companies in the technology sector, had a fair value of \$6,904. This represents 71% of the fair value of the Company's total portfolio and 39% of the fair value of the Company's total equity. As at December 31, 2018, the Company's top five

investments, four of which were public companies and one a private company, had a fair value of \$6,191 in the technology sector. These represented 69% and 8% of the fair value of the Company's total portfolio, and together represented 41% of the Company's total equity.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they become due. The Company's management is responsible for reviewing liquidity resources to ensure funds are readily available to meet financial obligations as they become due, as well as ensuring funds exist to support business strategies and operating growth.

The Company generates cash flow primarily from its financing activities and proceeds from the disposition of its investments in addition to interest and dividend income earned on its investments. Pinetree invests in securities of "small-cap" issuers, which can at times be relatively illiquid. If the Company decides to dispose of securities of a particular issuer it may not be able to do so at the time at favourable prices, or at all. In addition, the amounts at which the Company's private company investments could be disposed of currently may differ from their carrying values since there is no active market to dispose of these investments.

There were no changes to the way that the Company manages liquidity risk since December 31, 2018. The Company's liquidity risk is limited to exposure to accounts payable and accrued liabilities.

The Company's accounts payable and accrued liabilities are contractual undiscounted cash flows. As at December 31, 2019, \$329 are due in less than one year, representing 1.8% of total assets on the statements of financial position (2018 - \$395 and 2.4%).

Included in accounts payable and accrued liabilities are Class C preferred share liabilities of \$211 (2018 - \$213) which 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 following table shows the Company's source of liquidity by assets as at December 31, 2019:

Assets	Liquidity by period				Non-liquid assets
	Total	Less than 1 year	1 – 3 years	After 4 years	
Cash and cash equivalents	\$ 6,206	\$ 6,206	\$ -	\$ -	\$ -
Due from brokers	1,845	1,845	-	-	-
Investments, at fair value	10,105	9,758	347	-	-
Prepays and receivables	52	52	-	-	-
Income taxes receivable	19	19	-	-	-
	\$ 18,227	\$ 17,880	\$ 347	\$ -	\$ -

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

Years Ended December 31, 2019 and 2018

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

13. Risk management (continued)

The following table shows the Company's source of liquidity by assets as at December 31, 2018:

Assets	Liquidity by period				Non-liquid assets
	Total	Less than 1 year	1 – 3 years	After 4 years	
Cash and cash equivalents	\$ 7,250	\$ 7,250	\$ -	\$ -	\$ -
Due from brokers	76	76	-	-	-
Investments, at fair value	8,969	8,255	714	-	-
Prepays and receivables	61	61	-	-	-
Income taxes receivable	19	19	-	-	-
	\$ 16,375	\$ 15,661	\$ 714	\$ -	\$ -

(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 foreign currencies such as U.S. dollars, Euros, Great British pounds, Swedish krona, and Australian dollars. 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, 2018. Although the Company believes that it is exposed to foreign exchange risk (U.S. dollar) it does not actively hedge its foreign currency exposure as the 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 \$47 at December 31, 2019 (2018 - \$46).

The following assets and liabilities were denominated in foreign currencies as at December 31:

	2019	2018
Net assets denominated in U.S. dollars	\$ 4,709	\$ 4,594
Net assets denominated in GBP	1,005	529
Net assets denominated in Euros	447	-
Net assets denominated in Australian dollars	-	139
Net assets denominated in Swedish krona	-	204
	\$ 6,161	\$ 5,466

(e) 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 rates. 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 \$62 (2018 - \$73) based upon balances at December 31, 2019. There were no changes to the way that the Company manages interest rate risk since December 31, 2018. Pinetree does not hedge against any interest rate risk.

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

Years Ended December 31, 2019 and 2018

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

13. Risk management (continued)

(f) Credit risk:

Credit risk is the risk of loss associated with the inability of a third party to fulfill its payment obligations. The Company is exposed to the risk that third parties owing it money or securities will not perform their underlying obligations and for funds held with banks or brokers for cash. The Company may, from time to time, invest in debt obligations.

As at December 31, 2019 and 2018, the Company did not hold any debt obligations. All funds in cash are held in financial institutions that have a credit rating above AA and the Company believes it is not exposed to any significant credit risk.

There were no changes to the way the Company manages credit risk during the year ended December 31, 2019. The Company is also exposed in the normal course of business to credit risk from the sale of its investments.

The following is the Company's maximum exposure to credit risk as at December 31:

	2019	2018
Cash and cash equivalents	\$ 6,206	\$ 7,250
Due from brokers	1,845	76
	\$ 8,051	\$ 7,326

14. 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 year ended December 31, 2019.

