



Management's Discussion and Analysis

For the Quarter Ended: September 30, 2009

Date of Report: November 11, 2009

This management's discussion and analysis of the financial condition and results of operation ("MD&A") of Pinetree Capital Ltd. ("Pinetree" or the "Company") for the three and nine months ended September 30, 2009 should be read in conjunction with Pinetree's audited consolidated financial statements and notes thereto as at and for the year ended December 31, 2008 and the unaudited consolidated financial statements and notes thereto as at and for the three and nine months ended September 30, 2009.

All financial data in this MD&A has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), except as otherwise indicated (see "Use of Non-GAAP Measures"). All dollar amounts in this MD&A are reported in thousands of Canadian dollars, except for per share amounts.

Caution Regarding Forward-Looking Information:

Certain information contained in this MD&A constitutes forward-looking information, which is information regarding possible events, conditions or results of operations of the Company that is based upon assumptions about future economic conditions and courses of action and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, without limitation, our expectations regarding anticipated investment activities and results and financing activities, our ability to utilize our future tax assets, the impact of changes in accounting policies and other factors on our operating results, and the performance of global capital markets and interest rates.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to investment performance and our ability to generate taxable income from operations, market fluctuations, fluctuations in prices of commodities underlying our interests and equity investments, the strength of the Canadian, U.S. and other economies, foreign exchange fluctuations, political and economic conditions in the countries in which the interests of the Company's portfolio investments are located, and

other risks included elsewhere in this MD&A under the headings "Risks" and "Financial Instruments" and in the Company's current annual information form and other public disclosure documents filed with certain Canadian securities regulatory authorities and available under Pinetree's profile at www.sedar.com.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The forward-looking information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Nature of the Business:

Pinetree 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, junior resource exploration market. Pinetree's investments are primarily in the following resource sectors: Uranium, Oil & Gas, Precious Metals, Base Metals and Potash, Lithium and Rare Earths. 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.

Outlook and Overall Performance:

During the third quarter of 2009, the Company continued to experience significant unrealized gains on its investments as, overall, stock prices continued to improve from their lows of the fourth quarter of 2008. It is too early to know, however, whether this is indicative of a more sustainable upward trend, and our operating results can be significantly impacted by stock market volatility, whether or not we are actively trading securities, due to mark-to-market accounting rules.

Although we remain committed to our investment strategy and long-term objectives, we believe that there will continue to be volatility in the markets in the near term and, until such time as there is sustained stabilization and improvement in market conditions, we do not expect to make significant realized gains on our investments, and may incur realized losses on sales of our investments in order to generate cash needed to fund our operations. Additionally, if there are further declines in the trading prices of the securities which Pinetree holds, we may incur additional unrealized losses on investments.

Capital raising activity in the junior resource space increased somewhat during 2009, presenting various investment opportunities for Pinetree. The Company purchased an additional \$33,786 of investments in the third quarter, as compared to \$27,058 of investments in the same quarter of 2008, representing a 24.9% increase in its portfolio acquisitions. During the current quarter, the Company had cash proceeds of \$72,750 from the disposition of investments as compared to cash proceeds of \$32,343 from the disposition of investments in the prior year quarter. The Company used the excess cash proceeds to repay advances from officer and amounts due to brokers.

Selected financial information for the Company for the indicated periods is provided below:

Operating Results	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Gains/(losses) on disposal of investments, net	\$ (5,405)	\$ 5,194	\$ (32,087)	\$ (1,585)
Unrealized gains (losses) on investments, net	74,210	(257,634)	201,222	(318,829)
Gains on disposal of equity accounted investments	370	-	370	-
Income (losses) from equity accounted investments	295	(3,769)	(39)	(3,987)
Net investment gains (losses)	69,470	(256,209)	169,466	(324,401)
Net income (loss) for the period	63,847	(210,853)	137,099	(262,484)
Earnings (loss) per common share – basic	0.48	(1.63)	1.04	(2.21)
Earnings (loss) per common share – diluted	0.48	(1.63)	1.04	(2.21)

The Company's net investment gains for the three months ended September 30, 2009 were comprised primarily of net unrealized gains on the Company's investments recognized in accordance with mark-to-market accounting rules. The net unrealized gains arise from an overall increase in the stock prices of our portfolio companies during the current period and the reversal of previously recognized unrealized losses on the disposal of investments.

As at September 30, 2009, the Company held investments at fair value and equity accounted investments totaling \$303,241, as compared to \$275,366 as at June 30, 2009 (a 10.1% increase) and \$137,536 as at December 31, 2008 (a 120.5% increase). The increase in the fair value of the Company's investments was due to the increase in stock prices (as noted above), offset by net dispositions.

As at September 30, 2009, shareholders' equity stood at \$316,635 as compared to \$252,100 as at June 30, 2009 (a 25.6% increase) and \$174,210 as at December 31, 2008 (an 81.8% increase).

Investments:

- (a) Investments at cost and fair value consist of the following as at September 30, 2009 and December 31, 2008:

Sectors:	September 30, 2009		December 31, 2008	
	Cost	Fair Value	Cost	Fair Value
Resources:				
Precious metals	\$ 168,343	\$ 136,943	\$ 186,891	\$ 50,540
Uranium	135,387	50,126	147,117	26,953
Base metals	142,103	48,663	157,577	26,688
Oil & gas	47,787	22,391	40,052	10,066
Potash, lithium and rare earths	22,245	25,522	10,220	3,658
Technology and other	21,193	7,509	28,999	8,205
Biotechnology	10,377	4,851	13,352	5,493
Energy related technology	16,681	5,248	15,710	2,366
Total investments	\$ 564,116	\$ 301,253	\$ 599,918	\$ 133,969

The number of investments held by the Company in each sector as at September 30, 2009 and December 31, 2008 is as follows:

Resources:	September 30, 2009		December 31, 2008	
		<u>% of Total</u>		<u>% of Total</u>
Precious metals	130	31.9	154	36.1
Uranium	67	16.4	79	18.5
Base metals	105	25.7	93	21.7
Oil & gas	43	10.5	41	9.6
Potash, lithium and rare earths	18	4.4	7	1.6
Technology and other	25	6.1	34	8.0
Biotechnology	8	2.0	9	2.2
Energy related technology	12	3.0	10	2.3
	408	100.0	427	100.0

The total number of investments held by the Company and the allocation of investments by sector remained relatively constant as compared to December 31, 2008. As at September 30, 2009, 363 out of 408, or 88.9%, of the investments were in the resource sector. As at September 30, 2009, \$283,645 (94.2%) of the fair value of the investments was in resource companies as compared to \$117,905 (88.0%) as at December 31, 2008.

The fair value of the investments held by the Company as at September 30, 2009 increased by 124.9% to \$301,253 as compared to \$133,969 at the end of last year. The cost base of the Company's portfolio was \$564,116 as at September 30, 2009, as compared to \$599,918 as at December 31, 2008. As such, the cost of investments exceeded fair value by \$262,863 as at September 30, 2009 versus \$465,949 as at December 31, 2008, a 43.6% improvement. The improvement arose primarily from the unrealized gains of \$201,222 recorded during the nine months ended September 30, 2009 due to an increase in fair value of the Company's investments and reversals of previously recognized unrealized losses. During the quarter ended September 30, 2009, the Company had unrealized gains of \$74,210.

