

Interim Consolidated Financial Statements of



**(Unaudited)
March 31, 2010**

Contents

Consolidated Financial Statements

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PINETREE CAPITAL LTD.
Consolidated Balance Sheets
As at March 31, 2010 and December 31, 2009
(Unaudited - in thousands of dollars)

| | <u>Notes</u> | <u>March 31, 2010</u> | <u>December 31, 2009</u> |
|--|--------------|---------------------------|------------------------------|
| Assets | | | |
| Investments, at fair value | 3(a,b), 4, 5 | \$ 388,059 | \$ 366,724 |
| Equity accounted investments | 3(c) | 1,700 | 1,911 |
| Cash and cash equivalents | | 71 | 404 |
| Due from brokers | | 22 | 24 |
| Prepays and other receivables | 7(f) | 511 | 312 |
| Advances to affiliated company | 7(e) | 228 | - |
| Capital assets | | 504 | 517 |
| Income taxes receivable | | - | 3,307 |
| Future income tax assets | 11 | 6,394 | 10,363 |
| | | <u>\$ 397,489</u> | <u>\$ 383,562</u> |
| Liabilities and Shareholders' Equity | | | |
| Due to brokers | 5 | \$ 31,446 | \$ 33,673 |
| Accounts payable and accrued liabilities | | 7,935 | 6,824 |
| Class C preferred share liabilities, at fair value | 8 | 319 | 373 |
| | | <u>39,700</u> | <u>40,870</u> |
| Lease commitments | 10 | | |
| Shareholders' equity | | | |
| Share capital | 9 | 274,915 | 274,725 |
| Warrants and broker warrants | 9(c) | 67,139 | 67,139 |
| Contributed surplus | 9(d) | 27,587 | 27,008 |
| Deficit | | <u>(11,852)</u> | <u>(26,180)</u> |
| | | <u>357,789</u> | <u>342,692</u> |
| | | <u>\$ 397,489</u> | <u>\$ 383,562</u> |

See accompanying notes to the consolidated financial statements.

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

| | <u>Notes</u> | <u>2010</u> | <u>2009</u> |
|---|---------------|------------------|------------------|
| Net investment gains | | | |
| Gains (losses) on disposal of investments, net | 7(d) | \$ 5,202 | \$ (5,892) |
| Unrealized gains on investments, net | | 16,858 | 48,007 |
| Losses from equity accounted investments | 3(c) | (211) | (639) |
| | | <u>21,849</u> | <u>41,476</u> |
| Other income | | | |
| Interest and dividend income | | 215 | 62 |
| Other income | 7(c) | 146 | 2,946 |
| | | <u>22,210</u> | <u>44,484</u> |
| Expenses | | | |
| Operating, general and administrative | 7(a), 8, 9(b) | 3,610 | 2,726 |
| Transaction costs | | 234 | 114 |
| Foreign exchange loss (gain) | | (63) | 102 |
| Amortization | | 33 | 32 |
| Interest | 5, 7(b) | 99 | 729 |
| | | <u>3,913</u> | <u>3,703</u> |
| Income before income taxes | | 18,297 | 40,781 |
| Provision for income taxes | | 3,969 | 12,182 |
| Net income for the period | 13(f)(iii) | \$ 14,328 | \$ 28,599 |
| Earnings per common share | | | |
| Basic | | <u>\$ 0.11</u> | <u>\$ 0.22</u> |
| Diluted | | <u>\$ 0.10</u> | <u>\$ 0.22</u> |
| Weighted average number of common shares outstanding | | | |
| Basic | | 135,420,764 | 131,337,708 |
| Diluted | | 136,851,914 | 131,624,967 |

See accompanying notes to the consolidated financial statements.

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

| | <u>2010</u> | <u>2009</u> |
|------------------------------|---------------|---------------|
| Deficit, beginning of period | \$ (26,180) | \$ (183,573) |
| Net income for the period | <u>14,328</u> | <u>28,599</u> |
| Deficit, end of period | \$ (11,852) | \$ (154,974) |

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>Notes</u> | <u>2010</u> | <u>2009</u> |
|--|--------------|----------------|----------------|
| Cash flows from operating activities | | | |
| Net income for the period | | \$ 14,328 | \$ 28,599 |
| Items not affecting cash | | | |
| Losses (gains) on disposal of investments, net | | (5,202) | 5,892 |
| Unrealized gains on investments, net | | (16,858) | (48,007) |
| Losses from equity accounted investments | | 211 | 639 |
| Amortization | | 33 | 32 |
| Stock-based compensation | 9(b) | 649 | 1,896 |
| Class C preferred share liabilities, at fair value | 8 | (54) | - |
| Net future income tax assets | | 3,969 | 12,182 |
| | | <u>(2,924)</u> | <u>1,233</u> |
| Changes in non-cash working capital balances related to operations | | | |
| Due from brokers | | 2 | (3) |
| Prepays and other receivables | | (199) | (1,088) |
| Advances to affiliated company | | (228) | - |
| Income taxes receivable | | 3,307 | - |
| Accounts payable and accrued liabilities | | 1,111 | (57) |
| | | <u>1,069</u> | <u>85</u> |
| Cash flows from (used in) financing activities | | | |
| Proceeds from issue of share capital pursuant to exercise of stock options | 9(a) | 120 | 18 |
| Repayments to officer | | - | (1,110) |
| Increase (decrease) in due to brokers | | (2,227) | 9,728 |
| Repayments to affiliated company | | - | (1,250) |
| Bank indebtedness | | - | (112) |
| | | <u>(2,107)</u> | <u>7,274</u> |
| Cash flows from (used in) investing activities | | | |
| Purchase of capital assets, net | | (20) | (3) |
| Purchase of investments | | (32,019) | (17,042) |
| Proceeds on disposal of investments | | 32,744 | 9,670 |
| | | <u>705</u> | <u>(7,375)</u> |
| Net decrease in cash and cash equivalents, during the period | | (333) | (16) |
| Cash and cash equivalents, beginning of period | | 404 | 28 |
| Cash and cash equivalents, end of period | | \$ 71 | \$ 12 |
| Supplemental cash flow information | | | |
| Income taxes paid | | \$ - | \$ - |
| Interest paid | | 99 | 729 |

See accompanying notes to the consolidated financial statements.

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

March 31, 2010

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

1. Nature of business:

Pinetree Capital Ltd. ("Pinetree" or the "Company") was incorporated under the laws of the Province of Ontario and its shares are publicly traded on the Toronto Stock Exchange (the "TSX") under the symbol "PNP". Pinetree is a diversified investment, financial advisory, and merchant banking firm focused on the small-cap market. Pinetree's investments are primarily in the following resource sectors: Uranium and Coal, 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 the Company's relative return in light of changing fundamentals and opportunities.

2. Significant accounting policies:

Management has prepared these 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 GAAP 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, 2009. Accounting policies followed in the preparation of the annual consolidated financial statements are consistent with those used in the preparation of the March 31, 2010 unaudited interim consolidated financial statements.

