

## Consolidated Financial Statements of



(Unaudited)  
March 31, 2008

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**PINETREE CAPITAL LTD.**  
**Consolidated Balance Sheets**  
**As at March 31, 2008 and December 31, 2007**  
**(Unaudited - in thousands of dollars)**

	<b>March 31, 2008</b>	<b>December 31, 2007</b>
<b>Assets</b>		
Investments, at fair value (notes 3(a, b))	\$ 540,867	\$ 592,039
Equity accounted investment (note 3(c))	7,062	19,555
Cash and cash equivalents	59	66
Prepays and other receivables	182	407
Capital assets, net	708	670
Income taxes receivable	22,994	7,442
	<b>\$ 571,872</b>	<b>\$ 620,179</b>
<b>Liabilities and Shareholders' Equity</b>		
Due to brokers (note 4)	\$ 93,931	\$ 86,601
Bank indebtedness, net (note 5)	516	674
Accounts payable and accrued liabilities (note 8(f))	902	11,177
Advances from officer (notes 6 and 8(c))	35,293	-
Advances from affiliated company (note 7)	-	10,628
Income taxes payable	45	737
	<b>130,687</b>	<b>109,817</b>
<b>Future tax liabilities</b>	<b>17,516</b>	<b>33,435</b>
	<b>148,203</b>	<b>143,252</b>
<b>Lease commitments (note 11)</b>		
<b>Shareholders' equity</b>		
Share capital (note 9)	236,473	236,126
Warrants and broker warrants (note 9(d))	61,891	61,891
Contributed surplus (note 9(e))	9,235	6,435
Retained earnings	116,070	172,475
	<b>423,669</b>	<b>476,927</b>
	<b>\$ 571,872</b>	<b>\$ 620,179</b>

See accompanying notes to the consolidated financial statements.

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**PINETREE CAPITAL LTD.****Consolidated Statements of Operations****Three Months Ended March 31,****(Unaudited - in thousands of dollars, except for securities and per share amounts)**

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	<u>2008</u>	<u>2007</u>
<b>Net investment gains (losses)</b>		
Gains (losses) on disposal of investments, net	\$ (7,990)	\$ 96,763
Unrealized losses on investments, net	(72,242)	(14,701)
Income (loss) from equity accounted investment	(1,865)	5,315
	<u>(82,097)</u>	<u>87,377</u>
<b>Other revenue</b>		
Interest and dividend income	142	29
Other income (note 8(d))	151	143
	<u>(81,804)</u>	<u>87,549</u>
<b>Expenses</b>		
Operating, general and administrative (note 8)	4,358	11,852
Transaction costs	601	1,339
Foreign exchange loss (gain)	332	(391)
Amortization	37	21
Interest (notes 6 and 8(c))	1,241	1,347
	<u>6,569</u>	<u>14,168</u>
<b>Income (loss) before income taxes</b>	<u>(88,373)</u>	73,381
<b>Provision for (recovery of) income taxes</b>	<u>(31,968)</u>	26,201
<b>Net income (loss) for the period</b>	<u>\$ (56,405)</u>	<u>\$ 47,180</u>
<b>Earnings (loss) per common share (note 9(a))</b>		
Basic	<u>\$ (0.50)</u>	<u>\$ 0.55</u>
Diluted	<u>\$ (0.50)</u>	<u>\$ 0.52</u>
<b>Weighted average number of common shares outstanding (note 9(a))</b>		
Basic	113,779,285	85,794,969
Diluted	113,779,285	90,343,423

See accompanying notes to the consolidated financial statements.

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**PINETREE CAPITAL LTD.**  
**Consolidated Statements of Retained Earnings**  
**Three Months Ended March 31,**  
**(Unaudited - in thousands of dollars)**

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	<u>2008</u>	<u>2007</u>
Retained earnings, beginning of period	\$ 172,475	\$ 264,080
Net income (loss) for the period	<u>(56,405)</u>	<u>47,180</u>
Retained earnings, end of period	\$ 116,070	\$ 311,260

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See accompanying notes to the consolidated financial statements.

**PINETREE CAPITAL LTD.**  
**Consolidated Statements of Cash Flows**  
**Three Months Ended March 31,**  
**(Unaudited - in thousands of dollars)**

	<u>2008</u>	<u>2007</u>
<b>Cash flows from (used in) operating activities</b>		
Net income (loss) for the period	\$ (56,405)	\$ 47,180
Items not affecting cash		
Losses (gains) on disposal of investments, net	7,990	(96,763)
Unrealized losses on investments, net	72,242	14,701
Loss (income) from equity accounted investment	1,865	(5,315)
Amortization	37	21
Stock-based compensation	2,919	332
Future income taxes	(15,919)	2,076
	<u>12,729</u>	<u>(37,768)</u>
Changes in non-cash working capital balances related to operations		
Prepays and other receivables	225	627
Accounts payable and accrued liabilities	(10,275)	2,786
Income taxes receivable	(15,552)	-
Income taxes payable	(692)	23,822
Interest payable on promissory note	-	(38)
	<u>(13,565)</u>	<u>(10,571)</u>
<b>Cash flows from (used in) financing activities</b>		
Proceeds from issue of share capital pursuant to exercise of stock options	228	143
Proceeds from issue of share capital pursuant to exercise of warrants and broker warrants	-	255
Advances from officer	35,293	-
Due to brokers	7,330	67,934
Promissory note	-	(5,000)
Advances from affiliated company	(10,628)	6,500
Bank indebtedness	(158)	-
	<u>32,065</u>	<u>69,832</u>
<b>Cash flows from (used in) investing activities</b>		
Purchase of capital assets, net	(75)	(348)
Purchase of investments	(118,572)	(237,302)
Proceeds on disposal of investments	89,512	178,356
Dividend received from equity accounted investment	10,628	-
	<u>(18,507)</u>	<u>(59,294)</u>
<b>Net decrease in cash and cash equivalents, during the period</b>	<b>(7)</b>	<b>(33)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>66</b>	<b>175</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 59</b>	<b>\$ 142</b>
<b>Supplemental cash flow information</b>		
Income taxes paid	\$ 190	\$ 303
Interest paid	1,241	1,239

See accompanying notes to the consolidated financial statements.

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# **Pinetree Capital Ltd.**

## **Notes to Consolidated Financial Statements**

**March 31, 2008**

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

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### **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, Potash and Rare Earths, and Base Metals. As well, Pinetree has investments in the Biotechnology, Energy Related Technology, and Technology sectors. Pinetree's investment approach is to develop a macro view of a sector, build a position consistent with the view by identifying micro-cap opportunities within that sector, and devise an exit strategy designed to maximize our relative return in light of changing fundamentals and opportunities.

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 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, 2007. Accounting policies followed in the preparation of the annual consolidated financial statements are consistent with those used in the preparation of the March 31, 2008 interim consolidated financial statements except for the following:

Effective January 1, 2008, the Company adopted prospectively the following Canadian Institute of Chartered Accountants' Handbook ("CICA Handbook") new accounting standards for interim and annual financial statements for fiscal years beginning on or after October 31, 2007:

- (a) CICA Handbook Section 1535, Capital Disclosure, 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 including disclosures of any externally imposed capital requirements and the consequences of non-compliance; see note 12.

# Pinetree Capital Ltd.

## Notes to Consolidated Financial Statements

March 31, 2008

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

### 2. Significant accounting policies (continued):

- (b) CICA Handbook Section 3862, Financial Instruments – Disclosure, which requires disclosure of information related to the significance of financial instruments to a company's financial position and performance. A company is also required to disclose information related to the risks of its use of financial instruments and how those risks are managed; see note 13.
- (c) CICA Handbook Section 3863, Financial Instruments – Presentation, which establishes standards for presentation of financial instruments. It deals with the presentation of financial instruments and the circumstances in which financial assets and financial liabilities are offset. The initial adoption of this standard did not have a material effect on the financial position or earnings of the Company.

These consolidated financial statements include the accounts of Pinetree and its wholly-owned subsidiaries: Genevest Inc. ("Genevest"); Pinetree (Barbados) Inc.; Pinetree Capital Markets Limited; and Emerald Capital Corp., as well as Pinetree Resource Partnership and Pinetree Income Partnership in which Pinetree directly and indirectly owns a 100% partnership interest. All significant inter-company accounts and transactions have been eliminated on consolidation.