The fair value of Pinetree's publicly-traded investments is determined in accordance with the Company's accounting policy. See "Accounting Policy for Valuing Investments". The amounts at which the Company's publicly-traded investments could be disposed of currently may differ from their 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 and current market prices may differ significantly from the historical prices used to calculate fair value for the purposes of the Company's consolidated financial statements.

As at September 30, 2009, included in total investments were securities of private companies with a fair value totalling \$25,910 (8.6% of total fair value of the Company's investments; cost of \$42,541), as compared to fair value of \$14,270 as at December 31, 2008 (10.7% of total fair value of the Company's investments; cost of \$42,082). This reflects an overall increase in the fair value of the Company's private investments which is intended to approximate the general increase in the fair value of securities of public companies in the same sectors. The increase in fair value was determined in accordance with the Company's accounting policy for private company investments (see "Accounting Policy For Valuing Investments" and "Critical Accounting Estimates").

(b) Equity accounted investments consist of the following:

	September 30, 2009	December 31, 2008
Equity accounted investments - carrying value, beginning of period	\$ 3,567	\$ 19,555
Purchases of equity accounted investments	740	1,974
Proceeds on disposal of equity accounted investment	(2,650)	-
Gain on disposal of equity accounted investment	370	-
Losses from equity accounted investments	(39)	(6,234)
Dividend received from equity accounted investment	-	(11,728)
Equity accounted investments - carrying value, end of period	\$ 1,988	\$ 3,567
Equity accounted investments - cost	\$ 2,714	\$ 1,974
Number of equity accounted investments	3	3

During the nine months ended September 30, 2009, the Company purchased an additional 1,927,833 common shares of Western Troy Capital Resources Inc. ("Western Troy") for \$184, giving Pinetree a 29.24% equity interest in the company. As a result of having an ownership interest of greater than 20%, the Company is deemed to have significant influence over Western Troy and the Company is required to account for this investment using the equity method.

During the nine months ended September 30, 2009, the Company sold an equity accounted investment, PowerOne Capital Markets Limited, a limited market dealer, to the Company's Chairman and Chief Executive Officer ("CEO") for total proceeds of \$2,650. The Company recognized a gain on the disposal of the equity accounted investment of \$370. Refer to Related Party Transactions section.

See "Accounting Policy For Valuing Investments" for details of how the Company values investments accounted for using the equity method. Refer to Note 3 to the unaudited

consolidated financial statements as at and for the nine months ended September 30, 2009 for additional details of the Company's investment portfolio.

Results of Operations:

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

	Quarter ended (unaudited)			
	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008
Net investment gains (losses)	\$ 69,470	\$ 58,520	\$ 41,476	\$ (104,374)
Net income (loss) for the period	63,847	44,653	28,599	(93,564)
Earnings (loss) per share – basic	0.48	0.34	0.22	(0.71)
Earnings (loss) per share – diluted	0.48	0.34	0.22	(0.71)

	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007
Net investment gains (losses)	\$ (256,209)	\$ 13,905	\$ (82,097)	\$ 4,013
Net income (loss) for the period	(210,853)	4,774	(56,405)	(2,214)
Earnings (loss) per share – basic	(1.63)	0.04	(0.50)	(0.02)
Earnings (loss) per share – diluted	(1.63)	0.04	(0.50)	(0.02)

Three Months Ended September 30, 2009 and 2008:

For the three months ended September 30, 2009, the Company generated a net realized loss on disposal of investments of \$5,405, as compared to a gain of \$5,194 for the third quarter of 2008.

The Company had net unrealized gains on investments of \$74,210 for the three months ended September 30, 2009, as compared to net unrealized losses on investments of \$257,634 for the same period in 2008. Net unrealized gains for the three months ended September 30, 2009, were comprised of \$49,642 from the write-up to market on the Company's investments and \$24,568 from the reversal of previously recognized net unrealized losses on the disposal of investments during the period. Of the total write-up to market of the Company's investments during the current period, \$6,082 (12.3%) was related to the net write-up of the Company's private investments to approximate similar increases in public company valuations (as discussed above under "Investments"). Of the net unrealized losses for the three months ended September 30, 2008, \$255,633 arose from the write-down to market on the Company's investments and \$2,001 was from the reversal of previously recognized unrealized net gains on the disposal of investments.

For the three months ended September 30, 2009, the Company had income from its equity accounted investments of \$295 as compared to losses from its equity accounted investments of \$3,769 for the same period in the prior year. During the current quarter, the Company sold one equity accounted investment, Powerone, as previously mentioned, for a gain on disposal of the equity accounted investment of \$370.

During the current quarter, other income totalled \$176, as compared to \$252 for the same period last year. Other income is comprised of \$148 (three months ended September 30, 2008 – \$147) from consulting fees and rental income and \$28 (three months ended September 30, 2008 - \$105) of interest income earned on certain of the Company's investments.

Operating, general and administrative expenses in the three months ended September 30, 2009 decreased to \$1,956 from \$4,420 in the three months ended September 30, 2008. The decrease of \$2,464 in the current period resulted primarily from a decrease of \$2,276 in stock-based compensation expense and a decrease of \$560 in bonus accruals. Excluding stock-based compensation expense and bonus accruals, operating, general and administrative expenses during the three months ended September 30, 2009 increased by 41.5% to \$1,268 from \$896, as described further below.

Following is the breakdown of operating, general and administrative expenses for the indicated three month periods ended September 30. Details of the changes between periods follow the table:

	Three months ended September 30,	
	<u>2009</u>	<u>2008</u>
Consulting fees and salaries expense (a)	\$ 514	\$ 1,059
Stock-based compensation expense (b)	688	2,964
Professional fees (c)	146	65
Shareholder relations, transfer agent and filing fees	11	14
Travel, meals, and entertainment (d)	55	19
Rent and insurance expenses	129	125
Office and general (e)	413	174
	\$ 1,956	\$ 4,420

- (a) Consulting fees and salaries expense decreased by \$545 from last year. The decrease was primarily due to a bonus accrual of \$560 in the prior year as compared to no accrual in the current year period.
- (b) Stock-based compensation expense decreased by \$2,276. The decrease in the current quarter was a result of the termination of unvested stock options granted during prior periods and options which were fully vested and expensed in the prior year. Stock options granted during the current and prior year vest at three-month intervals over 18 months and are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value of these options is estimated at the date of grant using the Black-Scholes option pricing model, and expensed over the vesting periods. Unvested terminated stock options are not expensed during the period. Options granted during the current quarter have not vested during the period and therefore have not been expensed.
- (c) Professional fees increased by \$81 for the quarter as compared to the second quarter of 2008, primarily due to a increase in fees payable to the Company's auditors for tax advisory services.

- (d) Travel, meals, and entertainment increased by \$36 in the quarter, due primarily to an increase in travel activities under taken during the period.
- (e) Office and general increased by \$239 in the quarter. The increase was primarily due to an accrual of \$166 for the estimated capital tax payable as at September 30, 2009 and an increase in data and information systems costs.

Transaction costs increased 105.5% to \$337 from \$164 in the same quarter last year, due to a increase in the volume of trading conducted by the Company during the current quarter. Transaction costs arise from purchases and dispositions of investments through brokers, which are expensed immediately in accordance with the Company's accounting policy for investments. The Company continually evaluates its commission structure with its brokers to minimize its transaction costs.

During the three months ended September 30, 2009, the Company experienced a foreign exchange gain of \$216 on its foreign denominated net liabilities as compared to \$249 during the three months ended September 30, 2008. The net foreign exchange gain in the current period primarily arose due to the increase in the value of the Canadian dollar versus the U.S. dollar and the Australian dollar, which decreased the Canadian dollar equivalent of the foreign currency denominated due to brokers' amounts during the period.

