PINETREE CAPITAL LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED: JUNE 30, 2021

DATE OF REPORT: AUGUST 6, 2021

This management's discussion and analysis of the financial condition and results of operation ("MD&A") of Pinetree Capital Ltd. ("Pinetree" or the "Company") should be read in conjunction with Pinetree's condensed consolidated interim financial statements and notes thereto as at and for the period ended June 30, 2021.

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 the forward-looking statements contained 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; investments by the Company in private issuers which have illiquid securities; 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 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 company 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]	OpEx[1] (excluding F/X gain/loss)[2]	Book Value per share – (BVPS)[1]	Quarterly OpEx as percentage BV[1]
		$'000s	$'000s	$	%
Jun-30-21	18,840,396	39,480	231	2.10	0.6
Mar-31-21	9,420,198	21,904	165	2.33	0.7
Dec-31-20	9,045,198	19,101	109	2.11	0.6
Sep-30-20	9,045,198	16,493	106	1.82	0.6
Jun-30-20	9,045,198	15,399	121	1.70	0.8
Mar-31-20	9,045,198	15,540	117	1.72	0.8
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

Investments and Operating Results

As at June 30, 2021, Pinetree's BVPS was $2.10 as compared to $2.11 as at December 31, 2020, representing a decrease of $0.01 or 0.5%. However, this represented a decrease of $0.23 or 10% from $2.33 as of March 31. This was primarily due to the dilutive effects of the financing which occurred in the quarter as described below. Excluding the effects of the financing Pinetree's BVPS would have been approximately $2.34.

As at June 30, 2021, the Company held investments at fair value totaling $22,821, which represented 58% of book value. This compares to investments at fair value of $16,493 representing 86% of book value as at December 31, 2020.

Financing

On March 29, 2021 the Company announced a rights offering to holders of its common shares. Each right entitled the holder to subscribe for one common share of Pinetree upon payment of the subscription price of $1.85 per common share. The offering was significantly oversubscribed. At the close on May 17th, shareholders exercised 9,420,198 rights for 9,420,198 common shares of Pinetree. This resulted in net proceeds of $17,298 after transaction costs of approximately $129. Insiders, as a group, subscribed for and received an aggregate of 4,808,576 common shares. All other rights holders, as a group, subscribed for an received an aggregate of 4,661,622 common shares.

Capital Management and Expenses

During the period ended June 30, 2021, the Company continued to take a disciplined approach to capital allocation and

OpEx control. OpEx for the twelve months ended June 30, 2021 were $611 which corresponds to 1.5% of book value as at June 30, 2021. This compares to OpEx of $473 for the twelve months ended June 30, 2020 which corresponds to 3.1% of book value as at June 30, 2020. 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, 2020 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. Investments made by the current management team are shown below as "New", versus "Legacy" for investments made prior to the change.

Portfolio Assets

As at June 30, 2021, 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 - New	**13**	**15,440**	**19,338**	**49%**
Equities - Legacy (public)	**3**	**152**	**100**	**0%**
Equities - Legacy (private)	**1**	**50**	**6**	**0%**
Legacy positions with a fair value of zero	**17**	**10,700**	**0**	**0%**
Equity investments	**34**	**26,342**	**19,444**	**49%**
Cash and cash equivalents, due from brokers and debentures			**20,351**	**51%**
Total portfolio assets			**39,795**	**100%**

As at December 31, 2020, 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 - New	13	11,222	12,985	67%
Equities - Legacy (public)	5	637	541	3%
Equities - Legacy (private)	1	50	6	0%
Legacy positions with a fair value of zero	17	10,700	0	0%
Equity investments	36	22,609	13,532	70%
Cash and cash equivalents, due from brokers and debentures			5,931	30%
Total portfolio assets			19,463	100%

At June 30, 2021, the Company held 21 legacy investments: 3 which are public, 1 which is private and 17 which have been evaluated as having a fair value of zero. This compares to 23 legacy investments at December 31, 2020: 5 public, 1 private and 17 evaluated as having a fair value of zero.

At June 30, 2021, cash, cash equivalents, cash due from brokers and debentures represented 51% of portfolio assets. As such, Pinetree is well capitalized and has the ability to make meaningful new Equity investments as opportunities present themselves.

Asset Allocation by Currency

Portfolio assets by currency	**As at June 30, 2021**		As at December 31, 2020	
	Total fair value $000's	**Percentage of portfolio assets**	Total fair value $000's	Percentage of portfolio assets
Canadian dollar	**25,081**	**63%**	10,430	53%
United States dollar	**5,944**	**15%**	4,071	21%
Other	**8,769**	**22%**	4,962	26%
Total portfolio assets	**39,795**	**100%**	19,463	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 June 30, 2021, most of Pinetree's portfolio assets were held in Canadian dollars with US dollars representing the second largest portion. The assets held in other currencies were denominated in GBP, Euros, Australian dollars and South African rand (at December 31, 2020 – GBP, Euros and Australian dollars).