15. Supplementary disclosure of cash flow information

The following table shows the supplemental cash flow information for the year end December 31:

	2019	2018
Income taxes paid	\$ 2	\$ 19
Dividends paid on Class C preferred shares (finance expenses)	34	-

16. Commitment

Under the terms of commercial occupancy lease, the Company is committed to pay \$23 in 2020 which can be renewed annually.



PINETREE CAPITAL LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED: DECEMBER 31, 2019

DATE OF REPORT: FEBRUARY 28, 2020

This management's discussion and analysis ("MD&A") of the financial condition and results of operation of Pinetree Capital Ltd. ("Pinetree" or the "Company") should be read in conjunction with Pinetree's consolidated financial statements and notes thereto as at and for the year ended December 31, 2019.

Except as otherwise indicated (see "Use of Non-IFRS Financial Measures" elsewhere in this MD&A), all financial data in this MD&A has been prepared, in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

All dollar amounts in this MD&A are reported in thousands of Canadian dollars except per share amounts.

Some of the risks, uncertainties and other factors which could cause results to differ materially from those expressed in this MD&A include, but are not limited to: the nature of the Company's investments; the concentration of its investments in certain industries and sectors; the Company's dependence on its management team; risks affecting the Company's investments; Global, political and economic conditions; issuer-specific events that affect a company's market value; and other risks and factors discussed elsewhere in this MD&A under the heading "Risk Factors" and in the Company's current Annual Information Form ("AIF") and other public disclosure documents filed with certain Canadian securities regulatory authorities and available under Pinetree's profile at www.sedar.com. These risk factors are unpredictable and outside the Company's control, and may affect the future value of the Company's investment portfolio as well as the prices at which investments may be disposed of. Adverse changes in these conditions would negatively impact the Company's ability to remain in compliance with its contractual obligations and generate working capital to fund its ongoing requirements.



1. About Pinetree

Pinetree 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 200, 1965 Queen Street East, Toronto, ON, M4L 1H9.

Pinetree is a value-oriented investment and merchant banking business focused on the technology sector.

2. Overall Performance

Pinetree's objective is to maximize shareholder value. While the following metrics do not present as comprehensive a picture as our audited financial statements, we believe the Company's Book Value Per Share ("BVPS") and Operating Expenses excluding foreign exchange gain or loss ("OpEx") as a percentage of book value are important in assessing management's success in maximizing shareholder value (see "Use of Non-IFRS Financial Measures" elsewhere in this MD&A).

	Shares Outstanding	Book Value (BV) ¹ \$000's	OpEx ¹ (excluding F/X gain/loss) ² \$000's	Book Value per share (BVPS) ¹ \$	Quarterly OpEx as percentage of BV ¹
Dec-31-19	9,045,198	17,898	155	1.98	0.9%
Sep-30-19	9,045,198	17,295	80	1.91	0.5 %
Jun-30-19	9,045,198	17,350	118	1.92	0.7 %
Mar-31-19	9,045,198	17,106	119	1.89	0.7 %
Dec-31-18	9,045,198	15,980	103	1.77	0.6 %
Sept-30-18	9,045,198	16,326	171	1.80	1.0 %
Jun-30-18	9,045,198	18,925	121	2.09	0.6 %
Mar-31-18	9,045,198	18,639	139	2.06	0.7 %

¹ Refer to "Use of Non-IFRS Financial Measures"

Shares Outstanding and Book Value amounts are as at the Quarter End date

Operating Expenses amounts are for the Three months ending the Quarter End date

² Operating Expenses do not include Foreign Exchange gain (loss) on financial assets other than investments

Investments and Operating Results

As at December 31, 2019, Pinetree's BVPS was \$1.98 as compared to \$1.77 as at December 31, 2018. This represents an increase of \$0.21 or 12%. The increase was primarily attributable to net investment gains, net dispositions in the investment portfolio, and other income from dividends and interest which out-paced the Company's expenses during the period.

As at December 31, 2019, the Company held investments at fair value totaling \$10,105, which represented 56% of book value. This compares to investments at fair value of \$8,969 representing 56% of book value as at December 31, 2018.

Earnings per share for the three months ended December 31, 2019 was \$0.07 as compared to a loss per share of \$0.04 for the three months ended December 31, 2018. Earnings per share for the twelve months ended December 31, 2019 was \$0.21 as compared to a loss of \$0.26 for the twelve months ended December 31, 2018.