### 3. Investments:

- (a) Investments consist of the following as at March 31, 2008 by sector:

As at March 31, 2008:

Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
<b>Sector: Resources (Uranium)</b>					
Mega Uranium Ltd.	(i, ii, iii)	9,629,969 common shares 54,200 warrants expire Feb 13, 2012 150,000 warrants expire Feb 22, 2012 764,712 warrants expire Feb 22, 2012	\$ 39,337	\$ 20,736	25.5
Cline Mining Corp.	(i, ii, iii)	10,000,000 common shares	4,749	3,500	4.3
Dynamite Resources Ltd.	(i, ii, iii)	13,056,500 common shares 5,500,000 warrants expire Aug 17, 2009	5,159	3,223	4.0
Cue Resources Ltd. (formerly Cue Capital Corp.)	(i, ii, iii)	3,385,800 common shares	4,121	2,742	3.4
Comdek Ltd.	(i)	18,700,000 common shares	1,472	2,018	2.5
Pele Mountain Resources Inc.	(ii, iii)	5,150,000 common shares 1,000,000 warrants expire Feb 22, 2010	2,237	1,704	2.1
Ucore Uranium Inc.	(iii)	4,000,000 common shares 275,000 warrants expire Jun 15, 2008 750,000 warrants expire Mar 23, 2009	4,569	1,680	2.1
Magnum Uranium Corp.	(ii, iii)	3,035,285 common shares 357,142 warrants expire Mar 2, 2009	2,794	1,609	2.0

# Pinetree Capital Ltd.

## Notes to Consolidated Financial Statements

March 31, 2008

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

### 3. Investments (continued):

As at March 31, 2008:

Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
<b>Sector: Resources (Uranium) (continued)</b>					
Ditem Explorations Inc.	(ii, iii)	4,154,600 common shares 1,773,000 warrants expire Jan 26, 2009	3,043	1,600	2.0
Forum Uranium Corp.	(iii)	3,004,000 common shares 827,000 warrants expire Nov 29, 2008	2,047	1,382	1.7
Uracan Resources Ltd.	(iii)	3,013,500 common shares 250,000 warrants expire Jun 20, 2009 400,000 warrants expire Dec 21, 2009	2,561	1,380	1.7
Mawson Resources Ltd.	(iii)	1,598,900 common shares 100,000 warrants expire Feb 6, 2009 152,500 warrants expire Apr 28, 2008 200,000 warrants expire Dec 27, 2008	2,144	1,327	1.6
Rockgate Capital Corp.	(ii, iii)	2,562,700 common shares 500,000 warrants expire Mar 27, 2010 500,000 warrants expire Apr 24, 2009 1,250,000 warrants expire Jul 10, 2008	2,115	1,282	1.6
Dios Exploration Inc.	(ii, iii)	4,643,500 common shares 264,000 warrants expire Mar 15, 2009 666,500 warrants expire Mar 30, 2009 800,000 warrants expire May 2, 2008	2,917	1,231	1.5
Oklo Uranium Ltd.	(iii)	9,482,000 common shares	1,620	1,068	1.3
West High Yield Resources Ltd.	(ii, iii)	3,280,000 common shares 1,500,000 warrants expire May 09, 2009	2,100	1,050	1.3
Universal Uranium Ltd.	(ii, iii)	3,450,000 common shares	3,388	1,035	1.3
Silver Spruce Resources Inc.	(ii, iii)	2,775,000 common shares 372,500 warrants expire Jul 5, 2009 387,500 warrants expire May 14, 2009	3,240	1,027	1.2
Global Uranium Corp.	(iii)	1,000,000 common shares	1,000	1,000	1.2
Total of 63 other investments – Resources (Uranium) sector (iv)			61,384	30,580	37.7
			151,997	81,174	100.0
<b>Sector: Resources (Oil &amp; Gas)</b>					
GeoGlobal Resources Inc.	(i)	1,045,700 common shares 112,500 warrants expire Jun 20, 2009	3,960	2,859	7.5
Red Maple Energy Inc.	(i)	5,400,000 common shares	750	2,700	7.1
MegaWest Energy Corp.	(i, iii)	4,150,000 common shares 325,000 warrants expire Jul 5, 2008 1,125,000 warrants expire Aug 28, 2008	3,196	2,474	6.5
Brownstone Ventures Inc.	(i, ii, iii)	2,572,659 common shares 975,000 warrants expire Jul 19, 2008	3,045	2,264	5.9
Lynden Ventures Corp.	(i, iii)	2,700,000 common shares 1,250,000 warrants expire Jul 9, 2009	2,151	2,160	5.7
Changfeng Energy Inc.	(iii)	3,400,000 common shares	1,350	2,040	5.3
Vulcan Minerals Inc.	(iii)	3,089,000 common shares	1,776	1,946	5.1

# Pinetree Capital Ltd.

## Notes to Consolidated Financial Statements

March 31, 2008

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

### 3. Investments (continued):

As at March 31, 2008:

Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
<b>Sector: Resources (Oil &amp; Gas) (continued)</b>					
Stealth Ventures Ltd.	(iii)	2,251,800 common shares 400,000 warrants expire Oct 26, 2008	2,584	1,711	4.5
Primary Petroleum Corp.	(ii, iii)	3,240,500 common shares 1,525,000 warrants expire Sep 17, 2009	1,958	1,609	4.2
Total of 43 other investments – Resources (Oil & Gas) sector (iv)			28,026	18,424	48.2
			48,796	38,187	100.0
<b>Sector: Resources (Molybdenum)</b>					
Silica Resources Corp.	(i, iii)	19,176,900 common shares 1,000,000 warrants expire Nov 12, 2008	583	9,378	28.9
Erdene Gold Inc.	(i, iii)	3,806,900 common shares	5,237	3,350	10.3
Creston Moly Corp.	(i, iii)	7,000,000 common shares 2,500,000 warrants expire May 9, 2010	5,180	2,520	7.8
Mega Moly Inc.	(i, ii, iii)	10,007,500 common shares 10,000,000 warrants expire Nov 30, 2008	1,108	2,198	6.8
Galway Resources Ltd.	(i, iii)	4,350,000 common shares 100,000 warrants expire Feb 1, 2009	4,975	2,088	6.4
Tenajon Resources Corp.	(ii, iii)	3,672,500 common shares	3,088	1,506	4.6
Bolero Resources Corp.	(ii, iii)	6,793,500 common shares 1,000,000 warrants expire Nov 23, 2008	3,559	1,427	4.4
Virgin Metals Inc.	(ii, iii)	6,178,500 common shares 500,000 warrants expire Mar 14, 2010	3,060	1,401	4.3
Pacific Comox Resources Ltd.	(ii, iii)	16,820,610 common shares 1,909,091 warrants expire Nov 30, 2008 3,571,428 warrants expire Jun 12, 2008	2,000	1,347	4.2
Sultan Minerals Inc.	(iii)	7,002,800 common shares 1,136,400 warrants expire Nov 10, 2008	2,384	1,296	4.0
Western Troy Capital Resources Inc	(ii, iii)	3,711,333 common shares 1,666,667 warrants expire Apr 19, 2009	2,340	1,225	3.8
Total of 10 other investments – Resources (Molybdenum) sector (iv)			9,396	4,703	14.5
			42,910	32,439	100.0
<b>Sector: Resources (Precious Metals)</b>					
Gold Eagle Mines Ltd.	(i)	1,500,000 common shares	9,672	13,605	7.1
Queenston Mining Inc.	(i, iii)	4,045,000 common shares 150,000 warrants expire May 17, 2008	9,702	12,275	6.4
Evolving Gold Corp.	(i, ii, iii)	7,849,100 common shares 1,250,000 warrants expire Jul 5, 2009	3,289	9,077	4.8
Solitario Resources Corp.	(i, iii)	1,668,200 common shares	3,606	8,925	4.7
Colossus Minerals Inc.	(i, ii, iii)	2,866,000 common shares 200,000 warrants expire May 18, 2008 250,000 warrants expire Jun 26, 2009			

# Pinetree Capital Ltd.

## Notes to Consolidated Financial Statements

March 31, 2008

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

### 3. Investments (continued):

As at March 31, 2008:

Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
<b>Sector: Resources (Precious Metals) (continued)</b>					
		475,000 warrants expire Feb 13, 2011			
		1,000,000 warrants expire Dec 6, 2011	2,034	7,281	3.8
Caledonia Mining Corporation	(iii)	38,434,500 common shares	7,427	6,726	3.5
Mega Silver Inc. (formerly Treat Systems Inc.)	(ii, iii)	3,981,136 common shares			
		37,500 warrants expire Nov 2, 2009			
		337,500 warrants expire Nov 2, 2009	2,139	4,751	2.5
Aranka Gold Inc.	(iii)	1,991,688 common shares	3,207	3,824	2.0
Valencia Ventures Inc.	(ii, iii)	10,130,000 common shares	4,248	3,697	1.9
Diamondex Resources Ltd.	(ii, iii)	12,296,500 common shares			
		500,000 warrants expire May 4, 2008			
		625,000 warrants expire Dec 21, 2008	3,730	3,118	1.6
Latin American Minerals Inc.	(ii, iii)	4,727,500 common shares			
		1,000,000 warrants expire May 31, 2008	4,321	2,884	1.5
Castillian Resources Corp.	(iii)	6,500,000 common shares			
		500,000 warrants expire Jun 22, 2008			
		1,142,500 warrants expire Apr 9, 2009	4,189	2,730	1.4
Nortec Ventures Corp.	(ii, iii)	13,500,000 common shares	2,025	2,700	1.4
Unigold Inc.	(ii, iii)	6,361,000 common shares	3,304	2,481	1.3
Redstar Gold Corp.	(ii, iii)	6,200,000 common shares			
		2,500,000 warrants expire May 30, 2009	1,335	2,426	1.3
Nevoro Inc.	(iii)	4,565,000 common shares	1,518	2,328	1.2
WSR Gold Inc.	(ii, iii)	4,574,500 common shares	2,316	2,104	1.1
Cypress Development Corp.	(ii, iii)	8,516,500 common shares	4,375	2,087	1.1
MacMillian Gold Corp.	(ii, iii)	3,682,500 common shares			
		2,000,000 warrants expire Sep 27, 2008	1,389	2,069	1.1
UC Resources Ltd.	(iii)	7,100,000 common shares			
		1,000,000 warrants expire Oct 19, 2009	3,229	2,059	1.1
Andean American Mining Corp.	(iii)	2,750,000 common shares			
		1,000,000 warrants expire May 29, 2009	1,804	1,733	0.9
Metalex Ventures Ltd.	(iii)	5,601,500 common shares			
		500,000 warrants expire Aug 3, 2009	2,412	1,680	0.9
Fury Explorations Ltd.	(ii)	2,750,000 common shares			
		250,000 warrants expire Sep 20, 2008	2,422	1,650	0.9
Tri Origin Exploration Ltd.	(iii)	2,658,400 common shares	964	1,568	0.8
Pacific North West Capital Corp.	(ii, iii)	4,600,000 common shares			
		300,000 warrants expire Mar 31, 2009			
		1,650,000 warrants expire Dec 1, 2008	2,325	1,566	0.8
Golden Goose Resources Inc.	(ii, iii)	3,667,000 common shares	2,851	1,467	0.8
Spider Resources Inc.	(iii)	14,234,110 common shares			
		11,111,110 warrants expire Oct 11, 2009	1,371	1,453	0.8