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

3. Investments:

(a) Investments accounted for at fair value consist of the following as at March 31, 2010 by sector:

| As at March 31, 2010: | | | | | % of |
|---|---------------------|--|-----------|------------|-------------|
| Issuer | Note | Security Description | Cost | Fair Value | Sector (FV) |
| Sector: Resources (Uranium and Coal) | | | | | |
| Cline Mining Corp. | (i, ii, iii) | 16,500,000 common shares | | | |
| | | 1,500,000 warrants expire Feb 11, 2012 | \$ 11,309 | \$ 29,527 | 39.1 |
| Mega Uranium Ltd. | (i, ii, iii, 7 (g)) | 12,595,000 common shares | | | |
| | | 914,712 warrants expire Feb 22, 2012 | | | |
| | | 1,500,000 warrants expire Oct 26, 2014 | 37,987 | 7,888 | 10.4 |

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

March 31, 2010

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

3. Investments (continued):

| As at March 31, 2010: | | | | | |
|--|------------------------|---|---------|------------|------------------|
| Issuer | Note | Security Description | Cost | Fair Value | % of Sector (FV) |
| Sector: Resources (Uranium and Coal) (continued) | | | | | |
| Rockgate Capital Corp. | (i, ii, iii) | 8,550,000 common shares | | | |
| | | 250,000 warrants expire Jul 28, 2011 | 8,331 | 5,583 | 7.4 |
| Tournigan Energy Ltd. | (i, iii) | 10,000,000 common shares | 2,913 | 2,500 | 3.3 |
| Energizer Resources Inc. (formerly Uranium Star Corp.) | (i, iii) | 4,850,000 common shares | | | |
| | | 1,500,000 warrants expire Jun 16, 2011 | | | |
| | | 2,000,000 warrants expire Feb 23, 2013 | 1,468 | 2,012 | 2.7 |
| Dios Exploration Inc. | (ii, iii) | 5,500,000 common shares | 3,129 | 1,925 | 2.5 |
| Pele Mountain Resources Inc. | (ii, iii) | 8,000,000 common shares | 2,823 | 1,400 | 1.9 |
| Forum Uranium Corp. | (ii, iii) | 10,000,500 common shares | | | |
| | | 3,000,000 warrants expire Apr 22, 2011 | 2,580 | 1,350 | 1.8 |
| U308 Corp. | (ii, iii) | 2,550,100 common shares | 996 | 1,160 | 1.5 |
| Oklo Uranium Limited | (iii) | 15,000,000 common shares | 1,859 | 1,062 | 1.4 |
| Energy Fuels Inc. | (iii) | 4,500,000 common shares | 3,456 | 1,013 | 1.3 |
| Total of 48 other investments – Resources (Uranium and Coal) sector (iv) | | | 56,878 | 20,074 | 26.7 |
| | | | 133,729 | 75,494 | 100.0 |
| Sector: Resources (Oil & Gas) | | | | | |
| Brownstone Ventures Inc. | (i, ii, iii, 7 (g)) | 7,647,000 common shares | | | |
| | | 500,000 warrants expire May 28, 2011 | 6,797 | 4,435 | 14.1 |
| Canadian Spirit Resources Inc. | (i, ii) | 2,650,000 common shares | 2,406 | 3,525 | 11.2 |
| Vulcan Minerals Inc. | (i, iii) | 3,782,500 common shares | | | |
| | | 100,000 warrants expire Nov 26, 2011 | 2,246 | 2,686 | 8.6 |
| Bontan Corporation Inc. | (i, ii, iii) | 4,000,000 common shares | | | |
| | | 2,000,000 warrants expire Mar 31, 2014 | | | |
| | | 2,500,000 warrants expire Jan 29, 2015 | | | |
| | | 1,500,000 warrants expire Mar 29, 2015 | 835 | 1,953 | 6.2 |
| Changfeng Energy Inc. | (i, iii) | 3,346,500 common shares | 1,329 | 1,841 | 5.9 |
| Quetzal Energy Ltd. | (ii, iii) | 9,360,000 common shares | | | |
| | | 10,150,000 warrants expire Oct 26, 2011 | | | |
| | | 600,000 warrants expire Apr 21, 2012 | 2,478 | 1,646 | 5.2 |
| Traxion Energy Inc. | (iii) | 6,250,000 common shares | 469 | 1,300 | 4.1 |
| Paramax Resources Ltd. | (iii) | 4,647,000 common shares | 372 | 1,046 | 3.3 |
| Total of 37 other investments – Resources (Oil & Gas) sector (iv) | | | 30,644 | 12,954 | 41.4 |
| | | | 47,576 | 31,386 | 100.0 |
| Sector: Resources (Precious Metals) | | | | | |
| Queenston Mining Inc. | (i, ii, iii) | 5,298,200 common shares | 14,293 | 22,570 | 15.1 |
| Colossus Minerals Inc. | (i, ii) | 3,000,000 common shares | 3,891 | 20,760 | 13.9 |
| Evolving Gold Corp. | (i, ii, iii) | 9,500,000 common shares | | | |
| | | 500,000 warrants expire Nov 24, 2011 | 4,572 | 7,790 | 5.2 |
| African Gold Group Inc. | (i, ii, iii) | 9,079,500 common shares | | | |
| | | 3,000,000 warrants expire Jan 23, 2011 | | | |
| | | 282,500 warrants expire Jun 16, 2011 | 3,167 | 5,224 | 3.5 |

Pinetree Capital Ltd.
Notes to Consolidated Financial Statements
March 31, 2010
(Unaudited – in thousands of dollars, except for securities and per share amounts)

3. Investments (continued):

As at March 31, 2010:

