

## Consolidated Financial Statements of



**(Unaudited)**  
**March 31, 2009**

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**PINETREE CAPITAL LTD.**  
**Consolidated Balance Sheets**  
**As at March 31, 2009 and December 31, 2008**  
**(Unaudited - in thousands of dollars)**

	March 31, 2009	December 31, 2008
<b>Assets</b>		
Investments, at fair value (notes 3(a, b))	\$ 183,456	\$ 133,969
Equity accounted investments (note 3(c))	2,928	3,567
Cash and cash equivalents	12	28
Due from brokers	55	52
Prepays and other receivables (note 6(e))	1,533	445
Capital assets	569	598
Income taxes receivable	18,985	18,985
Future income tax assets (note 9)	31,500	43,754
	<u>\$ 239,038</u>	<u>\$ 201,398</u>
<b>Liabilities and Shareholders' Equity</b>		
Due to brokers (note 4)	\$ 9,778	\$ 50
Bank indebtedness, net (note 5)	841	953
Accounts payable and accrued liabilities	385	442
Advances from officer (note 6(b))	23,124	24,234
Advances from affiliated company	-	1,250
	<u>34,128</u>	<u>26,929</u>
<b>Future income tax liabilities (note 9)</b>	<b>187</b>	<b>259</b>
	<u>34,315</u>	<u>27,188</u>
<b>Lease commitments (note 8)</b>		
<b>Shareholders' equity</b>		
Share capital (note 7)	267,877	267,848
Warrants and broker warrants (note 7(c))	72,268	72,268
Contributed surplus (note 7(d))	19,552	17,667
Deficit	(154,974)	(183,573)
	<u>204,723</u>	<u>174,210</u>
	<u>\$ 239,038</u>	<u>\$ 201,398</u>

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>2009</u>	<u>2008</u>
<b>Net investment gains (losses)</b>		
Losses on disposal of investments, net (note 6(d))	\$ (5,892)	\$ (7,990)
Unrealized gains (losses) on investments, net	48,007	(72,242)
Loss from equity accounted investments (note 3(c))	(639)	(1,865)
	<u>41,476</u>	<u>(82,097)</u>
<b>Other revenue</b>		
Interest and dividend income	62	142
Other income (note 6(c))	2,946	151
	<u>44,484</u>	<u>(81,804)</u>
<b>Expenses</b>		
Operating, general and administrative (notes 6 and 7(b))	2,726	4,358
Transaction costs	114	601
Foreign exchange loss	102	332
Amortization	32	37
Interest (note 6(b))	729	1,241
	<u>3,703</u>	<u>6,569</u>
<b>Income (loss) before income taxes</b>	40,781	(88,373)
<b>Provision for (recovery of) income taxes</b>	12,182	(31,968)
<b>Net income (loss) for the period</b>	<u>\$ 28,599</u>	<u>\$ (56,405)</u>
<b>Earnings (loss) per common share</b>		
Basic	\$ 0.22	\$ (0.50)
Diluted	<u>\$ 0.22</u>	<u>\$ (0.50)</u>
<b>Weighted average number of common shares outstanding</b>		
Basic	131,337,708	113,779,285
Diluted	131,624,967	113,779,285

See accompanying notes to the consolidated financial statements.

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

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	<u>2009</u>	<u>2008</u>
Retained earnings (deficit), beginning of period	\$ (183,573)	\$ 172,475
Net income (loss) for the period	<u>28,599</u>	<u>(56,405)</u>
Retained earnings (deficit), end of period	\$ (154,974)	\$ 116,070

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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>2009</u>	<u>2008</u>
<b>Cash flows from (used in) operating activities</b>		
Net income (loss) for the period	\$ 28,599	\$ (56,405)
Items not affecting cash		
Losses on disposal of investments, net	5,892	7,990
Unrealized losses (gains) on investments, net	(48,007)	72,242
Loss from equity accounted investments	639	1,865
Amortization	32	37
Stock-based compensation (note 7(b))	1,896	2,919
Future income taxes	12,182	(15,919)
	<u>1,233</u>	<u>12,729</u>
Changes in non-cash working capital balances related to operations		
Prepays and other receivables	(1,088)	225
Due from brokers	(3)	-
Income taxes receivable	-	(15,552)
Accounts payable and accrued liabilities	(57)	(10,275)
Income taxes payable	-	(692)
	<u>85</u>	<u>(13,565)</u>
<b>Cash flows from (used in) financing activities</b>		
Proceeds from issue of share capital pursuant to exercise of stock options (note 7(a))	18	228
Advances from (repayments to) officer	(1,110)	35,293
Due to brokers	9,728	7,330
Advances from affiliated company	(1,250)	(10,628)
Bank indebtedness	(112)	(158)
	<u>7,274</u>	<u>32,065</u>
<b>Cash flows from (used in) investing activities</b>		
Purchase of capital assets, net	(3)	(75)
Purchase of investments	(17,042)	(118,572)
Proceeds on disposal of investments	9,670	89,512
Dividend received from equity accounted investment	-	10,628
	<u>(7,375)</u>	<u>(18,507)</u>
<b>Net decrease in cash and cash equivalents, during the period</b>	<b>(16)</b>	<b>(7)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>28</b>	<b>66</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 12</b>	<b>\$ 59</b>
<b>Supplemental cash flow information</b>		
Income taxes paid	\$ -	\$ 190
Interest paid	729	1,241