# Pinetree Capital Ltd.

## Notes to Consolidated Financial Statements

March 31, 2008

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

### 3. Investments (continued):

As at March 31, 2008:

Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
<b>Sector: Resources (Precious Metals) (continued)</b>					
ValGold Resources Ltd.	(ii, iii)	7,016,000 common shares 750,000 warrants expire Nov 30, 2009 2,500,000 warrants expire May 4, 2008	2,551	1,403	0.7
Arctic Star Diamond Corp.	(ii, iii)	10,064,091 common shares 1,009,091 warrants expire Feb 21, 2009 1,500,000 warrants expire Sep 17, 2009 2,500,000 warrants expire Oct 27, 2008	2,770	1,291	0.7
Gold Canyon Resources Inc.	(iii)	2,732,100 common shares 1,500,000 warrants expire Dec 14, 2009	1,449	1,248	0.7
ATW Ventures Corp.	(iii)	1,560,000 common shares 400,000 warrants expire Mar 27, 2009 580,000 warrants expire Dec 17, 2009	1,076	1,230	0.6
Goldrush Resources Ltd.	(ii, iii)	4,717,500 common shares 2,500,000 warrants expire Sep 20, 2008	1,404	1,132	0.6
New World Resources Corp.	(ii, iii)	2,835,000 common shares 1,000,000 warrants expire Nov 15, 2008	2,409	1,106	0.6
Maximus Ventures Ltd.	(iii)	3,774,500 common shares 1,000,000 warrants expire Apr 24, 2009	2,292	1,095	0.6
African Gold Group Inc.	(iii)	1,105,595 common shares 119,047 warrants expire Feb 10, 2009 250,000 warrants expire Apr 15, 2009 550,000 warrants expire Mar 13, 2009	1,500	1,065	0.6
Niogold Mining Corp.	(ii, iii)	5,101,500 common shares 985,000 warrants expire Oct 24, 2008	2,077	1,020	0.5
Total of 145 other investments – Resources (Precious Metals) sector (iv)			110,441	71,562	37.7
			219,173	190,416	100.0
<b>Sector: Resources (Potash and Rare Earths)</b>					
Potash One Inc.	(i, ii, iii)	3,825,800 common shares 100,000 warrants expire Apr 2, 2009	5,334	13,474	74.3
Western Potash Corp.	(i, iii)	7,000,000 common shares 6,000,000 warrants expire Oct 15, 2009	2,350	3,500	19.3
Total of 3 other investments – Resources (Potash and Rare Earths) sector (iv)			1,396	1,158	6.4
			9,080	18,132	100.0
<b>Sector: Resources (Base Metals)</b>					
Noront Resources Ltd.	(i, ii, iii)	10,000,000 common shares 125,000 warrants expire Feb 6, 2010	29,922	54,982	43.5
Waratah Coal Inc.	(i, iii)	2,846,500 common shares 156,500 warrants expire Feb 9, 2009	4,927	8,056	6.4
Macarthur Minerals Ltd.	(i, ii)	3,657,700 common shares 500,000 warrants expire Jul 3, 2009 500,000 warrants expire Dec 11, 2008	4,109	4,846	3.8

# Pinetree Capital Ltd.

## Notes to Consolidated Financial Statements

March 31, 2008

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

### 3. Investments (continued):

As at March 31, 2008:					
Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
<b>Sector: Resources (Base Metals) (continued)</b>					
MacDonald Mines Exploration Ltd.	(i, ii, iii)	11,425,000 common shares 3,075,000 warrants expire Oct 29, 2009	<b>6,432</b>	<b>4,741</b>	<b>3.7</b>
Royal Nickel Corporation	(i)	1,400,000 common shares	<b>1,460</b>	<b>3,500</b>	<b>2.8</b>
International Nickel Ventures Corp.	(ii, iii)	3,810,500 common shares 188,000 warrants expire Nov 18, 2008	<b>5,330</b>	<b>3,479</b>	<b>2.8</b>
Temex Resources Corp.	(ii, iii)	5,818,000 common shares 1,500,000 warrants expire Nov 1, 2009	<b>4,002</b>	<b>3,316</b>	<b>2.6</b>
Probe Mines Ltd.	(ii, iii)	3,455,500 common shares 1,000,000 warrants expire Nov 6, 2009	<b>2,764</b>	<b>2,696</b>	<b>2.1</b>
Landdrill International Inc.	(ii, iii)	5,274,500 common shares 150,000 warrants expire Apr 7, 2008 500,000 warrants expire Oct 12, 2008	<b>1,479</b>	<b>2,083</b>	<b>1.6</b>
Stingray Copper Inc.	(iii)	2,495,000 common shares 782,500 warrants expire Apr 24, 2009	<b>2,724</b>	<b>1,793</b>	<b>1.4</b>
Oriental Minerals Inc.	(iii)	3,000,000 common shares 125,000 warrants expire Jul 2, 2008 1,250,000 warrants expire Jan 17, 2009	<b>5,178</b>	<b>1,650</b>	<b>1.3</b>
Mantis Mineral Corp.	(ii)	6,552,500 common shares 1,500,000 warrants expire Oct 19, 2009	<b>2,264</b>	<b>1,638</b>	<b>1.3</b>
Southampton Ventures Inc.	(ii, iii)	2,733,000 common shares 250,000 warrants expire Jul 26, 0009 500,000 warrants expire Mar 22, 2009	<b>2,984</b>	<b>1,476</b>	<b>1.2</b>
Canadian Arrow Mines Ltd.	(iii)	3,750,000 common shares 362,500 warrants expire Oct 17, 2008	<b>2,034</b>	<b>1,200</b>	<b>0.9</b>
Slam Exploration Ltd.	(ii, iii)	7,035,500 common shares 300,000 warrants expire Oct 23, 2009 1,364,000 warrants expire May 23, 2008 4,062,000 warrants expire Mar 14, 2009	<b>1,152</b>	<b>1,091</b>	<b>0.9</b>
Independent Nickel Corp.	(ii, iii)	4,306,500 common shares 500,000 warrants expire Nov 7, 2008	<b>1,707</b>	<b>1,034</b>	<b>0.8</b>
Cross Lake Minerals Ltd.	(iii)	2,757,000 common shares 250,000 warrants expire Jun 14, 2008 300,000 warrants expire Feb 14, 2009 542,500 warrants expire Nov 9, 2008	<b>1,626</b>	<b>1,006</b>	<b>0.8</b>
Total of 50 other investments – Resources (Base Metals) sector (iv)			<b>46,003</b>	<b>27,863</b>	<b>22.1</b>
			<b>126,097</b>	<b>126,450</b>	<b>100.0</b>

# Pinetree Capital Ltd.

## Notes to Consolidated Financial Statements

March 31, 2008

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

### 3. Investments (continued):

As at March 31, 2008:					
Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
<b>Sector: Biotechnology</b>					
GeneNews Limited	(i, iii)	3,250,000 common shares	3,274	3,283	26.5
Haemacure Corp.	(i, ii, iii)	15,021,500 common shares			
		2,500,000 A warrants expire Jan 5, 2012			
		2,500,000 B warrants expire Jan 5, 2012	2,683	2,253	18.2
Antisense Therapeutics Limited	(i, iii)	28,500,000 common shares	1,526	1,525	12.3
Stem Cell Therapeutics Corp.	(i, iii)	6,241,000 common shares			
		500,000 warrants expire Feb 1, 2009			
		1,250,000 warrants expire Mar 27, 2009			
		1,250,000 warrants expire May 9, 2010	2,740	1,498	12.1
SQI Diagnostics Inc.	(i, iii)	1,000,000 common shares			
		500,000 warrants expire Jun 29, 2009	1,600	1,373	11.1
Total of 6 other investments – Biotechnology sector (iv)			3,408	2,456	19.8
			15,231	12,388	100.0
<b>Sector: Energy Related Technology</b>					
Opel International Inc.	(i, iii)	3,121,400 common shares			
		750,000 warrants expire Dec 13, 2009			
		1,000,000 warrants expire May 11, 2010	3,828	4,089	33.6
Fiber Optics Systems Technology Inc.	(i, ii, iii)	7,036,612 common shares			
		1,750,000 warrants expire Mar 5, 2010	3,998	1,723	14.2
Global Green Solutions Inc.	(i, iii)	2,227,743 common shares			
		250,000 warrants expire Aug 19, 2008			
		700,000 warrants expire May 5, 2008	1,051	1,603	13.2
Diagnos Inc.	(i)	1,500,000 common shares			
		750,000 warrants expire Aug 6, 2008	900	1,524	12.5
Total of 7 other investments – Energy Related Technology sector (iv)			5,069	3,220	26.5
			14,846	12,159	100.0
<b>Sector: Technology and Other</b>					
Sofame Technologies Inc.	(i, ii, iii)	6,883,000 common shares			
		2,500,000 warrants expire May 16, 2009			
		499,998 warrants expire Dec 10, 2009	971	3,050	10.3
VIQ Solutions Inc.	(i, ii, iii)	8,250,000 common shares			
		850,000 warrants expire Mar 25, 2010	1,667	3,033	10.3
Kyoto Capital Partners Inc.	(i)	15,000,000 common shares	3,000	3,000	10.2
View22 Technology Inc.	(i)	1,300,000 common shares			
		150,000 warrants expire Nov 8, 2008			
		500,000 warrants expire Aug 2, 2008	1,225	2,275	7.7
Valcent Products Inc.	(i, ii, iii)	2,766,666 common shares			
		300,000 warrants expire Oct 10, 2009			
		416,666 warrants expire May 15, 2008			

