

Consolidated Financial Statements of

Pinetree Capital Ltd.

(Unaudited)

March 31, 2006

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(These unaudited consolidated financial statements have not been reviewed by our auditors.)

PINETREE CAPITAL LTD.
Consolidated Balance Sheets
As at March 31, 2006 and December 31, 2005
(Unaudited)

	<u>March 31,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
Assets		
Investments, at fair value (notes 2(a) and 3)	\$ 301,963,106	\$ 176,142,271
Cash and cash equivalents	603,219	-
Prepays and other receivables (note 7(b,d))	646,971	182,487
Capital assets, net	12,049	12,994
	<u>\$ 303,225,345</u>	<u>\$ 176,337,752</u>
Liabilities and Shareholders' Equity		
Bank indebtedness, net (note 9)	\$ -	\$ 2,317,947
Due to brokers	43,244,871	37,237,403
Accounts payable and accrued liabilities (note 7(a))	2,736,617	2,114,168
Loan from officer (note 7(e))	-	1,976,485
Advances from affiliated company (note 8)	-	1,015,000
Deferred revenue (note 5)	694,181	995,873
Short term loan payable (note 10)	-	2,600,000
Income taxes payable	4,060,175	117,650
	<u>50,735,844</u>	<u>48,374,526</u>
Future tax liabilities	<u>41,071,951</u>	<u>17,177,760</u>
	<u>91,807,795</u>	<u>65,552,286</u>
Shareholders' equity		
Share capital (note 6)	57,129,471	25,433,456
Contributed surplus (note 6(c))	4,490,703	1,907,994
Retained earnings	149,797,376	83,444,016
	<u>211,417,550</u>	<u>110,785,466</u>
	<u>\$ 303,225,345</u>	<u>\$ 176,337,752</u>

See accompanying notes to the consolidated financial statements.

PINETREE CAPITAL LTD.
Consolidated Statements of Operations
Three Months Ended March 31,
(Unaudited)

	<u>2006</u>	<u>2005</u>
Net investment gains		
Gain on disposal of investments, net	\$ 19,890,175	\$ 5,035,671
Unrealized gains (losses) on investments, net	78,607,878	(1,289,743)
	<u>98,498,053</u>	<u>3,745,928</u>
Other revenue		
Interest and dividend income (note 7(c))	157,306	8,777
Other income (note 7(c))	2,040,506	447,000
	<u>100,695,865</u>	<u>4,201,705</u>
Expenses		
Operating, general and administrative (note 7(a))	2,829,986	954,178
Stock-based compensation (note 6(c))	2,696,512	36,882
Foreign exchange loss (gain)	(15,536)	104,931
Amortization	945	599
Interest	692,732	272,087
	<u>6,204,639</u>	<u>1,368,677</u>
Income before income taxes	94,491,226	2,833,028
Provision for income taxes	28,137,866	444,602
Net income for the period	\$ 66,353,360	\$ 2,388,426
Earnings per common share		
Basic	\$ 4.27	\$ 0.17
Diluted	\$ 4.00	\$ 0.17
Weighted average number of common shares outstanding		
Basic	15,534,062	13,695,523
Diluted	16,600,348	14,421,983

See accompanying notes to the consolidated financial statements.

PINETREE CAPITAL LTD.
Consolidated Statements of Retained Earnings
Three Months Ended March 31,
(Unaudited)

	<u>2006</u>	<u>2005</u>
Retained earnings, beginning of period	\$ 83,444,016	\$ 37,851,290
Net income for the period	<u>66,353,360</u>	2,388,426
Retained earnings, end of period	\$ 149,797,376	\$ 40,239,716

See accompanying notes to the consolidated financial statements.

PINETREE CAPITAL LTD.
Consolidated Statements of Cash Flows
Three Months Ended March 31,
(Unaudited)

