

Consolidated Financial Statements of

Pinetree Capital Ltd.

(Unaudited)

September 30, 2007

Contents

Consolidated Financial Statements

Consolidated Balance Sheets	2
Consolidated Statements of Operations	3
Consolidated Statements of Retained Earnings	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6 - 29

PINETREE CAPITAL LTD.**Consolidated Balance Sheets****As At September 30, 2007 And December 31, 2006****(Unaudited - in thousands of dollars)**

	<u>September 30, 2007</u>	<u>December 31, 2006</u>
Assets		
Investments, at fair value (note 3)	\$ 529,631	\$ 552,377
Cash and cash equivalents	40	175
Prepays and other receivables	116	917
Capital assets, net	823	359
	<u>\$ 530,610</u>	<u>\$ 553,828</u>
Liabilities and Shareholders' Equity		
Due to brokers (note 5)	\$ 67,202	\$ 57,571
Accounts payable and accrued liabilities (note 8(f))	9,693	7,861
Advances from affiliated company (note 6)	8,778	78
Promissory notes (note 7)	-	19,271
Income taxes payable	9,955	14,095
	<u>95,628</u>	<u>98,876</u>
Future tax liabilities	30,716	87,122
	<u>126,344</u>	<u>185,998</u>
Shareholders' equity		
Share capital (note 9)	185,451	98,832
Warrants and broker warrants (note 9(f))	40,543	-
Contributed surplus (note 9(g))	3,583	4,918
Retained earnings	174,689	264,080
	<u>404,266</u>	<u>367,830</u>
	<u>\$ 530,610</u>	<u>\$ 553,828</u>

See accompanying notes to the consolidated financial statements.

PINETREE CAPITAL LTD.**Consolidated Statements of Operations****Three And Nine Months Ended September 30,****(Unaudited - in thousands of dollars, except for securities and per share amounts)**

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Net investment gains (losses)				
Gains (losses) on disposal of investments, net	\$ (2,998)	\$ 14,762	\$ 170,533	\$ 53,921
Unrealized gains (losses) on investments, net	(137,154)	39,627	(274,454)	80,864
	<u>(140,152)</u>	<u>54,389</u>	<u>(103,921)</u>	<u>134,785</u>
Other revenue				
Interest and dividend income (note 8(d))	8,008	13	8,074	212
Other income (note 8(e))	151	467	445	2,973
	<u>(131,993)</u>	<u>54,869</u>	<u>(95,402)</u>	<u>137,970</u>
Expenses				
Operating, general and administrative (note 8)	1,470	3,046	23,409	9,001
Transaction costs	1,653	-	4,571	-
Stock-based compensation (note 9(e))	1,669	238	3,203	5,102
Foreign exchange loss (gain)	384	(8)	(810)	(750)
Amortization	28	1	75	3
Interest (notes 5, 7 and 8(c))	2,752	871	5,884	2,148
	<u>7,956</u>	<u>4,148</u>	<u>36,332</u>	<u>15,504</u>
Income (loss) before income taxes	(139,949)	50,721	(131,734)	122,466
Provision for (recovery of) income taxes	(47,644)	13,330	(42,343)	37,046
Net income (loss) for the period	\$ (92,305)	\$ 37,391	\$ (89,391)	\$ 85,420
Earnings (loss) per common share (note 9(a))				
Basic	\$ (0.93)	\$ 0.44	\$ (0.96)	\$ 1.11
Diluted	\$ (0.93)	\$ 0.41	\$ (0.96)	\$ 1.05
Weighted average number of common shares outstanding (note 9(a))				
Basic	99,658,454	85,949,124	93,466,258	76,622,064
Diluted	99,658,454	91,675,456	93,466,258	81,039,130

See accompanying notes to the consolidated financial statements.

PINETREE CAPITAL LTD.
Consolidated Statements of Retained Earnings
Nine Months Ended September 30,
(Unaudited - in thousands of dollars)

	<u>2007</u>	<u>2006</u>
Retained earnings, beginning of period	\$ 264,080	\$ 83,444
Net income (loss) for the period	<u>(89,391)</u>	<u>85,420</u>
Retained earnings, end of period	\$ 174,689	\$ 168,864

See accompanying notes to the consolidated financial statements.

PINETREE CAPITAL LTD.
Consolidated Statements of Cash Flows
Three And Nine Months Ended September 30,
(Unaudited - in thousands of dollars)

	Three Months Ended		Nine Months Ended	
	2007	2006	2007	2006
Cash flows from (used in) operating activities				
Net income (loss) for the period	\$ (92,305)	\$ 37,391	\$ (89,391)	\$ 85,420
Items not affecting cash				
Losses (gains) on disposal of investments, net	2,998	(14,762)	(170,533)	(53,921)
Unrealized losses (gains) on investments, net	137,154	(39,627)	274,454	(80,864)
Amortization	28	1	75	3
Stock-based compensation expense	1,669	238	3,203	5,102
Future income taxes	(31,415)	12,207	(56,406)	31,965
	18,129	(4,552)	(38,598)	(12,295)
Changes in non-cash working capital balances related to operations				
Prepays and other receivables	73	30	801	87
Accounts payable and accrued liabilities	(4,580)	2,137	1,832	3,966
Deferred revenue	-	(298)	-	(897)
Income taxes payable	(18,526)	692	(4,140)	4,048
Interest payable on promissory note	-	142	-	142
	(4,904)	(1,849)	(40,105)	(4,949)
Cash flows from (used in) financing activities				
Proceeds from issue of share capital pursuant to private placements, net	3	-	114,367	64,025
Proceeds from issue of share capital pursuant to exercise of stock options	67	1,053	7,912	4,148
Proceeds from issue of share capital pursuant to exercise of warrants	-	675	345	675
Loan from officer	-	-	-	(1,976)
Promissory notes	(42,500)	-	(19,271)	-
Advances from affiliated company	700	-	8,700	(937)
	(41,730)	1,728	112,053	65,935
Cash flows from (used in) investing activities				
Purchase of capital assets, net	(2)	(668)	(539)	(671)
Due to brokers	(91,610)	33,044	9,631	35,351
Short-term loan payable	-	-	-	(2,600)
Purchase of investments	(143,606)	(65,673)	(734,981)	(213,642)
Proceeds on disposal of investments	282,853	33,214	653,806	123,031
	47,635	(83)	(72,083)	(58,531)
Net increase (decrease) in cash and cash equivalents, during the period	1,001	(204)	(135)	2,455
Cash and cash equivalents (bank indebtedness), beginning of period	(961)	341	175	(2,318)
Cash and cash equivalents, end of period	\$ 40	\$ 137	\$ 40	\$ 137
Supplemental cash flow information				
Income taxes paid	\$ 2,464	\$ 431	\$ 18,369	\$ 1,032
Interest paid	2,752	871	5,884	2,148
Non-cash financing activities				
Promissory note	-	19,125	-	19,125

See accompanying notes to the consolidated financial statements.

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

September 30, 2007

(Unaudited – in thousands of dollars, except for securities and per share amounts)

1. Nature of business:

Pinetree Capital Ltd. ("Pinetree" or the "Company") was incorporated 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". 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: Uranium, Oil & Gas, Molybdenum, Precious Metals, and Base Metals. As well, Pinetree has investments in the Biotechnology, Energy Related Technology, and Technology sectors. Pinetree's investment approach is to build a macro position in a sector, find the micro-cap opportunities within that sector, and work with those companies to build them to commercial production and create an exit.

The Company effected a two-for-one stock split by way of a stock dividend of one common share for every common share outstanding at the close of business on July 19, 2006. The Company effected another two-for-one stock split by way of a stock dividend of one common share for every common share outstanding at the close of business on April 5, 2007. All current and comparative figures herein have been adjusted to reflect both stock splits, retroactively.