| Issuer | Note | Security Description | Cost | Fair Value | % of Sector (FV) |
|--|-------------|--|--------------|-------------------|-------------------------|
| Sector: Resources (Precious Metals) (continued) | | | | | |
| Solitario Exploration & Royalty Corp. | (i, iii) | 2,522,753 common shares | 5,144 | 5,197 | 3.5 |
| Unigold Inc. | (ii, iii) | 10,821,500 common shares | | | |
| | | 1,500,000 warrants expire Dec 1, 2011 | 4,138 | 3,029 | 2.0 |
| Latin American Minerals Inc. | (ii, iii) | 13,650,000 common shares | | | |
| | | 500,000 warrants expire Feb 18, 2010 | | | |
| | | 1,000,000 warrants expire Oct 5, 2011 | 6,161 | 3,003 | 2.0 |
| Silver Quest Resources Ltd. | (ii, iii) | 3,250,000 common shares | | | |
| | | 1,250,000 warrants expire Sep 16, 2010 | | | |
| | | 1,250,000 warrants expire Oct 6, 2010 | 671 | 2,868 | 1.9 |
| Temex Resources Corp. | (ii, iii) | 9,000,000 common shares | | | |
| | | 440,000 warrants expire May 26, 2011 | 4,824 | 2,520 | 1.7 |
| Caledonia Mining Corporation | (iii) | 37,910,000 common shares | 5,872 | 2,275 | 1.5 |
| Ginguro Exploration Inc. | (ii, iii) | 2,973,500 common shares | | | |
| | | 1,250,000 warrants expire Jun 17, 2011 | 541 | 2,108 | 1.4 |
| Niogold Mining Corp. | (ii, iii) | 7,300,000 common shares | | | |
| | | 900,000 warrants expire Dec 22, 2010 | 2,636 | 2,107 | 1.4 |
| Mega Precious Metals Inc. (formerly Mega Silver Inc.) | (ii, iii) | 5,258,836 common shares | 3,001 | 2,104 | 1.4 |
| Valencia Ventures Inc. | (ii, iii) | 14,884,000 common shares | | | |
| | | 4,700,000 warrants expire Nov 25, 2011 | 4,580 | 1,880 | 1.3 |
| Bear Gold Lake Ltd. (formerly NFX Gold Inc.) | (ii, iii) | 11,000,000 common shares | | | |
| | | 1,000,000 warrants expire Oct 23, 2010 | | | |
| | | 750,000 warrants expire Jun 4, 2011 | 8,195 | 1,870 | 1.3 |
| Commander Resources Ltd. | (iii) | 5,000,000 common shares | 1,934 | 1,825 | 1.2 |
| Nortec Ventures Corp. | (ii, iii) | 16,080,000 common shares | | | |
| | | 1,500,000 warrants expire Jun 15, 2011 | 2,482 | 1,767 | 1.2 |
| TNR Gold Corp. | (iii) | 6,575,000 common shares | | | |
| | | 500,000 warrants expire Apr 17, 2010 | 1,493 | 1,578 | 1.1 |
| Gold Canyon Resources Inc. | (ii, iii) | 6,550,000 common shares | | | |
| | | 1,000,000 warrants expire Sep 29, 2011 | | | |
| | | 1,000,000 warrants expire Feb 08, 2012 | 2,246 | 1,396 | 0.9 |
| Vault Minerals Inc. | (iii) | 3,227,500 common shares | | | |
| | | 500,000 warrants expire Nov 26, 2011 | 716 | 1,353 | 0.9 |
| Treasury Metals Inc. | (iii) | 1,735,555 common shares | | | |
| | | 500,000 warrants expire Nov 22, 2010 | 512 | 1,340 | 0.9 |
| Soltoro Ltd. | (ii, iii) | 2,555,500 common shares | | | |
| | | 250,000 warrants expire Dec 24, 2010 | | | |
| | | 250,000 warrants expire Aug 12, 2011 | 1,278 | 1,174 | 0.8 |
| Redstar Gold Corp. | (ii, iii) | 6,750,000 common shares | 1,433 | 1,114 | 0.7 |
| Rolling Rock Resources Corp. | (ii, iii) | 6,650,000 common shares | | | |
| | | 1,500,000 warrants expire Feb 25, 2012 | 1,347 | 1,112 | 0.7 |

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

March 31, 2010

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

3. Investments (continued):

| As at March 31, 2010: | | | | | |
|---|--------------|---|---------|------------|------------------|
| Issuer | Note | Security Description | Cost | Fair Value | % of Sector (FV) |
| Sector: Resources (Precious Metals) (continued) | | | | | |
| Resinco Capital Partners Inc. (formerly Longview Capital Partners Inc.) | (ii, iii) | 9,106,500 common shares 6,250,000 warrants expire Nov 17, 2011 | 972 | 1,093 | 0.7 |
| AMI Resources Inc. | (ii, iii) | 7,888,000 common shares 2,000,000 warrants expire May 4, 2010 1,500,000 warrants expire Apr 28, 2011 | 1,100 | 1,085 | 0.7 |
| Goldeye Explorations Ltd. | (ii, iii) | 11,301,000 common shares 1,250,000 warrants expire Aug 12, 2010 1,000,000 warrants expire Dec 16, 2011 | 1,474 | 1,053 | 0.7 |
| UC Resources Ltd. | (iii) | 12,551,500 common shares 500,000 warrants expire Feb 15, 2011 1,250,000 warrants expire Mar 9, 2011 500,000 warrants expire Aug 26, 2011 | 3,838 | 1,044 | 0.7 |
| Total of 121 other investments – Resources (Precious Metals) sector (iv) | | | 91,317 | 46,871 | 31.7 |
| | | | 183,828 | 149,110 | 100.0 |
| Sector: Resources (Potash, Lithium and Rare Earths) | | | | | |
| Ucore Uranium Inc. | (i, ii, iii) | 10,000,000 common shares 1,250,000 warrants expire Jul 24, 2011 | 4,549 | 2,800 | 12.8 |
| Stans Energy Corp. | (i, ii, iii) | 8,000,000 common shares 2,000,000 warrants expire Nov 30, 2010 500,000 warrants expire Aug 2, 2011 | 1,574 | 2,591 | 11.8 |
| Orocobre Ltd. | (i) | 991,673 common shares | 1,035 | 2,063 | 9.4 |
| 49 North Resources Inc. | (i, ii, iii) | 815,000 common shares 815,000 warrants expire Jun 18, 2011 | 2,241 | 1,940 | 8.9 |
| Lithium Americas Corp. | (i) | 1,250,000 common shares | 700 | 1,875 | 8.6 |
| IC Potash Corp. (formerly Trigon Uranium Corp.) | (ii, iii) | 4,516,000 common shares 937,500 warrants expire Dec 2, 2011 | 4,793 | 1,490 | 6.8 |
| Rare Earth Metals Inc. | (ii, iii) | 4,150,000 common shares 2,000,000 warrants expire Dec 16, 2011 | 1,065 | 1,453 | 6.6 |
| New World Resource Corp. | (ii, iii) | 6,236,852 common shares 925,926 warrants expire Sep 25, 2010 1,000,000 warrants expire Jun 26, 2011 | 3,074 | 1,403 | 6.4 |
| Fieldex Exploration Inc. | (ii, iii) | 6,629,278 common shares 1,388,889 warrants expire Oct 29, 2011 | 1,104 | 1,193 | 5.5 |
| Total of 20 other investments – Resources (Potash, Lithium and Rare Earths) sector (iv) | | | 7,213 | 5,062 | 23.2 |
| | | | 27,348 | 21,870 | 100.0 |
| Sector: Resources (Base Metals) | | | | | |
| Macarthur Minerals Ltd. | (i, ii, iii) | 4,681,300 common shares 500,000 warrants expire Jan 3, 2010 | 5,603 | 11,176 | 13.2 |
| Noront Resources Ltd. | (i, ii) | 4,138,700 common shares | 7,808 | 6,787 | 8.0 |