## Pinetree Capital Ltd.

### Notes to Consolidated Financial Statements

March 31, 2008

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

#### 3. Investments (continued):

As at March 31, 2008:					
Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
<b>Sector: Technology and Other (continued)</b>					
		500,000 warrants expire Dec 11, 2008			
		833,333 warrants expire Apr 24, 2009	1,790	1,930	6.5
Chalk Media Corp.	(iii)	10,000,000 common shares	2,455	1,900	6.4
Ziplocal Inc.	(ii, iii)	9,083,000 common shares	2,526	1,726	5.9
Fluid Media Networks, Inc.	(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			
		US\$300,000 12% convertible debenture due May 31, 2008	1,898	1,663	5.6
Total of 28 other investments – Technology and Other sector (iv)			17,378	10,945	37.1
			32,910	29,522	100.0
<b>Total investments (v)</b>			<b>\$ 661,040</b>	<b>\$ 540,867</b>	

- (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 March 31, 2008.
- (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 March 31, 2008.
- (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 March 31, 2008.
- (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 March 31, 2008.
- (v) As at March 31, 2008, included in total investments were securities of private companies with a fair value totaling \$53,801 (cost of \$44,610) determined in accordance with the Company's accounting policy for private company investments.

# Pinetree Capital Ltd.

## Notes to Consolidated Financial Statements

March 31, 2008

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

### 3. Investments (continued):

(b) Investments consist of the following as at December 31, 2007 by sector:

As at December 31, 2007:

Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
<b>Sector: Resources (Uranium)</b>					
Mega Uranium Ltd.	(i, ii, iii)	8,791,169 common shares 51,100 warrants expire Feb 13, 2012 150,000 warrants expire Feb 22, 2012 648,831 warrants expire Jun 6, 2012	\$ 36,792	\$ 30,533	25.8
Dejour Enterprises Ltd.	(i, ii, iii)	4,732,400 common shares US\$197,846 convertible debenture 250,000 warrants expire May 25, 2009	9,228	7,395	6.2
Bayswater Uranium Corp.	(i, iii)	7,000,000 common shares 1,217,500 warrants expire Sep 8, 2008	7,100	5,740	4.8
Cue Resources Ltd. (formerly Cue Capital Corp.)	(i, ii, iii)	3,112,500 common shares	3,741	4,980	4.2
Alberta Star Development Corp.	(i, iii)	5,025,350 common shares 162,500 warrants expire Apr 18, 2008	7,381	2,864	2.4
Ucore Uranium Inc.	(iii)	4,000,000 common shares 275,000 warrants expire Jun 15, 2008 750,000 warrants expire Mar 23, 2009	4,569	2,760	2.3
Ditem Explorations Inc.	(ii, iii)	3,514,100 common shares 1,773,000 warrants expire Jan 26, 2009	2,604	2,495	2.1
Magnum Uranium Corp.	(ii, iii)	2,814,285 common shares 357,142 warrants expire Mar 2, 2008	2,673	2,392	2.0
Dynamite Resources Ltd.	(ii, iii)	5,500,000 common shares	3,500	2,173	1.8
Cline Mining Corp.	(ii, iii)	8,760,600 common shares	4,345	1,971	1.7
Dios Exploration Inc.	(ii, iii)	4,643,500 common shares 666,500 warrants expire Mar 30, 2008 800,000 warrants expire May 2, 2008 264,000 warrants expire Mar 15, 2009	2,917	1,881	1.6
Neutron Energy, Inc.	(iii)	2,750,000 common shares 500,000 warrants expire Aug 31, 2008	2,086	1,848	1.6
Uracan Resources Ltd.	(iii)	2,468,000 common shares 250,000 warrants expire Jun 20, 2009 400,000 warrants expire Dec 21, 2009	2,222	1,771	1.5
Southampton Ventures Inc.	(ii, iii)	2,315,000 common shares 500,000 warrants expire Mar 22, 2009 250,000 warrants expire Jul 26, 2009	2,747	1,667	1.4
Silver Spruce Resources Inc.	(ii, iii)	2,445,000 common shares 387,500 warrants expire May 14, 2009 372,500 warrants expire Jul 5, 2009	2,983	1,630	1.4
Universal Uranium Ltd.	(ii, iii)	3,200,000 common shares	3,291	1,504	1.3

# Pinetree Capital Ltd.

## Notes to Consolidated Financial Statements

March 31, 2008

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

### 3. Investments (continued):

As at December 31, 2007:					
Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
<b>Sector: Resources (Uranium) (continued)</b>					
Uranium City Resources Inc.	(ii, iii)	5,500,000 common shares 2,000,000 warrants expire May 25, 2008	<b>2,518</b>	<b>1,403</b>	<b>1.2</b>
Forum Uranium Corp.	(iii)	3,004,000 common shares 827,000 warrants expire Nov 29, 2008	<b>2,047</b>	<b>1,247</b>	<b>1.1</b>
West High Yield Resources Ltd.	(ii, iii)	3,200,000 common shares 1,500,000 warrants expire May 9, 2009	<b>2,072</b>	<b>1,184</b>	<b>1.0</b>
Delta Exploration Inc.	(ii, iii)	3,225,300 common shares 800,000 warrants expire Jul 10, 2008 500,000 warrants expire May 1, 2009	<b>4,260</b>	<b>1,177</b>	<b>1.0</b>
Sparton Resources Inc.	(iii)	4,186,500 common shares	<b>1,780</b>	<b>1,172</b>	<b>1.0</b>
Calypso Uranium Corp. (formerly Calypso Acquisition Corp.)	(ii, iii)	2,407,000 common shares 1,000,000 warrants expire Mar 9, 2009	<b>2,073</b>	<b>1,083</b>	<b>0.9</b>
Trigon Uranium Corp.	(ii, iii)	5,377,500 common shares 250,000 warrants expire Apr 27, 2008 312,500 warrants expire Dec 12, 2008 500,000 warrants expire Aug 8, 2009	<b>3,145</b>	<b>1,076</b>	<b>0.9</b>
Total of 64 other investments – Resources (Uranium) sector (iv)			<b>50,588</b>	<b>36,438</b>	<b>30.8</b>
			<b>166,662</b>	<b>118,384</b>	<b>100.0</b>
<b>Sector: Resources (Oil &amp; Gas)</b>					
MegaWest Energy Corp.	(i, iii)	4,150,000 common shares 325,000 warrants expire Jul 5, 2008 1,125,000 warrants expire Aug 28, 2008	<b>3,196</b>	<b>5,383</b>	<b>11.8</b>
Brownstone Ventures Inc.	(i, ii, iii)	2,201,159 common shares 975,000 warrants expire Jul 19, 2008	<b>2,503</b>	<b>3,192</b>	<b>7.0</b>
Red Maple Energy Inc.	(i)	5,400,000 common shares	<b>750</b>	<b>2,700</b>	<b>5.9</b>
GeoGlobal Resources Inc.	(i)	630,400 common shares 112,500 warrants expire Jun 20, 2009	<b>2,412</b>	<b>2,429</b>	<b>5.3</b>
Gastem Inc.	(i, iii)	3,021,000 common shares 307,500 warrants expire Sep 16, 2008	<b>2,188</b>	<b>1,994</b>	<b>4.4</b>
Lynden Ventures Corp. (formerly Lynden Ventures Ltd.)	(iii)	2,500,000 common shares 1,250,000 warrants expire Jul 9, 2009	<b>2,004</b>	<b>1,875</b>	<b>4.1</b>
Changfeng Energy Inc.	(iii)	3,400,000 common shares	<b>1,350</b>	<b>1,700</b>	<b>3.7</b>
Primary Petroleum Corp.	(ii, iii)	2,400,000 common shares 1,525,000 warrants expire Sep 17, 2009	<b>1,750</b>	<b>1,406</b>	<b>3.1</b>
Rochester Energy Corp.	(ii, iii)	3,260,000 common shares 1,510,000 warrants expire Mar 2, 2009 750,000 warrants expire Jul 17, 2009	<b>2,111</b>	<b>1,369</b>	<b>3.0</b>
Vulcan Minerals Inc.	(iii)	2,750,000 common shares	<b>1,533</b>	<b>1,210</b>	<b>2.7</b>
Total of 46 other investments – Resources (Oil & Gas) sector (iv)			<b>30,518</b>	<b>22,285</b>	<b>49.0</b>
			<b>50,315</b>	<b>45,543</b>	<b>100.0</b>