2. Significant accounting policies:

Management has prepared these 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, 2006. Accounting policies followed in the preparation of the annual consolidated financial statements are consistent with those used in the preparation of the September 30, 2007 interim consolidated financial statements except for the following:

- (a) Effective January 1, 2007, the Company adopted The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 1530, Comprehensive Income, Section 3861, Financial Instruments – Disclosure and Presentation and Section 3865, Hedges. Section 3861 establishes standards for disclosure and presentation of financial assets, financial liabilities and non-financial derivatives. As there are no comprehensive income items, comprehensive income is equal to net income. Also, the Company does not hold any derivative instruments for hedging purposes. Accordingly, adoption of Sections 1530 and 3865 has had no effect on the Company's interim consolidated financial statements.

These interim consolidated financial statements are prepared in Canadian dollars and include the accounts of Pinetree and its wholly-owned subsidiaries: Genevest Inc. ("Genevest"), Pinetree Resource Partnership, Pinetree Income Partnership, Pinetree (Barbados) Inc., Pinetree Capital Markets Limited, and Emerald Capital Corp. All significant inter-company accounts and transactions have been eliminated on consolidation.

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

September 30, 2007

(Unaudited – in thousands of dollars, except for securities and per share amounts)

3. Investments:

(a) Investments consist of the following as at September 30, 2007 by sector:

As at September 30, 2007:					
Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Uranium)					
Mega Uranium Ltd.	(i, ii, iii)	8,000,169 common shares 600 warrants expire Feb 13, 2012 150,000 warrants expire Feb 22, 2012 648,831 warrants expire Jun 06, 2012	\$ 32,476	\$ 38,618	29.3
Dejour Enterprises Ltd.	(i, ii, iii)	4,706,900 common shares US\$197,846 convertible debenture 250,000 warrants expire Dec 31, 2007			
Bayswater Uranium Corp.	(i, iii)	250,000 warrants expire May 25, 2009 6,000,000 common shares	9,190	10,722	8.1
Alberta Star Development Corp.	(i)	1,217,500 warrants expire Sep 8, 2008 4,250,350 common shares 350,000 warrants expire Oct 25, 2007	5,929	5,700	4.3
Cue Capital Corp.	(i, ii, iii)	162,500 warrants expire Apr 18, 2008 2,266,200 common shares	6,832	4,293	3.3
Dynamite Resources Ltd.	(ii, iii)	625,000 warrants expire Nov 27, 2007 5,500,000 common shares	2,759	3,868	2.9
Rockgate Capital Corp.	(ii, iii)	5,500,000 warrants expire Aug 17, 2009 1,169,700 common shares 1,250,000 warrants expire Jul 10, 2008	3,500	2,805	2.1
Ditem Explorations Inc.	(ii, iii)	500,000 warrants expire Apr 25, 2009 2,897,300 common shares	1,098	2,468	1.9
		1,773,000 warrants expire Jan 26, 2009	2,061	2,313	1.8
Universal Uranium Ltd.	(ii, iii)	3,000,000 common shares	3,189	2,160	1.6
Silver Spruce Resources Inc.	(ii, iii)	1,396,400 common shares			
Neutron Energy, Inc.	(iii)	372,500 warrants expire Jul 5, 2009 1,000,000 common shares US\$165,000 series A convertible debenture US\$680,000 series B convertible debenture	1,804	1,854	1.4
Ucore Uranium Inc.	(iii)	3,528,000 common shares 275,000 warrants expire Jun 15, 2008	2,086	1,838	1.4

Pinetree Capital Ltd.**Notes to Consolidated Financial Statements****September 30, 2007****(Unaudited – in thousands of dollars, except for securities and per share amounts)**

Trigon Uranium Corp.	(ii, iii)	750,000 warrants expire Mar 23, 2009	4,244	1,799	1.4
		4,669,000 common shares			
		250,000 warrants expire Apr 27, 2008			
		312,500 warrants expire Dec 11, 2008			
		500,000 warrants expire Aug 8, 2009	2,781	1,748	1.3

Pinetree Capital Ltd.
Notes to Consolidated Financial Statements
September 30, 2007
(Unaudited – in thousands of dollars, except for securities and per share amounts)

3. Investments (continued):

As at September 30, 2007:

Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Uranium) (continued)					
Uranium City Resources Inc.	(ii, iii)	5,500,000 common shares 1,000,000 warrants expire Oct 20, 2007			
West High Yield Resources Ltd.	(ii, iii)	2,000,000 warrants expire May 24, 2008 3,200,000 common shares	2,518	1,705	1.3
Dios Exploration Inc.	(ii, iii)	1,500,000 warrants expire May 9, 2009 4,143,500 common shares 264,000 warrants expire Mar 15, 2008 666,500 warrants expire Mar 30, 2008	2,072	1,664	1.3
Southampton Ventures Inc.	(ii, iii)	800,000 warrants expire May 2, 2008 2,150,000 common shares 500,000 warrants expire Mar 22, 2009	2,669	1,533	1.2
Global Uranium Corporation	(ii, iii)	250,000 warrants expire Jul 26, 2009 2,200,000 common shares	2,625	1,531	1.2
Strategic Metals Ltd.	(ii)	1,800,000 warrants expire Mar 29, 2008 1,900,000 common shares	600	1,480	1.1
Forum Uranium Corp.	(iii)	750,000 warrants expire Feb 2, 2009 3,004,000 common shares	1,080	1,479	1.1
		827,000 warrants expire Mar 23, 2008	2,047	1,472	1.1
Cline Mining Corp.	(ii, iii)	8,013,600 common shares	4,156	1,442	1.1
Calypso Acquisition Corp.	(ii, iii)	2,090,000 common shares 1,000,000 warrants expire Mar 9, 2009	1,845	1,359	1.0
Oklo Uranium Limited	(iii)	8,482,000 common shares	1,493	1,349	1.0
Magnum Uranium Corp.	(iii)	2,714,285 common shares			
Delta Exploration Inc.	(ii, iii)	357,142 warrants expire Mar 3, 2009 2,600,000 common shares 800,000 warrants expire Jul 10, 2008	2,595	1,303	1.0
Bluerock Resources Ltd.	(ii, iii)	500,000 warrants expire May 1, 2009 2,211,100 common shares 1,111,100 warrants expire Oct 27, 2008	4,048	1,209	1.0
		550,000 warrants expire Aug 1, 2009	1,028	1,163	0.9
Total of 63 other investments – Resources (Uranium) sector (iv)			45,395	32,799	24.9
			152,120	131,674	100.0

Pinetree Capital Ltd.**Notes to Consolidated Financial Statements****September 30, 2007****(Unaudited – in thousands of dollars, except for securities and per share amounts)**

Sector: Resources (Oil & Gas)

MegaWest Energy Corp.	(i, iii)	4,150,000 common shares 325,000 warrants expire Jan 5, 2008			
			3,196	7,425	17.1
Lynden Ventures Ltd.	(i, iii)	1,125,000 warrants expire Feb 28, 2008 2,500,000 common shares			
			2,004	3,201	7.4
ISX Resources Inc.	(i, ii, iii)	1,250,000 warrants expire Jul 9, 2009 1,274,300 common shares			
		1,250,000 warrants expire Apr 20, 2008	1,273	2,532	5.8

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

September 30, 2007

(Unaudited – in thousands of dollars, except for securities and per share amounts)

3. Investments (continued):

As at September 30, 2007:

Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Oil & Gas) (continued)					
Rochester Energy Corp.	(i, ii, iii)	3,260,000 common shares 1,510,000 warrants expire Mar 2, 2009			
		750,000 warrants expire Jul 17, 2009	2,111	2,400	5.5
Primary Petroleum Corp.	(i, ii, iii)	2,400,000 common shares			
		1,525,000 warrants expire Sep 17, 2009	1,750	1,796	4.1
Brownstone Ventures Inc.	(ii)	838,659 common shares 975,000 warrants expire Jul 19, 2008	788	1,602	3.7
Vulcan Minerals Inc.	(iii)	2,728,000 common shares	1,519	1,528	3.5
Gastem Inc.	(iii)	2,811,000 common shares			
		307,500 warrants expire Sep 16, 2008	2,057	1,406	3.2
Unbridled Energy Corp.	(iii)	2,000,000 common shares			
		2,000,000 warrants expire Apr 27, 2009	1,000	1,100	2.5
Petro One Corp.	(iii)	1,500,000 common shares 1,500,000 warrants expire Aug 1, 2009	840	1,067	2.5
Total of 40 other investments – Resources (Oil & Gas) sector (iv)			26,370	19,438	44.7
			42,908	43,495	100.0
Sector: Resources (Molybdenum)					
Erdene Gold Inc.	(i, iii)	3,500,000 common shares	4,925	3,885	15.7
Galway Resources Ltd.	(i, iii)	2,800,000 common shares			
		100,000 warrants expire Feb 1, 2009	3,987	3,097	12.5
Creston Moly Corp. (formerly Georgia Ventures Inc.)	(i, iii)	7,000,000 common shares			
		2,500,000 warrants expire May 9, 2010	5,180	2,835	11.4
Virgin Metals Inc.	(i, ii, iii)	5,150,500 common shares			
		1,750,000 warrants expire Apr 19, 2009	2,732	2,369	9.6
Sultan Minerals Inc.	(i, iii)	7,002,800 common shares			
		1,136,400 warrants expire Nov 10, 2008	2,384	2,264	9.1
Torch River Resources Ltd.	(ii, iii)	5,250,000 common shares			
		2,500,000 warrants expire Mar 29, 2009	2,738	2,258	9.1
Tenajon Resources Corp.	(ii, iii)	3,250,000 common shares	2,885	2,210	8.9
Western Troy Capital Resources Inc.	(ii, iii)	3,711,333 common shares			

Pinetree Capital Ltd.**Notes to Consolidated Financial Statements****September 30, 2007****(Unaudited – in thousands of dollars, except for securities and per share amounts)**

Pacific Comox Resources Ltd.	(ii, iii)	1,666,667 warrants expire Apr 19, 2009	2,340	1,930	7.8
		14,002,428 common shares			
		3,571,428 warrants expire Jun 12, 2008	1,701	1,330	5.4
Total of 7 other investments – Resources (Molybdenum) sector (iv)			4,182	2,602	10.5
			33,054	24,780	100.0

Pinetree Capital Ltd.
Notes to Consolidated Financial Statements
September 30, 2007
(Unaudited – in thousands of dollars, except for securities and per share amounts)

3. Investments (continued):

As at September 30, 2007:

Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Precious Metals)					
Noront Resources Ltd.	(i, ii, iii)	2,764,500 common shares 1,125,000 warrants expire Jan 5, 2008 1,250,000 warrants expire Dec 20, 2008	1,875	19,577	10.1
East Asia Minerals Corp.	(i, ii, iii)	3,900,200 common shares	3,916	8,346	4.3
Solitario Resources Corp.	(i, iii)	1,525,100 common shares	2,794	7,397	3.8
Gold Eagle Mines Ltd.	(i)	1,000,000 common shares	5,632	6,360	3.3
Caledonia Mining Corporation Queenston Mining Inc.	(i, iii) (iii)	36,640,637 common shares 2,554,600 common shares 150,000 warrants expire May 17, 2008	7,075 5,302	5,130 5,109	2.6 2.6
Unigold Inc.	(ii, iii)	6,000,000 common shares	3,002	4,620	2.4
Fancamp Exploration Ltd. Valencia Ventures Inc.	(iii) (ii, iii)	2,450,000 common shares 5,838,500 common shares 1,500,000 warrants expire Mar 15, 2008	2,624 2,289	3,945 3,648	2.0 1.9
Nortec Ventures Corp.	(ii, iii)	13,500,000 common shares	2,025	2,835	1.5
Cypress Development Corp. Opel International Inc.	(ii, iii) (iii)	9,000,000 common shares 1,938,200 common shares 1,000,000 warrants expire May 11, 2010	4,721 1,278	2,700 2,438	1.4 1.3
Castillian Resources Corp.	(iii)	4,551,856 common shares 500,000 warrants expire Jun 22, 2008 1,142,500 warrants expire Apr 9, 2009	3,218	2,326	1.2
Golden Goose Resources Inc.	(ii, iii)	3,617,000 common shares 250,000 warrants expire Mar 26, 2008	2,818	2,279	1.2
MacMillian Gold Corp.	(ii, iii)	4,000,000 common shares 2,000,000 warrants expire Sep 27, 2008	1,400	2,060	1.1
FieldEx Exploration Inc.	(ii, iii)	4,000,000 common shares	700	1,940	1.0
Tri Origin Exploration Ltd.	(ii)	2,345,900 common shares	641	1,900	1.0
MacArthur Minerals Ltd.	(ii, iii)	2,060,400 common shares 500,000 warrants expire Dec 11, 2008	1,850	1,846	1.0

Pinetree Capital Ltd.**Notes to Consolidated Financial Statements****September 30, 2007****(Unaudited – in thousands of dollars, except for securities and per share amounts)**

Valgold Resources Ltd.	(ii, iii)	5,350,000 common shares			
		2,500,000 warrants expire May 4, 2008	1,965	1,819	0.9
Pacific North West Capital Corp.	(ii, iii)	3,754,500 common shares			
		1,650,000 warrants expire Dec 1, 2008	1,878	1,781	0.9
Latin American Minerals Inc.	(ii, iii)	3,750,000 common shares			
		1,000,000 warrants expire May 31, 2008	3,768	1,743	0.9
Evolving Gold Corp.	(ii, iii)	5,000,000 common shares			
		2,500,000 warrants expire Apr 26, 2009			
		1,250,000 warrants expire Jul 26, 2009	1,625	1,611	0.8
NioGold Mining Corp.	(ii, iii)	5,101,500 common shares			
		985,000 warrants expire Oct 24, 2008	2,077	1,428	0.7
Fury Explorations Ltd.	(iii)	2,055,000 common shares			
		250,000 warrants expire Sep 20, 2008	1,803	1,356	0.7

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

September 30, 2007

(Unaudited – in thousands of dollars, except for securities and per share amounts)

3. Investments (continued):

As at September 30, 2007:

Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Precious Metals) (continued)					
Portal Resources Ltd.	(ii, iii)	3,000,000 common shares 25,000 warrants expire Nov 18, 2007			
Goldrush Resources Ltd.	(ii, iii)	500,000 warrants expire Jul 18, 2008 4,717,500 common shares	1,984	1,302	0.7
Arctic Star Diamond Corp.	(ii, iii)	2,500,000 warrants expire Sep 20, 2008 8,564,091 common shares 2,500,000 warrants expire Oct 27, 2008	1,404	1,274	0.7
Global Minerals Ltd.	(iii)	1,009,091 warrants expire Feb 21, 2009 3,750,000 common shares 2,000,000 warrants expire Apr 21, 2008	2,575	1,242	0.6
African Gold Group Inc.	(iii)	1,500,000 warrants expire Mar 1, 2009 1,288,095 common shares 550,000 warrants expire Mar 13, 2009	1,221	1,219	0.6
Skyharbour Resources Ltd.	(ii, iii)	119,047 warrants expire Feb 10, 2009 9,000,000 common shares 1,000,000 warrants expire Jul 24, 2008	2,047	1,210	0.6
		3,000,000 warrants expire Jul 31, 2008	1,700	1,188	0.6
Northern Lion Gold Corp.	(iii)	2,932,000 common shares	1,383	1,187	0.6
Silver Reserve Corp.	(iii)	1,750,000 common shares 1,700,000 common shares			
Takatu Minerals Limited	(iii)	1,750,000 warrants expire Dec 31, 2007 2,000,000 common shares	1,312	1,174	0.6
		1,000,000 warrants expire Apr 25, 2009	1,000	1,000	0.5
Total of 158 other investments – Resources (Precious Metals) sector (iv)			100,274	88,953	45.9
			181,176	193,943	100.0
Sector: Resources (Base Metals)					
Bolero Resources Corp. (formerly United Bolero Development Corp.)	(i, ii, iii)	8,000,000 common shares			
Geologix Explorations Inc.	(i, ii, iii)	1,000,000 warrants expire Nov 23, 2008 2,000,000 common shares 500,000 warrants expire May 04, 2008	4,192	4,950	7.1
		500,000 warrants expire Aug 28, 2008	1,851	4,405	6.3