See accompanying notes to the consolidated financial statements.

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# **Pinetree Capital Ltd.**

## **Notes to Consolidated Financial Statements**

**March 31, 2009**

**(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 the Company's relative return in light of changing fundamentals and opportunities.

### **2. Significant accounting policies:**

Management has prepared the unaudited consolidated financial statements of the Company in accordance with Canadian generally accepted accounting principles ("GAAP") 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, 2008. Accounting policies followed in the preparation of the annual consolidated financial statements are consistent with those used in the preparation of the March 31, 2009 interim consolidated financial statements except for the following:

Effective January 1, 2009, the Company adopted prospectively the following new Canadian Institute of Chartered Accountants' Handbook ("CICA Handbook") accounting standard for interim and annual financial statements for fiscal years beginning on or after October 31, 2008:

- (a) 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. Section 1000, Financial Statement Concepts, was also amended to provide consistency with this new standard. The initial adoption of this standard did not have an effect on the financial position or earnings of the Company.

These 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 the accounts of 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.

# Pinetree Capital Ltd.

## Notes to Consolidated Financial Statements

March 31, 2009

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

### 3. Investments:

(a) Investments consist of the following as at March 31, 2009 by sector:

As at March 31, 2009:					
Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
<b>Sector: Resources (Uranium)</b>					
Mega Uranium Ltd.	(i, ii, iii)	10,723,200 common shares 54,200 warrants expire Feb 13, 2012 914,712 warrants expire Feb 22, 2012	\$ 40,764	\$ 15,230	33.8
Extract Resources Limited	(i)	1,021,875 common shares	861	4,030	8.9
Cline Mining Corp.	(i, ii, iii)	12,850,000 common shares	10,058	3,148	7.0
Dynamite Resources Ltd.	(i, ii, iii)	14,304,000 common shares 5,500,000 warrants expire Aug 17, 2009	4,937	3,147	7.0
Rockgate Capital Corp.	(i, ii, iii)	7,000,000 common shares 500,000 warrants expire Mar 27, 2010 500,000 warrants expire Apr 24, 2009	7,519	2,660	5.9
West High Yield Resources Ltd.	(ii, iii)	3,280,000 common shares 1,500,000 warrants expire May 9, 2009	2,100	1,345	3.0
Total of 70 other investments – Resources (Uranium) sector (iv)			83,652	15,534	34.4
			149,891	45,094	100.0
<b>Sector: Resources (Oil &amp; Gas)</b>					
Changfeng Energy Inc.	(i, iii)	3,350,000 common shares	1,330	1,910	16.0
Canadian Spirit Resources Inc.	(i, ii)	1,650,000 common shares 500,000 warrants expire Feb 19, 2010	1,289	1,271	10.6
Brownstone Ventures Inc.	(i, ii, iii)	4,021,500 common shares	4,528	1,126	9.4
Total of 38 other investments – Resources (Oil & Gas) sector (iv)			33,054	7,636	64.0
			40,201	11,943	100.0
<b>Sector: Resources (Molybdenum)</b>					
Total of 19 other investments – Resources (Molybdenum) sector (iv)			35,383	4,522	100.0
<b>Sector: Resources (Precious Metals)</b>					
Queenston Mining Inc.	(i, ii, iii)	4,815,000 common shares	11,695	18,441	23.5
Colossus Minerals Inc.	(i, ii, iii)	3,485,000 common shares 450,000 warrants expire Feb 13, 2010 475,000 warrants expire Feb 13, 2011 1,000,000 warrants expire Dec 6, 2011	3,145	9,731	12.4
Evolving Gold Corp.	(i, ii, iii)	8,586,000 common shares 1,250,000 warrants expire Jul 25, 2009	3,575	3,434	4.4
Mega Silver Inc.	(i, ii, iii)	4,131,636 common shares 375,000 warrants expire Nov 2, 2009	2,262	3,156	4.0
Solitario Resources Corp.	(i)	1,684,100 common shares	3,633	2,509	3.2
Unigold Inc.	(ii, iii)	7,359,500 common shares	3,491	2,061	2.6