	2006	2005
Cash flows from (used in) operating activities		
Net income for the period	\$ 66,353,360	\$ 2,388,426
Items not affecting cash		
Gain on disposal of investments, net	(19,890,175)	(5,035,671)
Unrealized losses (gains) on investments, net	(78,607,878)	1,289,743
Amortization	945	599
Stock-based compensation expense	2,696,512	36,882
Future income taxes	23,894,191	(62,642)
	<u>(5,553,045)</u>	<u>(1,382,663)</u>
Changes in non-cash working capital balances related to operations		
Prepays and other receivables	(464,484)	42,843
Accounts payable and accrued liabilities	622,449	42,196
Deferred revenue	(301,692)	-
Income taxes payable	3,942,525	241,796
	<u>(1,754,247)</u>	<u>(1,055,828)</u>
Cash flows from (used in) financing activities		
Purchase of shares under normal course issuer bid	-	(411,099)
Proceeds from issue of share capital pursuant to private placement, net	31,336,299	-
Proceeds from issue of share capital pursuant to exercise of stock options	245,913	673,198
Loan from officer	(1,976,485)	-
Advances from affiliated company	(1,015,000)	(81,863)
	<u>28,590,727</u>	<u>180,236</u>
Cash flows from (used in) investing activities		
Purchase of capital assets	-	(1,208)
Increase (decrease) in due from brokers	6,007,468	(3,739,804)
Short term loans payable	(2,600,000)	191,248
Purchase of investments	(68,392,049)	(16,505,995)
Proceeds on disposal of investments	41,069,267	20,700,725
	<u>(23,915,314)</u>	<u>644,966</u>
Net increase (decrease) in cash and cash equivalents, during the period	2,921,166	(230,626)
Cash and cash equivalents, (bank indebtedness), beginning of period	(2,317,947)	94,131
Cash and cash equivalents, (bank indebtedness), end of period	\$ 603,219	\$ (136,495)
Supplemental cash flow information		
Income taxes paid	\$ 301,150	\$ 300,000
Interest paid	\$ 692,732	\$ 272,087

See accompanying notes to the consolidated financial statements.

Pinetree Capital Ltd.
Notes to Consolidated Financial Statements
March 31, 2006
(Unaudited)

1. Nature of business:

Pinetree Capital Ltd. ("Pinetree" or the "Company") was incorporated under the laws of the Province of Ontario and is publicly traded on the Toronto Stock Exchange (the "TSX") under the symbol "PNP". Pinetree is a diversified investment, financial advisory and merchant banking firm focused on the small cap market. Pinetree's investments are primarily in the following resource sectors: Oil & Gas, Uranium, Precious Metals, and Base Metals. As well, Pinetree has investments in the Biotechnology and Technology sectors. Pinetree's investment approach is to build a macro position in a sector, find the micro-cap opportunities in that sector and work with those companies to build them to commercial production and create an exit.

2. Significant accounting policies:

Management has prepared the unaudited consolidated financial statements of the Company in accordance with Canadian generally accepted accounting principles for interim financial reporting. Accordingly, they do not include all of the information and notes required by Canadian generally accepted accounting principles for annual financial statements. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, considered necessary for a fair presentation have been included. The results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period. The following information should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's audited consolidated financial statements for the year ended December 31, 2005. Accounting policies followed in the preparation of the annual consolidated financial statements are consistent with those used in the preparation of the March 31, 2006 interim consolidated financial statements except for the following:

- (a) Effective January 1, 2006, the Company adopted Canadian Institute of Chartered Accountants' Handbook Section 3855 Financial Instruments – recognition and measurement ("CICA Section 3855"). CICA Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. As permitted by CICA Section 3855 and consistent with the investment policy followed in the preparation of the annual consolidated financial statements as at December 31, 2005, investments held by the Company are accounted for at fair value in accordance with CICA Accounting Guideline 18, Investment Companies, except for fair valuing options and warrants of publicly traded companies. In prior periods, options and warrants were fair valued at the difference between the exercise price and the quoted market price of the underlying security if the exercise price was lower than the quoted market price, otherwise they were carried at nil. In accordance with CICA Section 3855, if available, options and warrants are now fair valued at quoted market prices at the consolidated balance sheet date or the closing price on the last day the option or warrant traded if there were no trades at the consolidated balance sheet date. If the option or warrant is not publicly-traded, they are fair values as they were previously in prior periods.