# Pinetree Capital Ltd.

## Notes to Consolidated Financial Statements

March 31, 2008

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

### 3. Investments (continued):

As at December 31, 2007:					
Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
<b>Sector: Resources (Molybdenum)</b>					
Mega Moly Inc. (formerly Westview Commercial Inc.)	(i, ii, iii)	10,000,000 common shares 10,000,000 warrants expire Nov 30, 2008	1,100	19,148	37.9
Bolero Resources Corp. (formerly United Bolero Development Corp.)	(i, iii)	6,793,500 common shares 1,000,000 warrants expire Nov 23, 2008	3,559	4,076	8.1
Erdene Gold Inc.	(i, iii)	3,500,000 common shares	4,916	3,850	7.6
Creston Moly Corp. (formerly Georgia Ventures Inc.)	(i, iii)	7,000,000 common shares	5,180	3,220	6.4
Galway Resources Ltd.	(i, iii)	2,800,000 common shares 100,000 warrants expire Feb 1, 2009	3,987	2,800	5.5
Virgin Metals Inc.	(ii, iii)	5,150,500 common shares 1,750,000 warrants expire Apr 19, 2009	2,732	2,421	4.8
Sultan Minerals Inc.	(iii)	7,002,800 common shares 1,136,400 warrants expire Nov 10, 2008	2,384	1,751	3.4
Pacific Comox Resources Ltd.	(ii, iii)	16,820,610 common shares 1,909,091 warrants expire Nov 30, 2008 3,571,428 warrants expire Jun 12, 2008	2,000	1,654	3.3
Tenajon Resources Corp.	(iii)	3,250,000 common shares	2,864	1,495	3.0
Western Troy Capital Resources Inc.	(ii, iii)	3,711,333 common shares 1,666,667 warrants expire Apr 19, 2009	2,340	1,410	2.8
Happy Creek Minerals Ltd.	(ii, iii)	3,298,500 common shares 1,250,000 warrants expire May 15, 2009	1,565	1,253	2.5
Total of 11 other investments – Resources (Molybdenum) sector (iv)			8,025	7,428	14.7
			40,652	50,506	100.0
<b>Sector: Resources (Precious Metals)</b>					
Noront Resources Ltd.	(i, ii, iii)	10,067,300 common shares	29,200	40,169	16.7
Gold Eagle Mines Ltd.	(i)	1,500,000 common shares	9,581	12,375	5.1
Queenston Mining Inc.	(i, iii)	3,457,300 common shares 150,000 warrants expire May 17, 2008	7,635	10,593	4.4
Solitario Resources Corp.	(i, iii)	1,625,000 common shares	3,360	8,613	3.6
High River Gold Mines Inc.	(i)	3,000,000 common shares 70,000 warrants expire Jan 27, 2008 224,000 warrants expire Nov 8, 2010	8,714	8,540	3.6
Evolving Gold Corp.	(ii, iii)	4,905,500 common shares 2,500,000 warrants expire Apr 26, 2009 1,250,000 warrants expire Jul 5, 2009	1,594	7,463	3.1
Mega Silver Inc. (formerly Treat Systems Inc.)	(ii, iii)	3,940,536 common shares 375,000 warrants expire Nov 6, 2009	1,903	4,158	1.7
Valencia Ventures Inc.	(ii, iii)	7,349,000 common shares 1,500,000 warrants expire Mar 15, 2008	3,299	4,110	1.7
Caledonia Mining Corporation	(iii)	36,640,637 common shares	7,075	4,030	1.7

# Pinetree Capital Ltd.

## Notes to Consolidated Financial Statements

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### 3. Investments (continued):

As at December 31, 2007:

Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
<b>Sector: Resources (Precious Metals) (continued)</b>					
Unigold Inc.	(ii, iii)	6,361,000 common shares	3,304	3,944	1.6
Latin American Minerals Inc.	(ii, iii)	3,499,500 common shares			
		1,000,000 warrants expire May 31, 2008	3,258	3,849	1.6
Macarthur Minerals Ltd.	(ii, iii)	2,120,400 common shares			
		500,000 warrants expire Dec 11, 2008	1,944	3,817	1.6
Nortec Ventures Corp.	(ii, iii)	13,500,000 common shares	2,025	3,578	1.5
Aranka Gold Inc.	(iii)	1,551,488 common shares	2,306	3,274	1.4
Diamondex Resources Ltd.	(iii)	9,096,500 common shares			
		500,000 warrants expire May 4, 2008			
		625,000 warrants expire Dec 21, 2008	3,090	2,675	1.1
MacMillian Gold Corp.	(ii, iii)	3,682,500 common shares			
		2,000,000 warrants expire Sep 27, 2008	1,389	2,466	1.0
Castillian Resources Corp.	(iii)	5,346,856 common shares			
		500,000 warrants expire Jun 22, 2008			
		1,142,500 warrants expire Apr 9, 2009	3,583	2,406	1.0
Cypress Development Corp.	(ii, iii)	8,210,500 common shares	4,299	2,258	0.9
Fury Explorations Ltd.	(ii, iii)	2,750,000 common shares			
		250,000 warrants expire Sep 20, 2008	2,422	2,090	0.9
Silver Reserve Corp.	(iii)	5,198,043 common shares			
		1,750,000 warrants expire Oct 8, 2008	1,312	2,074	0.9
Sinchao Metals Corp.	(iii)	2,850,000 common shares			
		675,000 warrants expire Nov 21, 2009	1,723	1,994	0.8
Andean American Mining Corp.	(iii)	2,712,000 common shares			
		1,000,000 warrants expire May 29, 2009	1,776	1,953	0.8
Colossus Minerals Inc.	(iii)	1,900,000 common shares			
		200,000 warrants expire May 18, 2008			
		250,000 warrants expire Jun 26, 2009			
		1,000,000 warrants expire Dec 6, 2011	800	1,900	0.8
Golden Goose Resources Inc.	(ii, iii)	3,667,000 common shares			
		250,000 warrants expire Mar 26, 2008	2,851	1,834	0.8
ValGold Resources Ltd.	(ii, iii)	7,006,000 common shares			
		2,500,000 warrants expire May 4, 2008			
		750,000 warrants expire Nov 30, 2009	2,549	1,827	0.8
UC Resources Ltd.	(iii)	5,780,000 common shares	2,339	1,699	0.7
Maximus Ventures Ltd.	(iii)	3,774,500 common shares			
		1,000,000 warrants expire Apr 24, 2009	2,292	1,666	0.7
Tri Origin Exploration Ltd.	(ii, iii)	2,640,400 common shares	953	1,584	0.7
WSR Gold Inc.	(iii)	4,186,500 common shares	2,119	1,507	0.6
Ontex Resources Ltd.	(iii)	3,048,000 common shares			
		2,500,000 warrants expire Nov 22, 2008	1,028	1,425	0.6
Northern Lion Gold Corp.	(iii)	3,223,500 common shares	1,530	1,354	0.6

# Pinetree Capital Ltd.

## Notes to Consolidated Financial Statements

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### 3. Investments (continued):

As at December 31, 2007:

Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
<b>Sector: Resources (Precious Metals) (continued)</b>					
Pacific North West Capital Corp.	(ii, iii)	3,754,500 common shares 1,650,000 warrants expire Dec 1, 2008	1,878	1,352	0.6
Goldrush Resources Ltd.	(ii, iii)	4,717,500 common shares 2,500,000 warrants expire Sep 20, 2008	1,404	1,321	0.5
Spider Resources Inc.	(iii)	11,111,110 common shares 11,111,110 warrants expire Oct 11, 2009	1,000	1,286	0.5
Niogold Mining Corp.	(ii, iii)	5,101,500 common shares 985,000 warrants expire Oct 24, 2008	2,077	1,275	0.5
ATW Ventures Corp.	(iii)	1,160,000 common shares 580,000 warrants expire Dec 17, 2009	696	1,151	0.5
New World Resources Corp.	(ii, iii)	2,835,000 common shares 1,000,000 warrants expire Nov 15, 2008	2,409	1,081	0.4
Skyharbour Resources Ltd.	(ii, iii)	9,000,000 common shares 1,000,000 warrants expire Jul 24, 2008 3,000,000 warrants expire Jul 31, 2008	1,700	1,080	0.4
Arctic Star Diamond Corp.	(ii, iii)	8,564,091 common shares 2,500,000 warrants expire Oct 27, 2008 1,009,091 warrants expire Feb 21, 2009	2,575	1,071	0.4
Atlas Minerals Inc. (formerly Atlas Moly Inc.)	(ii, iii)	2,600,000 common shares 2,600,000 warrants expire Dec 31, 2009	894	1,030	0.4
Portal Resources Ltd.	(ii, iii)	3,000,000 common shares 500,000 warrants expire Jul 18, 2008	1,984	1,020	0.4
Australian Mineral Fields Inc.	(iii)	2,000,000 common shares 1,000,000 warrants expire Sep 21, 2008	1,000	1,000	0.4
Total of 154 other investments – Resources (Precious Metals) sector (iv)			97,402	76,587	32.0
			236,272	240,479	100.0
<b>Sector: Resources (Potash and Rare Earths)</b>					
Potash One Inc.	(i, ii, iii)	3,100,500 common shares	3,204	13,162	77.2
Western Potash Corp.	(i, iii)	7,000,000 common shares 3,000,000 warrants expire Oct 15, 2009	2,350	3,500	20.5
Total of 2 other investments – Resources (Potash and Rare Earths) sector (iv)			400	390	2.3
			5,954	17,052	100.0
<b>Sector: Resources (Base Metals)</b>					
MacDonald Mines Exploration Ltd.	(i, ii, iii)	9,988,500 common shares 3,075,000 warrants expire Oct 29, 2009	5,643	6,322	8.7
Waratah Coal Inc. (formerly Eaglestar Ventures Inc.)	(i, iii)	1,932,600 common shares 156,500 warrants expire Feb 9, 2009	2,772	4,348	6.0
Temex Resources Corp.	(i, ii, iii)	5,818,000 common shares 1,500,000 warrants expire Nov 1, 2009	4,002	3,794	5.2
Royal Nickel Corporation	(i)	1,400,000 common shares	1,460	3,500	4.8
Mantis Mineral Corp.	(i, ii, iii)	6,052,500 common shares 1,500,000 warrants expire Oct 19, 2009	2,076	3,465	4.8

# Pinetree Capital Ltd.

## Notes to Consolidated Financial Statements

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### 3. Investments (continued):

As at December 31, 2007:

Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
<b>Sector: Resources (Base Metals) (continued)</b>					
International Nickel Ventures Corp.	(ii, iii)	3,800,000 common shares 188,000 warrants expire Nov 18, 2008	5,321	3,425	4.7
Probe Mines Ltd.	(ii, iii)	3,985,000 common shares 1,000,000 warrants expire Nov 6, 2009	3,256	2,596	3.6
Stingray Copper Inc. (formerly Stingray Resources Inc.)	(iii)	2,495,000 common shares 782,500 warrants expire Apr 24, 2009	2,724	1,923	2.6
Oriental Minerals Inc.	(iii)	2,381,700 common shares 125,000 warrants expire Jul 2, 2008 1,250,000 warrants expire Jan 17, 2009	4,650	1,810	2.5
Independent Nickel Corp.	(ii, iii)	4,250,000 common shares 500,000 warrants expire Nov 7, 2008	1,687	1,758	2.4
Ascendant Copper Corporation	(ii, iii)	7,615,000 common shares 3,500,000 warrants expire Jun 22, 2009	3,357	1,687	2.3
Canadian Arrow Mines Ltd.	(iii)	3,913,500 common shares 362,500 warrants expire Oct 17, 2008	2,135	1,526	2.1
Landdrill International Inc.	(ii, iii)	4,694,000 common shares 250,000 warrants expire Mar 14, 2008 150,000 warrants expire Apr 7, 2008 500,000 warrants expire Oct 12, 2008	1,302	1,408	1.9
El Nino Ventures Inc.	(ii, iii)	1,000,000 common shares 1,000,000 warrants expire Jan 9, 2009	500	1,200	1.6
Slam Exploration Ltd.	(ii, iii)	7,000,000 common shares 1,364,000 warrants expire May 23, 2008 4,062,000 warrants expire Mar 14, 2009 300,000 warrants expire Oct 23, 2009	1,145	1,116	1.5
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	1,089	1.5
War Eagle Mining Co. Inc.	(ii, iii)	2,869,000 common shares 1,500,000 warrants expire Mar 7, 2008 250,000 warrants expire May 14, 2009	1,609	1,079	1.5
Halo Resources Ltd.	(iii)	2,500,000 common shares 150,000 warrants expire Apr 12, 2008 675,000 warrants expire Jul 3, 2009 350,000 warrants expire Dec 14, 2009	1,184	1,021	1.4
Northern Abitibi Mining Corp.	(ii, iii)	3,995,666 common shares 2,083,333 warrants expire May 2, 2009	498	1,004	1.4
Black Bull Resources Inc.	(ii, iii)	10,000,000 common shares	1,500	1,000	1.4
Total of 47 other investments – Resources (Base Metals) sector (iv)			36,476	27,803	38.1
			84,923	72,874	100.0

# Pinetree Capital Ltd.

## Notes to Consolidated Financial Statements

March 31, 2008

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

### 3. Investments (continued):

As at December 31, 2007:					
Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
<b>Sector: Biotechnology</b>					
GeneNews Limited (formerly ChondroGene Limited)	(i, iii)	3,166,500 common shares	3,188	3,388	29.7
Stem Cell Therapeutics Corp.	(i, iii)	6,241,000 common shares			
		1,250,000 warrants expire Mar 27, 2008			
		500,000 warrants expire Feb 1, 2009			
		1,250,000 warrants expire May 9, 2010	2,740	1,965	17.2
Haemacure Corp.	(i, ii, iii)	13,392,500 common shares			
		2,500,000 A warrants expire Jan 5, 2012			
		2,500,000 B warrants expire Jan 5, 2012	2,521	1,808	15.9
SQI Diagnostics Inc.	(i, iii)	1,000,000 common shares			
		500,000 warrants expire Jun 29, 2009	1,600	1,450	12.7
Total of 7 other investments – Biotechnology sector (iv)			3,789	2,789	24.5
			13,838	11,400	100.0
<b>Sector: Energy Related Technology</b>					
Opel International Inc. (formerly Tandem Resources Inc.)	(i, iii)	2,701,700 common shares			
		750,000 warrants expire Dec 13, 2009			
		1,000,000 warrants expire May 11, 2010	3,206	5,315	44.3
Global Green Solutions Inc.	(i, iii)	2,227,743 common shares			
		700,000 warrants expire May 5, 2008			
		250,000 warrants expire Aug 19, 2008	1,051	1,519	12.7
Solomon Technologies, Inc.	(i, iii)	5,971,522 common shares			
		US\$150,000 12% promissory note due Sep 7, 2008	1,789	1,504	12.5
Fiber Optics Systems Technology Inc.	(i, iii)	3,536,612 common shares	2,948	1,043	8.7
Total of 5 other investments – Energy Related Technology sector (iv)			2,649	2,615	21.8
			11,643	11,996	100.0
<b>Sector: Technology and Other</b>					
Kyoto Capital Partners Inc.	(i)	15,000,000 common shares	3,000	3,000	12.6
Valcent Products Inc.	(i, iii)	2,814,666 common shares			
		416,666 warrants expire May 15, 2008			
		500,000 warrants expire Dec 11, 2008			
		833,333 warrants expire Apr 24, 2009			
		300,000 warrants expire Oct 10, 2009	1,824	2,470	10.4
View22 Technology Inc.	(i, iii)	1,300,000 common shares			
		500,000 warrants expire Aug 2, 2008			
		150,000 warrants expire Nov 8, 2008	1,225	2,275	9.6
Chalk Media Corp.	(i, iii)	8,500,000 common shares	2,215	1,913	8.0
Ziplocal Inc. (formerly Redcity Search Company)	(i, ii, iii)	9,083,000 common shares	2,526	1,635	6.9

## Pinetree Capital Ltd.

### Notes to Consolidated Financial Statements

March 31, 2008

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

#### 3. Investments (continued):

As at December 31, 2007:					
Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
<b>Sector: Technology and Other (continued)</b>					
Fluid Media Networks, Inc. (Formerly Fluid Audio Networks, Inc.)	(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 US\$300,000 12% convertible debenture due May 31, 2008	1,889	1,590	6.7
Sofame Technologies Inc.	(ii, iii)	5,500,000 common shares 2,500,000 warrants expire May 16, 2009 499,998 warrants expire Dec 21, 2009	813	1,362	5.7
VIQ Solutions Inc. RAJ Gaming (2109453 Ontario Ltd.)	(ii, iii)	7,279,500 common shares	1,301	1,201	5.0
	(iii)	500,000 common shares	1,000	1,000	4.2
Total of 26 other investments – Technology and Other sector (iv)			13,908	7,359	30.9
			29,701	23,805	100.0
<b>Total investments (v)</b>			<b>\$ 639,960</b>	<b>\$ 592,039</b>	

- (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 December 31, 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 December 31, 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 December 31, 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 December 31, 2007.
- (v) As at December 31, 2007, included in total investments were securities of private companies with a fair value totaling \$52,450 (cost of \$43,589) determined in accordance with the Company's accounting policy for private company investments.

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**Pinetree Capital Ltd.****Notes to Consolidated Financial Statements****March 31, 2008****(Unaudited – in thousands of dollars, except for securities and per share amounts)**

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**3. Investments (continued):**

- (c) Equity accounted investment consists of the following as at March 31, 2008 and December 31, 2007:

	<b>March 31, 2008</b>	December 31, 2007
Equity accounted investment - carrying value, beginning of period	\$ 19,555	\$ 21,932
Income (loss) on equity investment	(1,865)	5,548
Dividend received from equity accounted investment	(10,628)	(7,925)
Equity accounted investment - carrying value, end of period	\$ 7,062	\$ 19,555
Equity accounted investment - cost	\$ -	\$ -

**4. 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 risks.

**5. Bank indebtedness:**

The Company has an operating line of credit with the Royal Bank of Canada ("RBC") for \$1,000 collateralized by the Company's assets. The operating line of credit bears interest at RBC's prime rate plus 0.75% and is due on demand. As at March 31, 2008, the Company had utilized \$516 (December 31, 2007 - \$674) of the line of credit.

**6. Advances from officer:**

From time to time, during the period ended March 31, 2008, the Chairman and Chief Executive Officer of the Company ("CEO") advanced funds to Pinetree. The advances were unsecured, due on demand and bore interest at a rate of RBC prime rate plus 1%. As at March 31, 2008, \$35,293 in advances were outstanding, and included in the consolidated statements of operations is \$293 of interest expense relating to these advances.

**7. Advances from affiliated company:**

As at December 31, 2007, the Company had advances from PowerOne Capital Markets Limited ("PowerOne") of \$10,628. The Company owns a 50% interest in PowerOne, an Ontario limited market dealer. During the three months ended March 31, 2008, these advances were repaid in full.

## Pinetree Capital Ltd.

### Notes to Consolidated Financial Statements

March 31, 2008

(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 three months ended March 31:

Type of service	Nature of relationship	2008	2007
Consulting fees (a)	Director, shareholders, and officers	\$ 257	\$ 184
Consulting bonuses (b)	Director, shareholders, and officers	-	9,822
Director fees	Directors	9	6
Interest expense	Affiliated companies	-	391
Interest expense (c)	Director, shareholder, and officer	293	-
Other income (d)	Affiliated companies	151	143
Realized losses on disposal of investments (e)	Affiliated companies	13,439	-

- (a) Consulting agreements are with the Company's CEO, Chief Financial Officer, Vice President Investments, and Vice President Legal & Corporate Affairs. The costs 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 \$nil (2007 - \$9,822) relating to this bonus.
- (c) As at March 31, 2008, the Company had advances of \$35,293 from the CEO. Included in the consolidated statements of operations is \$293 of interest expense relating to these advances (see note 6).
- (d) Other income relates to consulting, sublease, and services agreements of approximately \$151 (2007 - \$143) 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.
- (e) During the three months ended March 31, 2008, the Company sold certain of its investments at market prices to Mega Uranium Ltd. ("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". Total proceeds on the sales were \$7,359 and the Company recognized an aggregate realized loss on the sales of \$9,727.