# Pinetree Capital Ltd.

## Notes to Consolidated Financial Statements

March 31, 2009

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

### 3. Investments (continued):

As at March 31, 2009:					
Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
<b>Sector: Resources (Precious Metals) (continued)</b>					
Bear Gold Lake Ltd.	(iii)	6,613,250 common shares 500,000 warrants expire Apr 24, 2009 1,000,000 warrants expire Oct 23, 2010	6,861	1,554	2.0
Caledonia Mining Corporation	(iii)	27,866,000 common shares	5,385	1,533	2.0
Nortec Ventures Corp.	(ii, iii)	14,580,000 common shares 540,000 warrants expire Feb 14, 2010	2,317	1,531	2.0
Latin American Minerals Inc.	(ii, iii)	8,200,000 common shares 500,000 warrants expire Feb 19, 2010	5,029	1,312	1.7
Total of 144 other investments – Resources (Precious Metals) sector (iv)			139,208	33,125	42.2
			186,601	78,387	100.0
<b>Sector: Resources (Potash and Rare Earths)</b>					
Western Potash Corp.	(i, ii, iii)	7,188,700 common shares 6,000,000 warrants expire Oct 15, 2009	3,835	1,853	51.4
Phoenix Coal Inc.	(i)	6,500,000 common shares	4,188	1,268	35.2
Total of 5 other investments – Resources (Potash and Rare Earths) sector (iv)			2,535	484	13.4
			10,558	3,605	100.0
<b>Sector: Resources (Base Metals)</b>					
Noront Resources Ltd.	(i, ii, iii)	9,409,500 common shares	28,312	6,775	26.9
Macarthur Minerals Ltd.	(i, ii, iii)	4,157,700 common shares 500,000 warrants expire Jul 3, 2009	5,109	2,952	11.7
Infrastructure Materials Corporation	(i, ii, iii)	7,500,000 common shares	2,872	1,633	6.5
Total of 75 other investments – Resources (Base Metals) sector (iv)			87,785	13,805	54.9
			124,078	25,165	100.0
<b>Sector: Biotechnology</b>					
Bio-Extraction Inc.	(i)	4,000,000 common shares 1,000,000 warrants expire Jan 29, 2010	1,220	1,560	39.7
Antisense Therapeutics Limited	(i, ii)	36,500,000 common shares 2,500,000 warrants expire Sep 30, 0009	2,015	1,051	26.7
Total of 6 other investments – Biotechnology sector (iv)			7,321	1,319	33.6
			10,556	3,930	100.0
<b>Sector: Energy Related Technology</b>					
Opel International Inc.	(i, iii)	4,811,800 common shares 750,000 warrants expire Dec 13, 2009 1,000,000 warrants expire May 11, 2010	5,477	1,155	41.9
Total of 9 other investments – Energy Related Technology sector (iv)			10,022	1,602	58.1
			15,499	2,757	100.0

## Pinetree Capital Ltd.

### Notes to Consolidated Financial Statements

March 31, 2009

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

#### 3. Investments (continued):

As at March 31, 2009:					
Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
<b>Sector: Technology and Other</b>					
VIQ Solutions Inc.	(i, ii, iii)	6,365,000 common shares 850,000 warrants expire Mar 25, 2010	<b>1,286</b>	<b>1,148</b>	<b>14.3</b>
Sofame Technologies Inc.	(i, ii, iii)	1,288,000 common shares \$500,000 convertible debenture 499,998 warrants expire Dec 10, 2009	<b>887</b>	<b>1,119</b>	<b>13.9</b>
Total of 31 other investments – Technology and Other sector (iv)			<b>26,397</b>	<b>5,786</b>	<b>71.8</b>
			<b>28,570</b>	<b>8,053</b>	<b>100.0</b>
<b>Total investments (v)</b>			<b>\$ 601,337</b>	<b>\$ 183,456</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, 2009.
- (ii) The Company has filed an “early warning report” pursuant to applicable Canadian securities legislation for these investments and these investments have a fair value greater than \$1,000 as at March 31, 2009.
- (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, 2009.
- (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, 2009.
- (v) As at March 31, 2009, included in total investments were securities of private companies with a fair value totaling \$15,423 (cost of \$41,613) determined in accordance with the Company’s accounting policy for private company investments.