Capital Management and Expenses

During the period ended December 31, 2019, the Company continued to take a disciplined approach to capital allocation and OpEx control. OpEx for the twelve months ended December 31, 2019 was \$472 which corresponds to 2.6% of book value as at December 31, 2019. This compares to OpEx of \$534 for the twelve months ended December 31, 2018 which corresponds to 3.3% of book value as at December 31, 2018. Since expenses fluctuate from quarter to quarter, management monitors costs on a trailing twelve month basis.

3. Summary of Investment Portfolio

The following information regarding the portfolio is historical as at the dates indicated and may change due to the ongoing investment activities of the Company, in addition to fluctuations in the fair values of investments. The fair value of investments have been measured in accordance with the Company's accounting policy and the amounts at which the Company's investments could be disposed of currently may differ from their carrying values for a variety of reasons discussed in Risk Factors below. Refer to Note 3 of the Notes to the annual financial statements for the year ended December 31, 2019 for additional details about the Company's investments and accounting policy.

The portfolio consists of investments, cash, cash equivalents, and cash due from brokers. The fair value of individual positions as a percentage of portfolio assets is used by management to monitor concentration, exposure and other factors.

In 2016, Pinetree underwent a management and board change. The new management team reviewed the legacy portfolio and started making new investments in 2017. The following is information pertaining to the constitution of the portfolio.

Portfolio Assets

As at December 31, 2019, the portfolio consists of the following:

Portfolio assets by investment type	Number of positions	Cost \$000's	Total fair value \$000's	Percentage of portfolio assets
Equities - Public (new)	9	6,715	6,928	38%
Equities - Public (legacy)	3	156	29	0%
Equities - Private	3	2,250	347	2%
Legacy positions with a fair value of zero	21	13,338	0	0%
Equity investments	36	22,458	7,304	40%
Cash and cash equivalents, due from brokers and debentures			10,852	60%
Total portfolio assets			18,156	100%

As at December 31, 2018, the portfolio consisted of the following:

Portfolio assets by investment type	Number of positions	Cost \$000's	Total fair value \$000's	Percentage of portfolio assets
Equities - Public (new)	13	5,995	5,234	32%
Equities - Public (legacy)	3	10,650	453	3%
Equities - Private	5	3,269	714	4%
Legacy positions with a fair value of zero	50	25,473	0	0%
Equity investments	71	45,387	6,401	39%
Cash and cash equivalents, due from brokers and debentures			9,893	61%
Total portfolio assets			16,295	100%

At December 31, 2019, the Company still held 27 legacy investments: 3 which are public but restricted, 3 which are private and 21 which have been evaluated as having a fair value of zero. This compares to 58 legacy investments at December 31, 2018: 3 public, 5 private and 50 evaluated as having a fair value of zero. A large number of the legacy investments were sold or written off during the year which generated a significant portion of the \$21,927 net realized loss for the year ended December 31, 2019. Management will continue to divest these legacy assets if and when appropriate which will result in additional realized capital losses.

Asset Allocation by Currency

Portfolio assets by currency	As at December 31, 2019		As at December 31, 2018	
	Total fair value \$000's	Percentage of portfolio assets	Total fair value \$000's	Percentage of portfolio assets
Canadian dollar	11,995	66%	10,828	66%
United States dollar	4,709	26%	4,594	28%
Other	1,452	8%	872	5%
Total portfolio assets	18,156	100%	16,294	100%

When considering currency in which assets are held or investments are made, management does not set restrictions or target allocations relative to the overall portfolio. At December 31, 2019, most of Pinetree's portfolio assets were held in Canadian dollars with US dollars also representing a significant portion. The assets held in other currencies were denominated in GBP and Euros (at December 31, 2018 - GBP, AUD and SEK).

Additional Comments

As at December 31, 2019, Pinetree held investments made by current management plus cash and equivalents (including due from brokers) with a combined fair value of \$17,779 (December 31, 2018 – fair value of \$15,128). These securities and cash represent 99% of the company's current book value (95% as at December 31, 2018), as follows:

	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
Investments made after January 1, 2017	\$ 9,728	\$ 7,802	\$ 4,999
Cash and cash equivalents and due from brokers	8,051	7,326	9,407
	\$ 17,779	\$ 15,128	\$ 14,406
Percentage of book value	99%	95%	79%

Since a point has been reached where the vast majority of cash and investments are under the new management's control, the above information will not be relevant going forward and will no longer be reported beginning in the first quarter of 2020. The future increase or decrease in BVPS now rests entirely on the new management team's shoulders.