In December 2008, as part of the Company's on-going capital management, Pinetree renegotiated an existing credit facility (the "Facility") provided by the Company's CEO, and reallocated its borrowings between the Facility and available margin from brokers, to provide for a more predictable and stable overall debt structure (though at a higher interest rate), in light of market volatility. Interest expense decreased to \$298 in the three months ended September 30, 2009, as compared to \$832 in the same period last year, due to an overall decline in the use of margin for purchases of investments and a general decrease in interest rates charged on the margin borrowings.

The Company recorded a provision for income taxes in the three months ended September 30, 2009 of \$3,391 as compared to a recovery of income taxes of \$50,310 in the three months ended September 30, 2008. The provision for income taxes in the current period was primarily due to a decrease in future income tax asset ("FTA") arising from a decrease in the excess of tax cost over fair value on investments held at the end of the period, partially offset by the tax effect of non-capital and capital losses carried forward.

Net income for the three months ended September 30, 2009 was \$63,847 (\$0.48 per share) versus net loss for the three months ended September 30, 2008 of \$210,853 (\$1.63 per share). The net income in the current period was primarily due to the increase in the fair value of the Company's investments in accordance with Pinetree's accounting policies.

Nine Months Ended September 30, 2009 and 2008:

For the nine months ended September 30, 2009, the Company generated a net realized loss on disposal of investments of \$32,087, as compared to \$1,585 for the nine months ended September 30, 2008.

The Company had net unrealized gains on investments of \$201,222 for the nine months ended September 30, 2009, as compared to net unrealized losses on investments of \$318,829 for the same period in 2008, reflecting the significant overall improvements in the stock prices of the Company's investments in the nine months ending September 30, 2009. Net unrealized gains for the nine months ended September 30, 2009, were comprised of \$140,130 from the write-up to market on the Company's investments and \$61,092 from the reversal of previously recognized net unrealized losses on the disposal of investments during the period. Of the total write-up to market of the Company's investments during the current period, \$10,881 (7.8%) was related to the net write-up of the Company's private investments to approximate similar increases in public company valuations (as discussed above under "Investments"). Of the unrealized net losses for the nine months ended September 30, 2008, \$317,310 arose from the write-down to market on the Company's investments and \$1,519 was from the reversal of previously recognized unrealized net gains on the disposal of investments.

For the nine months ended September 30, 2009, the Company had losses from its equity accounted investments of \$39 as compared to \$3,987 in the same period in the prior year. During the current period, the Company sold one equity accounted investment for a gain on disposal of equity accounted investment of \$370. Refer to the Related Party Transactions section elsewhere in this MD&A.

During the nine months ended September 30, 2009, other income totalled \$3,391, as compared to \$878 for the same period last year. Other income is comprised of \$3,241 (nine months ended September 30, 2008 – \$444) from consulting fees and rental income and \$150 (nine months ended September 30, 2008 - \$434) of interest income earned on certain of the Company's investments and tax refunds. Included in consulting fees were fees of \$2,800 charged to Powerone, under a services agreement between the Company and PowerOne.

Operating, general and administrative expenses in the nine months ended September 30, 2009 decreased to \$6,537 from \$13,196 in the nine months ended September 30, 2008. The decrease of \$6,659 in the current period resulted primarily from a decrease of \$6,085 in stock-based compensation expense and \$560 in bonus accruals to the CEO. Excluding stock-based compensation expense and bonus accrual, operating, general and administrative expenses during the nine months ended September 30, 2009 decreased by 0.4% to \$3,470 from \$3,484, as described further below.

Following is the breakdown of operating, general and administrative expenses for the indicated nine months periods ended September 30. Details of the changes between periods follow the table:

	Nine months ended September 30,	
	<u>2009</u>	<u>2008</u>
Consulting fees and salaries expense (a)	\$ 1,597	\$ 2,128
Stock-based compensation expense (b)	3,067	9,152
Professional fees (c)	381	327
Shareholder relations, transfer agent and filing fees (d)	232	295
Travel, meals, and entertainment	154	184
Rent and insurance expenses	380	371
Office and general (e)	726	739
	\$ 6,537	\$ 13,196

- (a) Consulting fees and salaries expense decreased by \$531 as compared to the same period last year. The decrease was primarily due to a bonus accrual of \$560 in the prior year period that was not repeated in the current year period.
- (b) Stock-based compensation expense decreased by \$6,085. The decrease in the current period was a result of the termination of unvested stock options granted during prior periods and options which were fully vested and expensed in the prior year. Stock options granted during the current and prior year vest at three-month intervals over 18 months and are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value of these options is estimated at the date of grant using the Black-Scholes option pricing model, and expensed over the vesting periods. Unvested terminated stock options are not expensed during the period. Options granted during the current period have not vested during the period and therefore have not been expensed.
- (c) Professional fees increased by \$54 for the nine month period as compared to the same period in 2008, primarily due to a increase in the cost of tax advisory services during the current period.
- (d) Shareholder relations, transfer agent and filing fees decreased by \$63 during the period. The decrease is primarily due to a reduction in public relations costs and newswire service fees.
- (e) Office and general decreased by \$13 in the period. The decrease was primarily from a decrease in charitable donations of \$201, that was offset by an increase in an accrual for capital tax payable and the costs of data and information systems.

Transaction costs decreased 27.3% to \$877 from \$1,206, due to a decrease in the volume of trading conducted by the Company. Transaction costs arise from purchases and dispositions of investments through brokers, which are expensed immediately in accordance with the Company's accounting policy for investments. The Company continually evaluates its commission structure with its brokers to minimize its transaction costs.

During the nine months ended September 30, 2009, the Company had a foreign exchange loss of \$1,381 on its foreign denominated net liabilities as compared to \$138 during the nine months ended September 30, 2008. The net foreign exchange loss in the current period primarily arose due to the decrease in the value of the Canadian dollar versus the U.S. dollar and the Australian dollar over the period, which increased the Canadian dollar equivalent of the foreign dollar due to brokers' amounts during the period. The increase in the foreign exchange loss was due to an increase in foreign denominated net liabilities.

In December 2008, as part of the Company's on-going capital management, Pinetree renegotiated an existing Facility provided by the Company's CEO, and reallocated its borrowings between the Facility and available margin from brokers, to provide for a more predictable and stable overall debt structure (though at a higher interest rate), in light of market volatility. Interest expense decreased by 45.5% to \$1,691 in the nine months ended September 30, 2009, as compared to \$3,100 in the same period last year, due to a general decrease in interest rates charged on margin borrowings and a decrease of overall debt used.

The Company recorded a provision for income taxes in the nine months ended September 30, 2009 of \$25,174 as compared to a recovery of income taxes of \$78,793 in the nine months ended September 30, 2008. The provision for income taxes in the current period was primarily due to a decrease in FTA arising from a decrease in the excess of tax cost over fair value on investments held at the end of the period, partially offset by the tax effect of non-capital and capital losses carried forward. As at December 31, 2008, the Company had taken a valuation allowance equal to 50% of the FTA equivalent to \$43,754. As at September 30, 2009, the Company believes all of its FTA will be used against future taxable income and as result the Company reversed the valuation allowance of \$37,046 which had been recorded as at June 30, 2009.