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

March 31, 2010

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

3. Investments (continued):

| As at March 31, 2010: | | | | | |
|---|--------------|---|---------|------------|------------------|
| Issuer | Note | Security Description | Cost | Fair Value | % of Sector (FV) |
| Sector: Resources (Base Metals) (continued) | | | | | |
| Bridgeport Ventures Inc. | (i, ii, iii) | 1,602,600 common shares 500,000 warrants expire Dec 1, 2012 | 698 | 4,083 | 4.8 |
| Creston Moly Corp. | (i, iii) | 11,609,900 common shares 2,500,000 warrants expire May 9, 2010 | 8,728 | 3,728 | 4.4 |
| Coro Mining Corp. | (i, iii) | 6,975,500 common shares | 1,997 | 3,418 | 4.0 |
| MacDonald Mines Exploration Ltd. | (ii, iii) | 16,000,000 common shares 3,075,000 warrants expire Oct 29, 2011 | 7,268 | 3,360 | 4.0 |
| MBMI Resources Inc. | (ii, iii) | 8,326,574 common shares 1,000,000 warrants expire Dec 29, 2010 1,000,000 warrants expire May 28, 2011 | 6,221 | 2,118 | 2.5 |
| International Nickel Ventures Corp. | (ii) | 2,800,000 common shares | 3,615 | 2,100 | 2.5 |
| Probe Mines Ltd. | (ii, iii) | 5,092,500 common shares 500,000 warrants expire Feb 2, 2012 | 3,369 | 2,052 | 2.4 |
| Woulfe Mining Corp. (formerly Oriental Minerals Inc.) | (iii) | 8,250,000 common shares 2,500,000 warrants expire Dec 17, 2011 | 5,608 | 1,779 | 2.1 |
| Epsilon Energy Limited | (iii) | 29,469,549 common shares | 2,831 | 1,709 | 2.0 |
| Tribute Minerals Inc. | (iii) | 9,450,000 common shares 1,000,000 warrants expire Jun 24, 2011 2,500,000 warrants expire Dec 21, 2011 | 1,612 | 1,217 | 1.4 |
| African Metals Corp. | (iii) | 2,675,000 common shares 1,250,000 warrants expire Oct 22, 2011 | 644 | 1,167 | 1.4 |
| Happy Creek Minerals Ltd. | (ii, iii) | 4,500,000 common shares | 1,944 | 1,103 | 1.3 |
| Total of 91 other investments – Resources (Base Metals) sector (iv) | | | 102,306 | 38,841 | 46.0 |
| | | | 160,252 | 84,638 | 100.0 |
| Sector: Biotechnology | | | | | |
| Total of 7 investments – Biotechnology sector (iv) | | | 8,732 | 2,865 | 100.0 |
| | | | 8,732 | 2,865 | 100.0 |
| Sector: Energy Related Technology | | | | | |
| Opel International Inc. | (i, iii) | 6,150,000 common shares 1,000,000 warrants expire May 11, 2010 750,000 warrants expire Dec 13, 2011 | 6,037 | 1,661 | 35.9 |
| Total of 11 other investments – Energy Related Technology sector (iv) | | | 10,690 | 2,963 | 64.1 |
| | | | 16,727 | 4,624 | 100.0 |

Pinetree Capital Ltd.
Notes to Consolidated Financial Statements
March 31, 2010
(Unaudited – in thousands of dollars, except for securities and per share amounts)

3. Investments (continued):

| As at March 31, 2010: | | | | | |
|--|--------------|--|-------------------|-------------------|-------------------------|
| Issuer | Note | Security Description | Cost | Fair Value | % of Sector (FV) |
| Sector: Technology and Other | | | | | |
| Enghouse Systems Ltd. | (i) | 780,000 common shares | 5,477 | 6,084 | 33.7 |
| Diagnos Inc. | (i, ii, iii) | 5,963,500 common shares | | | |
| | | 1,500,000 warrants expire Nov 11, 2011 | 1,771 | 3,132 | 17.3 |
| View22 Technology Inc. | (i) | 1,438,000 common shares | | | |
| | | 150,000 warrants expire Jul 8, 2010 | | | |
| | | 500,000 warrants expire Aug 2, 2010 | 1,225 | 1,502 | 8.3 |
| Cyber Bay Corp. | (i) | 110,000,000 common shares | 1,338 | 1,352 | 7.5 |
| Total of 23 other investments – Technology and Other sector (iv) | | | 18,310 | 6,002 | 33.2 |
| | | | 28,121 | 18,072 | 100.0 |
| Total investments (v) | | | \$ 606,313 | \$ 388,059 | |

- (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, 2010.
- (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, 2010.
- (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, 2010.
- (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, 2010.
- (v) As at March 31, 2010, included in total investments were securities of private companies with a fair value totaling \$34,192 (cost of \$42,140) determined in accordance with the Company's accounting policy for private company investments.

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

March 31, 2010

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

3. Investments (continued):

(b) Investments accounted for at fair value consist of the following as at December 31, 2009 by sector:

| As at December 31, 2009: | | | | | |
|--|---------------------|--|-----------|------------|------------------|
| Issuer | Note | Security Description | Cost | Fair Value | % of Sector (FV) |
| Sector: Resources (Uranium and Coal) | | | | | |
| Mega Uranium Ltd. | (i, ii, iii, 7 (g)) | 13,400,000 common shares 914,712 warrants expire Feb 22, 2012 1,500,000 warrants expire Oct 26, 2014 | \$ 39,747 | \$ 10,356 | 21.1 |
| Rockgate Capital Corp. | (i, ii, iii) | 8,500,000 common shares 500,000 warrants expire Mar 27, 2010 250,000 warrants expire Jul 28, 2011 | 8,296 | 5,550 | 11.3 |
| Cline Mining Corp. | (i, ii, iii) | 13,500,000 common shares | 10,409 | 4,725 | 9.6 |
| Tournigan Energy Ltd. | (i, iii) | 10,000,000 common shares | 2,913 | 2,250 | 4.6 |
| Continental Precious Minerals Inc. | (i, ii, iii) | 2,000,000 common shares 1,000,000 warrants expire May 6, 2012 | 1,091 | 1,920 | 3.9 |
| Sparton Resources Inc. | (ii, iii) | 8,236,500 common shares 2,500,000 warrants expire Oct 5, 2010 | 2,323 | 1,542 | 3.1 |
| Pele Mountain Resources Inc. | (ii, iii) | 8,000,000 common shares 1,000,000 warrants expire Feb 22, 2010 | 2,823 | 1,520 | 3.1 |
| Forum Uranium Corp. | (ii, iii) | 10,496,500 common shares 3,000,000 warrants expire Apr 22, 2011 | 2,708 | 1,381 | 2.8 |
| U308 Corp. | (ii, iii) | 2,550,100 common shares | 996 | 1,224 | 2.5 |
| Energy Fuels Inc. | (iii) | 4,500,000 common shares | 3,456 | 1,125 | 2.3 |
| Total of 50 other investments – Resources (Uranium and Coal) sector (iv) | | | 58,050 | 17,473 | 35.7 |
| | | | 132,812 | 49,066 | 100.0 |
| Sector: Resources (Oil & Gas) | | | | | |
| Brownstone Ventures Inc. | (i, ii, iii, 7 (g)) | 7,647,000 common shares 500,000 warrants expire May 28, 2011 | 6,797 | 6,143 | 17.9 |
| Southern Pacific Resources Corp. | (i, ii) | 5,488,500 common shares | 4,724 | 5,300 | 15.4 |
| Canadian Spirit Resources Inc. | (i, ii, iii) | 2,121,300 common shares 500,000 warrants expire Feb 19, 2010 | 1,870 | 3,532 | 10.3 |
| Vulcan Minerals Inc. | (i, iii) | 3,782,500 common shares 100,000 warrants expire Nov 26, 2011 | 2,246 | 2,487 | 7.2 |
| Red Maple Energy Inc. | (i) | 5,400,000 common shares | 750 | 1,557 | 4.5 |
| Quetzal Energy Ltd. | (ii, iii) | 9,110,000 common shares 5,000,000 warrants expire Oct 26, 2011 600,000 warrants expire Apr 21, 2012 | 4,085 | 1,508 | 4.4 |
| Changfeng Energy Inc. | (iii) | 3,346,500 common shares | 1,329 | 1,088 | 3.2 |
| Talon Metals Corp. | (iii) | 2,504,000 common shares | 1,699 | 1,014 | 2.9 |
| Total of 38 other investments – Resources (Oil & Gas) sector (iv) | | | 29,168 | 11,775 | 34.2 |
| | | | 52,668 | 34,404 | 100.0 |