4. Results of Operations

Highlights of the consolidated financial statements for the three most recently completed fiscal years are as follows:

(\$ in thousands except per share amounts)	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Net investment gains (losses)	2,137	(2,164)	(1,482)
Dividend income	63	15	-
Interest income	289	260	71
Revenue and other income	2,489	(1,889)	(817)
Net income (loss)	1,918	(2,360)	(1,734)
Comprehensive income (loss)	1,918	(2,325)	(1,734)
Earnings (loss) per share - basic and diluted	0.21	(0.26)	(0.25)
Total assets	18,227	16,375	18,697
Total liabilities	329	395	392
Book value per share	1.98	1.77	2.02

Selected quarterly results for the eight most recently completed interim financial periods are as follows:

(\$, in thousands except per share amounts)	Quarter ended (unaudited)							
	Dec 31, 2019	Sept 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sept 30, 2018	Jun 30, 2018	Mar 31, 2018
Revenue and other income	792	28	396	1,273	(330)	(2,423)	372	366
Net income (loss)	603	(55)	244	1,126	(381)	(2,599)	286	334
Comprehensive income (loss)	603	(55)	244	1,126	(346)	(2,599)	286	334
Earnings (loss) per share - basic and diluted	0.07	(0.01)	0.03	0.12	(0.04)	(0.29)	0.03	0.04

As seen in the table above, Pinetree's results can fluctuate significantly from quarter to quarter. Under IFRS, realized and unrealized gains and losses on investments are recorded in "revenue" on the consolidated statements of earnings. Management does not believe that quarterly fluctuations in the stock prices of investee companies necessarily reflect a change in the value of the underlying businesses. The value of the businesses is often more stable than their stock prices. In fact, these fluctuations can provide an opportunity to invest more capital in attractively priced investments or realize gains on securities management believes are over-valued.

Three Months Ended December 31, 2019 and 2018

Net investment gains (losses)	Three months ended December 31,	
	2019	2018
Net realized gains (losses) on disposal of investments	\$ (2,595)	\$ 163
Net change in unrealized gains (losses) on investments	3,291	(493)
	\$ 696	\$ (330)

The realized losses were primarily from legacy investments with little or no value but included some realized losses on new investments as well. These were partially offset by realized gains on new investments. The net change in unrealized gains were primarily from the reversal of previously recognized net unrealized losses on the disposition of investments and the net write-up to market on the Company's investments.

For the three months ended December 31, 2019, other income totalled \$96 (three months ended December 31, 2018 - \$74). Other income is comprised of interest and dividend income of \$78 and \$18, respectively (three months ended December 31, 2018 – interest and dividend income of \$68 and \$6, respectively).

A breakdown of operating, general and administrative expenses for the three month periods ended December 31, of 2019 and 2018 is set out below. Details of the change between periods follow the table:

	2019	2018
Professional fees	\$ 67	\$ 10
Office and general	45	73
Transfer agent, filing fees and other info systems	7	18
Consulting and directors' fees	28	(16)
Transaction costs	8	14
Travel and other	-	3
Foreign exchange loss (gain)	30	19
	\$ 185	\$ 121

The overall increase in operating, general and administrative expenses of \$64 was primarily due to an increase of professional fees during the quarter.

Twelve Months Ended December 31, 2019 and 2018

Net investment gains (losses)	Twelve months ended December 31,	
	2019	2018
Net realized gains (losses) on disposal of investments	\$ (21,927)	\$ (5,350)
Net change in unrealized gains (losses) on investments	24,064	3,186
	\$ 2,137	\$ (2,164)

The realized losses were primarily from legacy investments with little or no value but included some realized losses on new investments as well. These were partially offset by net realized gains on new investments. The net change in unrealized gains were from the reversal of previously recognized net unrealized losses on the disposition of investments and the net write-up to market on the Company's investments.

For the twelve months ended December 31, 2019, other income totalled \$352 (twelve months ended December 31, 2018 - \$275). Other income is comprised of interest and dividend income of \$289 and \$63, respectively (twelve months ended December 31, 2018 – interest and dividend income of \$260 and \$15, respectively).

A breakdown of operating, general and administrative expenses for the years ended December 31, of 2019 and 2018 is set out below. Details of the changes between periods follow the table:

	2019	2018
Professional fees	\$ 97	\$ 146
Office and general	176	184
Transfer agent, filing fees and other info systems	103	113
Consulting and directors' fees	79	60
Transaction costs	19	28
Travel	-	3
Foreign exchange loss (gain)	89	(80)
	\$ 563	\$ 454

During the year ended December 31, 2019, the Company continued to manage expenses carefully. Operating expenses excluding foreign exchange gain or loss ("OpEx") for the twelve months ended December 31, 2019 was \$472 which corresponds to 2.6% of book value as at December 31, 2019. This compares to OpEx of \$534 for the twelve months ended December 31, 2018 which corresponds to 3.3% of book value as at December 31, 2018. The decrease was primarily due to lower professional fees. Since expenses fluctuate from quarter to quarter, costs are primarily managed on a trailing twelve month basis.