Net income for the nine months ended September 30, 2009 was \$137,099 (\$1.04 per share) versus net loss for the nine months ended September 30, 2008 of \$262,484 (\$2.21 per share). The net income in the current period was primarily due to the increase in fair value of the Company's investments in accordance with Pinetree's accounting policies.

Cash Flow:
Three Months Ended September 30, 2009 and 2008

Net cash generated from operating activities was \$2,361 in the three months ended September 30, 2009, compared to \$1,364 in the third quarter of last year, an improvement of \$997. In both years, most of the cash increase was from the receipt of income tax receivable amounts.

During the three months ended September 30, 2009, the Company used cash for financing activities of \$43,988 as compared to \$4,622 in the same period of 2008. Cash used during the current period was for the repayment of \$15,905 in advances from an officer (the Company's CEO) and \$28,083 due to brokers. In the same period last year, cash used in financing activities was primarily to repay brokers of \$65,803 offset by net cash proceeds of \$40,888 from a brokered private placement financing and \$19,669 in advances from an officer (the Company's CEO).

Net cash generated in investing activities was \$41,595 in the three months ended September 30, 2009 as compared to \$3,350 in the same period last year. During the current period, the Company had proceeds from disposition of investments of \$72,750, an increase of \$40,407, when compared to \$32,343 of proceeds from dispositions in the same period last year. The Company purchased \$33,786 of investments, an increase of \$6,728 as compared to \$27,058 of investment purchases in the three months ended September 30, 2008.

For the three months ended September 30, 2009, the Company had a net decrease in cash and cash equivalents of \$32 as compared to a net increase of \$47 during the three months ended September 30, 2008, leaving a cash and cash equivalents balance of \$112 as compared to a cash and cash equivalents balance of \$94 as at September 30, 2008.

Nine Months Ended September 30, 2009 and 2008

Net cash generated in operating activities was \$10,910 in the nine months ended September 30, 2009, compared to net cash used in operating activities of \$13,385 in the nine months ended September 30, 2008. In the nine months ended September 30, 2009, most of the cash increase was from the receipt of income tax receivable amounts.

During the nine months ended September 30, 2009, the Company used net cash from financing activities of \$16,824 as compared to using cash of \$33,898 in the same period of 2008. During the current period, the Company repaid \$24,234 in advances from an officer (the Company's CEO) and \$1,250 from an affiliated company (PowerOne) offset by cash generated from an additional \$9,595 in margin borrowings from brokers. The Company has a \$25,000 credit facility with the CEO. See "Liabilities" elsewhere in this MD&A for a description of the facility. The Company also repaid \$953 of the Company's bank credit line to reduce it to nil. In the same period last year, cash used in financing activities was primarily to repay \$84,914 of amounts due to brokers and advances from an affiliated company of \$10,128 offset by net cash proceeds of \$40,888 from a brokered private placement financing and \$19,669 in advances from an officer (the Company's CEO).

Net cash generated in investing activities was \$5,998 in the nine months ended September 30, 2009 as compared to \$47,311 in the same period last year. During the current period, the Company had proceeds from disposition of investments of \$130,738, a decrease of \$85,059, when compared to \$215,797 of dispositions in the same period last year. The Company purchased \$126,646 of investments, a decrease of \$51,513 as compared to \$178,159 of investment purchases in the nine months ended September 30, 2008. During the same period last year, the Company received a dividend of \$11,728 from an equity accounted investment.

For the nine months ended September 30, 2009, the Company had a net increase in cash and cash equivalents of \$84 as compared to \$28 during the nine months ended September 30, 2008, leaving a cash and cash equivalents balance of \$112 as compared to a cash and cash equivalents balance of \$94 as at September 30, 2008.

Liquidity and Capital Resources:

Pinetree relies upon various sources of funds for its ongoing operational and investing activities. These sources include proceeds from dispositions of investments, interest and dividend income from investments, consulting fees, capital raising activities such as private placement financings, and corporate borrowings from the Company's bank, brokers (margin account) and related parties.

During the nine months ended September 30, 2009, as part of its ongoing capital management (see "Management of Capital" for details of the Company's approach to managing its capital resources), the Company repaid its advances from affiliated company, reduced amounts used from the Facility with the CEO to zero and increased margin borrowings in view of the lower interest rates charged on its margin accounts than under the Facility, which remains available for drawdown at the Company's option. Amounts drawn down under the Facility are due on December 15, 2009 and management is considering the optimal means of replacement and/or renewal of the Facility in view of existing circumstances and opportunities. Although there is

currently nothing owing under the Facility, the Company may draw funds under it which would be required to be repaid on December 15, 2009 unless the term of the Facility is extended or the Facility is repaid by other credit facilities. The Company is currently reviewing its options with respect to the Facility and is managing its borrowings with Facility's expiry date in mind.

Pinetree believes it will be able to generate sufficient cash to fund its operations through normal course sales of existing investments (although, in view of current market conditions, dispositions may result in continued realized losses) and from existing credit facilities.

Consolidated Balance Sheet Highlights	September 30, 2009	December 31, 2008
Investments, at fair value	\$ 301,253	\$ 133,969
Equity accounted investments	1,988	3,567
Total assets	326,772	201,398
Total liabilities	10,137	27,188
Share capital, warrants and broker warrants and contributed surplus	363,109	357,783
Deficit	(46,474)	(183,573)
Net asset value per share – Basic	\$ 2.39	\$ 1.33
Net asset value per share – Diluted	\$ 1.93	\$ 1.09

Equity accounted investments, together with the fair value of the Company's portfolio, increased to \$303,241 from \$137,536 as at December 31, 2008, an increase of 120.5%. Net asset value per share (basic) increased 79.7% to \$2.39 from \$1.33 as at December 31, 2008. (See "Use of Non-GAAP Measures" elsewhere in this MD&A.)

The Company's publicly-traded investments are listed on various stock exchanges (or quotation systems), including those in Canada, the United States, Australia and England, thereby offering potential sources of liquidity and cash flow for Pinetree. During the nine months ended September 30, 2009, the Company disposed of investments for proceeds of \$130,738, and purchased investments totaling \$126,646, as noted above in the Cash Flow section.

As at December 31, 2008, the Company had recorded an income tax receivable of \$18,985 related to estimated tax losses in the 2008 year which were carried back to recover prior years' taxes paid. During the nine months ended September 30, 2009, the Company received \$16,014 of the income tax refund and expensed \$250 in capital taxes.

The Company had cash operating expenses in the current nine month period of approximately \$6,038, of which 43.0% or \$2,568 was attributable to transaction costs and interest expense, both of which are tied to the Company's trading activity and will vary over the remainder of the year, depending upon the overall conditions of the capital markets. Other cash costs are relatively fixed and are not expected to fluctuate significantly from 2008 levels.

Liabilities:

As at September 30, 2009, total current liabilities decreased to \$10,137 as compared to \$26,929 as at December 31, 2008, a 62.4% decrease. The decrease was primarily due to the repayment of advances from officer, advances from affiliated company and bank overdraft, totalling \$26,437, offset by increases in amounts due to brokers of \$9,595.