4. Results of Operations

The Company's selected quarterly results for the eight most recently completed interim financial periods are as follows:

($, in thousands except per share amounts)	**Quarter ended (unaudited)**							
	Jun 30, 2021	**Mar 31, 2021**	**Dec 31, 2020**	**Sept 30, 2020**	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sept 30, 2019
Revenue and other income	**494**	**2,271**	**2,754**	**1,222**	(1)	(2,297)	792	28
Net income (loss)	**278**	**2,053**	**2,608**	**1,094**	(141)	(2,358)	603	(55)
Earnings (loss) per share - basic and diluted	**0.01**	**0.22**	**0.29**	**0.12**	(0.02)	(0.26)	0.07	(0.01)

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, at times these fluctuations can provide an opportunity to invest more capital in attractively priced investments or realize gains on securities management believes are over-valued.

5. Three Months Ended June 30, 2021 and 2020

Net investment gains (losses)	Three months ended June 30, 2021	2020
Net realized gains (losses) on disposal of investments	**$ 47**	$ (2,841)
Net change in unrealized gains on investments	**350**	2,769
	$ 397	$ (72)

The realized gains were primarily from new investments but included some realized losses on legacy investments as well.

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 writedown to market on the Company's investments.

For the three months ended June 30, 2021, other income totalled $97 as compared to other income of $71 for the three months ended June 30, 2020. Other income is comprised of interest and dividend income of $47 and $50, respectively (three months ended June 30, 2020 – interest and dividend income of $56 and $15, respectively).

Operating, general and administrative expenses for the three months ended June 30, 2021 increased to $231 from $121 for the three months ended June 30, 2020.

	June 30, 2021	June 30, 2020
Professional fees	**$ 36**	$ 28
Office and general	**89**	39
Transfer agent, filing fees and other info systems	**26**	30
Salaries, consulting and directors' fees	**65**	20
Transaction costs	**15**	4
	$ 231	$ 121

The increase in operating, general and administrative expenses was primarily due to the increase in salaries as well as an increase in shareholder communications and harmonized sales tax in connection with the annual and special meeting that took place during the quarter.

5. Six Months Ended June 30, 2021 and 2020

Net investment gains (losses)	Six months ended June 30, 2021	2020
Net realized gains (losses) on disposal of investments	**$ 273**	$ (3,724)
Net change in unrealized gains on investments	**2,326**	1,264
	$ 2,599	$ (2,460)

The net investment gains for the six months ended June 30, 2021 were $2,599 (six months ended June 30, 2020 – net investment losses of $2,460) as a result of a net change in unrealized gains and realized losses on investments as described below.

The realized gains were primarily from new investments but included some realized gains and losses on legacy investments as well.

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 writeup to market on the Company's investments.

For the six months ended June 30, 2021, other income totalled $166 as compared to other income of $162 for the six months ended June 30, 2020. Other income is comprised of interest and dividend income of $95 and $71, respectively (six months ended June 30, 2020 – interest income and dividend income of $131 and $31, respectively).

Operating, general and administrative expenses for the six months ended June 30, 2021 increased to $396 from $238 for the six months ended June 30, 2020. A breakdown of operating, general and administrative expenses for the indicated six month periods ended June 30, of 2021 and 2020 is set out below. Details of the changes between periods follow the table:

		2021		2020
Professional fees	**$**	**75**	$	46
Office and general		**124**		75
Transfer agent, filing fees and other info systems		**78**		71
Salaries, consulting and directors' fees		**97**		41
Transaction costs		**22**		5
	$	**396**	$	238

The increase in operating, general and administrative expenses was primarily due to the increase in salaries as well as an increase in shareholder communications and harmonized sales tax in connection with the annual and special meeting that took place during the quarter.

6. Cash Flow

Net cash used in operating activities was $8,200 during the six months ended June 30, 2021, as compared to $2,006 during the six months ended June 30, 2020. During the six months ended June 30, 2021, the Company had proceeds from disposition of investments of $3,412 , a decrease of $1,164 when compared to $2,248 during the six months ended June 30, 2020. During the six months ended June 30, 2021, the Company purchased $7,141 of investments, an increase of $2,700 of as compared to $4,441 of investments purchased during the six months ended June 30, 2020.

Net cash provided by financing activites was $18,048 during the six months ended June 30, 2021, as compared to $nil during the six months ended June 30, 2020. During the six months ended June 30, 2021, the Company completed a rights offering resulting in the issuance of 9,420,198 common shares with net proceeds of $17,298, as well as a private placement resulting in the issuance of 375,000 common shares with proceeds of $750.

7. Liquidity and Capital Resources

Consolidated Statements of Financial Position Highlights		**June 30, 2021**		December 31, 2020
Cash and cash equivalents	**$**	**10,961**	$	1,113
Due from brokers		**6,013**		1,857
Investments at fair value		**22,821**		16,493
Total assets		**39,865**		19,484
Total liabilities		**385**		383
Share capital and contributed surplus		**450,365**		432,587
Deficit		**(411,155)**		(413,486)
BV per share (i)	**$**	**2.10**	$	2.11

(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.