5. Cash Flow

Net cash used in operating activities was \$1,044 during the year ended December 31, 2019 as compared to \$474 during the year ended December 31, 2018. During the year ended December 31, 2019, the Company had proceeds from disposition of investments of \$7,031, a increase of \$4,687, when compared to \$2,344 during the year ended December 31, 2018. During the year ended December 31, 2019 the Company purchased \$6,096 of investments, an increase of \$1,887 as compared to \$4,209 of investments purchased during the year ended December 31, 2019.

For the year ended December 31, 2019, the Company had a net decrease in cash and cash equivalents of \$1,044 as compared to \$295 for the year ended December 31, 2018, leaving a cash and cash equivalents balance of \$6,206 as at December 31, 2019, as compared to \$7,250 as at December 31, 2018.

6. Liquidity and Capital Resources

Consolidated Statements of Financial Position Highlights	December 31, 2019	December 31, 2018
Cash and cash equivalents	\$ 6,206	\$ 7,250
Investments at fair value	10,105	8,969
Total assets	18,227	16,375
Total liabilities	329	395
Share capital, contributed surplus and foreign currency translation reserve	432,587	432,587
Deficit	(414,689)	(416,607)
BV per share ⁽ⁱ⁾	\$ 1.98	\$ 1.77

⁽ⁱ⁾ See Use of Non-IFRS Financial Measures elsewhere in this MD&A

Pinetree relies upon various sources of funds for its ongoing operating and investing activities. These sources include proceeds from dispositions of investments, interest and dividend income from investments and capital raising activities such as equity financings.

In order for the Company to complete additional portfolio investments in the future, it may require additional equity and/or debt capital. Accordingly, the Company may complete one or more equity and/or debt financing transactions during the next 12 to 24 months. Such financing transactions, if consummated, are most likely to be completed on a prospectus-exempt basis.

7. Liabilities

As at December 31, 2019, the carrying value of total liabilities was \$329 as compared to \$395 as at December 31, 2018, a decrease mainly attributable to the payment of accrued liabilities during the period ended December 31, 2019. The Company continues to have no long-term debt and its cash and investments as at December 31, 2019 would be sufficient to meet the Company's current liabilities.

As at December 31, 2019, accounts payable and accrued liabilities include Class C preferred share liabilities of \$211 (December 31, 2018 - \$213). The Class C preferred shares ("Class C Shares") which are part of the share capital of Pinetree Capital Investment Corp. ("PCIC"), one of the Company's subsidiaries, 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, payable semi-annually.

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 December 31, 2019, the redemption price was \$10 per share and the retraction price in effect was \$0.07 per share (December 31, 2018 - \$0.07 per share). During the year ended December 31, 2019, 200 of the Class C shares were cancelled by PCIC following their retraction by the holder at approximately \$0.07 per share plus accrued and unpaid dividends. During the year ended December 31, 2018, none of the Class C shares were cancelled by PCIC. As at December 31, 2019, 21,100 Class C Shares (December 31, 2018 - 21,300 Class C Shares) were issued and outstanding.

As at December 31, 2019, also included in accounts payable and accrued liabilities is \$15 for the winding down of its wholly owned inactive subsidiaries in Barbados.

8. Commitments

As at December 31, 2019, the Company had material commitments for cash resources of \$329 (December 31, 2018 - \$395), a decrease of \$66. The Company's cash and cash equivalents balance is sufficient to pay these material commitments.

As at December 31, 2019, included in accounts payable and accrued liabilities are \$211 of Class C Shares (December 31, 2018 - \$213). The Class C Shares are redeemable and retractable at any time.

In addition, under the terms of commercial occupancy lease, the Company is committed to pay \$23 in 2020 which can be renewed annually.

9. Related Party Transactions

All transactions with related parties have occurred in the normal course of operations. Related party transactions included in the statement of comprehensive loss were as follows during the years ended December 31:

Type of expense	Nature of relationship	2019	2018
Salaries, consulting fees and other benefits	Officers	\$ 16	\$ 26
Director fees (i)	Directors	34	34
		\$ 50	\$ 60

- (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.