# Pinetree Capital Ltd.

## Notes to Consolidated Financial Statements

March 31, 2009

(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, 2008 by sector:

As at December 31, 2008:					
Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
<b>Sector: Resources (Uranium)</b>					
Mega Uranium Ltd.	(i, ii, iii)	9,889,920 common shares 110,000 warrants expire Feb 14, 2009 54,200 warrants expire Feb 13, 2012 914,712 warrants expire Feb 22, 2012	39,630	7,559	28.0
Cline Mining Corp.	(i, ii, iii)	12,850,000 common shares	10,058	3,341	12.4
Dynamite Resources Ltd.	(i, ii, iii)	11,424,500 common shares 5,500,000 warrants expire Aug 17, 2009	4,514	1,113	4.1
Tournigan Energy Ltd.	(i)	5,000,000 common shares	1,755	1,025	3.8
Total of 75 other investments – Resources (Uranium) sector (iv)			91,160	13,915	51.7
			147,117	26,953	100.0
<b>Sector: Resources (Oil &amp; Gas)</b>					
Changfeng Energy Inc.	(i, iii)	3,350,000 common shares	1,330	1,340	13.3
Brownstone Ventures Inc.	(i, ii, iii)	3,489,500 common shares	4,390	1,256	12.5
Total of 39 other investments – Resources (Oil & Gas) sector (iv)			34,333	7,470	74.2
			40,053	10,066	100.0
<b>Sector: Resources (Molybdenum)</b>					
Total of 19 investments – Resources (Molybdenum) sector (iv)			35,198	3,159	100.0
<b>Sector: Resources (Precious Metals)</b>					
Queenston Mining Inc.	(i, ii, iii)	4,530,600 common shares	10,654	12,504	24.7
Colossus Minerals Inc.	(i, ii, iii)	2,950,100 common shares 450,000 warrants expire Feb 13, 2010 475,000 warrants expire Feb 13, 2011 1,000,000 warrants expire Dec 6, 2011	2,147	3,126	6.2
Solitario Resources Corp.	(i, iii)	1,668,900 common shares	3,606	3,037	6.0
Caledonia Mining Corporation	(i, iii)	27,866,000 common shares	5,385	1,811	3.6
Bear Gold Lake Ltd. (formerly NFX Gold Inc.)	(i, iii)	5,763,250 common shares 500,000 warrants expire Apr 24, 2009 1,000,000 warrants expire Oct 23, 2010	6,619	1,744	3.5
Evolving Gold Corp.	(ii, iii)	8,099,100 common shares 1,250,000 warrants expire Jul 25, 2009	3,402	1,701	3.4
Nortec Ventures Corp.	(ii, iii)	14,580,000 common shares 540,000 warrants expire Feb 14, 2010	2,317	1,385	2.7
Aranka Gold Inc.	(iii)	2,228,688 common shares	3,440	1,114	2.2
Mega Silver Inc.	(ii, iii)	4,131,636 common shares 375,000 warrants expire Nov 2, 2009	2,262	1,028	2.0
Total of 145 other investments – Resources (Precious Metals) sector (iv)			147,059	23,090	45.7
			186,891	50,540	100.0

# Pinetree Capital Ltd.

## Notes to Consolidated Financial Statements

March 31, 2009

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

### 3. Investments (continued):

As at December 31, 2008:					
Issuer	Note	Security Description	Cost	Fair Value	% of Sector (FV)
<b>Sector: Resources (Potash and Rare Earths)</b>					
Western Potash Corp.	(i, ii, iii)	7,188,700 common shares 6,000,000 warrants expire Oct 15, 2009	3,835	1,904	52.1
Phoenix Coal Inc.	(i)	4,965,523 common shares	3,849	1,241	33.9
Total of 5 other investments – Resources (Potash and Rare Earths) sector (iv)			2,535	513	14.0
			10,219	3,658	100.0
<b>Sector: Resources (Base Metals)</b>					
Noront Resources Ltd.	(i, ii, iii)	10,000,000 common shares	30,313	6,200	26.4
Macarthur Minerals Ltd.	(i, ii, iii)	4,157,700 common shares 500,000 warrants expire Jul 3, 2009	5,109	4,781	20.3
Nearctic Nickel Mines Inc.	(i, ii, iii)	1,000,000 common shares \$1,040,000 convertible debenture 1,000,000 warrants expire Jan 4, 2010	1,540	1,800	7.7
Total of 71 other investments – Resources (Base Metals) sector (iv)			85,417	10,748	45.6
			122,379	23,529	100.0
<b>Sector: Biotechnology</b>					
Haemacure Corp.	(i, ii, iii)	18,470,179 common shares 2,948,679 warrants expire Jan 5, 2012 2,948,679 warrants expire Apr 13, 2013	3,374	1,755	31.9
Bio-Extraction Inc.	(i)	4,150,000 common shares 1,000,000 warrants expire Jan 29, 2010	1,254	1,619	29.5
Antisense Therapeutics Limited	(i, iii)	36,500,000 common shares 2,500,000 warrants expire Sep 30, 0009	2,015	1,092	19.9
Total of 6 other investments – Biotechnology sector (iv)			6,709	1,027	18.7
			13,352	5,493	100.0
<b>Sector: Energy Related Technology</b>					
Total of 10 investments – Energy Related Technology sector (iv)			15,710	2,366	100.0
<b>Sector: Technology and Other</b>					
Sofame Technologies Inc.	(i, ii, iii)	1,883,000 common shares \$500,000 convertible debenture 499,998 warrants expire Dec 10, 2009	971	1,689	20.6
VIQ Solutions Inc.	(i, ii, iii)	7,008,000 common shares 850,000 warrants expire Mar 25, 2010	1,416	1,296	15.8
Total of 32 other investments – Technology and Other sector (iv)			26,612	5,220	63.6
			28,999	8,205	100.0
<b>Total investments (v)</b>			<b>\$ 599,918</b>	<b>\$ 133,969</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, 2008.