Pinetree Capital Ltd.
Notes to Consolidated Financial Statements
March 31, 2006
(Unaudited)

3. Investments:

(a) Investments consist of the following as at March 31, 2006 by sector:

Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Uranium/Coal)					
Tournigan Gold Corp.	(i, iii)	3,590,000 common shares 750,000 warrants expire Mar 31, 2007	\$ 2,254,050	\$ 9,531,390	14.7
Brownstone Ventures Inc.	(i, ii, iii)	2,564,859 common shares	554,917	6,591,688	10.1
UR Energy Inc.	(i)	1,525,000 common shares 150,000 warrants expire Dec 1, 2006	1,455,173	3,354,750	5.2
Khan Resources Inc.	(i, iii)	2,860,000 common shares 150,000 warrants expire Sept 30, 2006	1,821,810	2,860,000	4.4
Summit Resources Ltd.	(i)	2,500,000 common shares	666,071	2,674,795	4.1
UGL Enterprises Ltd.	(iii)	1,579,654 common shares 341,666 warrants expire Mar 31, 2007 31,061 warrants expire Apr 8, 2007	767,846	2,414,741	3.7
Cline Mining Corp.	(ii, iii)	3,586,600 common shares 295,000 warrants expire Apr 22, 2006 600,300 warrants expire May 9, 2006	2,280,833	2,026,196	3.1
Global Uranium Corporation	(ii, iii)	1,800,000 common shares 1,800,000 warrants expire Mar 29, 2008	450,000	1,872,000	2.9
Kilgore Minerals Ltd.	(ii, iii)	1,750,000 common shares 350,000 warrants expire Sept 19, 2007	1,096,738	1,736,000	2.7
Monster Copper Corp.	(ii, iii)	2,135,000 common shares 400,000 warrants expire Dec 6, 2007	725,823	883,506	1.4
First Uranium Ltd.	(iii)	500,000 common shares	500,000	500,000	0.8
Other investments – Resources (Uranium/Coal) sector (iv)			17,782,414	30,594,723	46.9
			30,355,675	65,039,789	100.0
Sector: Resources (Oil & Gas)					
CanWest Petroleum Corp.	(i, iii)	1,000,000 common shares US\$600,000 8% convertible debenture 573,437 warrants expire Sept 19, 2006 209,766 warrants expire Sept 19, 2007 250,000 warrants expire Dec 12, 2007	2,769,550	21,893,559	30.0
Connacher Oil & Gas Ltd.	(i)	3,450,000 common shares	12,469,500	16,223,625	22.2
Delta Petroleum Corp.	(i)	205,000 common shares	4,728,033	5,029,151	6.9
Petrolifera Petroleum Limited	(i, ii)	295,000 common shares 150,000 warrants expire May 8, 2007	1,190,105	5,016,250	6.9
GeoGlobal Resources Inc.	(i)	467,300 common shares 37,500 warrants expire Sept 9, 2007	2,274,773	4,953,194	6.8
Bontan Corporation Inc.	(ii, iii)	3,112,00 common shares 2,000,000 warrants expire Mar 27, 2008	978,652	2,583,773	3.5
Primary Petroleum Corporation	(iii)	500,000 common shares	500,000	500,000	0.7
Other investments – Resources (Oil & Gas) sector (iv)			12,503,784	16,737,088	23.0
			37,414,397	72,936,640	100.0
Sector: Resources (Precious Metals)					
Guyana Goldfields Inc.	(i)	1,571,600 common shares	3,111,161	6,537,856	8.3
Miramar Mining Corporation	(i)	1,150,000 common shares	2,238,580	4,740,000	6.0
Afriore Ltd.	(i)	1,000,000 common shares	1,461,074	4,200,000	5.4
High River Gold Mines Ltd.	(i)	1,320,000 common shares 168,750 warrants expire May 12, 2006			

Pinetree Capital Ltd.
Notes to Consolidated Financial Statements
March 31, 2006
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3. Investments (continued):

Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Precious Metals) (continued)					
		150,000 warrants expire Oct 26, 2006			
		70,000 warrants expire Jan 26, 2007			
Aquiline Resources Inc.	(i)	1,095,400 common shares	1,586,945	3,393,619	4.3
		125,000 warrants expire Oct 11, 2006			
FieldEx Exploration Inc.	(ii, iii)	2,000,000 common shares	1,342,139	3,167,120	4.0
		2,000,000 warrants expire Nov 29, 2007			
Pele Mountain Resources Inc.	(iii)	3,897,000 common shares	300,000	2,480,000	3.2
		375,000 warrants expire Sept 30, 2006			
		250,000 warrants expire Mar 24, 2008			
Southern Silver Exploration Corp.	(iii)	478,000 common shares			
		200,000 warrants expire Apr 11, 2007			
		800,000 warrants expire Oct 31, 2007	119,500	1,265,800	1.6
Unigold Inc.	(ii, iii)	2,662,000 common shares			
		1,000,000 warrants expire Oct 12, 2006			
Tri Origin Exploration Ltd.	(iii)	2,535,500 common shares	861,032	1,215,505	1.6
		800,000 warrants expire Nov 16, 2006			
Valencia Ventures Inc.	(ii, iii)	2,000,000 common shares			
		500,000 warrants expire Jan 10, 2007			
		1,500,000 warrants expire Mar 15, 2008	340,000	1,072,000	1.4
Noront Resources Ltd.	(ii, iii)	2,844,500 common shares			
		150,000 warrants expire May 26, 2006			
		750,000 warrants expire Jan 5, 2008	1,106,385	906,884	1.2
Madison Minerals Inc.	(iii)	1,000,000 common shares			
		500,000 warrants expire Dec 7, 2007	280,000	575,500	0.7
Exmin Resources Inc.	(iii)	2,408,000 common shares			
		200,000 warrants expire Feb 25, 2007			
		500,000 warrants expire Mar 2, 2008	443,084	563,024	0.7
Maudore Minerals Ltd.	(iii)	500,000 common shares			
		250,000 warrants expire Oct 27, 2007	160,000	542,250	0.7
MacArthur Minerals Ltd.	(iii)	1,000,000 common shares	300,000	513,000	0.7
Other investments – Resources (Precious Metals) sector (iv)			29,844,658	44,161,883	56.5
			45,417,794	78,154,959	100.0
Sector: Resources (Base Metals)					
FNX Mining Company Inc.	(i)	623,000 common shares	5,934,237	8,099,000	42.0
War Eagle Mining Co. Inc.	(i, ii, iii)	1,687,000 common shares			
		1,500,000 warrants expire Mar 7, 2008	889,220	1,474,438	7.6
BcMetals Corporation	(i)	1,500,267 common shares			
		33,333 warrants expire Nov 21, 2006			
		100,000 warrants expire Apr 16, 2007	1,367,880	1,275,227	6.6
International Nickel Ventures Corp	(i)	1,000,000 common shares	1,204,480	1,280,000	6.6
Yukon Zinc Corporation	(i)	1,250,000 common shares			
		250,000 warrants expire Oct 21, 2006			
		350,000 warrants expire Oct 22, 2007	340,630	978,000	5.1
Brilliant Mining Corp.	(iii)	597,500 common shares			
		597,500 warrants expire Feb 17, 2008	179,250	750,460	3.9
Other investments – Resources (Base Metals) sector (iv)			4,097,182	5,429,608	28.2
			14,012,879	19,286,733	100.0

Pinetree Capital Ltd.
Notes to Consolidated Financial Statements
March 31, 2006
(Unaudited)

3. Investments (continued):

Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Biotechnology					
ChondroGene Limited	(i, iii)	2,102,395 common shares	1,503,975	3,016,907	39.8
LAB International Inc.	(i)	1,000,000 common shares			
		300,000 warrants expire Dec 30, 2006	1,141,964	1,580,000	20.9
Haemacure Corp.	(i, ii, iii)	4,231,000 common shares			
		1,000,000 warrants expire Mar 19, 2006	1,446,290	1,015,440	13.4
Arius Research Inc.	(i)	332,800 common shares	520,788	632,320	8.3
Other investments - Biotechnology sector (iv)			2,283,498	1,330,720	17.6
			6,896,515	7,575,387	100.0
Sector: Energy Related Technology					
Fiber Optics Systems Technology Inc.	(i, ii, iii)	4,214,700 common shares	3,127,311	17,817,644	69.4
Solomon Technologies, Inc.	(i, iii)	6,777,411 common shares			
		US\$150,000 12% promissory note due Jun 30, 2006	1,831,558	6,714,395	26.2
Interex Oilfield Services Ltd.	(i)	959,000 common shares	623,350	623,350	2.4
Enercoil Resources Incorporated	(i, iii)	1,000,000 common shares			
		1,000,000 warrants expire Dec 2, 2006	500,000	500,000	2.0
			6,082,219	25,655,389	100.0
Sector: Technology and Other					
Enghouse Systems Limited	(i)	500,000 common shares	605,322	5,175,000	15.5
Certicom Corp.	(i)	500,000 common shares	2,396,475	3,900,000	11.7
Fluid Audio Networks, Inc.	(i, iii)	300,000 series A preferred shares			
		257,357 series B preferred shares			
		104,000 series C preferred shares			
		10,000 warrants expire Jun 16, 2007	1,142,383	1,118,519	3.4
Cell-Loc Location Technologies Inc.	(i)	2,500,000 common shares			
		1,250,000 warrants expire May 13, 2007	500,000	825,000	2.5
VIQ Solutions Inc.	(i, ii, iii)	4,520,000 common shares			
		266,000 warrants expire Jun 30, 2006			
		550,000 warrants expire Jul 14, 2006			
		935,000 warrants expire Sept 16, 2006	909,425	768,400	2.3
ADB Systems International Inc.	(ii, iii)	(303,899) common shares			
		1,000,000 warrants expire Feb 23, 2009			
		\$600,000 11% convertible debenture	638,043	535,935	1.6
Other investments - Technology and Other sector (iv)			8,316,636	20,991,355	63.0
			14,508,284	33,314,209	100.0
Total investments			\$ 154,687,763	\$ 301,963,106	