10. Segmented 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 year ended December 31, 2019.

11. Off-Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of Pinetree.

12. Internal Controls over Financial Reporting

Disclosure Controls and Procedures

The Company is required to review and report on the effectiveness of its disclosure controls and procedures ("DC&P") in accordance with National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", ("NI 52-109") issued by the Canadian Securities Administrators. NI 52-109 requires a Chief Executive Officer ("CEO") and a Chief Financial Officer ("CFO") to certify that they are responsible for establishing and maintaining DC&P for the issuer, that DC&P have been designed and are effective in providing reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer's DC&P, and that their conclusions about the effectiveness of those DC&P at the end of the period covered by the relevant annual filings have been disclosed by the issuer.

The CEO and CFO have evaluated the design of the Company's DC&P as at December 31, 2019 and have concluded that the DC&P were effective in ensuring that information required to be disclosed by the Company in its corporate filings is recorded, processed, summarized and reported within the required time period for the year then ended.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. In addition, the design of any system of control is based upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all future events, no matter how remote, or that the degree of compliance with the policies or procedures may not deteriorate. Accordingly, the Company's DC&P are effective in providing reasonable, not absolute, assurance that the objectives of our disclosure control system have been met.

Internal Controls over Financial Reporting

NI 52-109 also requires CEOs and CFOs to certify that they are responsible for establishing and maintaining internal controls over financial reporting ("ICFR") for the issuer, that the ICFR have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS, and that the issuer has disclosed any changes in its internal controls during its most recent interim period that has materially affected, or is reasonably likely to materially affect, its ICFR.

The design and operating effectiveness of the Company's ICFR were evaluated by the CEO and CFO in accordance with criteria established in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and NI 52-109, as at December 31, 2019. The CEO and CFO have evaluated the ICFR as at December 31, 2019. The CEO and CFO have not identified in their review any weaknesses that have materially affected or are reasonably likely to materially affect Pinetree's ICFR. Based on this evaluation, the CEO and CFO have concluded that the Company's ICFR were effective in providing reasonable assurance that its financial reporting is reliable and its consolidated financial statements were prepared in accordance with IFRS.

There were no changes in the Company's ICFR that occurred during the three months ended December 31, 2019, that have materially affected, or are reasonably likely to materially affect the Company's ICFR.

13. Management of Capital

There were no changes in the Company's approach to capital management during the year ended December 31, 2019. The Company's capital includes all components of equity which amounts to \$17,898 as at December 31, 2019 (December 31, 2018 - \$15,980). To date, the Company has not declared any cash dividends on its common shares to its shareholders as part of its capital management program. The Company's current capital resources are sufficient to discharge its outstanding liabilities as at December 31, 2019.

14. Risk Factors

The Company's investing activities are, by their nature, subject to a number of inherent risks, including liquidity, market, interest rate, currency and credit risks associated with financial instruments, and certain other risks that are described in our annual information form for our most recently completed financial year, all of which can have, and have had over recent reporting periods, a significant impact on the Company's financial condition and results of operations. Stock market volatility has resulted in and may continue to result in increased market risk and losses within our investment portfolio.

Some risks are described below. Additional risks not currently known to the Company, or that the Company currently believe to be immaterial, may also affect and negatively impact the Company's business.

(a) Portfolio exposure:

Given the nature of the Company's activities, its results of operations and financial condition are dependent upon the market value of the securities that comprise the Company's portfolio. Market value can be reflective of the actual or anticipated operating results of our portfolio companies and/or the general market conditions that affect the sectors in which Pinetree invests. The Company's investment activities are currently concentrated primarily in the technology industry. There are various factors that could have a negative impact on Pinetree's portfolio companies and thereby have an adverse effect on our business. Additionally, a portion of Pinetree's investments are in small-cap businesses which the Company believes exhibit potential for growth and sustainable cash flows but which may not ever mature or generate the returns the Company expects or may require a number of years to do so. These companies may never achieve success. This may create an irregular pattern in the Company's revenues (if any). Macro factors such as global political, economic and market conditions could have an adverse effect on one or more sectors to which the Company is exposed, thereby negatively impacting one or more of the portfolio companies concurrently. Company-specific risks could have an adverse effect on one or more of the Company's portfolio companies at any point in time. Company-specific and industry-specific risks which materially adversely affect Pinetree's portfolio investments may have a materially adverse impact on our operating results.

(b) Concentration risk

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 December 31, 2019, the Company's top five investments, all of which are public companies in the technology sector, had a fair value of \$6,904. This represents 71% of the fair value of the Company's total portfolio and 39% of the fair value of the Company's equity. As at December 31, 2018, the Company's top five investments, four of which were public companies and one a private company, had a fair value of \$6,191 in the technology sector. These represented 69% and 8% of the fair value of the Company's total portfolio, and together represented 41% of the Company's total equity.