- (a) As at September 30, 2009, the Company had accrued future income tax liabilities of nil as compared to \$259 as at December 31, 2008. The future income tax liability was primarily attributable to applying the expected tax rate for future periods of 31.25% to the excess of fair value over tax cost on certain investments held at December 31, 2008.
- (b) The Company has an operating line of credit with Royal Bank of Canada ("RBC") for up to \$1,000, collateralized by the Company's assets, which it uses from time to time. The operating line of credit bears interest at RBC's prime rate plus 0.75% and is due on demand. As at September 30, 2009, the Company had repaid all outstanding amounts used on the operating line (December 31, 2008 - \$953).
- (c) As at September 30, 2009, the Company had used margin (due to brokers) of \$9,645 as compared to \$50 as at December 31, 2008, an increase of \$9,595. Due to brokers consists of margin borrowings collateralized by the Company's investments held at brokers. 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 equal to the broker's overnight rate plus a percentage ranging from 0.15% to 1.25%, depending on the amount of margin used.
- (d) From time to time, the CEO advances funds to Pinetree. On December 15, 2008, the Company entered into a \$25,000 stand-by credit facility (the "Credit Facility") with the CEO. The Credit Facility is secured under a General Security Agreement (the "GSA"), which covers all present and future tangible and intangible property of the Company subject to any security interests ranking in priority thereto, which would include the security interests underlying the Company's operating line of credit with RBC and in favour of the Company's brokers in respect to its margin borrowings. The Credit Facility matures on December 15, 2009, bears interest at a rate of 1% per month on the outstanding principal amount and has a standby fee of 0.25% per annum on the undrawn portion of the Credit Facility calculated daily and payable monthly in arrears.

During the nine months ended September 30, 2009, a maximum balance of \$24,549 was outstanding under the Credit Facility. Included in the consolidated statements of operations is \$1,514 (nine months ended September 30, 2008 - \$662) of interest expense relating to this balance owing under the Credit Facility during the period. As at September 30, 2009, the Company had repaid the principal and interest owing under the Credit Facility.

- (e) As at December 31, 2008, the Company had advances of \$1,250 from PowerOne which were repaid during the first quarter of 2009.

Commitments:

As at September 30, 2009, the Company had material commitments for cash resources of \$10,137 which are detailed below and all of which are due on demand. The disposition of the Company's investments in the normal course would be sufficient to pay these material commitments.

A breakdown of the Company's liabilities and obligations as at September 30, 2009 is as follows:

Liabilities and Obligations	Payments Due by Period				
	Total	Less than 1 year	1 – 3 year	4 – 5 years	After 5 years
Due to brokers	\$ 9,645	\$ 9,645	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	492	492	-	-	-
Lease commitments	2,869	650	2,049	170	-
	\$ 13,006	\$ 10,787	\$ 2,049	\$ 170	\$ -

The Company continues to have no long-term debt; however, the Company made a lease commitment for its premises starting January 1, 2007 for annual payments of approximately \$641 (\$53 monthly) until December 31, 2010 and approximately \$681 (\$57 monthly) from January 1, 2011 to December 31, 2013. The Company also has consulting agreements with officers representing approximately \$74 per month that are automatically renewed annually.

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	2009	2008
Consulting fees (a)	Director, shareholders, and officers	\$ 668	\$ 771
Consulting bonuses (b)	Director, shareholder, and officer	-	560
Director's fees	Directors	102	72
Interest expense (c)	Director, shareholder, and officer	1,514	662
Other income (d)	Affiliated companies	3,239	444
Dividend income	Affiliated company	-	11,728
Realized gains (losses) on disposal of investments (e)	Affiliated companies	406	(21,437)
Realized gains on disposal of equity accounted investments (f)	Director, shareholder, and officer	370	-

- (a) Consulting agreements are with the Company's Chairman and Chief Executive Officer ("CEO"), Vice President - Legal & Corporate Affairs, and Vice President - Business Development. 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 of the Company. The CEO is also entitled to 10% of a limited market dealer's net realized pre-tax profit in which the Company had a 50% ownership (the "LMD") excluding distributions made by the LMD to the Company. The Company sold its 50% interest in the LMD during the current period and subsequent to the sale, the CEO is no longer entitled to a bonus based on the pre-tax profit of the LMD (see (f) below). Included in operating, general and administrative expenses (including GST) is nil (nine months ended September 30, 2008 - \$560) relating to this bonus.
- (c) From time to time, the CEO advances funds to Pinetree. During the nine months ended September 30, 2009, the CEO advanced a maximum of \$24,549 to the Company under the Facility. Included in the consolidated statements of operations is \$1,514 (nine months ended September 30, 2008 - \$662) of interest expense relating to these advances. See the Liabilities section elsewhere in this MD&A for details of the Facility.
- (d) Other income relates to consulting, sublease, and services agreements of approximately \$3,239 (nine months ended September 30, 2008 - \$444) 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 nine months ended September 30, 2009, 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 from the sales were \$1,348 and the Company recognized an aggregate realized gain of \$406 on the sales. During the nine months ended September 30, 2009, the Company also purchased certain investments from Mega, at market, for a total cost of \$1,880.

During the nine months ended September 30, 2008, the Company sold certain of its investments at market price to Mega. Total proceeds on the sales were \$12,816 and the Company recognized an aggregate realized loss of \$15,195 on the sales.

During the nine months ended September 30, 2008, the Company sold certain of its investments at market price 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 ("TSXV") under the symbol "BWN". Total proceeds from the sales were \$25,134 and the Company recognized an aggregate realized loss of \$6,242 on the sales.

- (f) During the nine months ended September 30, 2009, the Company sold an equity accounted investment, its 50% interest in PowerOne Capital Markets Limited with a carrying value of \$2,280 to the Company's CEO for total proceeds of \$2,650. The Company recognized a gain on the disposal of the equity accounted investment of

\$370. As at September 30, 2009, the Company had a receivable of \$1,265 from PowerOne.

- (g) During the nine months ended September 30, 2009, the Company granted 3,480,000 options to officers and directors of the Company, of which 1,200,000 options were exercisable at \$1.29 per share expiring March 31, 2014; 50,000 options were exercisable at \$1.73 per share expiring on June 29, 2014; and 2,230,000 options were exercisable at \$1.46 per share expiring on August 31, 2014.

Internal Controls Over Financial Reporting:

There was no change in the Company's internal controls over financial reporting ("ICFR") that occurred during the three months ended September 30, 2009 and which materially affected, or are reasonably likely to materially affect the Company's ICFR.

Management of capital:

The Company includes the following in its capital:

	September 30, 2009	December 31, 2008
Due to brokers	\$ 9,645	\$ 50
Bank indebtedness	-	953
Advances from officer	-	24,234
Advances from affiliated company	-	1,250
Shareholders' equity comprised of		
Share capital	270,118	267,848
Warrants and broker warrants	68,825	72,268
Contributed surplus	24,166	17,667
Deficit	(46,474)	(183,573)
	\$ 326,280	\$ 200,697

The Company's objectives when managing capital are:

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

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 to brokers) and the Company's bank credit line (bank indebtedness);
- (c) raising capital through equity financings; and
- (d) utilizing the Credit Facility from the CEO (as discussed earlier) and otherwise borrowing funds in the form of advances from related parties.

The Company is not subject to any capital requirements imposed by a regulator. When using margin for its investing activities, however, Pinetree is subject to the margin requirements applicable thereto, which can require, at any time and from time to time, that the Company provide additional funds to its brokers depending upon the then-value of its investments purchased on margin.

The payment of cash dividends does not form part of Pinetree's current capital management program and, to date, the Company has not declared any cash dividends on its shares. 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 September 30, 2009.

Financial instruments:

Financial Instrument Risk

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 liquidity, market, interest rate, currency and credit 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 become 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 lesser proceeds of disposition and 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. Pinetree invests significantly in securities of "junior" issuers, which can at

times be relatively illiquid, and if the Company decides to dispose of securities of a particular issuer it may not be able to do so at the time at all or at favourable prices.