Pinetree Capital Ltd.**Notes to Consolidated Financial Statements****September 30, 2007****(Unaudited – in thousands of dollars, except for securities and per share amounts)**

International Nickel Ventures Corp.	(i, iii)	3,774,000 common shares			
		188,000 warrants expire Nov 18, 2008	5,296	4,357	6.2
Ascot Resources Ltd.	(i, iii)	2,110,000 common shares			
		55,000 warrants expire Jul 5, 2009	2,462	4,213	6.0
MBMI Resources Inc.	(i)	1,385,900 common shares	4,697	2,772	4.0
Oriental Minerals Inc.	(iii)	2,308,200 common shares			
		125,000 warrants expire Jul 2, 2008			
		1,250,000 warrants expire Jan 17, 2009	4,598	2,415	3.5

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

September 30, 2007

(Unaudited – in thousands of dollars, except for securities and per share amounts)

3. Investments (continued):

As at September 30, 2007:					
Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Base Metals) (continued)					
Independent Nickel Corp.	(ii, iii)	4,148,500 common shares			
		500,000 warrants expire Nov 7, 2008	1,651	1,991	2.9
El Nino Ventures Inc.	(ii, iii)	2,000,000 common shares			
		1,000,000 warrants expire Jan 9, 2009	1,000	1,913	2.7
Ascendant Copper Corporation	(ii, iii)	7,615,000 common shares			
		3,500,000 warrants expire Jun 22, 2009	3,357	1,485	2.1
Royal Nickel Corporation	(iii)	1,400,000 common shares	1,460	1,460	2.1
Northern Abitibi Mining Corp.	(ii, iii)	5,065,666 common shares			
		2,083,333 warrants expire May 2, 2009	616	1,454	2.1
Advanced Explorations Inc.	(iii)	1,000,000 common shares			
		500,000 warrants expire Jun 4, 2009	1,250	1,444	2.1
War Eagle Mining Co. Inc.	(ii, iii)	2,619,000 common shares			
		1,500,000 warrants expire Mar 7, 2008	1,510	1,440	2.1
Pacific Copper Corp.	(iii)	2,500,000 common shares			
		1,250,000 warrants expire Apr 30, 2009	1,369	1,420	2.0
Newport Exploration Ltd.	(ii, iii)	5,150,000 common shares			
		2,400,000 warrants expire Dec 12, 2008			
		2,000,000 warrants expire Jul 24, 2009	1,191	1,355	1.9
Cross Lake Minerals Ltd.	(iii)	2,757,000 common shares			
		250,000 warrants expire Jun 14, 2008			
		542,500 warrants expire Nov 9, 2008			
		300,000 warrants expire Feb 14, 2009	1,626	1,333	1.9
Canadian Arrow Mines Ltd.	(iii)	3,913,500 common shares			
		362,500 warrants expire Oct 17, 2008	2,135	1,291	1.8
Centrasia Mining Corp.	(iii)	1,041,000 common shares			
		520,500 warrants expire Jul 10, 2010	1,249	1,206	1.7
Halo Resources Ltd.	(iii)	1,800,000 common shares			
		150,000 warrants expire Apr 12, 2008			
		675,000 warrants expire Jul 3, 2009	888	1,022	1.5
Total of 43 other investments – Resources (Base Metals) sector (iv)			33,607	27,899	40.0
			76,005	69,825	100.0

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

September 30, 2007

(Unaudited – in thousands of dollars, except for securities and per share amounts)

3. Investments (continued):

As at September 30, 2007:					
Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Biotechnology					
Vyteris Holdings Inc.	(i)	1,246,667 common shares 500,000 warrants expire Nov 8, 2008	494	3,430	30.0
Stem Cell Therapeutics Corp.	(i)	4,197,000 common shares 1,250,000 warrants expire Mar 27, 2008			
		500,000 warrants expire Feb 1, 2009	2,080	1,568	13.7
GeneNews Limited (formerly ChondroGene Limited)	(i)	3,050,000 common shares	3,103	1,525	13.3
SQI Diagnostics Inc.	(i)	1,000,000 common shares			
		500,000 warrants expire Jun 29, 2009	1,600	1,366	11.9
Total of 9 other investments – Biotechnology sector (iv)			6,680	3,563	31.1
			13,957	11,452	100.0
Sector: Energy Related Technology					
Global Green Solutions Inc.	(i, iii)	2,227,743 common shares 350,000 warrants expire May 5, 2008 350,000 warrants expire May 5, 2008			
		250,000 warrants expire Aug 19, 2008	1,051	2,050	24.3
Fiber Optics Systems Technology Inc.	(i)	3,536,612 common shares	2,948	1,935	22.9
Solomon Technologies, Inc.	(i)	5,421,522 common shares	1,516	1,769	20.9
Changfeng Energy Inc.	(i)	3,400,000 common shares	1,350	1,350	16.0
Total of 3 other investments – Energy Related Technology sector (iv)			1,800	1,341	15.9
			8,665	8,445	100.0
Sector: Technology and Other					
Kyoto Capital Partners Inc.	(i)	15,000,000 common shares	3,000	3,000	6.5
View22 Technology Inc.	(i)	1,300,000 common shares 500,000 warrants expire Aug 2, 2008			
		150,000 warrants expire Nov 8, 2008	1,225	2,275	4.9
Fortress Paper Ltd.	(i)	250,000 common shares	1,375	1,913	4.2
Ziplocal Inc.	(i, ii)	7,387,000 common shares	2,247	1,744	3.8
Valcent Products Inc.	(i, ii, iii)	2,683,332 common shares 416,666 warrants expire May 15, 2008 500,000 warrants expire Dec 11, 2008			
		833,333 warrants expire Apr 24, 2009	1,766	1,635	3.6

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

September 30, 2007

(Unaudited – in thousands of dollars, except for securities and per share amounts)

Next Millenium Commercial Corp.	(ii, iii)	2,000,000 common shares			
		2,000,000 warrants expire May 1, 2008	540	1,400	3.0
Sofame Technologies Inc.	(ii)	5,500,000 common shares			
		2,500,000 warrants expire May 25, 2010	663	1,025	2.2
RAJ Gaming	(iii)	500,000 common shares	1,000	1,000	2.2
Total of 31 other investments – Technology and Other sector (iv)			22,110	32,025	69.6
			33,926	46,017	100.0

Total investments **\$ 541,811** **\$ 529,631**

3. Investments (continued):

- (i) These investments are in the top five of their respective sector, by fair value, and these investments have a fair value greater than \$1,000 as at September 30, 2007.
- (ii) The Company has issued a Section 101 report under the *Securities Act* (Ontario) for these investments and these investments have a fair value greater than \$1,000 as at September 30, 2007.
- (iii) The Company owns, on a partially diluted basis, at least a 5% interest in the company and these investments have a fair value greater than \$1,000 as at September 30, 2007.
- (iv) Total 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 September 30, 2007.

(b) Investments consist of the following as at December 31, 2006 by sector:

As at December 31, 2006:					
Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Uranium)					
Mega Uranium Ltd.	(i, ii)	5,449,307 common shares	\$ 22,403	\$ 38,640	20.6
Tournigan Gold Corp.	(i)	3,052,100 common shares			
		750,000 warrants expire Mar 31, 2007	2,696	12,096	6.4
Khan Resources Inc.	(i, iii)	3,215,300 common shares	2,523	11,834	6.3
Dejour Enterprises Ltd.	(i)	3,066,500 common shares			
		US\$197,846 convertible debenture			
		250,000 warrants expire Dec 31, 2007	5,091	8,626	4.6
Omegacorp Ltd.	(i)	7,000,306 common shares	3,367	7,235	3.9
Cash Minerals Ltd.	(i, iii)	4,202,000 common shares			
		375,000 warrants expire Nov 29, 2007			
		200,000 warrants expire Apr 4, 2008	3,227	7,019	3.7
Continental Precious Minerals Inc.	(ii, iii)	1,706,369 common shares			
		1,250,000 warrants expire Apr 17, 2008			
		115,385 warrants expire Nov 28, 2008	1,859	6,635	3.5
Twenty-Seven Capital Corp.	(iii)	1,467,600 common shares	2,342	3,977	2.1
Monster Copper Corp.	(ii, iii)	4,250,000 common shares			
		400,000 warrants expire Dec 6, 2007			