(c) Tax Matters:

The Company's tax returns for the period 2013 to 2014 are currently being audited by the Canada Revenue Agency ("CRA"). Certain tax positions taken by the Company previously, if successfully challenged by the CRA, could result in a reduction in capital and non-capital losses available for carry forward or additional expenses. At this time, the amount of tax exposure cannot be determined with any level of assurance.

The Company believes that the tax positions taken in the past are in compliance with the applicable tax law and will vigorously contest any reassessment. As a result, the Company has not recorded an accrual for additional tax liabilities related to the CRA audit.

(d) Cash Flows/Revenue:

Pinetree generates revenue and cash flows primarily from its proceeds from the disposition of its investments, in addition to interest and dividend income earned on the Company's investments and fees generated from securities lending and other activities. The availability of these sources of funds and the amount of funds generated from these sources are dependent upon various factors, most of which are outside of the Company's direct control.

(e) Private Issuers and Illiquid Securities:

Pinetree invests in securities of private issuers. Investments in private issuers cannot be resold without a prospectus, an available exemption or an appropriate ruling under relevant securities legislation and there may not be any market for such securities. These limitations may impair Pinetree's ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments. Investments in private issuers may offer relatively high potential returns, but will also be subject to a relatively high degree of risk. There can be no assurance that a public market will develop for any of Pinetree's private company investments or that the Company will otherwise be able to realize a return on such investments. Pinetree also invests in illiquid securities of public issuers. A considerable period of time may elapse between the time a decision is made to sell such securities and the time the Company is able to do so, and the value of such securities could decline during such period. Illiquid investments are subject to various risks, particularly the risk that the Company will be unable to realize the Company's investment objectives by sale or

other disposition at attractive prices or otherwise be unable to complete any exit strategy. In some cases, the Company may be prohibited by contract or by law from selling such securities for a period of time or otherwise be restricted from disposing of such securities. Furthermore, the types of investments made may require a substantial length of time to liquidate.

(f) Share Prices of Investments:

Pinetree's investments in securities of public companies are subject to volatility in the share prices of the companies. There can be no assurance that an active trading market for any of the subject shares is sustainable. The trading prices of the subject securities could be subject to wide fluctuations in response to various factors beyond the control of Pinetree, including quarterly variations in the subject entities' results of operations, changes in earnings (if any), estimates by analysts, conditions in the industry of the subject companies and general market or economic conditions. In recent years equity markets have experienced extreme price and volume fluctuations. These fluctuations have had a substantial effect on market prices, often unrelated to the operating performance of the specific companies. Such market fluctuations could adversely affect the market price of the Company's investments and significantly negatively impact upon the Company's operating results.

(g) Dependence on Management:

Pinetree is dependent upon the efforts, skill and business contacts of key members of management, for among other things, the information and deal flow they generate during the normal course of their activities and their various fields of expertise and knowledge. Accordingly, the Company's continued success will depend upon the continued service of these individuals, who are not obligated to remain employed with Pinetree. A loss of key personnel could have a material adverse effect on the revenues, net income and cash flows of the Company, and could harm its ability to maintain or grow its existing assets and raise additional funds in the future.

(h) Access to Capital/Liquidity:

Pinetree anticipates ongoing requirements for funds to support the Company's growth and may seek to obtain additional funds for these purposes through public or private equity shares financing. There are no assurances that additional funding will be available to the Company at all, on acceptable terms or at an acceptable level. Any additional equity financing may cause shareholders to experience dilution, and any additional debt financing may result in increased interest expense or restrictions on our operations or ability to incur additional debt. Any limitations on the Company's ability to access the capital markets for additional funds could have a material adverse effect on the Company's ability to grow its investment portfolio. The Company will need to finance our ongoing working capital requirements through portfolio dispositions and external sources of capital, both of which are dependent upon certain factors outside of our control. There can be no assurance that we will be able to generate sufficient cash to fund our operations and satisfy our commitments, and the failure to do so will have a material adverse effect on our operations.

(i) Non-controlling Interests:

Pinetree's investments include debt instruments and equity securities of companies that Pinetree does not control. These instruments and securities may be acquired in the secondary market or through purchases of securities from the issuer. Any such investment is subject to the risk that the company in which the investment is made may make business, financial or management decisions with which Pinetree does not agree, or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve Pinetree's interests. If any of the foregoing were to occur, the values of the Company's investments could decrease and its financial condition, results of operations and cash flow could suffer as a result.