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## Pinetree Capital Ltd.

### Notes to Consolidated Financial Statements

March 31, 2009

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

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#### 3. Investments (continued):

- (ii) The Company has filed an “early warning report” pursuant to applicable Canadian securities legislation for these investments and these investments have a fair value greater than \$1,000 as at December 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 December 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 December 31, 2008.
  - (v) As at December 31, 2008, included in total investments were securities of private companies with a fair value totaling \$14,270 (cost of \$42,082) determined in accordance with the Company's accounting policy for private company investments and representing an overall reduction of approximately 75% of the fair value of these investments to reflect similar declines in public market valuations of similar companies.
- (c) Equity accounted investment consists of the following as at March 31, 2009 and December 31, 2008:

	March 31, 2009	December 31, 2008
Equity accounted investments - carrying value, beginning of period	\$ 3,567	\$ 19,555
Purchases of equity accounted investments	-	1,974
Loss from equity accounted investments	(639)	(6,234)
Dividends received from equity accounted investments	-	(11,728)
<b>Equity accounted investments - carrying value, end of period</b>	<b>\$ 2,928</b>	<b>\$ 3,567</b>
<b>Equity accounted investments - cost</b>	<b>\$ 1,974</b>	<b>\$ 1,974</b>
<b>Number of equity accounted investments</b>	<b>3</b>	<b>3</b>

#### 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.

## Pinetree Capital Ltd.

### Notes to Consolidated Financial Statements

March 31, 2009

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

#### 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, 2009, the Company had utilized \$841 (December 31, 2008 - \$953) of the line of credit.

#### 6. 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	2009	2008
Consulting fees (a)	Director, shareholders, and officers	\$ 207	\$ 257
Director fees	Directors	35	9
Interest expense (b)	Director, shareholder, and officer	724	293
Other income (c)	Affiliated companies	2,946	151
Realized gains (losses) on disposal of investments (d)	Affiliated companies	406	(13,439)

(a) Consulting agreements are with the Company's Chairman and Chief Executive Officer ("CEO"), and Vice President - Legal & Corporate Affairs. The costs relating to these agreements are included in operating, general and administrative expenses.

(b) From time to time, the CEO advances funds to Pinetree. On December 15, 2008, the Company entered into a \$25,000 credit facility (the "Credit Facility") with the CEO. The Credit Facility is secured under a General Security Agreement (the "GSA"). The GSA covers all present and future tangible and intangible property of the Company subject to any security interests ranking in priority thereto, including the security interest for the Company's bank line of credit (note 5) and in favour of the Company's brokers in respect to its margin borrowings (note 4). 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 three months ended March 31, 2009, a maximum balance of \$24,549 was outstanding under the Credit Facility and included in the consolidated statements of operations is \$724 (three months ended March 31, 2008 - \$293) of interest expense relating to this balance owing. As at March 31, 2009, the Company had used \$23,124 of the Credit Facility.

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## Pinetree Capital Ltd.

### Notes to Consolidated Financial Statements

March 31, 2009

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

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

- (c) Other income relates to consulting, sublease, and services agreements of approximately \$2,946 (2008 - \$151) 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.
- (d) During the three months ended March 31, 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 on the sales were \$1,348 and the Company recognized an aggregate realized gain on the sales of \$406.

During the three months ended March 31, 2008, the Company sold certain of its investments at market prices to Mega. Total proceeds on the sales were \$7,359 and the Company recognized an aggregate realized loss on the sales of \$9,727.

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.