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3. Investments (continued):

| As at December 31, 2009: | | | | | |
|---|--------------|--|-------------|-------------------|-------------------------|
| Issuer | Note | Security Description | Cost | Fair Value | % of Sector (FV) |
| Sector: Resources (Precious Metals) | | | | | |
| Queenston Mining Inc. | (i, ii, iii) | 5,248,200 common shares | 14,035 | 28,970 | 18.3 |
| Colossus Minerals Inc. | (i, ii) | 3,000,000 common shares | 3,583 | 17,160 | 10.9 |
| Evolving Gold Corp. | (i, ii, iii) | 9,500,000 common shares | | | |
| | | 500,000 warrants expire Nov 24, 2011 | 4,572 | 10,374 | 6.6 |
| African Gold Group Inc. | (i, ii, iii) | 9,079,500 common shares | | | |
| | | 3,000,000 warrants expire Jan 23, 2011 | | | |
| | | 282,500 warrants expire Jun 16, 2011 | 3,167 | 6,888 | 4.4 |
| Solitario Exploration & Royalty Corp | (i, iii) | 2,508,053 common shares | 5,107 | 6,019 | 3.8 |
| Latin American Minerals Inc. | (ii, iii) | 13,500,000 common shares | | | |
| | | 500,000 warrants expire Feb 19, 2010 | | | |
| | | 1,000,000 warrants expire Oct 5, 2011 | 6,119 | 3,158 | 2.0 |
| Mega Precious Metals Inc. (formerly Mega Silver Inc.) | (ii, iii) | 4,980,836 common shares | | | |
| | | 375,000 warrants expire Nov 2, 2010 | 2,847 | 2,957 | 1.9 |
| Unigold Inc. | (ii, iii) | 10,516,000 common shares | | | |
| | | 1,500,000 warrants expire Dec 1, 2011 | 4,049 | 2,778 | 1.8 |
| Valencia Ventures Inc. | (ii, iii) | 14,884,000 common shares | | | |
| | | 4,700,000 warrants expire Nov 25, 2011 | 4,580 | 2,686 | 1.7 |
| Bear Gold Lake Ltd. (formerly NFX Gold Inc.) | (ii, iii) | 10,327,000 common shares | | | |
| | | 1,000,000 warrants expire Oct 23, 2010 | | | |
| | | 750,000 warrants expire Jun 4, 2011 | 8,024 | 2,582 | 1.6 |
| Niogold Mining Corp. | (ii, iii) | 7,171,500 common shares | | | |
| | | 900,000 warrants expire Dec 22, 2010 | 2,588 | 2,242 | 1.4 |
| Silver Quest Resources Ltd. | (ii, iii) | 4,250,000 common shares | | | |
| | | 1,250,000 warrants expire Sep 16, 2010 | | | |
| | | 1,250,000 warrants expire Oct 6, 2010 | 877 | 2,163 | 1.4 |
| Caledonia Mining Corporation | (iii) | 35,910,000 common shares | 5,740 | 2,155 | 1.4 |
| Temex Resources Corp. | (ii, iii) | 8,977,000 common shares | | | |
| | | 440,000 warrants expire May 26, 2011 | 4,818 | 2,020 | 1.3 |
| TNR Gold Corp. | (iii) | 6,575,000 common shares | | | |
| | | 500,000 warrants expire Oct 17, 2009 | 1,493 | 1,874 | 1.2 |
| Commander Resources Ltd. | (iii) | 5,000,000 common shares | 1,934 | 1,700 | 1.1 |
| Redstar Gold Corp. | (ii, iii) | 6,750,000 common shares | 1,433 | 1,688 | 1.1 |
| Nortec Ventures Corp. | (ii) | 16,080,000 common shares | | | |
| | | 540,000 warrants expire Feb 14, 2010 | | | |
| | | 1,500,000 warrants expire Jun 15, 2011 | 2,482 | 1,675 | 1.1 |
| Goldstone Resources Inc. (formerly Ontex Resources Limited) | (iii) | 1,458,333 common shares | | | |
| | | 416,666 warrants expire Sept 5, 2010 | | | |
| | | 833,333 warrants expire Nov 22, 2010 | | | |
| | | 441,666 warrants expire Feb 24, 2011 | 1,404 | 1,240 | 0.8 |
| AMI Resources Inc. | (ii, iii) | 7,638,000 common shares | | | |
| | | 2,000,000 warrants expire May 4, 2010 | | | |
| | | 1,500,000 warrants expire Apr 28, 2011 | 1,055 | 1,224 | 0.8 |