Overall, 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, such that absent overall market disruptions or extreme circumstances, liquidity risk can be minimized.

The Company uses varying levels of 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 the use of 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 prematurely 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 involuntarily 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 material 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 converted into cash when required.

As at September 30, 2009, the Company had used margin borrowings of \$9,645 and had additional margin available of \$7,135. 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 September 30, 2009:

Percentage of Change in Closing Bid Prices	Margin Available From a % Increase in Closing Bid Price	Margin Available (Call) From a % Decrease in Closing Bid Price
2%	\$ 7,650	\$ 6,788
4%	8,001	6,441
6%	8,351	6,094
8%	8,701	5,747
10%	9,051	5,400

(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 due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments, and unfavourable market conditions could result in dispositions of investments at less than favourable prices. Additionally, in accordance with CICA Handbook Section 3855, Pinetree is required to mark to market its held-for-trading investments at the end of each reporting period. This process could result in significant write-downs of the Company's investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavourable effect on Pinetree's financial position.

The Company manages market risk by having a portfolio which is not singularly exposed to any one issuer or class of issuers, although 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. During periods of significant broader market volatility or volatility experienced by the resource/commodity markets, the value of the Company's investment portfolio can be quite vulnerable to market fluctuations.

The following table shows the estimated sensitivity of the Company's after-tax net income (loss) for the nine months ended September 30, 2009 from a change in the closing bid price of the Company's investments with all other variables held constant as at September 30, 2009:

Percentage of Change in Closing Bid Prices	Change in Net After-tax Income (Loss) From % Increase in Closing Bid Price	Change in Net After-tax Income (Loss) From % Decrease in Closing Bid Price
2%	\$ 4,187	\$ (4,187)
4%	8,375	(8,375)
6%	12,562	(12,562)
8%	16,750	(16,750)
10%	20,937	(20,937)

(c) Interest rate risk:

Interest rate risk is the impact that changes in interest rates could have on the Company's income and liabilities. As at September 30, 2009, the Company had due to brokers (margin) which bear interest at rates fluctuating with the prime rate or overnight lending rate. The Company's obligations under the Credit Facility bear interest at a fixed 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 rate risk. Pinetree does not hedge against any interest rate risks.

The following table shows the estimated sensitivity of the Company's net after-tax income (loss) for the nine months ended September 30, 2009 from a change in the interest rate

on the average interest risk liabilities with all other variables held constant as at September 30, 2009:

Change in Interest Rate	Change in Net After-Tax Income (Loss) From an Increase in Interest Rate	Change in Net After-Tax Income (Loss) From a Decrease in Interest Rate
0.25%	\$ (9)	\$ 9
0.50%	(19)	19
0.75%	(28)	28
1.00%	(37)	37

(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, and British pounds. A change in the foreign exchange rate of the Canadian dollar versus another currency may increase or decrease the Company's obligations due to brokers and increase or decrease the value of its financial instruments. The Company believes it is not significantly exposed to foreign exchange risk and does not actively hedge its foreign currency exposure, although 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 translated in Canadian dollars as at September 30, 2009 and December 31, 2008:

	September 30, 2009	December 31, 2008
Denominated in U.S. dollars:		
Investments	\$ 11,991	\$ 6,102
Cash and cash equivalents	20	26
Due from brokers	24	53
Prepays and other receivables	133	92
Due to brokers	(7,505)	(6)
Accounts payable and accrued liabilities	(9)	(11)
Net assets denominated in U.S. dollars	4,654	6,256
Denominated in Australian dollars:		
Investments	16,362	4,365
Due from brokers	1,452	(61)
Net assets denominated in Australian dollars	17,814	4,304
Denominated in British pounds:		
Investments	2,641	187
Net assets denominated in British pounds	2,641	187

The following table shows the estimated sensitivity of the Company's net after-tax income (loss) for the nine months ended September 30, 2009 from a change in the U.S. dollar exchange rate in which the Company has exposure with all other variables held constant as at September 30, 2009:

Percentage of Change in U.S. dollar	Change in Net After-Tax Income (Loss) From an Increase in % in the U.S. dollar exchange rate	Change in Net After - Tax Income (Loss) From a Decrease in % in the U.S. dollar exchange rate
2%	\$ 65	\$ (65)
4%	129	(129)
6%	194	(194)
8%	259	(259)
10%	323	(323)

The following table shows the estimated sensitivity of the Company's net after-tax income (loss) for the nine months ended September 30, 2009 from a change in the Australian dollar exchange rate in which the Company has exposure with all other variables held constant as at September 30, 2009:

Percentage of Change in Australian dollar	Change in Net After-Tax Income (Loss) From an Increase in % in the Australian dollar exchange rate	Change in Net After - Tax Income (Loss) From a Decrease in % in the Australian dollar exchange rate
2%	\$ 248	\$ (248)
4%	495	(495)
6%	743	(743)
8%	990	(990)
10%	1,238	(1,238)

The following table shows the estimated sensitivity of the Company's net after-tax income (loss) for the nine months ended September 30, 2009 from a change in the British pounds exchange rate in which the Company has exposure with all other variables held constant as at September 30, 2009:

Percentage of Change in British pounds	Change in Net After-Tax Income (Loss) From an Increase in % in the British pounds exchange rate	Change in Net After - Tax Income (Loss) From a Decrease in % in the British pounds exchange rate
2%	\$ 37	\$ (37)
4%	73	(73)
6%	110	(110)
8%	147	(147)
10%	184	(184)

(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 has loans receivable of \$206. In addition, the Company's investments in convertible debentures and convertible notes are carried as though converted to common shares. As at September 30, 2009, the total fair value of these investments was \$1,664. The Company believes it is not significantly exposed to credit risk as these investments comprise 0.6% of the Company's total investments.

Fair Value of Financial Instruments:

The method of calculating the fair value of Pinetree's financial instruments, and the assumptions made in determining the value, varies depending upon the nature of the instrument:

- (i) The carrying values of cash and cash equivalents, prepaids and other receivables, due from/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 financial instruments.
- (ii) Investments and equity accounted investments are carried at amounts in accordance with the Company's accounting policies.
- (iii) The Company does not have any other comprehensive income (loss) components and, as such, comprehensive income (loss) is equal to net income (loss).

The total amount of the change in fair value of the Company's financial instruments recognized in income for the nine months ended September 30, 2009, and the total amount of unrecognized gains and losses on its financial instruments, are discussed elsewhere in this MD&A, including under "Results of Operations". Assumptions made in determining the fair value of the Company's financial instruments are discussed elsewhere in this MD&A under "Significant Accounting Policies".

Risks:

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

Off-Balance Sheet Arrangements:

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

Outstanding Share Data:

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

On June 19, 2009, the Company acquired 815,000 units of 49 North Resource Fund Inc. ("49 North") at an aggregate price of \$2,241, in exchange for 914,796 common shares of Pinetree. Each unit was comprised of one common share and one common share purchase warrant of 49 North. Each warrant is exercisable for one common share of 49 North at a price per share of \$3.50 until expiry on June 18, 2011. 49 North is an investment company and a reporting issuer trading on the TSXV under the symbol "FNR".

Subsequent to September 30, 2009, the Company issued 2,000,001 common shares of Pinetree as consideration for the acquisition by the Company of all of the outstanding shares of Caymus Capital Corporation, a private investment company incorporated in Ontario, Canada. The purchase price of the acquisition of Caymus was approximately \$2,980.