- (e) Included in prepaids and other receivables as at March 31, 2009 is \$1,265 in fees (December 31, 2008 - nil) owing from PowerOne Capital Markets Limited ("PowerOne"), a limited market dealer, under a services agreement between the Company and PowerOne. The Company owns a 50% interest in PowerOne. The amounts have been recognized in income.

#### 7. Share capital:

Authorized: Unlimited number of common shares, no par value

Issued and outstanding common shares:

	# of Shares	Amount
Balance, December 31, 2007	113,632,032	\$ 236,126
Issued pursuant to exercise of stock options	404,656	483
Issued pursuant to private placement financing, net	17,277,300	31,239
Balance, December 31, 2008	131,313,988	\$ 267,848
Issued pursuant to exercise of stock options (a)	30,068	29
<b>Balance, March 31, 2009</b>	<b>131,344,056</b>	<b>\$ 267,877</b>

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## Pinetree Capital Ltd.

### Notes to Consolidated Financial Statements

March 31, 2009

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

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

(a) During the three months ended March 31, 2009, 30,068 stock options were exercised at prices of between \$0.59 and \$0.62 per share for total proceeds of \$18. Pursuant to the exercise of stock options, amounts of \$11 in contributed surplus were reallocated to share capital.

(b) Stock options:

In the last quarter of 2008, the Company established a fixed schedule of option grant dates, such that options may be granted on a quarterly basis, on four designated dates during the year. 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, 2009.

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	<b>95.6% - 97.6%</b>
Expected dividend yield	<b>0.0%</b>
Risk-free interest rate	<b>3.25%</b>
Expected option life in years	<b>3.5</b>
Fair value per stock option granted on April 11, 2008	<b>\$ 2.04</b>
Fair value per stock option granted on June 17, 2008	<b>\$ 1.86</b>

For the three months ended March 31, 2009, included in operating, general and administrative expenses is stock-based compensation of \$1,896 (three months ended March 31, 2008 - \$2,919) relating to stock options granted in prior years to directors, officers, employees and consultants of the Company.

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

March 31, 2009

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

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

A summary of the status of the Company's stock options as at March 31, 2009 and December 31, 2008 and changes during the periods then ended are presented below:

<b>Stock Options</b>	<b>Three months ended March 31, 2009</b>		<b>Twelve months ended December 31, 2008</b>	
	<b># of Options</b>	<b>Weighted Average Exercise Price</b>	<b># of Options</b>	<b>Weighted Average Exercise Price</b>
Outstanding, at beginning of period	<b>6,182,208</b>	<b>\$ 5.38</b>	5,364,364	\$ 5.88
Granted	-	-	1,522,500	3.13
Exercised	<b>(30,068)</b>	<b>0.62</b>	(404,656)	0.84
Cancelled/terminated	-	-	(300,000)	9.10
Outstanding, at end of period	<b>6,152,140</b>	<b>\$ 5.40</b>	6,182,208	\$ 5.38
Exercisable, at end of period	<b>5,403,044</b>	<b>\$ 5.72</b>	4,650,646	\$ 5.68

The following table summarizes information about stock options outstanding and exercisable as at March 31, 2009:

<b>Number of options outstanding</b>	<b>Number of options exercisable</b>	<b>Exercise price</b>	<b>Expiry date</b>
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
200,000	200,000	1.75	January 2, 2011
34,340	34,340	3.99	June 20, 2011
50,000	50,000	5.25	October 15, 2011
100,000	100,000	9.74	February 4, 2012
912,500	912,500	13.02	April 26, 2012
50,000	50,000	9.50	July 2, 2012
25,000	25,000	4.08	September 3, 2012
2,522,000	2,522,000	5.45	September 16, 2012
1,447,500	723,504	3.14	April 10, 2013
50,000	24,900	2.82	June 16, 2013
<b>6,152,140</b>	<b>5,403,044</b>		

## Pinetree Capital Ltd.

### Notes to Consolidated Financial Statements

March 31, 2009

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

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

(c) Warrants and broker warrants:

A summary of the status of the Company's warrants and broker warrants as at March 31, 2009 and December 31, 2008 and the changes during the periods then ended are presented below:

Warrants and Broker Warrants	Three months ended March 31, 2009		Twelve months ended December 31, 2008	
	# of Warrants and Broker Warrants	Weighted Average Exercise Price	# of Warrants and Broker Warrants	Weighted Average Exercise Price
Outstanding, at beginning of period	22,542,671	\$ 7.21	13,181,250	\$ 9.89
Issued	-	-	9,361,421	3.44
Exercised	-	-	-	-
Outstanding, at end of period	22,542,671	\$ 7.21	22,542,671	\$ 7.21