Pinetree Capital Ltd.**Notes to Consolidated Financial Statements****September 30, 2007****(Unaudited – in thousands of dollars, except for securities and per share amounts)**

		1,500,000 warrants expire Apr 30, 2008	1,465	3,651	1.9
Cline Mining Corp.	(ii, iii)	7,007,600 common shares	3,840	3,399	1.8
Pele Mountain Resources Inc.	(ii, iii)	3,382,000 common shares			
		250,000 warrants expire Mar 24, 2008	1,097	3,303	1.8
Mawson Resources Ltd.	(iii)	1,100,000 common shares			
		200,000 warrants expire Dec 27, 2008			
		152,500 warrants expire Apr 28, 2008	1,261	2,705	1.4
Cue Capital Corp.	(iii)	1,250,000 subscription receipts	625	2,653	1.4
Strategic Metals Ltd.	(iii)	3,000,000 common shares	1,402	2,370	1.3

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

September 30, 2007

(Unaudited – in thousands of dollars, except for securities and per share amounts)

3. Investments (continued):

As at December 31, 2006:					
Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Uranium) (continued)					
Kilgore Minerals Ltd.	(ii, iii)	1,875,000 common shares 350,000 warrants expire Sep 7, 2007	1,206	2,295	1.2
Trigon Uranium Corp.	(ii, iii)	1,825,000 common shares 250,000 warrants expire Apr 27, 2008 312,500 warrants expire Dec 11, 2008	551	2,235	1.2
Red Hill Energy Inc. (formerly UGL Enterprises Ltd.)	(iii)	2,600,954 common shares 341,666 warrants expire Mar 31, 2007 31,061 warrants expire Apr 8, 2007 250,000 warrants expire Dec 7, 2008	1,660	2,065	1.1
Uranium City Resources Inc.	(ii, iii)	2,750,000 common shares 1,000,000 warrants expire Oct 20, 2007	1,072	1,913	1.0
Uranium Star Corp.	(iii)	1,000,000 common shares 1,000,000 warrants expire Dec 15, 2008	577	1,769	0.9
Uranium North Resources Corp.	(iii)	1,167,000 common shares 583,500 warrants expire Dec 6, 2007	875	1,651	0.9
Bluerock Resources Ltd.	(ii)	1,111,100 common shares 1,111,100 warrants expire Oct 27, 2008	500	1,062	0.6
Neutron Energy, Inc.	(iii)	US\$165,000 series A convertible debenture US\$680,000 series B convertible debenture	952	952	0.5
Global Uranium Corporation	(ii, iii)	1,800,000 common shares 1,800,000 warrants expire Mar 29, 2008	450	666	0.4
Total of 36 other investments – Resources (Uranium) sector (iv)			21,122	59,130	31.5
			82,163	187,881	100.0
Sector: Resources (Oil & Gas)					
Connacher Oil & Gas Ltd.	(i)	4,625,000 common shares	17,231	16,095	20.7
Oilsands Quest Inc. (formerly CanWest Petroleum Corp.)	(i)	2,257,754 common shares 250,000 warrants expire Dec 12, 2007	3,095	13,333	17.1
Brownstone Ventures Inc.	(i, ii, iii)	5,803,159 common shares 975,000 warrants expire Jul 19, 2008	5,456	12,691	16.3
Petrolifera Petroleum Limited	(i, ii)	500,000 common shares	3,299	8,810	11.3
Canoro Resources Ltd.	(i)	2,529,800 common shares 292,400 warrants expire Jul 25, 2007	2,602	4,844	6.2
Bontan Corporation Inc.	(ii, iii)	3,112,000 common shares 2,000,000 warrants expire Mar 27, 2008	977	896	1.2
West Africa Energy Inc.	(ii, iii)	1,963,260 common shares	549	883	1.1
Primary Petroleum Corporation	(iii)	1,000,000 common shares 666,667 warrants expire Mar 16, 2007 \$250,000 5% convertible debenture	750	750	1.0
Total of 29 other investments – Resources (Oil & Gas) sector (iv)			18,077	19,546	25.1
			52,036	77,848	100.0

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

September 30, 2007

(Unaudited – in thousands of dollars, except for securities and per share amounts)

3. Investments (continued):

As at December 31, 2006:

Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Precious Metals)					
Aurelian Resources Inc.	(i)	535,000 common shares	1,953	16,398	9.2
Guyana Goldfields Inc.	(i)	1,000,000 common shares	3,852	11,900	6.7
Aquiline Resources Inc.	(i)	1,266,800 common shares			
		125,000 warrants expire Oct 11, 2007	2,941	9,868	5.5
Afriore Ltd.	(i)	900,000 common shares	1,315	7,812	4.4
iShares Silver Trust	(i)	50,348 common shares	6,891	7,527	4.2
Solitario Resources Corp.	(i)	1,535,200 common shares	2,730	7,292	4.1
Aranka Gold Inc.	(iii)	1,135,294 common shares			
		235,294 warrants expire Dec 22, 2007	1,258	4,891	2.7
Tri Origin Exploration Ltd.	(ii, iii)	3,950,000 common shares	1,079	3,792	2.1
Noront Resources Ltd.	(ii, iii)	4,100,000 common shares			
		375,000 warrants expire Dec 30, 2007			
		750,000 warrants expire Jan 5, 2008			
		1,250,000 warrants expire Dec 20, 2008	1,475	2,896	1.6
Unigold Inc.	(ii, iii)	5,050,000 common shares			
		1,000,000 warrants expire Jul 11, 2007	1,977	2,677	1.5
Aura Gold Inc.	(ii, iii)	4,469,500 common shares			
		668,250 warrants expire Nov 30, 2007	1,770	2,594	1.5
Madison Minerals Inc.	(iii)	2,200,000 common shares			
		500,000 warrants expire Dec 7, 2007			
		250,000 warrants expire Oct 11, 2008	1,325	2,194	1.2
MacArthur Minerals Ltd.	(iii)	1,000,000 common shares	300	2,160	1.2
Arctic Star Diamond Corp.	(iii)	5,500,000 common shares			
		500,000 warrants expire Mar 28, 2007			
		2,500,000 warrants expire Oct 27, 2008	1,423	1,324	0.7
Silver Reserve Corp.	(iii)	1,700,000 common shares			
		US\$875,000 2% convertible debenture	1,312	1,312	0.7
Sienna Gold Inc.	(iii)	2,300,000 common shares			
		750,000 warrants expire Nov 1, 2007	1,737	1,288	0.7
Intrepid Nustar Exchange Corp.	(iii)	1,750,000 common shares			
		110,000 warrants expire Feb 9, 2007	1,338	1,103	0.6
Christopher James Gold Corp.	(iii)	2,105,000 common shares			
		500,000 warrants expire Feb 1, 2007			
		225,000 warrants expire Jun 19, 2008			
		500,000 warrants expire Aug 30, 2008	826	1,100	0.6
New World Resources Corp.	(iii)	1,425,000 common shares	1,671	1,055	0.6
AMI Resources Inc.	(ii, iii)	2,000,000 common shares			
		2,000,000 warrants expire Dec 21, 2008	400	1,036	0.6
Valencia Ventures Inc.	(ii, iii)	2,500,000 common shares			
		1,500,000 warrants expire Mar 15, 2008	465	1,025	0.6
FieldEx Exploration Inc.	(ii, iii)	2,000,000 common shares			
		2,000,000 warrants expire Nov 29, 2007	300	980	0.5

Pinetree Capital Ltd.
Notes to Consolidated Financial Statements
September 30, 2007
(Unaudited – in thousands of dollars, except for securities and per share amounts)