## Pinetree Capital Ltd.

### Notes to Consolidated Financial Statements

March 31, 2008

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

#### 8. Related party transactions (continued):

During the three months ended March 31, 2008, the Company sold certain of its investments at market prices to Brownstone Ventures Inc. ("Brownstone"). The Company has an investment in Brownstone which is a company with common directors and common officers of the Company and a reporting issuer trading on the TSX Venture Exchange under the symbol "BWN". Total proceeds on the sales were \$14,134 and the Company recognized an aggregate realized loss on the sales of \$3,712.

- (f) Included in accounts payable and accrued liabilities as at March 31, 2008 is \$17 (December 31, 2007 - \$10,007) owing to related parties.

#### 9. Share capital:

Authorized: Unlimited number of common shares, no par value

Issued and outstanding common shares (a):

	# of Shares	Amount
Balance, December 31, 2006	86,903,712	\$ 98,832
Issued pursuant to exercise of stock options	4,135,268	12,683
Issued pursuant to exercise of broker warrants	152,080	345
Issued pursuant to private placement financing, net	10,000,000	76,112
Issued pursuant to private placement financing, net	13,750,000	48,154
Cancellation of dissenting shares from Pinetree/Genevest merger in fiscal year 2004	(1,309,028)	—
<b>Balance, December 31, 2007</b>	<b>113,632,032</b>	<b>\$ 236,126</b>
Issued pursuant to exercise of stock options (b)	<b>200,000</b>	<b>347</b>
<b>Balance, March 31, 2008</b>	<b>113,832,032</b>	<b>\$ 236,473</b>

- (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 three months ended March 31, 2008, 200,000 stock options were exercised at prices of between \$0.53 and \$1.75 per share for total proceeds of \$228. Pursuant to the exercise of stock options, amounts of \$119 in contributed surplus were reallocated to share capital.

- (c) Stock options:

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. There were no stock options granted during the three months ended March 31, 2008.

## Pinetree Capital Ltd.

### Notes to Consolidated Financial Statements

March 31, 2008

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

#### 9. Share capital (continued):

The fair value of the options granted during the prior year 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	n/a
Risk-free interest rate	4.50% - 4.75%
Expected option life in years	3.5
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 three months ended March 31, 2008, included in operating, general and administrative expenses is stock-based compensation of nil (three months ended March 31, 2007 - \$104) relating to the stock options granted during the period and \$2,919 (three months ended March 31, 2007 - \$228) relating to stock options granted in prior years to directors, officers, employees and consultants of the Company.

A summary of the status of the Company's stock options as at March 31, 2008 and December 31, 2007 and changes during the periods then ended are presented below:

Stock Options	Three months ended March 31, 2008		Twelve months ended December 31, 2007	
	# of Shares	Weighted average exercise price	# of Shares	Weighted average exercise price
Outstanding, at beginning of period	5,364,364	\$ 5.88	5,635,132	\$ 3.50
Granted	-	-	3,864,500	7.70
Exercised	(200,000)	(1.14)	(4,135,268)	(1.92)
Outstanding, at end of period	5,164,364	\$ 6.07	5,364,364	\$ 5.88
Exercisable, at end of period	2,825,328	\$ 5.10	2,379,774	\$ 4.07

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**Pinetree Capital Ltd.****Notes to Consolidated Financial Statements**

March 31, 2008

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

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**9. Share capital (continued):**

The following table summarizes information about stock options outstanding and exercisable as at March 31, 2008:

<b>Number of options outstanding</b>	<b>Number of options exercisable</b>	<b>Exercise price</b>	<b>Expiry date</b>
187,856	187,856	\$ 0.44	June 10, 2008
4,928	4,928	0.59	January 20, 2009
25,140	25,140	0.62	January 20, 2009
10,800	10,800	0.52	November 16, 2009
200,000	200,000	0.60	January 2, 2010
280,000	280,000	0.53	June 15, 2010
170,000	170,000	1.10	November 16, 2010
100,000	100,000	1.62	December 5, 2010
216,800	216,800	1.75	January 2, 2011
54,340	54,340	3.99	June 20, 2011
50,000	41,660	5.25	October 15, 2011
190,000	139,600	9.74	February 4, 2012
1,017,500	508,728	13.02	April 26, 2012
50,000	16,600	9.50	July 2, 2012
25,000	8,320	4.08	September 3, 2012
2,582,000	860,556	5.45	September 16, 2012
<b>5,164,364</b>	<b>2,825,328</b>		

**(d) Warrants and broker warrants:**

A summary of the status of the Company's warrants and broker warrants as at March 31, 2008 and December 31, 2007 and the changes during the periods then ended are presented below:

	<b>Three months ended March 31, 2008</b>		<b>Twelve months ended December 31, 2007</b>	
	<b># of warrants and broker warrants</b>	<b>Weighted average exercise price</b>	<b># of warrants and broker warrants</b>	<b>Weighted average exercise price</b>
<b>Warrants and broker warrants</b>				
Outstanding, at beginning of period	<b>13,181,250</b>	<b>\$ 9.89</b>	152,080	\$ 2.27
Issued	-	-	13,181,250	9.89
Exercised	-	-	(152,080)	(2.27)
Outstanding, at end of period	<b>13,181,250</b>	<b>\$ 9.89</b>	13,181,250	\$ 9.89

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**Pinetree Capital Ltd.****Notes to Consolidated Financial Statements**

March 31, 2008

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

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**9. Share capital (continued):**

The following table summarizes the warrants and broker warrants outstanding as at March 31, 2008:

<b>Number of warrants and broker warrants</b>	<b>Exercise price</b>	<b>Expiry date</b>	<b>Warrant/broker warrant value</b>
550,000	\$ 12.13	April 16, 2009	\$ 3,443
5,000,000	15.00	April 16, 2012	37,100
756,250	5.30	October 23, 2009	1,686
6,875,000	6.50	October 23, 2012	19,662
<b>13,181,250</b>			<b>\$ 61,891</b>

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

	<b>Amount</b>
<b>Balance, December 31, 2006</b>	\$ 4,918
Stock-based compensation	6,141
Exercise of stock options	(4,624)
<b>Balance, December 31, 2007</b>	6,435
Stock-based compensation	<b>2,919</b>
Exercise of stock options	<b>(119)</b>
<b>Balance, March 31, 2008</b>	<b>\$ 9,235</b>

Contributed surplus comprises only the fair value of stock-based compensation.

**10. Normal course issuer bid:**

During the year ended December 31, 2007, Pinetree renewed its normal course issuer bid. Pursuant to the terms of the bid, 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 bid will be cancelled.

Pinetree did not purchase any common shares of the Company during the three months ended March 31, 2008.

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## Pinetree Capital Ltd.

### Notes to Consolidated Financial Statements

March 31, 2008

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

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#### 11. Lease commitments:

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

2009	\$	649
2010		649
2011		646
2012		681
2013		681
2014		511
	\$	3,817

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#### 12. Management of capital:

The Company includes the following in its capital:

	March 31, 2008	December 31, 2007
Due to brokers	\$ 93,931	\$ 86,601
Bank indebtedness	516	674
Advances from officer	35,293	-
Advances from affiliated company	-	10,628
Shareholders' equity comprised of		
Share capital	236,473	236,126
Warrants and broker warrants	61,891	61,891
Contributed surplus	9,235	6,435
Retained earnings	116,070	172,475
	\$ 553,409	\$ 574,830

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The Company's objectives when managing capital are:

- To ensure that the Company maintains the level of capital necessary to meet the requirements of its brokers and bank;
- To allow the Company to respond to changes in economic and/or marketplace conditions by maintaining the Company's ability to purchase new investments;
- To give shareholders sustained growth in shareholder value by increasing shareholders' equity;
- To maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

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## **Pinetree Capital Ltd.**

### **Notes to Consolidated Financial Statements**

**March 31, 2008**

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

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#### **12. Management of capital (continued):**

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its underlying assets. The Company maintains or adjusts its capital level to enable it to meet its objectives by:

- (a) Realizing proceeds from the disposition of its investments;
- (b) Utilizing leverage in the form of margin (due from brokers) and the Company's bank credit line (bank indebtedness);
- (c) Raising capital through equity financings;
- (d) Borrowing funds in the form of advances from related parties;
- (e) Purchasing the Company's own shares for cancellation pursuant to its normal course issuer bid.

The Company is not subject to any capital requirements imposed by a regulator. There were no changes in the Company's approach to capital management during the period. To date, the Company has not declared any cash dividends to its shareholders as part of its capital management program. The Company's management is responsible for the management of capital and monitors the Company's use of various forms of leverage on a daily basis. The Company expects that its current capital resources will be sufficient to discharge its liabilities as at March 31, 2008.

#### **13. Financial instruments:**

The investment operations of Pinetree's business involve the purchase and sale of securities and, accordingly, the majority of the Company's assets are currently comprised of financial instruments. The use of financial instruments can expose the Company to several risks, including market, credit and liquidity risks. A discussion of the Company's use of financial instruments and their associated risks is provided below.

- (a) Liquidity risk:

Liquidity risk is the risk that the Company will have sufficient cash resources to meet its financial obligations as they come due. 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 stock market conditions generally or related to matters specific to the Company, or if the value of the Company's investments declines, resulting in 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.