- (i) These investments are in the top five of their respective sector, by Fair Value, and these investments have a fair value greater than \$500,000, as at March 31, 2006.
- (ii) The Company has issued a Section 101 report under the Ontario Securities Act for these investments and these investments have a fair value greater than \$500,000.
- (iii) The Company owns, on a partially diluted basis, at least a 5% interest in these investments and these investments have a fair value greater than \$500,000, as at March 31, 2006.

Pinetree Capital Ltd.
Notes to Consolidated Financial Statements
March 31, 2006
(Unaudited)

3. Investments (continued):

(iv) Other investments in each sector include all equity investments, warrants, promissory notes and convertible debentures which are not individually listed in their respective sector, held by the Company as at March 31, 2006.

(b) Investments consist of the following as at December 31, 2005 by sector:

Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Uranium/Coal)					
Brownstone Ventures Inc.	(i, ii, iii)	2,564,859 common shares	\$ 554,917	\$ 5,052,772	17.4
Tournigan Gold Corp.	(i, iii)	3,114,500 common shares			
		750,000 warrants expire Mar 31, 2007	1,726,537	2,926,786	10.1
Khan Resources Inc.	(i, iii)	2,860,000 common shares			
		150,000 warrants expire Sept 30, 2006	1,821,810	2,860,000	9.9
Western Canadian Coal Corp.	(i)	500,000 common shares			
		43,500 warrants expire Feb 9, 2006	1,453,336	1,755,000	6.1
Summit Resources Ltd.	(i)	2,500,000 common shares	666,071	1,211,888	4.2
Kilgore Minerals Ltd.	(ii, iii)	1,101,000 common shares			
		350,000 warrants expire Jan 20, 2006	585,228	872,622	3.0
Monster Copper Corp.	(iii)	1,635,000 common shares			
		400,000 warrants expire Dec 6, 2007	506,073	574,703	2.0
UGL Enterprises Ltd.	(iii)	1,391,954 common shares			
		341,666 warrants expire Mar 31, 2007			
		31,061 warrants expire Apr 8, 2007	642,277	508,063	1.8
First Uranium Ltd.	(iii)	500,000 common shares	500,000	500,000	1.7
Other investments – Resources (Uranium/Coal) sector (iv)			10,580,057	12,674,990	43.8
			19,036,306	28,936,824	100.0
Sector: Resources (Oil & Gas)					
Connacher Oil & Gas Ltd.	(i)	2,000,000 common shares	1,213,972	7,680,000	19.1
CanWest Petroleum Corp.	(i, iii)	1,000,000 common shares			
		US\$600,000 8% convertible debenture			
		573,437 warrants expire Sept 19, 2006			
		209,766 warrants expire Sept 19, 2007			
		250,000 warrants expire Dec 12, 2007	2,769,550	5,717,917	14.2
Delta Petroleum Corp.	(i)	216,129 common shares	4,984,708	5,485,709	13.7
GeoGlobal Resources Inc.	(i)	238,200 common shares			
		150,000 warrants expire Feb 24, 2006			
		37,500 warrants expire Sept 9, 2007	965,101	5,221,860	13.0
Petrolifera Petroleum Limited	(i, ii)	417,600 common shares			
		150,000 warrants expire May 8, 2007	680,800	3,702,744	9.2
Other investments – Resources (Oil & Gas) sector (iv)			11,415,823	12,361,366	30.8
			22,029,954	40,169,596	100.0
Sector: Resources (Precious Metals)					
Guyana Goldfields Inc.	(i)	1,342,500 common shares	2,195,521	5,235,750	13.7
Miramar Mining Corporation	(i)	1,170,200 common shares			
		50,000 warrants expire Feb 15, 2006	2,276,100	3,548,384	9.3
Afriore Ltd.	(i)	800,000 common shares			
		50,000 warrants expire Aug 24, 2007	840,574	2,313,000	6.0
Aquiline Resources Inc.	(i)	1,371,400 common shares			
		125,000 warrants expire Oct 11, 2006	1,680,308	2,149,670	5.6