3. Investments (continued):

As at December 31, 2006:					
Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Precious Metals) (continued)					
Murgor Resources Inc.	(iii)	3,850,000 common shares 500,000 warrants expire Jun 12, 2008 625,000 warrants expire Dec 12, 2008	807	951	0.5
Lateegra Gold Corp.	(iii)	702,000 common shares 457,000 warrants expire Oct 13, 2008 200,000 warrants expire Nov 30, 2008	601	878	0.5
Silver Quest Resources Ltd.	(iii)	1,000,000 common shares	367	630	0.4
Sable Resources Ltd.	(iii)	600,000 common shares 250,000 warrants expire May 17, 2007	251	588	0.3
Total of 102 other investments – Resources (Precious Metals) sector (iv)			54,028	83,805	46.8
			94,392	179,076	100.0
Sector: Resources (Base Metals)					
International Nickel Ventures Corp.	(i, iii)	2,500,000 common shares	3,130	5,500	15.8
Liberty Mines Inc.	(i)	1,750,000 common shares	726	4,778	13.7
Scandinavian Minerals Ltd.	(i)	650,000 common shares	2,641	3,118	8.9
BcMetals Corporation	(i, iii)	2,148,067 common shares 100,000 warrants expire Apr 16, 2007	1,992	2,341	6.7
Independent Nickel Corp.	(i, ii, iii)	3,750,000 common shares	1,001	2,138	6.1
War Eagle Mining Co. Inc.	(i, ii, iii)	2,150,000 common shares 1,500,000 warrants expire Mar 7, 2008	1,184	1,327	3.8
Geologix Explorations Inc.	(ii, iii)	2,150,000 common shares 500,000 warrants expire May 4, 2008	1,597	1,185	3.4
Newport Exploration Ltd.	(ii, iii)	2,865,000 common shares 2,400,000 warrants expire Dec 12, 2008	392	815	2.3
United Bolero Development Corp.	(iii)	3,000,000 common shares 1,000,000 warrants expire Mar 23, 2008	1,123	770	2.2
Atlas Moly Inc.	(iii)	1,600,000 common shares 1,600,000 warrants expire Dec 31, 2007	543	543	1.6
Landrill International Inc.	(iii)	2,200,000 common shares 250,000 warrants expire Mar 14, 2008 150,000 warrants expire Apr 7, 2008 500,000 warrants expire Oct 12, 2008	706	533	1.5
Pacific Comox Resources Ltd.	(iii)	5,571,428 common shares 3,571,428 warrants expire Jun 12, 2008	417	529	1.5
Ungava Minerals Corp.	(ii, iii)	1,000,000 common shares 1,000,000 warrants expire Jul 4, 2008	500	500	1.4
Total of 20 other investments – Resources (Base Metals) sector (iv)			7,852	10,817	31.1
			23,804	34,894	100.0

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

September 30, 2007

(Unaudited – in thousands of dollars, except for securities and per share amounts)

3. Investments (continued):

As at December 31, 2006:					
Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Biotechnology					
GeneNews Limited (formerly ChondroGene Limited)	(i, iii)	3,050,000 common shares	3,103	3,172	28.9
Transition Therapeutics Inc.	(i)	1,500,000 common shares	1,590	2,295	20.9
Vyteris Holdings Inc.	(i, iii)	1,246,666 common shares			
		500,000 warrants expire Nov 8, 2008	494	1,570	14.3
Orthosoft Inc.	(i)	1,250,000 common shares	687	925	8.4
Haemacure Corp.	(i, ii, iii)	4,231,000 common shares			
		1,000,000 warrants expire Mar 19, 2007	1,446	508	4.6
Total of 6 other investments - Biotechnology sector (iv)			3,780	2,488	22.9
			11,100	10,958	100.0
Sector: Energy Related Technology					
Solomon Technologies, Inc.	(i, iii)	5,421,522 common shares			
		US\$150,000 12% promissory note due Jan 15, 2007	1,501	12,616	62.2
Fiber Optics Systems Technology Inc.	(i, ii, iii)	2,667,768 common shares	1,985	3,194	15.7
Global Green Solutions Inc.	(i, iii)	1,727,743 common shares			
		350,000 class A warrants expire May 5, 2008			
		350,000 class B warrants expire May 5, 2008	465	2,454	12.1
Alternative Energy Sources Inc.	(i)	1,000,000 common shares			
		1,000,000 warrants expire Jun 19, 2011	1,114	1,270	6.3
Pantano Energy Services (formerly Enercoil Resources Incorporated)	(i)	1,333,333 common shares			
		1,166,666 warrants expire Dec 2, 2007	750	750	3.7
Total of 1 other investment – Energy Related Technology sector (iv)			623	—	—
			6,438	20,284	100.0
Sector: Technology and Other					
Certicom Corp.	(i)	500,000 common shares	2,396	2,515	6.1
Enghouse Systems Limited	(i)	295,000 common shares	357	2,334	5.6
Fluid Audio Networks, Inc.	(i, iii)	300,000 series A preferred shares			
		267,357 series B preferred shares			
		104,000 series C preferred shares			
		150,000 series E preferred shares	1,501	1,487	3.6
Clearly Canadian Beverage Corporation	(i)	432,934 common shares			
		333,334 warrants expire Sep 1, 2008	1,373	1,186	2.9
GoFish Corporation	(i)	225,000 common shares			
		112,500 warrants expire Oct 27, 2011	381	1,151	2.8
Fortress Paper Ltd.	(i)	500,000 common shares	1,000	1,000	2.4
VIQ Solutions Inc.	(i, ii, iii)	6,500,000 common shares	1,173	878	2.1
ShifTV Inc.	(iii)	1,500,000 common shares			
		750,000 warrants expire Nov 30, 2009	750	750	1.8

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

September 30, 2007

(Unaudited – in thousands of dollars, except for securities and per share amounts)

3. Investments (continued):

As at December 31, 2006:					
Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Technology and Other (continued)					
Cell-loc Location Technologies Inc. (iii)		2,749,500 common shares 1,250,000 warrants expire Nov 14, 2007			
		2,000,000 warrants expire Sep 7, 2008	550	705	1.7
View22 Technology Inc. (iii)		1,000,000 common shares 500,000 warrants expire Aug 2, 2008	700	700	1.7
Total of 15 other investments – Technology and Other sector (iv)			9,955	28,730	69.3
			20,136	41,436	100.0
Total investments			\$ 290,069	\$ 552,377	

- (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 as at December 31, 2006.
- (ii) The Company has issued a Section 101 report under the *Securities Act* (Ontario) for these investments and these investments have a fair value greater than \$500 as at December 31, 2006.
- (iii) The Company owns, on a partially diluted basis, at least a 5% interest in the company and these investments have a fair value greater than \$500 as at December 31, 2006.
- (iv) Total 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, 2006.

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, 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 September 30, 2007, Genevest had a potential amount owing of approximately \$472 relating to this reassessment.

Genevest has filed 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.

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

September 30, 2007

(Unaudited – in thousands of dollars, except for securities and per share amounts)

5. Due to brokers:

Due to brokers consists of margin borrowings collateralized by the Company's investments held at the broker. In the normal course of business, the Company utilizes the margin borrowings to finance its investment activities. Interest is charged on the daily outstanding balance at a tiered rate which fluctuates between the broker's overnight rate plus a percentage ranging from 0.15% to 1.25%, depending on the amount of margin used. Pinetree does not hedge against any interest rate increases.

6. Advances from affiliated company:

As at September 30, 2007, the Company had advances from PowerOne Capital Markets Limited ("PowerOne") of \$8,778 (December 31, 2006 - \$78). The Company owns a 50% interest in PowerOne, an Ontario limited market dealer. These advances bear no interest, are unsecured, and are due on demand.