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**Pinetree Capital Ltd.****Notes to Consolidated Financial Statements****March 31, 2008****(Unaudited – in thousands of dollars, except for securities and per share amounts)**

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**13. Financial instruments (continued):**

The Company uses financial leverage (or "margin") when purchasing investments. Trading on margin allows the Company to borrow part of the purchase price of the investments (using marginable investments as collateral), rather than pay for them in full. Buying on margin allows the Company to increase its portfolio size by increasing the number and amount of investments through leverage. However, if the market moves against the Company's positions and the Company's investments decline in value, the Company may be required to provide additional funds to its brokers, which could be substantial. Given the nature of the Company's business, the Company may not have sufficient cash on hand to meet margin calls and may be required to liquidate investments pre-maturely and/or at a loss, in order to generate funds needed to satisfy the Company's obligations. Furthermore, if the Company is unable to provide the necessary funds within the time required, the Company's marginable investments may be liquidated at a loss by its brokers to meet the obligations (and the Company may still be required to make up any additional shortfall in funds thereafter). The Company has at times borrowed funds from other sources to meet its obligations, but there can be no assurances that such funds will be available in the future, or available on reasonable terms, and the absence of available funding and/or the sale of the Company's investments in order to meet margin calls could have a materially adverse impact on the Company's operating results.

The Company manages liquidity risk by reviewing the amount of margin available on a daily basis, and managing its cash flow. The Company holds investments which can be readily converted into cash when required.

As at March 31, 2008, the Company had available margin of \$2,269 from its broker. The following table shows the estimated sensitivity of the Company's available margin from a change in the closing bid price of the Company's investments with all other variables held constant as at March 31, 2008:

<b>Percentage of change in closing bid prices</b>	<b>Margin available from % increase in closing bid price</b>	<b>Margin call from a % decrease in closing bid price</b>
2%	\$ 3,951	\$ (585)
4%	5,634	(2,244)
6%	8,196	(3,903)
8%	10,716	(6,027)
10%	12,430	(8,174)

**(b) Market risk:**

Market risk is the risk that the fair value of, or future cash flows from the Company's financial instruments will significantly fluctuate because of changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

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**Pinetree Capital Ltd.****Notes to Consolidated Financial Statements**

March 31, 2008

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

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**13. Financial instruments (continued):**

The Company manages market risk by having a portfolio which is not singularly exposed to any one issuer or class of issuers. Pinetree's investment activities are currently concentrated primarily across several sectors in the natural resource industry: uranium, oil and gas, molybdenum, precious metals, potash and rare earths, and base metals. The Company also has set thresholds on purchases of investments over which the approval of the board of directors is required.

The following table shows the estimated sensitivity of the Company's after-tax net income (loss) for the three months ended March 31, 2008 from a change in the closing bid price of the Company's investments with all other variables held constant as at March 31, 2008:

<b>Percentage of change in closing bid prices</b>	<b>Change in net after-tax income (loss) from % increase in closing bid price</b>	<b>Change in net after-tax income (loss) from % decrease in closing bid price</b>
2%	\$ 7,507	\$ (7,507)
4%	15,013	(15,013)
6%	22,520	(22,520)
8%	30,027	(30,027)
10%	37,533	(37,533)

**(c) Interest risk:**

Interest risk is the impact that changes in interest rates could have on the Company's earnings and liabilities. As at March 31, 2008, the Company had liabilities comprised of due to brokers, bank indebtedness, and advances from officer (collectively "interest risk liabilities"), which bore interest at rates fluctuating with the prime rate or overnight lending rate. All of the interest risk liabilities can be repaid by the Company at any time, without notice or penalty, which provides the Company with some ability to manage and mitigate its interest risk.

The following table shows the Company's estimated sensitivity of the Company's after-tax net income (loss) for the three months ended March 31, 2008, from a change in the interest rate on the average interest risk liabilities with all other variables held constant as at March 31, 2008:

<b>Change in interest rate</b>	<b>Change in net after-tax income (loss) from an increase in interest rate</b>	<b>Change in net after-tax income (loss) from a decrease in interest rate</b>
0.25%	\$ (45)	\$ 45
0.50%	(90)	90
0.75%	(134)	134
1.00%	(179)	179

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**Pinetree Capital Ltd.****Notes to Consolidated Financial Statements****March 31, 2008****(Unaudited – in thousands of dollars, except for securities and per share amounts)**

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**13. Financial instruments (continued):**

## (d) Currency risk:

Currency risk is the risk that the fair value of, or future cash flows from the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's operations are exposed to foreign exchange fluctuations, which could have a significant adverse effect on its consolidated results of operations from time to time. The Company may have margin borrowings or financial instruments denominated in U.S. dollars, Australian dollars, Hong Kong dollars, and British pounds.

A change in the foreign exchange rate of the Canadian dollar versus another currency may increase the Company's obligations due to brokers or decrease the value of its financial instruments. The Company believes it is not significantly exposed to foreign exchange risk and does not actively hedge its foreign currency exposure. Pinetree's foreign exchange risk is, to a certain extent, mitigated by the Company's foreign exchange denominated investments.

The following assets and liabilities were denominated in foreign currencies as at March 31, 2008 and December 31, 2007:

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	<b>March 31, 2008</b>	December 31, 2007
Denominated in U.S. dollars:		
Investments	\$ 40,547	\$ 39,827
Cash and cash equivalents	30	31
Due from brokers	-	2,737
Due to brokers	5,619	-
Accounts payable and accrued liabilities	30	31
Income taxes payable	45	60
Denominated in Australian dollars:		
Investments	12,126	13,140
Due to brokers	4,028	506
Denominated in British pounds:		
Investments	402	410
Denominated in South African rands:		
Investments	-	234
Denominated in Hong Kong dollars:		
Investments	29	10

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**Pinetree Capital Ltd.****Notes to Consolidated Financial Statements****March 31, 2008****(Unaudited – in thousands of dollars, except for securities and per share amounts)**

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**13. Financial instruments (continued):**

The following table shows the estimated sensitivity of the Company's after-tax net income (loss) for the three months ended March 31, 2008 from a change in all foreign currencies (Australian dollars, British pounds, Hong Kong dollars and U.S. dollars) with all other variables held constant as at March 31, 2008:

<b>Percentage of change in foreign currencies</b>	<b>Change in net after-tax income (loss) from an increase in % in foreign currencies</b>	<b>Change in net after - tax income (loss) from a decrease in % in foreign currencies</b>
2%	\$ 290	\$ (290)
4%	579	(579)
6%	869	(869)
8%	1,159	(1,159)
10%	1,449	(1,449)

(e) Credit risk:

Credit risk is the risk associated with the inability of a third party to fulfill its payment obligations. The Company is exposed to the risk that third parties that owe it money or securities (in connection with convertible or debt securities, for example) will not perform their underlying obligations.

The Company's investments in convertible debentures, convertible notes, and promissory notes are carried as though converted to common shares. As at March 31, 2008, the total fair value of these investments was \$4,573. The Company believes it is not significantly exposed to credit risk as these investments comprise less than 1% of the Company's total investments.

(f) Fair value:

The Company has determined the fair value of its financial instruments as follows:

- (i) The carrying values of cash and cash equivalents, prepaids and other receivables, due to brokers, bank indebtedness, accounts payable and accrued liabilities, advances from officer and advances from affiliated company, in the consolidated balance sheets, approximate their fair values due to the short-term nature of these instruments.
- (ii) Investments and capital assets are carried at amounts in accordance with the Company's accounting policies.
- (iii) Revenue is recognized in accordance with the Company's accounting policy.

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## **Pinetree Capital Ltd.**

### **Notes to Consolidated Financial Statements**

**March 31, 2008**

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

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#### **14. Future accounting changes:**

Recent Accounting Pronouncements:

- (a) The CICA issued a new accounting standard, Section 3064, Goodwill and Intangible Assets, which clarifies that costs can be deferred only when they relate to an item that meets the definition of an asset. As a result, start-up costs must be expensed as incurred. Section 1000, Financial Statement Concepts, was also amended to provide consistency with this new standard. These new standards are effective for years beginning on or after October 1, 2008. The Company is currently assessing the impact of these standards on its consolidated financial statements.
- (b) In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of the plan, accounting standards in Canada for public companies are to converge with International Financial Reporting Standards ("IFRS") effective for fiscal periods beginning on or after January 1, 2011. The Company continues to monitor, and assess, the impact of the convergence of Canadian GAAP and IFRS.

#### **15. Segmented information:**

The Company has a single reportable geographic segment - Canada - and all of the Company's capital assets are located in Canada.

#### **16. 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, 2008 consolidated financial statements.

#### **17. Subsequent events:**

- (a) On April 11, 2008, the Company granted 1,472,500 stock options exercisable at a price of \$3.14 per share expiring on April 10, 2013.
- (b) Subsequent to March 31, 2008, the Company repaid \$25,000 of the advances from an officer (note 6).
- (c) Subsequent to March 31, 2008, 16,800 options were exercised at \$1.75 per share for total proceeds of \$29.
- (d) Subsequent to March 31, 2008, the Company sold certain of its investments at market prices to Brownstone, a related party (note 8(e)). Total proceeds on the sale were \$11,032 and the Company recognized an aggregate realized loss on the sale of \$2,498.

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**Pinetree Capital Ltd.****Notes to Consolidated Financial Statements****March 31, 2008****(Unaudited – in thousands of dollars, except for securities and per share amounts)**

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**17. Subsequent events (continued):**

- (e) Subsequent to March 31, 2008, the Company sold certain of its investments at market prices to Mega, a related party (note 8(e)). Total proceeds on the sales were \$5,457 and the Company recognized an aggregate realized loss on the sales of \$5,468.