Pinetree Capital Ltd.
Notes to Consolidated Financial Statements
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(Unaudited)

3. Investments (continued):

Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Precious Metals) (continued)					
Solitario Resources Corp.	(i)	1,047,800 common shares	1,393,821	1,896,518	5.0
FieldEx Exploration Inc.	(ii, iii)	2,000,000 common shares			
		2,000,000 warrants expire Nov 29, 2007	300,000	1,112,000	2.9
Unigold Inc.	(ii, iii)	1,352,000 common shares			
		1,000,000 warrants expire Oct 12, 2006	466,074	943,600	2.5
Southern Silver Exploration Corp.	(iii)	800,000 common shares			
		200,000 warrants expire Apr 11, 2007			
		800,000 warrants expire Oct 31, 2007	200,000	741,600	1.9
Noront Resources Ltd.	(iii)	2,844,500 common shares			
		150,000 warrants expire May 26, 2006			
		375,000 warrants expire Dec 30, 2007	956,385	650,833	1.7
Other investments – Resources (Precious Metals) sector (iv)			18,329,797	19,647,249	51.4
			28,638,580	38,238,604	100.0
Sector: Resources (Base Metals)					
FNX Mining Company Inc.	(i)	775,000 common shares	6,821,320	10,532,250	69.2
Liberty Mines Inc.	(i, iii)	1,350,091 common shares			
		454,545 warrants expire Jan 15, 2007	331,704	842,821	5.5
Yukon Zinc Corporation	(i)	2,000,000 common shares			
		250,000 warrants expire Oct 21, 2006			
		350,000 warrants expire Oct 22, 2007	545,008	783,175	5.1
BcMetals Corporation	(i)	1,030,267 common shares			
		33,333 warrants expire Nov 21, 2006			
		100,000 warrants expire Apr 16, 2007	1,029,700	700,582	4.6
Titanium Corporation Inc.	(i)	200,000 common shares			
		200,000 warrants expire Aug 27, 2007	450,000	520,000	3.4
Other investments – Resources (Base Metals) sector (iv)			2,241,205	1,851,932	12.2
			11,418,937	15,230,760	100.0
Sector: Biotechnology					
ChondroGene Limited	(i)	1,916,295 common shares	1,254,158	2,107,925	35.5
LAB International Inc.	(i)	1,325,000 common shares			
		300,000 warrants expire Dec 30, 2006	1,612,432	1,298,500	21.9
Haemacure Corp.	(i, ii, iii)	4,231,500 common shares			
		1,000,000 warrants expire Mar 19, 2006	1,446,461	1,057,875	17.8
Other investments - Biotechnology sector (iv)			2,661,352	1,473,510	24.8
			6,974,403	5,937,810	100.0
Sector: Energy Related Technology					
Fiber Optics Systems Technology Inc.	(i, ii, iii)	2,729,278 common shares			
		1,921,022 warrants expire Mar 2, 2006	2,008,997	17,565,314	90.7
Solomon Technologies, Inc.	(i, iii)	25,000 common shares			
		1,171,474 series A preferred stock			
		US\$150,000 12% promissory note due Mar 15, 2006			
		1,221,474 warrants expire Apr 30, 2014			
		500,000 warrants expire Nov 5, 2014	1,826,276	683,993	3.5
Interex Oilfield Services Ltd.		959,000 common shares	623,350	623,350	3.2
Enercoil Resources Incorporated	(i, iii)	1,000,000 common shares			
		1,000,000 warrants expire Dec 2, 2006	500,000	500,000	2.6
			4,958,623	19,372,657	100.0

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3. Investments (continued):

Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Technology and Other					
Enghouse Systems Limited	(i)	650,000 common shares	786,919	5,206,500	18.4
Certicom Corp.	(i)	600,000 common shares	2,875,770	3,720,000	13.2
VIQ Solutions Inc.	(i, ii, iii)	4,520,000 common shares 266,000 warrants expire Jun 30, 2006 550,000 warrants expire Jul 14, 2006 935,000 warrants expire Sept 16, 2006	909,425	1,197,800	4.2
Tengtu International Corp.	(i, iii)	2,834,798 common shares 150,000 warrants expire TBD 173,077 8% preferred A stock (10:1) 1,730,770 warrants expire Mar 29, 2008 865,285 warrants expire Mar 29, 2008	1,892,799	1,011,369	3.6
AirIQ Inc.	(i)	2,858,611 common shares	1,127,012	886,169	3.1
Fluid Audio Networks, Inc.	(iii)	300,000 series A preferred shares 257,357 series B preferred shares	903,412	874,862	3.1
ADB Systems International Inc.	(ii, iii)	1,146,500 common shares 1,000,000 warrants expire Feb 23, 2009 \$375,000 11% convertible debenture	696,501	588,910	2.1
Other investments – Technology and Other sector (iv)			5,366,535	14,770,410	52.3
			14,558,373	28,256,020	100.0
Total investments			\$ 107,615,176	\$ 176,142,271	

- (i) These investments are in the top five of their respective sector, by Fair Value, and these investments have a fair value greater than \$500,000, as at December 31, 2005.
- (ii) The Company has issued a Section 101 report under the Ontario Securities Act for these investments and these investments have a fair value greater than \$500,000.
- (iii) The Company owns, on a partially diluted basis, at least a 5% interest in these investments and these investments have a fair value greater than \$500,000, as at December 31, 2005.
- (iv) Other investments in each sector include all equity investments, warrants, promissory notes and convertible debentures which are not individually listed in their respective sector, held by the Company as at December 31, 2005.

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4. Contingent liability:

On November 28, 2005, the Ontario Ministry of Finance ("OMF") issued notices of reassessment to the Company's wholly-owned subsidiary, Genevest Inc. ("Genevest"), as a result of an audit of income tax returns filed by Genevest for the 2000 and 2001 taxation years. OMF, among other things, disputed the Company's revenue recognition methodology on the disposal of certain investments. As at March 31, 2006, OMF has assessed Genevest an amount owing of approximately \$2,106,000.

Genevest is in the process of filing notices of objection within the statutory time frame. The final outcome of the notices of objection is not presently determinable. However, Genevest and Genevest's legal and tax advisors believe the Company will prevail in this matter. Accordingly, the Company has not accrued any provision relating to the income tax potentially owing on the reassessments.

5. Deferred revenue:

During fiscal year 2005, the Company received 500,000 common shares of CanWest Petroleum Corporation in lieu of cash for financial advisory fees for the period from November 1, 2005 to October 31, 2006. The fair value of the common shares received was US\$2.05 per common share or US\$1,025,000 (\$1,190,025). Included in the consolidated statements of operations for three months ended March 31, 2006 is \$297,506 of other revenue relating to the financial advisory fee (three months ended March 31, 2005 – nil). As at March 31, 2006, the Company had recognized five months of revenue and deferred the remaining balance of US\$597,917 (\$694,181).

6. Share capital:

- (a) During the three months ended March 31, 2006, 125,100 stock options were exercised at prices between \$1.19 and \$3.55 for total proceeds of \$245,913.
- (b) On March 15, 2006, the Company completed a non-brokered financing of 3,555,600 common shares of the Company at a price of \$9.00 per common share for aggregate gross proceeds of \$32,000,400. A cash commission of \$593,542 and 150,000 Warrants were issued as finders' fees in connection with the financing. Each Warrant will entitle the holder to acquire one common share of Pinetree at a price of \$9.00 expiring September 14, 2007. The Company also paid other expenses of \$70,559 related to the financing.
- (c) Stock options granted:
 - (i) On January 3, 2006, the Company granted 175,000 stock options exercisable at \$7.00 per common share and expiring on January 2, 2011.
 - (ii) On January 30, 2006, the Company granted 350,000 stock options exercisable at \$9.17 per common share and expiring on January 29, 2011.

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6. Share capital (continued):

- (iii) On March 22, 2006, the Company granted 300,000 stock options exercisable at \$15.25 per common share and expiring on March 21, 2011.

In accordance with CICA Handbook Section 3870, options granted are accounted for by the fair value method of accounting for stock-based compensation. The Company records compensation expense and credits contributed surplus for all options granted.