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3. Investments (continued):

| As at December 31, 2009: | | | | | |
|---|--------------|---|-------------|-------------------|-------------------------|
| Issuer | Note | Security Description | Cost | Fair Value | % of Sector (FV) |
| Sector: Resources (Precious Metals) (continued) | | | | | |
| Shoreham Resources Ltd. | (ii, iii) | 3,600,000 common shares 750,000 warrants expire May 14, 2010 250,000 warrants expire May 14, 2011 | 950 | 1,044 | 0.7 |
| Gold Canyon Resources Inc. | (ii, iii) | 5,550,000 common shares 1,000,000 warrants expire Sep 29, 2011 | 2,036 | 1,022 | 0.6 |
| Treasury Metals Inc. | (iii) | 2,186,055 common shares 500,000 warrants expire Nov 22, 2010 | 645 | 1,016 | 0.6 |
| Pacific North West Capital Corp. | (ii, iii) | 5,500,000 common shares 250,000 warrants expire Dec 30, 2010 | 2,498 | 1,008 | 0.6 |
| Total of 120 other investments – Resources (Precious Metals) sector (iv) | | | 91,636 | 52,384 | 32.9 |
| | | | 177,672 | 158,027 | 100.0 |
| Sector: Resources (Potash, Lithium and Rare Earths) | | | | | |
| Ucore Uranium Inc. | (i, ii, iii) | 10,000,000 common shares 1,250,000 warrants expire Jul 24, 2011 | 4,549 | 5,081 | 18.7 |
| Stans Energy Corp. | (i, iii) | 6,000,000 common shares 2,000,000 warrants expire Nov 30, 2010 | 934 | 2,767 | 10.2 |
| Orocobre Ltd. | (i) | 2,500,000 common shares | 2,573 | 2,689 | 9.9 |
| Rare Earth Metals Inc. | (i, iii) | 4,000,000 common shares 2,000,000 warrants expire Dec 16, 2011 | 1,000 | 2,019 | 7.4 |
| Lithium Americas Corp. | (i) | 1,250,000 common shares | 700 | 1,875 | 6.9 |
| IC Potash Corp. (formerly Trigon Uranium Corp.) | (iii) | 4,285,500 common shares 937,500 warrants expire Dec 2, 2011 | 4,701 | 1,564 | 5.8 |
| 49 North Resources Inc. | (ii, iii) | 815,000 common shares 815,000 warrants expire Jun 18, 2011 | 2,241 | 1,557 | 5.7 |
| Fieldex Exploration Inc. | (ii, iii) | 6,879,278 common shares 1,388,889 warrants expire Oct 29, 2011 | 1,146 | 1,450 | 5.3 |
| New World Resource Corp. | (ii, iii) | 6,236,852 common shares 925,926 warrants expire Sep 25, 2010 1,000,000 warrants expire Jun 26, 2011 | 3,074 | 1,363 | 5.0 |
| Total of 19 other investments – Resources (Potash, Lithium and Rare Earths) sector (iv) | | | 9,318 | 6,738 | 25.1 |
| | | | 30,236 | 27,103 | 100.0 |
| Sector: Resources (Base Metals) | | | | | |
| Noront Resources Ltd. | (i, ii) | 3,600,000 common shares | 6,965 | 7,452 | 10.4 |
| Macarthur Minerals Ltd. | (i, ii, iii) | 4,465,200 common shares 500,000 warrants expire Jan 3, 2010 | 5,372 | 3,751 | 5.2 |
| Bridgeport Ventures Inc. | (i, ii, iii) | 1,602,600 common shares 500,000 warrants expire Dec 1, 2012 | 698 | 3,158 | 4.4 |
| Coro Mining Corp. | (i, iii) | 5,000,000 common shares | 900 | 2,800 | 3.9 |
| International Nickel Ventures Corp. | (i, ii) | 2,800,000 common shares | 3,615 | 2,464 | 3.4 |
| Probe Mines Ltd. | (ii, iii) | 4,500,000 common shares | 3,080 | 2,430 | 3.4 |

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

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3. Investments (continued):

| As at December 31, 2009: | | | | | |
|---|--------------|--|---------|------------|------------------|
| Issuer | Note | Security Description | Cost | Fair Value | % of Sector (FV) |
| Sector: Resources (Base Metals) (continued) | | | | | |
| MacDonald Mines Exploration Ltd. | (ii, iii) | 14,916,000 common shares 3,075,000 warrants expire Oct 29, 2011 | 7,012 | 2,163 | 3.0 |
| Creston Moly Corp. | (iii) | 10,409,900 common shares 2,500,000 warrants expire May 9, 2010 | 8,370 | 2,147 | 3.0 |
| MBMI Resources Inc. | (ii, iii) | 7,617,074 common shares 1,000,000 warrants expire Dec 29, 2010 1,000,000 warrants expire May 28, 2011 | 6,266 | 1,809 | 2.5 |
| Uranium Star Corp. | (iii) | 3,000,000 common shares 1,500,000 warrants expire Jun 16, 2011 | 786 | 1,533 | 2.1 |
| Infrastructure Materials Corporation | (ii, iii) | 7,525,000 common shares | 2,877 | 1,529 | 2.1 |
| Tribute Minerals Inc. | (iii) | 9,450,000 common shares 1,000,000 warrants expire Jun 24, 2011 2,500,000 warrants expire Dec 21, 2011 | 1,612 | 1,317 | 1.8 |
| Bolero Resources Corp. | (ii, iii) | 1,665,500 common shares 1,000,000 warrants expire Oct 28, 2011 | 3,637 | 1,050 | 1.5 |
| Copper Mesa Mining Corporation | (ii, iii) | 20,787,270 common shares | 3,601 | 1,039 | 1.4 |
| Total of 91 other investments – Resources (Base Metals) sector (iv) | | | 100,785 | 37,069 | 51.9 |
| | | | 155,576 | 71,711 | 100.0 |
| Sector: Biotechnology | | | | | |
| Antisense Therapeutics Limited | (i, iii) | 37,500,000 common shares | 2,055 | 1,938 | 43.3 |
| GeneNews Ltd. | (i) | 3,181,500 common shares | 2,012 | 1,223 | 27.3 |
| Total of 6 other investments – Biotechnology sector (iv) | | | 6,005 | 1,317 | 29.4 |
| | | | 10,072 | 4,478 | 100.0 |
| Sector: Energy Related Technology | | | | | |
| Opel International Inc. | (i, ii, iii) | 6,150,000 common shares 1,000,000 warrants expire May 11, 2010 750,000 warrants expire Dec 13, 2011 | 6,037 | 1,476 | 28.4 |
| Sustainable Energy Technology Ltd. | (i) | 1,726,667 common shares \$200,000 convertible debenture 440,000 warrants expire May 7, 2013 | 690 | 1,058 | 20.4 |
| Total of 10 other investments – Energy Related Technology sector (iv) | | | 10,511 | 2,656 | 51.2 |
| | | | 17,238 | 5,190 | 100.0 |
| Sector: Technology and Other | | | | | |
| Enghouse Systems Ltd. | (i) | 750,000 common shares | 5,217 | 6,450 | 38.5 |
| Diagnos Inc. | (i, ii, iii) | 5,767,500 common shares 1,500,000 warrants expire Nov 11, 2011 | 1,683 | 2,730 | 16.3 |
| View22 Technology Inc. | (i) | 1,138,000 common shares \$525,000 convertible debenture 150,000 warrants expire Jul 8, 2010 500,000 warrants expire Aug 2, 2010 | 1,225 | 1,487 | 8.9 |

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3. Investments (continued):

| As at December 31, 2009: | | | | | |
|--|------|---------------------------|-------------------|-------------------|------------------|
| Issuer | Note | Security Description | Cost | Fair Value | % of Sector (FV) |
| Sector: Technology and Other (continued) | | | | | |
| Cyber Bay Corp. | (i) | 100,000,000 common shares | 1,165 | 1,266 | 7.6 |
| Total of 22 other investments – Technology and Other sector (iv) | | | 16,018 | 4,812 | 28.7 |
| | | | 25,308 | 16,745 | 100.0 |
| Total investments (v) | | | \$ 601,582 | \$ 366,724 | |