(j) Exchange Rate Fluctuations:

A portion of Pinetree's portfolio is invested in U.S. dollar denominated investments, as well as investments denominated in other foreign currencies. Changes in the value of the foreign currencies in which the Company investments are denominated could have a negative impact on the ultimate return on the Company's investments and overall financial performance.

15. Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares (no par value).

At the date of this MD&A, the number of common shares of the Company outstanding and the number of common shares issuable pursuant to other outstanding securities of Pinetree are as follows:

Common shares outstanding	9,045,198
Stock options outstanding to purchase common shares	72,550
Fully diluted common shares outstanding	9,117,748

Additional information about the Company's share capital can be found in note 8 of the Notes to the consolidated financial statements as at and for the years ended December 31, 2019 and 2018.

16. Critical Accounting Estimates

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Critical accounting estimates used in the preparation of the Company's consolidated financial statements are the fair value of its investments in securities not quoted in an active market (its privately-held investments) and the recognition of the Company's deferred tax assets ("DTA").

Fair Value of Investment in Securities Not Quoted in an Active Market:

The valuation of privately-held investments ("private investments") requires management to assess the current financial status and prospects of private investments based upon potentially incomplete or unaudited financial information provided by the investee company, on management's general knowledge of the private investment's activities, and on any political, economic or other events that may impact upon the private investment specifically, and to attempt to quantify the impact of such events on the fair value of the investment. In addition to any events or circumstances that may affect the fair value of a particular private investment, management can consider trends in general market conditions and the share performance of comparable publicly-traded companies that may affect the fair value of either a particular private investment or a group, segment or complete portfolio of private investments.

Within Level 3 of the financial instruments hierarchy, the valuation of the Company's private company investments and other investment instruments such as loans to investees and convertible debentures, which are not quoted on an exchange, involve the key assumptions including the value at which a recent financing was done by the investee, company-specific information, review of adjusted net book values, liquidation analysis, trends in general market conditions, the share performance of comparable publicly-traded companies and strategic reviews of the investments in conjunction with the Company's investment strategy. Changes in the fair value of our private investments for company-specific reasons have tended to be infrequent. Changes as a result of trends in comparable publicly-traded companies and general market conditions may be more frequent from period to period during times of significant volatility; however, given the size of our private investment portfolio, such changes may have a significant impact on our financial condition or operating results.

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

Valuation technique	December 31, 2019		December 31, 2018	
	Fair Value	Unobservable inputs	Fair Value	Unobservable inputs
Trends in comparable publicly traded companies and general market conditions, review of adjusted net book values, liquidation analysis, strategic review	\$ 347	Adjustment range (-80% to -12.5%)	\$ 714	Adjustment range (-80% to -12.5%)
	\$ 347		\$ 714	

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 +/- \$87 (December 31, 2018: +/- \$178) 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. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

Recognition of Deferred Tax Assets:

The Company follows the liability method of tax allocation in accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. As at December 31, 2019, management determined, based upon the Company's historical level of profit and historical market trends of a comparable market index, it is not probable that the Company will generate sufficient profit to realize the tax benefits of these deductible differences during the next several years. As such, the Company has recorded deferred tax assets of \$nil as at December 31, 2019 (December 31, 2018 - \$nil).

17. Use of Non-IFRS Financial Measures

This MD&A contains references to "Book Value" and "Book Value per share" ("BVPS") as a measure of the performance of the Company as a whole. Book value is the shareholders' equity at the date of the statement of financial position, otherwise calculated as the total assets minus the total liabilities. Book Value is divided by the total number of common shares outstanding as at a specific date to give BVPS. Book Value and BVPS do not have any standardized meaning according to IFRS and therefore may not be comparable to similar measures presented by other companies. These amounts are not performance measures as defined under IFRS and should not be considered either in isolation of, or as a substitute for, net earnings prepared in accordance with IFRS.

18. Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or courses of action or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "anticipate", "plan", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "intend", "could", "might", "should", "believe" and other similar terminology (including negative variations) suggesting future outcomes or statements regarding an outlook.

By their nature, forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The assumptions that were made in support of the forward-looking statements in this MD&A, while considered reasonable by management at the time, are inherently subject to uncertainties and no assurance can be given that these assumptions will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements contained in this MD&A.

The forward-looking statements contained in this MD&A are provided as of the date hereof and, except as may be required by law, the Company assumes no obligation to update or revise them to reflect new events or circumstances. All the forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

Additional Information:

Additional information relating to Pinetree Capital Ltd., including its annual information form for the Company's most recently completed financial year, is available under the Company's profile on SEDAR at (www.sedar.com).