The fair value of the options granted during three months ended March 31, 2006, was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

Black-Scholes weighted average assumptions used	
Expected volatility	85.3%
Expected dividend yield	n/a
Risk-free interest rate	3.75-4.00%
Expected option life in years	3
Fair value per stock option granted on January 3, 2006	\$ 3.57
Fair value per stock option granted on January 30, 2006	\$ 5.54
Fair value per stock option granted on March 22, 2006	\$ 9.23

For the three months ended March 31, 2006, included in stock-based compensation is \$2,571,259 (three months ended March 31, 2005 - \$11,490) relating to the stock options granted during the period and \$125,253 (three months ended March 31, 2006 - \$25,392) relating to stock options granted in the prior years to directors, officers, employees and consultants of the Company.

- (d) As at March 31, 2006, the Company had 18,531,550 common shares outstanding for \$57,129,471 and 2,072,537 stock options outstanding exercisable at prices ranging from \$1.19 and \$15.25 and expiring between December 3, 2006 and March 21, 2011.
- (e) Subsequent to March 31, 2006, 116,549 stock options were exercised at prices ranging from \$1.19 and \$7.00 per common share for total proceeds of \$220,381.
- (f) Subsequent to March 31, 2006, the Company completed a brokered financing of 2,300,000 common shares of the Company at a price of \$15.00 per common share for aggregate gross proceeds of \$34,500,000. A cash commission of \$1,725,000 and 115,000 Warrants were issued as agency fees in connection with the financing. Each Warrant will entitle the holder to acquire one common share of Pinetree at a price of \$15.00 expiring October 27, 2007.

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7. Related party transactions:

- (a) During the period, the Company had consulting agreements with certain officers and directors representing approximately \$30,650 (three months ended March 31, 2005 - \$29,500) per month. Included in operating, general and administrative expenses is approximately \$91,950 (three months ended March 31, 2005 - \$88,700) paid under these contracts. Included in the consulting agreement for the Chairman and Chief Executive Officer of the Company is an annual bonus equal to 10% of the realized pre-tax profit on the Company's non-limited market dealer business plus a bonus equal to 10% of any of the limited market dealer's net realized profit. Included in operating, general and administrative expenses is \$2,171,278 (three months ended March 31, 2005 - \$454,219) relating to this bonus.
- (b) The Company has promissory notes totaling \$86,000 (December 31, 2005 - \$86,000) owing from an officer of the Company. The promissory notes are unsecured and interest free.
- (c) Other income includes consulting income of \$1,611,000 (three months ended March 31, 2005 - \$425,000) from companies in which the Company has an investment. The Company also received dividend income of \$128,000 (three months ended March 31, 2005 - nil) from a company in which the Company has an investment.
- (d) The Company has consulting and cost sharing arrangements with certain of its affiliated companies covering specific operating, general and administrative expenses including lease commitments and salaries. Included in prepaids and other receivables is \$485,680 relating to the consulting and cost sharing arrangement.
- (e) As at December 31, 2005, the Company had a loan owing to an officer of the Company of \$1,976,485 which was unsecured and interest free. As at March 31, 2006, the loan was fully repaid.

8. Advances from affiliated company:

As at December 31, 2005, the Company had advances from PowerOne Capital Markets Limited ("PowerOne") of \$1,015,000. The Company has a 50% interest in PowerOne, an Ontario limited market dealer. These advances bear no interest and are due on demand. As at March 31, 2006, the Company had repaid all advances from PowerOne.

9. Bank indebtedness:

The Company has a General Security Agreement ("GSA") with Royal Bank of Canada ("RBC") for a revolving line of credit. Under the GSA, the Company's assets are collateralized after giving preference to CIBC. The operating line of credit with RBC was for \$3,000,000, and as at December 31, 2005, the Company had used \$2,317,947 which was fully repaid prior to March 31, 2006. The operating line of credit bears interest at RBC prime plus 0.75%. On January 4, 2006, the operating line of credit was reduced to \$1,000,000.

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10. Short term loan payable:

As at December 31, 2005, the Company had a \$2,600,000 loan from Quest Capital Corp. (the "Quest Loan") which was secured against the Company's assets and bare interest at 18% per annum. Interest is payable on the last day of each month and the full amount of the Quest Loan plus any outstanding interest was due on March 31, 2006. As at March 31, 2006, the Company had repaid in full the Quest Loan plus all outstanding interest.

11. Comparative consolidated financial statements:

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the March 31, 2006 consolidated financial statements.