- (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, 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 December 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 December 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 December 31, 2009.
- (v) As at December 31, 2009, included in total investments were securities of private companies with a fair value totaling \$32,731 (cost of \$41,346) determined in accordance with the Company’s accounting policy for private company investments.
- (c) Equity accounted investments consist of the following as at March 31, 2010 and December 31, 2009:

| | March 31, 2010 | December 31, 2009 |
|---|-----------------|-------------------|
| Equity accounted investments - carrying value, beginning of period | \$ 1,911 | \$ 3,567 |
| Purchases of equity accounted investments | - | 740 |
| Proceeds on disposal of equity accounted investment | - | (2,650) |
| Gain on disposal of equity accounted investment | - | 370 |
| Losses from equity accounted investments | (211) | (116) |
| Equity accounted investments - carrying value, end of period | \$ 1,700 | \$ 1,911 |
| Equity accounted investments - cost | \$ 2,714 | \$ 2,714 |
| Number of equity accounted investments | 4 | 4 |

Pinetree Capital Ltd.

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4. Financial instruments hierarchy:

The following table presents the Company's financial instruments, measured at fair value on the consolidated balance sheet as at March 31, 2010 and categorized into levels of the fair value hierarchy:

| | Level 1 Quoted market price | Level 2 Valuation technique – observable market inputs | Level 3 Valuation technique – non-observable market inputs | Total |
|---|-----------------------------------|---|---|------------|
| Assets | | | | |
| Investments, at fair value | \$ 315,474 | \$ 38,393 | \$ 34,192 | \$ 388,059 |
| | 315,474 | 38,393 | 34,192 | 388,059 |
| Liabilities | | | | |
| Class C preferred share liabilities, at fair value | - | \$ 319 | - | \$ 319 |
| | - | 319 | - | 319 |

There were no significant transfers from Level 1 to 2 or Level 2 to 1 during the three months ended March 31, 2010.

The following table presents the Company's financial instruments, measured at fair value on the consolidated balance sheet as at December 31, 2009 and categorized into levels of the fair value hierarchy:

| | Level 1 Quoted market price | Level 2 Valuation technique – observable market inputs | Level 3 Valuation technique – non-observable market inputs | Total |
|---|-----------------------------------|---|---|------------|
| Assets | | | | |
| Investments, at fair value | \$ 281,964 | \$ 52,029 | \$ 32,731 | \$ 366,724 |
| | 281,964 | 52,029 | 32,731 | 366,724 |
| Liabilities | | | | |
| Class C preferred share liabilities, at fair value | - | \$ 373 | - | \$ 373 |
| | - | 373 | - | 373 |

There were no significant transfers from Level 1 to 2 or Level 2 to 1 during the year ended December 31, 2009.

Pinetree Capital Ltd.**Notes to Consolidated Financial Statements****March 31, 2010****(Unaudited – in thousands of dollars, except for securities and per share amounts)**

4. Financial instruments hierarchy (continued):

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the three months ended March 31, 2010. These financial instruments are measured at fair value utilizing non-observable market inputs. The realized losses and net unrealized gains are recognized in the consolidated statements of operations.

| | Opening balance, December 31, 2009 | Net purchases | Realized losses | Net unrealized gains | Net transfer out of Level 3 | Ending balance, March 31, 2010 |
|----------------------------|---|------------------|--------------------|----------------------------|--------------------------------------|---|
| Investments, at fair value | \$ 32,731 | \$ 2,645 | \$ - | \$ 667 | \$ (1,851) | \$ 34,192 |

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the year ended December 31, 2009.

| | Opening balance, December 31, 2008 | Net purchases | Realized losses | Net unrealized gains | Net transfer out of Level 3 | Ending balance, December 31, 2009 |
|----------------------------|---|------------------|--------------------|----------------------------|--------------------------------------|--|
| Investments, at fair value | \$ 14,270 | \$ 4,966 | \$ (3,649) | \$ 18,856 | \$ (1,712) | \$ 32,731 |

5. Due to brokers:

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

6. 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, 2010 and December 31, 2009, the Company had not utilized the line of credit.

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7. 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 | 2010 | 2009 |
|--|------------------------------------|--------|--------|
| Consulting fees (a) | Officers | \$ 100 | \$ 207 |
| Director fees | Directors | 48 | 35 |
| Interest expense (b) | Director, shareholder, and officer | 15 | 724 |
| Other income (c) | Affiliated companies | 146 | 2,946 |
| Realized gains (losses) on disposal of investments (d) | Affiliated companies | - | 406 |

- (a) Consulting agreements are with the Company's Vice President - Legal & Corporate Affairs, Vice President – Business Development, Vice President – Research, and Vice President – Trading, Head Trader. The costs relating to these agreements are included in operating, general and administrative expenses. In the prior year, the Company also had a consulting agreement with the Company's Chairman and Chief Executive Officer ("CEO"). Effective January 1, 2010, the CEO's consulting agreement was terminated and replaced with an employment agreement between the CEO and the Company.
- (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 6) and in favour of the Company's brokers in respect of its margin borrowings (note 5). The Credit Facility, which was due to mature on March 31, 2010 and was extended to June 30, 2010, 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, 2010, there was nil outstanding under the Credit Facility. Included in the consolidated statements of operations is \$15 (three months ended March 31, 2009 - \$724) of standby fee expense relating to the Credit Facility. As at March 31, 2010, there was no balance owing under the Credit Facility.
- (c) Other income relates to sublease, and services agreements of approximately \$146 (three months ended March 31, 2009 - \$2,946) from companies in which Pinetree has a common director and common officers. 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.

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7. Related party transactions (continued):

- (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 is 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. The Company's sales to Mega were done in the normal course of the Company's divestment decisions.
- (e) On March 10, 2010, the Company entered into an agreement (the "Fund Agreement") with AlphaNorth 2010 Flow-Through Limited Partnership (the "Fund"), a limited partnership established under the laws of Ontario, pursuant to which the Company agreed to provide funds to the Fund from time to time, of up to \$500,000 principal amount in the form of a revolving term loan. Funds provided by Pinetree under the loan bear interest at a rate equal to prime plus 2% and are secured by a general security agreement over the Fund's assets. As at March 31, 2010, the Company had advanced \$228 to the Fund under the Fund Agreement. The Company owns a 20% interest in and has a common director with the Fund's general partner, AlphaNorth General Partner Inc., a company established under the laws of Ontario, Canada.
- (f) As at December 31, 2009, the Company had a loan receivable from an officer of the Company totaling \$75 which was repaid in full on January 29, 2010. The loan bore interest at RBC's prime rate plus 1% per annum, compounded monthly. The loan was used by the officer to purchase investments and was collateralized by those investments.
- (g) The Company has investments in related parties which are listed issuers with a common director and common officers of the Company. See note 3(a,b).