7. Promissory notes:

- (a) As at December 31, 2006, the Company had a promissory note of \$19,271 outstanding and held by Brownstone Ventures Inc. ("Brownstone"). The Company has an investment in Brownstone which is a company with a common director and common officers of the Company and a reporting issuer trading on the TSX Venture Exchange under the symbol "BWN". The promissory note was for the purchase of 5,000,000 shares of Mega Uranium Ltd. ("Mega") at a total cost of \$21,250. The Company paid \$2,125 in cash and issued to Brownstone a promissory note for \$19,125 and bearing interest at a rate of 9% per annum. During the nine months ended September 30, 2007, the Company repaid in full the promissory note to Brownstone. The Company also had advances totaling \$23,518 from Brownstone during the nine months ended September 30, 2007, which have been repaid during the current period. The advances were secured and bore interest at a rate of 7% per annum. Included in the consolidated statements of operations is \$464 of interest expense charged by Brownstone relating to the promissory note and advances during the current period.
- (b) During the nine months ended September 30, 2007, the Company had a loan payable to PowerOne of \$5,100 evidenced by way of a promissory note bearing interest at rate of 9% per annum. The promissory note was repaid during the nine months ended September 30, 2007 and included in the consolidated statements of operations is \$76 of interest expense.
- (c) During the nine months ended September 30, 2007, the Company had advances totaling \$32,674 from Mega. The Company has an investment in Mega which is a company with a common director and common officers of the Company and a reporting issuer trading on the TSX under the symbol "MGA". The advances, which have been repaid during the current period were secured and bore interest at a rate of 7% per annum. Included in the consolidated statements of operations is \$170 of interest expense charged by Mega relating to these advances during the current period.

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

September 30, 2007

(Unaudited – in thousands of dollars, except for securities and per share amounts)

8. Related party transactions:

All transactions with related parties have occurred in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Related party transactions were as follows during the nine months ended September 30:

Type of service	Nature of relationship	2007	2006
Consulting fees (a)	Director, shareholders, and officers	\$ 697	\$ 256
Consulting bonuses (b)	Director, shareholders, and officers	19,675	7,049
Director fees	Directors	24	28
Interest expense (note 7)	Affiliated companies	710	67
Interest expense (c)	Director, shareholder, and officer	430	—
Dividend income (d)	Affiliated company	7,925	128
Other income (e)	Affiliated companies	445	2,070

- (a) Consulting agreements are with the Company's Chairman and Chief Executive Officer ("CEO"), Chief Financial Officer, Vice President, Investments and Vice President, Legal & Corporate Affairs. The costs (including GST) relating to these agreements are included in operating, general and administrative expenses.
- (b) Pursuant to the CEO's consulting agreement with the Company, he is entitled to receive 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 business' net realized profit. Included in operating, general and administrative expenses (including GST) is \$19,044 (nine months ended September 30, 2006 - \$6,747) relating to this bonus. During the nine months ended September 30, 2007, the Company also paid other bonuses of \$631 (nine months ended September 30, 2006 - \$302) to officers of the Company.
- (c) During the nine months ended September 30, 2007, the Company had a loan payable, by way of a promissory note of \$76,938 to the CEO. The promissory note was secured, due on demand and bore interest at a rate of 7%. The promissory note was repaid during the current period and included in interest expense is \$430 related to this promissory note.
- (d) During the nine months ended September 30, 2007, the Company received dividend income of \$7,925 (nine months ended September 30, 2006 - \$128) from PowerOne.
- (e) Other income relates to consulting, sublease, and services agreements of approximately \$445 (nine months ended September 30, 2006 - \$2,070) from companies in which Pinetree has an investment interest. The Company has a cost sharing arrangement with certain of its affiliated companies covering specific operating, general and administrative expenses, including lease commitments and salaries.

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

September 30, 2007

(Unaudited – in thousands of dollars, except for securities and per share amounts)

8. Related party transactions (continued):

- (f) Included in accounts payable and accrued liabilities as at September 30, 2007 is \$8,526 (December 31, 2006 - \$6,609) owing to related parties of which \$8,517 (December 31, 2006 - \$6,588) relates to the annual bonus to the Chairman and CEO.
- (g) During the nine months ended September 30, 2007, the Company granted 3,725,000 options to officers and directors of the Company, exercisable at prices of between \$5.45 and \$13.02 per share and expiring between February 4, 2012 and September 16, 2012 (note 9(e)).

9. Share capital:

Authorized: Unlimited number of common shares, no par value

Issued and outstanding common shares (a):

	# of Shares	Amount
Balance, December 31, 2005	59,403,400	\$ 25,433
Issued pursuant to exercise of stock options	3,169,992	6,644
Issued pursuant to exercise of broker warrants	907,920	2,730
Issued pursuant to private placement financing, net	14,222,400	31,336
Issued pursuant to private placement financing, net	9,200,000	32,689
Balance, December 31, 2006	86,903,712	\$ 98,832
Issued pursuant to exercise of stock options (b)	3,968,468	12,450
Issued pursuant to exercise of broker warrants (c)	152,080	345
Issued pursuant to private placement financing, net (d)	10,000,000	73,824
Cancellation of dissenting shares from Pinetree/Genevest merger in fiscal year 2004	(1,309,028)	—
Balance, September 30, 2007	99,715,232	\$ 185,451

- (a) The Company effected a two-for-one stock split by way of a stock dividend of one common share for every common share outstanding at the close of business on July 19, 2006. The Company effected another two-for-one stock split by way of a stock dividend of one common share for every common share outstanding at the close of business on April 5, 2007. All current and comparative figures reflect both stock splits, retroactively.
- (b) During the nine months ended September 30, 2007, 3,968,468 stock options were exercised at prices of between \$0.44 and \$3.81 per share for total proceeds of \$7,912. Pursuant to the exercise of stock options, amounts totalling \$4,538 in contributed surplus were reallocated to share capital.
- (c) During the nine months ended September 30, 2007, 152,080 broker warrants were exercised at prices between \$2.25 and \$7.50 per share for total proceeds of \$345.

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

September 30, 2007

(Unaudited – in thousands of dollars, except for securities and per share amounts)

9. Share capital (continued):

- (d) On April 16, 2007, the Company completed a brokered private placement of 10,000,000 units of the Company at a price of \$12.13 per unit, resulting in aggregate gross proceeds to the Company of \$121,300. Each unit was comprised of one common share of Pinetree and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of \$15.00 per share until expiry on April 16, 2012. A cash commission of \$6,671 was paid and 550,000 broker warrants were issued to agents as consideration for their services rendered in connection with the financing. Each broker warrant entitles the holder to acquire one common share of Pinetree at a price of \$12.13 per share until expiry on April 16, 2009. The Company also paid other expenses of \$262 related to the private placement.

The warrants and broker warrants were valued using the Black-Scholes option pricing model with the following assumptions: expected volatility of 71%; dividend yield of 0%; risk-free interest rate of 4.50%; and an expected life of 3.5 years for the warrants and 1.75 years for the broker warrants. The values assigned to the warrants and broker warrants were \$37,100 and \$3,443, respectively.

- (e) Stock options granted:

Date Granted	Options Granted	Exercise Price	Expiry
February 5, 2007	190,000	\$ 9.74	February 4, 2012
April 27, 2007	1,017,500	13.02	April 26, 2012
July 3, 2007	50,000	9.50	July 2, 2012
September 4, 2007	25,000	4.08	September 3, 2012
September 17, 2007	2,582,000	5.45	September 16, 2012
Total granted	3,864,500		

Stock options granted during the nine months ended September 30, 2007 vest at the rate of 1/6th of the grant at the end of each three month period over an 18 month period. 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 over the vesting period and credits contributed surplus for all options granted. The fair value of the options granted during the nine months ended September 30, 2007 was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

Black-Scholes assumptions used:

Expected volatility	71.0 – 91.5%
Expected dividend yield	0.0%
Risk-free interest rate	4.5 – 4.75%
Expected option life in years	3.5

Pinetree Capital Ltd.**Notes to Consolidated Financial Statements****September 30, 2007****(Unaudited – in thousands of dollars, except for securities and per share amounts)**

9. Share capital (continued):

Fair value per stock option granted on February 5, 2007	\$ 5.28
Fair value per stock option granted on April 27, 2007	\$ 6.93
Fair value per stock option granted on July 3, 2007	\$ 5.20
Fair value per stock option granted on September 4, 2007	\$ 2.61
Fair value per stock option granted on September 17, 2007	\$ 3.48

For the nine months ended September 30, 2007, included in stock-based compensation is \$2,728 (nine months ended September 30, 2006 - \$4,738) relating to the stock options granted during the period and \$475 (nine months ended September 30, 2006 - \$364) relating to stock options granted in prior years to directors, officers, employees, and consultants of the Company.