8. Liabilities

As at June 30, 2021, the carrying value of total liabilities was $385 as compared to $383 as at December 31, 2020. The Company continues to have no long-term debt and its cash and investments as at June 30, 2021 would be sufficient to meet the Company's current liabilities.

As at June 30, 2021, accounts payable and accrued liabilities include Class C preferred share liabilities of $205 (December 31, 2020 - $207). 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 June 30, 2021, the redemption price was $10 per share and the retraction price in effect was $0.11 per share (December 31, 2020 - $0.08 per share). During the three months ended June 30, 2021 none of the Class C Shares were cancelled by PCIC. During the year ended December 31, 2020, 400 of the Class C shares were cancelled by PCIC. As at June 30, 2021, 20,500 Class C Shares (December 31, 2020 – 20,700 Class C Shares) were issued and outstanding.

As at June 30, 2021, also included in accounts payable and accrued liabilities is $33 for the winding down of its wholly owned inactive subsidiaries in Barbados and Canada.

9. Commitments

As at June 30, 2021 the Company had material commitments for cash resources of $385 (December 31, 2020 - $383), an increase of $2. The Company's cash and cash equivalents balance is sufficient to pay these material commitments.

As at June 30, 2021, included in accounts payable and accrued liabilities are $205 of Class C Shares (December 31, 2020 - $207). 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 $16 for the remainder of 2021, which can be renewed annually.

10. Related Party Transactions

All transactions with related parties have occurred in the normal course of operations. Related party transactions included in the condensed consolidated interim statements of income (loss) were as follows during the three and six months ended June 30:

Type of expense	Nature of relationship	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Salaries, consulting fees and other benefits	Officers	**$ 47**	$ 8	**$ 63**	$ 17
Director fees (i)	Directors	**14**	8	**28**	17
		$ 61	$ 16	**$ 91**	$ 34

(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.

11. 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 three months ended June 30, 2021.

12. 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.

13. 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 June 30, 2021 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 June 30, 2021. The CEO and CFO have evaluated the ICFR as at December 31, 2020. 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 June 30, 2021, that have materially affected, or are reasonably likely to materially affect the Company's ICFR.

14. Management of Capital

There were no changes in the Company's approach to capital management during the three months ended June 30, 2021. The Company's capital includes all components of equity which amounts to $39,480 as at June 30, 2021 (December 31, 2020 - $19,101). 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 June 30, 2021.

15. 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) Porfolio 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 investment or group of investments will have the potential to materially affect the operating results of the Company. The Company will typically seek to take equity positions between 5% and 10% of assets, and may from time to time take positions that reach of exceed 20% of assets. As at June 30, 2021, the Company's top five investments, all in the technology sector, had a fair value of $11,514. This represents 29% of the fair value of the Company's total assets. As at December 31, 2020, the Company's top five investments had a fair value of $7,939, all in the technology sector. This represented 41% of the fair value of the Company's total assets.

The Company discloses individual investments if one or more of the following criteria are met:

i. Public investments in which it is subject to insider or early warning reporting requirements
ii. Public investments in which one or more of the Company's management and/or director(s) is a director of the investee
iii. Any investment which represents more than 20% of the Company's assets

(c) Tax Matters:

The Company's tax returns for the period 2013 to 2014 are no longer being audited by the Canada Revenue Agency ("CRA"). The audit did not result in additional tax expense or a material reduction in capital and non-capital losses available for carry forward.

(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.

16. 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	**18,840,396**
Stock options outstanding to purchase common shares	**-**
Fully diluted common shares outstanding	**18,840,396**

Additional information about the Company's share capital can be found in note 6 of the Notes to the consolidated financial statements as at and for the three months ended June 30, 2021.

17. 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, 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	June 30, 2021			December 31, 2020		
		Fair Value	**Unobservable inputs**		**Fair Value**	**Unobservable inputs**
Trends in comparable publicly traded companies and general market conditions, strategic review	**$**	**1,967**	Adjustment range (-80% to -12.5%)	$	1,967	Adjustment range (-80% to -12.5%)

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 +/- $492 change to the total fair value of the investments (December 31, 2020: +/- $492).

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 June 30, 2021, 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 June 30, 2021 (December 31, 2020 - $nil).

18. Use of Non-IFRS Financial Measures

This MD&A contains references to "book value" ("BV") 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.

19. 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.

20. Subsequent Event

On July 12, 2021 the Company completed a 100 to 1 share consolidation of its common shares followed immediately by a 1 to 50 share split announced on March 29, 2021 and approved by shareholders at the Annual and Special Meeting on June 30, 2021. Shareholders who held less than 100 common shares at the close of business on July 9, 2021 received a cash payment in exchange for their common shares equal to C$2.02 per common share. The Cash Proceeds were based on the average trading price of the common shares on the Toronto Stock Exchange during the 20 consecutive trading days ending on and including July 9, 2021. Shareholders who held less than 100 common shares at the close of business on July 9, 2021 were entitled to an aggregate amount of $131 in exchange for the common shares of the Company. The common shares commenced trading on a post-consolidation and split basis on the TSX on July 14, 2021 under a new CUSIP number and the same trading symbol.

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**).**