The following table summarizes the warrants and broker warrants outstanding as at March 31, 2009:

Number of Warrants and Broker Warrants	Exercise Price	Expiry Date	Warrant/Broker Warrant Value
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
722,771	2.72	July 11, 2010	615
8,638,650	3.50	July 11, 2013	9,762
<b>22,542,671</b>			<b>\$ 72,268</b>

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

	Amount
Balance, December 31, 2007	6,435
Stock-based compensation	11,375
Exercise of stock options	(143)
Balance, December 31, 2008	17,667
Stock-based compensation (note 7(b))	1,896
Exercise of stock options (note 7(a))	(11)
<b>Balance, March 31, 2009</b>	<b>\$ 19,552</b>

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

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

March 31, 2009

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

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**8. Lease commitments:**

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

2010	\$	650
2011		659
2012		689
2013		685
2014		511
	\$	3,194

**9. Income taxes:**

The tax effects of temporary differences that give rise to significant portions of the future income tax assets and future income tax liabilities are presented below:

	March 31, 2009	December 31, 2008
<b>Future income tax assets</b>		
Non-capital losses	\$ 79,928	\$ 77,737
Capital losses	70	-
Corporate minimum tax credit	4,103	4,103
Share issuance costs	2,627	2,986
Investments – differences in carrying value and tax cost	(11,643)	2,500
Capital assets – differences in amortized and unamortized cost	169	182
Total future income tax assets	75,254	87,508
Less: valuation allowance (a)	(43,754)	(43,754)
Net future income tax assets	31,500	43,754
<b>Future income tax liabilities</b>		
Investments – differences in carrying value and tax cost	(187)	(259)
Net future income tax liabilities	(187)	(259)
<b>Net future income tax assets (liabilities)</b>	<b>\$ 31,313</b>	<b>\$ 43,495</b>

- (a) The future income tax assets ("FTA") relate primarily to the tax benefit that would arise from the application of the Company's non-capital loss carryforwards against future taxable income. A valuation allowance against the FTA is recorded to the extent that the Company considers it more likely than not that all or a portion of the FTA will not be realized. Based upon the Company's historical level of taxable income and expectations for future taxable income, the Company believes that it is more likely than not that the Company will realize the tax benefits of only a portion of the non-capital loss carryforwards during the next several years. As such, the Company has maintained a

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## Pinetree Capital Ltd.

### Notes to Consolidated Financial Statements

March 31, 2009

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

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#### 9. Income taxes (continued):

valuation allowance of \$43,754 (December 31, 2008 - \$43,754).

- (b) As at March 31, 2009, included in the future income tax assets are approximately \$252,584 of Canadian non-capital losses available to reduce future years' income for tax purposes, the tax effect of which has been recorded in the accounts, less the valuation allowance. The non-capital losses will expire in 20 years. The Company also has approximately \$427 of Canadian capital loss carry-forwards that have no expiry date.

#### 10. Management of capital:

The Company includes the following in its capital:

	March 31, 2009	December 31, 2008
Due to brokers	\$ 9,778	\$ 50
Bank indebtedness	841	953
Advances from officer	23,124	24,234
Advances from affiliated company	-	1,250
Shareholders' equity comprised of		
Share capital	267,877	267,848
Warrants and broker warrants	72,268	72,268
Contributed surplus	19,552	17,667
Deficit	(154,974)	(183,573)
	<b>\$ 238,466</b>	<b>\$ 200,697</b>

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 its ability to purchase new investments;
- to give shareholders sustained growth in shareholder value by increasing shareholders' equity; and
- 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:

- realizing proceeds from the disposition of its investments;

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## **Pinetree Capital Ltd.**

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

**March 31, 2009**

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

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

- (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 (see note 6(b)) 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 March 31, 2009.

#### **11. 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 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.

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**Pinetree Capital Ltd.****Notes to Consolidated Financial Statements****March 31, 2009****(Unaudited – in thousands of dollars, except for securities and per share amounts)**

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

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 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, managing margin used against the fair value of its investments, and managing its cash flow. The Company holds investments which can be converted into cash when required.