- (f) The following table summarizes information about warrants and broker warrants of the Company outstanding as at September 30, 2007:

Number of Warrants/ Broker Warrants	Exercise Price	Expiry Date	Warrant Value (\$)
550,000	\$ 12.13	April 16, 2009	\$ 3,443
5,000,000	15.00	April 16, 2012	37,100
5,550,000			\$ 40,543

- (g) Contributed surplus transactions for the respective periods are as follows:

	Amount
Balance, December 31, 2005	\$ 1,908
Stock-based compensation	5,355
Exercise of stock options	(2,345)
Balance, December 31, 2006	4,918
Stock-based compensation	3,203
Exercise of stock options	(4,538)
Balance, September 30, 2007	\$ 3,583

- (h) As at September 30, 2007, the Company had 5,531,164 stock options outstanding exercisable at prices ranging from \$0.44 to \$13.02 per share and expiring between June 10, 2008 and September 16, 2012.

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

September 30, 2007

(Unaudited – in thousands of dollars, except for securities and per share amounts)

10. Normal course issuer bid:

During the nine months ended September 30, 2007, Pinetree renewed its normal course issuer bid for its common shares (the "NCIB"). Pursuant to the terms of the NCIB, and in accordance with the rules of the TSX, during the period commencing September 26, 2007 and ending September 25, 2008, Pinetree may purchase up to 4,500,000 common shares, representing approximately 4.5% of the common shares outstanding as at September 19, 2007. Purchases will be made in open market transactions through the facilities of the TSX at market prices prevailing at the time of acquisition. Daily purchases may not exceed 201,477 common shares, except pursuant to a particular exemption under the TSX rules. All common shares purchased under the NCIB will be cancelled.

Pinetree did not purchase any common shares of the Company during the 12-month period prior to commencement of the NCIB.

11. Lease commitments:

Future minimum annual lease payments under operating leases for equipment and premises are approximately as follows:

2007	\$	162
2008		649
2009		649
2010		648
2011 and thereafter		2,043
	\$	4,151

12. Financial instruments:

(a) Risk management:

Dependence on key personnel - Pinetree is dependent upon the personal efforts and commitment of its existing and new management, who are responsible for risk management and the future development of Pinetree's business. To the extent that management's services would be unavailable for any reason, a disruption to the operations of Pinetree could result, and other persons would be required to manage and operate Pinetree.

Market risks - Unfavourable economic conditions may negatively impact the Company's ability to generate new investment opportunities. The Company manages market risk by having a diversified portfolio which is not singularly exposed to any one or class of issuers. The Company's investment activities are currently concentrated primarily in the natural resource industry which is focused among several sectors: uranium, oil and gas, molybdenum, base metals and precious metals sectors. To minimize over exposure,

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

September 30, 2007

(Unaudited – in thousands of dollars, except for securities and per share amounts)

12. Financial instruments (continued):

Pinetree has set thresholds on purchases of private placements which require the approval of the Board of Directors.

Cash flow/revenue – The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of a downturn in the market conditions generally or to matters specific to the Company, or if the value of the Company's investments decline resulting in capital losses upon disposition. 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. The Company has sufficient marketable securities which are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions. The Company also has a line of credit with its bank and the use of margin accounts with its brokers.

Foreign exchange/currency of operations - Pinetree'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. Pinetree may have margin borrowings or monetary assets denominated in U.S. dollars, Australian dollars, South African Rands, and Great Britain Pounds. A change in the foreign exchange rate of the Canadian dollar versus the foreign exchange currency would may increase the Company's obligations due to brokers or decrease the value of the monetary assets. The Company believes it is not significantly exposed to foreign exchange risk and does not actively hedge its foreign currency borrowings. Pinetree's foreign exchange risk is, to a certain extent, mitigated by the Company's foreign exchange-denominated investments.

Interest and credit risk – Certain of the Company's investments are exposed to the risk of a financial loss occurring as a result of default of a counterparty on its obligations to the Company. The Company's investments in convertible debentures, convertible notes, and promissory notes are carried as though converted to common shares. The Company believes it is not significantly exposed to interest or credit risk as these investments are less than 1% of the Company's total investments.

(b) Fair value measurement and valuation methods:

At each financial reporting period, the Company's management estimates the fair value of investments which are held-for-trading, based on the criteria below and reflects such valuations in the consolidated financial statements.

(i) Publicly-traded investments:

1. Securities, including shares, options, and warrants which are traded on a recognized securities exchange and for which no sales restrictions apply are recorded at fair values based on quoted closing bid prices at the consolidated balance sheet dates or the closing bid price on the last day the security traded if there were no trades at the consolidated balance sheet dates.

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

September 30, 2007

(Unaudited – in thousands of dollars, except for securities and per share amounts)

12. Financial instruments (continued):

2. Securities which are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value to a maximum of 10%.
3. In determining the discount for such investments, the Company considers the nature and length of the restriction.
4. Options and warrants of publicly-traded securities which do not have a quoted bid price are carried at the difference between the exercise price and the quoted closing bid price of the underlying securities, if the exercise price is lower than the quoted closing bid price. Otherwise, such options and warrants are carried at nil.

(ii) Privately-held investments:

1. Securities in privately-held companies are recorded at cost unless an upward adjustment is considered appropriate and supported by pervasive and objective evidence such as a significant subsequent equity financing by an unrelated, professional investor at a transaction price higher than the Company's carrying value. Downward adjustments to carrying value are made when there is evidence of other than a temporary decline in value as indicated by the assessment of the financial condition of the investment based on third-party financing, operational results, forecasts, and other developments since acquisition.
2. Options and warrants of privately-held securities are carried at cost unless there is an upward or downward adjustment supported by pervasive and objective evidence such as significant subsequent equity financing by an unrelated, professional investor at a transaction price higher or lower than the Company's carrying value.

(iii) Other investment instruments:

Included in Pinetree's investments are certain instruments that are accounted for as follows:

1. Convertible debentures and convertible notes are carried as though converted to common shares.
2. Cumulative dividends expected to be received are included in the fair value of each investment.

The resulting values for non-publicly traded investments may differ from values that would be realized had 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, as a substantial period of time may have elapsed since the latest third-party equity financing. The amounts at which the Company's publicly-traded investments could be

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

September 30, 2007

(Unaudited – in thousands of dollars, except for securities and per share amounts)

12. Financial instruments (continued):

disposed of currently may differ from carrying values based on market quotes, as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity.

(c) Revenue recognition:

Security transactions are recorded on a settlement basis. 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 operations and are calculated on an average cost basis. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. All transaction costs are expensed as incurred. Dividend income is recorded on the ex-dividend date. Interest income and other income are recorded on an accrual basis. Deferred revenue is recognized over the period for which the revenue is earned.

13. Future accounting changes:

(a) Capital disclosures:

The CICA issued a new accounting standard, Section 1535, *Capital Disclosures*, which requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital. This new standard will be effective for the Company effective January 1, 2008.

(b) Financial instruments:

The CICA issued two new accounting standards, Section 3862, *Financial Instruments – Disclosure* and Section 3863, *Financial Instruments – Presentation*, which apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The Company intends to adopt these new standards effective January 1, 2008.

14. Comparative consolidated financial statements:

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the September 30, 2007 consolidated financial statements.

15. Subsequent events:

- (a) Subsequent to September 30, 2007, 16,800 stock options were exercised at \$1.62 per share for total proceeds of \$27.

Pinetree Capital Ltd.**Notes to Consolidated Financial Statements****September 30, 2007****(Unaudited – in thousands of dollars, except for securities and per share amounts)**

15. Subsequent events (continued):

- (b) Subsequent to September 30, 2007, the Company completed a brokered private placement of 13,750,000 units of the Company at a price of \$5.25 per unit for aggregate gross proceeds of \$72,188. Each unit was comprised of one common share of Pinetree and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of \$6.50 per share until expiry on October 23, 2012. A cash commission of \$3,760 and 756,250 broker warrants were issued to agents as consideration for their services rendered in connection with the financing. Each broker warrant entitles the holder to acquire one common share of Pinetree at a price of \$5.30 per share until expiry on October 23, 2009.