Subsequent to September 30, 2009, the Company acquired 2,550,100 shares of U308 Corp. ("U308") at an aggregate price of \$996, in exchange for 600,000 common shares of Pinetree in an off market transaction. U308 is a Canadian uranium exploration company and a reporting issuer trading on the TSXV under the symbol "UWE".

Subsequent to September 30, 2009, a total of 756,250 broker warrants exercisable at \$5.30 per share expired.

As at November 11, 2009, the number of common shares of the Company outstanding and the number of common shares issuable pursuant to other outstanding securities of Pinetree are as follows:

Common shares	Number
Outstanding	134,858,853
Issuable under options	10,213,540
Issuable under warrants	20,513,650
Issuable under broker warrants	722,771
Total diluted common shares	166,308,814

Refer to note 7 of the Notes to the consolidated financial statements as at and for the nine months ended September 30, 2009 for other details about the Company's share capital.

Segmented Information:

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

Changes in Accounting Policies:

Since December 31, 2008, there have been no changes to Pinetree's accounting policies, except for the following policies which the Company has adopted or expects to adopt:

- (a) Effective January 1, 2009, the Company adopted prospectively the following new Canadian Institute of Chartered Accountants' Handbook ("CICA Handbook") accounting standards for interim and annual financial statements for fiscal years beginning on or after October 31, 2008:
 - (i) The CICA Handbook 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. CICA Handbook Section 1000, Financial Statement Concepts, was also amended to provide consistency with this new standard. The adoption of this standard did not have an effect on the financial position or earnings of the Company.
- (b) The CICA issued a new accounting standard, CICA Handbook Section 1582, Business Combinations, which improves the relevance, reliability and comparability of the information that a reporting entity provides in its financial statements about a business combination and its effects; CICA Handbook Section 1601, Consolidated Financial Statements, which establishes standards for the preparation of consolidated financial statements; and CICA Handbook Section 1602, Non-Controlling Interests, which establishes accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These new standards are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. The Company is currently assessing the impact of these standards on its future acquisitions.
- (c) On February 13, 2008, the Canadian Accounting Standards Board confirmed January 1, 2011 as the official changeover date for publicly listed Canadian companies to start using International Financial Reporting Standards ("IFRS") in place of Canadian GAAP. Pinetree will adopt IFRS commencing January 1, 2011, with comparatives for the year commencing January 1, 2010. The Company will be required to have prepared, in time for its first quarter of fiscal 2011 filing, comparative financial statements in accordance with IFRS for the three months ended March 31, 2010. The Company has initiated an IFRS transition project. A diagnostic impact assessment report on the transition to IFRS has been completed and the Company is in the process of preparing a detailed convergence plan which will be completed by the end of the current fiscal year.
- (d) In June 2009, the AcSB issued the amendments to CICA Handbook Section 3862, Financial Instruments - Disclosures, which reflect the corresponding amendments made by the International Accounting Standards Board to IFRS 7, Financial Instruments:

Disclosures, in March 2009. The amendments require additional disclosures about fair value measurements, including the classification of fair value inputs based on a three-level fair value hierarchy of techniques (quoted unadjusted prices, observable inputs, unobservable inputs), and about liquidity risk, of financial instruments. The amendments are effective for annual financial statements for fiscal years ending after September 30, 2009.

Significant Accounting Policies:

Details of all of Pinetree's accounting policies can be found in Note 2 to the Company's audited consolidated comparative financial statements as at and for the year ended December 31, 2008. The following are some of the Company's significant accounting policies:

1. Investments:

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 (i.e., securities of issuers that are public companies):

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.
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%. In determining the discount for such investments, the Company considers the nature and length of the restriction.
3. For warrants which are not traded on a recognized securities exchange, no market value is readily available. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available, the warrants are valued at intrinsic value, which is equal to the higher of the closing bid price at the consolidated balance sheet date of the underlying security less the exercise price of the warrant, and zero.

(ii) Private company investments (securities of issuers that are not public companies):

All privately-held investments (other than options and warrants) are initially recorded at cost, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may, depending upon the circumstances, be adjusted using one or more of the valuation indicators described below. Options and warrants of private companies are carried at nil.

The determinations of fair value of the Company's privately-held investments at other than initial cost are subject to certain limitations. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

The following circumstances are used to determine if the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to the events described below which may affect a specific investment, the Company will take into account general market conditions when valuing the privately-held investments in its portfolio. Absent the occurrence of any of these events or any significant change in general market conditions, the fair value of the investment is left unchanged.

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

1. There has been a significant subsequent equity financing provided by outside investors, at a valuation above the current fair value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place; or
2. there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a positive impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable.

Such events include, without limitation:

- i. Political changes in a country in which the investee company operates which, for example, reduce the corporate tax burden, permit mining where, or to an extent that, it was not previously allowed, or reduce or eliminate the need for permitting or approvals;
- ii. receipt by the company of environmental, mining, aboriginal or similar approvals, which allow the investee company to proceed with its project(s);
- iii. filing by the investee company of a National Instrument 43-101 technical report in respect of a previously non-compliant resource;
- iv. release by the investee company of positive exploration results, which either proves or expands their resource prospects; and
- v. important, positive management changes by the investee company that the Company's management believes will have a very positive impact on

the investee company's ability to achieve its objectives and build value for shareholders.

In the circumstances described above under (i) through (v), and in the circumstances where general market conditions so warrant it, an adjustment to the fair value of an investment will be based upon management's judgment and any value estimated may not be realized or realizable.

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

1. There has been a significant subsequent equity financing provided by outside investors, at a valuation below the current fair value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;
2. the investee company is placed into receivership or bankruptcy;
3. based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern; or
4. there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a negative impact on the investee company's prospects and therefore its fair value. The amount of the change to the fair value of the investment is based on management's judgment and any value estimated may not be realized or realizable.

Such events include, without limitation:

- i. political changes in a country in which the investee company operates which increases the tax burden on companies, which prohibit mining where it was previously allowed, which increases the need for permitting or approvals, etc.
- ii. denial of the investee company's application for environmental, mining, aboriginal or similar approvals which prohibit the investee company from proceeding with its projects;
- iii. the investee company releases negative exploration results; and
- iv. changes to the management of the investee company take place which the Company believes will have a negative impact on the investee company's ability to achieve its objectives and build value for shareholders."

In the circumstances described above under (i) through (iv), and in the circumstances where general market conditions so warrant it, an adjustment to the fair value of an investment will be based upon management's judgment and any value estimated may not be realized or realizable.

The resulting values for non-publicly traded investments may differ from values that would be realized if a ready market existed. In addition, the amounts at which the Company's privately-held investments could be disposed of currently may differ from the carrying value assigned.

(iii) Equity accounted investments:

Investments in companies which the Company has significant influence over, but does not control (equity investments of between 20% and 50%), are accounted for using the equity method. Under the equity method, the investment is initially recorded at cost and the carrying value is adjusted thereafter to reflect the Company's pro-rata share of income or loss of the equity accounted investment and any dividends received from the investment. The Company's share of net income and losses of such investments are included in the consolidated statements of operations.

(iv) 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.

2. Revenue recognition:

Securities transactions are recorded on a settlement date 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 associated with the acquisition and disposition of investments are expensed to the consolidated statements of operations as incurred. Income or losses from an equity accounted investment are reflected in the consolidated statements of operations at the end of each reporting period. Dividend income is recorded on the ex-dividend date. Dividends received from equity accounted investments are recorded as a reduction of the carrying value of the equity accounted investment. Interest income and other income are recorded on an accrual basis. Deferred revenue is recognized over the period for which the revenue is earned.