As at March 31, 2009, the Company had used margin borrowings of \$9,778 and had additional margin available of \$3,358. 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, 2009:

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<b>Percentage of Change in Closing Bid Prices</b>	<b>Margin Available From a % Increase in Closing Bid Price</b>	<b>Margin Available From a % Decrease in Closing Bid Price</b>
2%	\$ 3,753	\$ 3,114
4%	4,000	1,067
6%	4,247	860
8%	4,494	654
10%	4,741	448

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**Pinetree Capital Ltd.****Notes to Consolidated Financial Statements****March 31, 2009****(Unaudited – in thousands of dollars, except for securities and per share amounts)**

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**11. Financial instruments (continued):****(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 three months ended March 31, 2009 from a change in the closing bid price of the Company's investments with all other variables held constant as at March 31, 2009:

<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%	\$ 2,550	\$ (2,550)
4%	5,100	(5,100)
6%	7,650	(7,650)
8%	10,200	(10,200)
10%	12,750	(12,750)

**(c) Interest rate risk:**

Interest rate risk is the impact that changes in interest rates could have on the Company's earnings and liabilities. As at March 31, 2009, the Company had liabilities comprised of due to brokers (margin) and bank indebtedness (collectively "interest risk liabilities"), 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.

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

March 31, 2009

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

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

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 Company allocates its borrowings amongst these three sources with a view to reducing interest rate and liquidity risk.

The following table shows the estimated sensitivity of the Company's net after-tax income (loss) for the three months ended March 31, 2009 from a change in the interest rate on the average interest risk liabilities with all other variables held constant as at March 31, 2009:

<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%	\$ (10)	\$ 10
0.50%	(19)	19
0.75%	(29)	29
1.00%	(39)	39

**(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.

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**Pinetree Capital Ltd.****Notes to Consolidated Financial Statements****March 31, 2009****(Unaudited – in thousands of dollars, except for securities and per share amounts)**

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

The following assets and liabilities were denominated in foreign currencies as at March 31, 2009 and December 31, 2008:

	March 31, 2009	December 31, 2008
Denominated in U.S. dollars:		
Investments	\$ 7,006	\$ 6,102
Cash and cash equivalents	47	26
Due from brokers	55	53
Prepays and other receivables	100	92
Due to brokers	(37)	(6)
Accounts payable and accrued liabilities	(15)	(11)
Net assets denominated in U.S. dollars	<u>7,156</u>	<u>6,256</u>
Denominated in Australian dollars:		
Investments	9,959	4,365
Due to brokers	(2,097)	(61)
Net assets denominated in Australian dollars	<u>7,862</u>	<u>4,304</u>
Denominated in British pounds:		
Investments	<u>335</u>	<u>187</u>

The following table shows the estimated sensitivity of the Company's net after-tax income (loss) for the three months ended March 31, 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 March 31, 2009:

Percentage of Change in Foreign Currencies	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%	\$ 96	\$ (96)
4%	192	(192)
6%	288	(288)
8%	384	(384)
10%	479	(479)

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**Pinetree Capital Ltd.****Notes to Consolidated Financial Statements****March 31, 2009****(Unaudited – in thousands of dollars, except for securities and per share amounts)**

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

The following table shows the estimated sensitivity of the Company's net after-tax income (loss) for the three months ended March 31, 2009 from a change in the Australian dollar exchange rate in which the Company has exposure with all other variables held constant as at March 31, 2009:

<b>Percentage of Change in Foreign Currencies</b>	<b>Change in Net After-tax Income (Loss) From an Increase in % in the Australian dollar exchange rate</b>	<b>Change in Net After - Tax Income (Loss) From a Decrease in % in the Australian dollar exchange rate</b>
2%	\$ 105	\$ (105)
4%	211	(211)
6%	316	(316)
8%	421	(421)
10%	527	(527)

**(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 \$170. In addition, the Company's investments in convertible debentures, convertible notes, and promissory notes are carried as though converted to common shares. As at March 31, 2009, the total fair value of these investments was \$1,509. The Company believes it is not significantly exposed to credit risk as these investments comprise 0.8% 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 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).

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## **Pinetree Capital Ltd.**

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

**March 31, 2009**

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#### **12. Segmented information:**

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

#### **13. Future accounting changes:**

Recent accounting pronouncements:

- (a) The CICA issued a new accounting standard, CICA Handbook Section 1582, Business Combinations ("Section 1582"), which improves the relevance, reliability and comparability of the information that a reporting entity provides in its financial statements regarding a business combination and its effects; CICA Handbook Section 1601 ("1601"), Consolidated Financial Statements, which establishes standards for the preparation of consolidated financial statements; and CICA Handbook Section 1602 ("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 consolidated financial statements.
- (b) On February 13, 2008, the Canadian Accounting Standards Board ("AcSB") 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 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 convergence plan.

#### **14. Subsequent events:**

- (a) Subsequent to March 31, 2009, the Company granted 1,535,000 stock options to directors, officers, employees and consultants of the Company, exercisable at \$1.29 per share and expiring on March 31, 2014.
- (b) Subsequent to March 31, 2009, 550,000 broker warrants exercisable at \$12.13 expired.