3. Foreign currency translation:

The Company's subsidiaries are considered to be integrated operations. Accordingly, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies are translated at historical rates. All revenue and expenses denominated in foreign currencies are translated at rates of exchange prevailing at the transaction dates. Gains or losses resulting from translation are included in the determination of net income (loss) for the period. Non-monetary assets are translated at the rate of exchange prevailing at the date of transaction.

4. Income taxes:

The Company follows the liability method of tax allocation in accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates and laws expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled.

5. Stock-based compensation:

Any consideration received on the exercise of stock options is credited to share capital. The Company records compensation expense and credits contributed surplus for all stock options granted. Stock options granted during the year are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value for these options is estimated at the date of grant using the Black-Scholes option pricing model.

6. Earnings (loss) per common share:

Basic earnings (loss) per common share is determined by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the year, excluding shares securing employee share purchase loans and shares in escrow. Diluted earnings (loss) per common share is calculated in accordance with the treasury stock method and is based on the weighted average number of common shares and dilutive common share equivalents outstanding.

Critical Accounting Estimates:

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Critical accounting estimates used in the preparation of the Company's consolidated financial statements include the Company's valuation of its privately-held investments, the valuation allowance related to the Company's future income tax asset ("FTA"), and the Company's estimate of inputs for the calculation of the value of stock-based compensation expense, unlisted warrants of public companies, and the Company's own warrants and broker warrants.

Valuation of Privately-held Investments:

The method used by the Company to value its privately-held investments (being securities of issuers that are not public) is described under "Accounting Policy For Valuing Investments" elsewhere in this MD&A. The valuation of privately-held investments ("private investments") requires management to assess the current financial status and prospects of private investments based upon potentially incomplete or unaudited financial information provided by the investee company, on management's general knowledge of the private investment's activities, and on any political, economic or other events that may impact upon the private investment specifically, and to attempt to quantify the impact of such events on the fair value of the investment. In addition to any events or circumstances that may affect the fair value of a particular private investment, management can consider general market conditions that may affect the fair value of either a particular private investment or a group, segment or complete portfolio of private investments.

For the nine months ended September 30, 2009, Pinetree adjusted the fair value of some of its private investments to mirror overall increases in the value of public companies operating in the same sectors as the private investments. The increase in fair value was based upon management's assumption that higher valuations of public companies (as reflected in their closing bid prices as at September 30, 2009) reflected overall market conditions, and were equally attributable to similar private company valuations.

Changes in the fair value of our private investments for company-specific reasons have tended to be infrequent. Changes as a result of general market conditions may be more frequent from period to period during times of significant volatility; however, given the relatively small size of our private investment portfolio, such changes are not expected to have a material impact on our financial condition or operating results. The increase in fair value of our private investments for the nine months ended September 30, 2009 had the effect of increasing the net unrealized gains by \$10,881 (7.8 % of the total unrealized gains for the nine months ended September 30, 2009).

Allowance for Future Income Tax Assets:

The Company follows the liability method of tax allocation in accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. As at December 31, 2008, the full value of the FTA, based on the tax benefit that would arise from the application of the Company's non-capital loss carryforwards and other FTAs was \$87,508. However, at that time management determined, based upon the Company's historical level of taxable income and expectations for future taxable income, that it believed that it was more likely than not that the Company would realize the tax benefits of only a portion of the non-capital loss carryforwards during the next several years. As such, the Company had taken a valuation allowance of \$43,754. However, as at September 30, 2009, the Company believes that it will utilize all of its non-capital losses in the next few years given that it had net income before tax of \$162,273 in the nine months ended September 30, 2009. As result, the Company is taking no valuation allowance against its FTA of \$18,335 at that date.

Stock-based Compensation Expense/Warrants and Broker Warrants:

The Company uses the Black-Scholes option pricing model ("B-S") to calculate stock-based compensation expense and the value of warrants and broker warrants issued as part of the Company's private placements. The B-S requires six key inputs to determine a value for an option, warrant or broker warrant: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. The first four inputs are facts not estimates, while the expected life and expected volatility are based on the Company's estimates. For example, a longer expected life of the option or a higher volatility number used would result in an increase in stock-based compensation expense. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The following table summarizes stock options granted during the nine months ended September 30, 2009:

Date Granted	Options Granted	Exercise Price	Expiry
April 1, 2009	1,535,000	\$ 1.29	March 31, 2014
June 30, 2009	50,000	1.73	June 29, 2014
September 1, 2009	2,526,400	1.46	August 31, 2014
Total granted	4,111,400		

The fair value of the options granted during the nine months ended September 30, 2009 was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

Black-Scholes assumptions used	
Expected volatility	97.6%-98.1%
Expected dividend yield	0.0%
Risk-free interest rate	2.25%
Expected option life in years	3.5
Fair value per stock option granted on April 1, 2009	\$ 0.84
Fair value per stock option granted on June 30, 2009	\$ 1.13
Fair value per stock option granted on September 1, 2009	\$ 0.96

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 for stock-based compensation expense	
Expected volatility	95.6 – 97.6%
Expected dividend yield	0.0%
Risk-free interest rate	3.25%
Expected option life in years	3.5
Fair value per stock option granted on April 11, 2008	\$ 2.04
Fair value per stock option granted on June 17, 2008	\$ 1.86

The Company did not close any private placement financings during the nine months ended September 30, 2009 and did not issue any warrants or broker warrants.

In the prior year, the fair value of the warrants and broker warrants issued upon the closing of a brokered private placement on July 11, 2008 was estimated at the date of issue using the Black-Scholes option pricing model with the following assumptions:

Black-Scholes assumptions used for stock-based compensation expense	
Expected volatility	97.5%
Expected dividend yield	0.0%
Risk-free interest rate	3.25%
Expected warrant life in years	3.5
Expected broker warrant life in years	1.75
Fair value per warrant issued on July 11, 2008	\$ 1.13
Fair value per broker warrant issued on July 11, 2008	\$ 0.85

Valuation of Unlisted Warrants of Public Companies:

The Company uses the B-S to calculate the fair value of unlisted warrants of public companies if there are sufficient and reliable observable market inputs. If no such market inputs are available, the warrants are valued using their intrinsic value. B-S requires six key inputs: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. The first four inputs are facts not estimates, while the expected life and expected volatility are based on the Company's estimates. For example, a longer expected life of the warrant or a higher volatility number used would result in an increase in fair value of the warrant. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

Use of Non-GAAP Measures:

This MD&A contains references to "net asset value per share" (basic and diluted) ("NAV") which is a non-GAAP measure. NAV (basic) is calculated as total shareholders' equity divided by the total number of common shares of the Company outstanding. NAV (diluted) is calculated as total shareholders' equity divided by the total number of common shares of the Company outstanding, calculated based upon the assumption that all outstanding options, warrants, and broker warrants of the Company have been exercised. The term net asset value per share does not have any standardized meaning according to GAAP and therefore may not be comparable to similar measures presented by other companies. The Company has calculated NAV consistently for many years and believes that the measure provides information useful to the Company's shareholders in understanding its performance facilitates the comparison of the quarterly and year-end results of the Company's ongoing operations and provides a meaningful measure to evaluate the Company's business relative to that of its peers.

Additional Information:

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