8. Class C preferred share liabilities:

During the year ended December 31, 2009, Pinetree's subsidiary, PCIC, completed brokered and non-brokered private placements of an aggregate of 31,900 Class C preferred shares ("Class C Shares") of PCIC at a price of \$10 per Class C Share for gross proceeds of \$319. PCIC paid commissions and other expenses totaling \$58 related to the private placements which were recorded in the consolidated statements of operations. PCIC is authorized to issue an unlimited number of Class A preferred shares, Class B preferred shares, Class C Shares, and common shares. Pinetree owns directly and indirectly all Class A preferred shares, Class B preferred shares, and common shares of PCIC.

As at March 31, 2010, 31,900 Class C Shares were issued and outstanding. The Class C Shares are non-voting, redeemable and retractable at any time, and entitle the holders thereof to receive cumulative dividends at a rate of 5% per annum until December 31, 2010 and at a rate of 8% per annum thereafter. The Class C Shares' redemption and retraction prices are linked to the market price of the Company's common shares, subject to a minimum redemption price (at any time) and minimum retraction price (until the first anniversary of issue) of \$10 per share.

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8. Class C preferred share liabilities (continued):

As at March 31, 2010, both the redemption price and the retraction price in effect was \$10.00 per share (December 31, 2009 - \$11.69 per share), accordingly the Company reversed an increase in the fair value change of the Class C Shares of \$54 which was expensed as an operating, general and administrative expense in the consolidated statements of operations as at December 31, 2009. As at March 31, 2010, the Company had Class C preferred share liabilities of \$319 (December 31, 2009 - \$373).

9. Share capital:

Authorized: Unlimited number of common shares, no par value

Issued and outstanding common shares:

| | # of Shares | Amount |
|---|--------------------|-------------------|
| Balance, December 31, 2008 | 131,313,988 | \$ 267,848 |
| Issued pursuant to exercise of stock options | 40,868 | 35 |
| Issued pursuant to an investment in 49 North Resource Fund Inc. | 914,796 | 2,241 |
| Issued pursuant to the acquisition of Caymus Capital Corp. | 2,000,001 | 2,980 |
| Issued pursuant to an investment in U308 Corp. | 600,000 | 996 |
| Issued pursuant to an investment in Resinco Capital Partners Inc. (formerly Longview Capital Partners Inc.) | 360,000 | 625 |
| Balance, December 31, 2009 | 135,229,653 | \$ 274,725 |
| Issued pursuant to exercise of stock options (a) | 200,000 | 190 |
| Balance, March 31, 2010 | 135,429,653 | \$ 274,915 |

(a) During the three months ended March 31, 2010, 200,000 stock options were exercised at \$0.60 per share for total proceeds of \$120. Pursuant to the exercise of stock options, amounts of \$70 in contributed surplus were reallocated to share capital.

(b) Stock options:

The Company has 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, 2010.

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9. Share capital (continued):

The fair value of the options granted during the prior year was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

| | |
|--|---------|
| Black-Scholes assumptions used | |
| Expected volatility | 97.6% |
| 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 | \$ 0.95 |
| Fair value per stock option granted on December 1, 2009 | \$ 1.35 |

For the three months ended March 31, 2010, included in operating, general and administrative expenses is stock-based compensation of \$649 (three months ended March 31, 2009 - \$1,896) relating to stock options granted in prior years to directors, officers, employees and consultants of the Company.

A summary of the status of the Company's stock options as at March 31, 2010 and December 31, 2009 and changes during the periods then ended are presented below:

| Stock Options | Three months ended March 31, 2010 | | Twelve months ended December 31, 2009 | |
|-------------------------------------|--|--|--|--|
| | # of Options | Weighted Average Exercise Price | # of Options | Weighted Average Exercise Price |
| Outstanding, at beginning of period | 10,312,740 | \$ 3.79 | 6,182,208 | \$ 5.38 |
| Granted | - | - | 4,221,400 | 1.42 |
| Exercised | (200,000) | 0.60 | (40,868) | 0.59 |
| Cancelled/terminated | (36,040) | 1.79 | (50,000) | 2.82 |
| Outstanding, at end of period | 10,076,700 | \$ 3.86 | 10,312,740 | \$ 3.79 |
| Exercisable, at end of period | 7,532,554 | \$ 4.68 | 7,038,852 | \$ 4.89 |

Pinetree Capital Ltd.**Notes to Consolidated Financial Statements****March 31, 2010****(Unaudited – in thousands of dollars, except for securities and per share amounts)**

9. Share capital (continued):

The following table summarizes information about stock options outstanding and exercisable as at March 31, 2010:

| Number of Options Outstanding | Number of Options Exercisable | Exercise Price | Expiry Date |
|--------------------------------------|--------------------------------------|-----------------------|--------------------|
| 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 | 1,447,500 | 3.14 | April 10, 2013 |
| 1,529,800 | 765,570 | 1.29 | March 31, 2014 |
| 50,000 | 24,900 | 1.73 | June 29, 2014 |
| 2,516,400 | 832,524 | 1.46 | August 31, 2014 |
| 89,160 | 18,220 | 2.07 | November 30, 2014 |
| 10,076,700 | 7,532,554 | | |

(c) Warrants and broker warrants:

A summary of the status of the Company's warrants and broker warrants as at March 31, 2010 and December 31, 2009 and the changes during the periods then ended are presented below:

| | Three months ended March 31, 2010 | | Twelve months ended December 31, 2009 | |
|-------------------------------------|--|--|--|--|
| | # of Warrants and Broker Warrants | Weighted Average Exercise Price | # of Warrants and Broker Warrants | Weighted Average Exercise Price |
| Warrants and Broker Warrants | | | | |
| Outstanding, at beginning of period | 21,236,421 | \$ 7.15 | 22,542,671 | \$ 7.21 |
| Expired | - | - | (1,306,250) | 8.18 |
| Outstanding, at end of period | 21,236,421 | \$ 7.15 | 21,236,421 | \$ 7.15 |

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

March 31, 2010

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

9. Share capital (continued):

The following table summarizes the warrants and broker warrants outstanding as at March 31, 2010:

| Number of Warrants and Broker Warrants | Exercise Price | Expiry Date | Warrants/ Broker Warrants Value |
|---|-----------------------|--------------------|--|
| 5,000,000 | \$ 15.00 | April 16, 2012 | \$ 37,100 |
| 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 |
| 21,236,421 | | | \$ 67,139 |

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

| | Amount |
|---|------------------|
| Balance, December 31, 2008 | \$ 17,667 |
| Stock-based compensation | 4,223 |
| Exercise of stock options | (11) |
| Reallocation of expired broker warrants | 5,129 |
| Balance, December 31, 2009 | 27,008 |
| Stock-based compensation (note 9(b)) | 649 |
| Exercise of stock options (note 9(a)) | (70) |
| Balance, March 31, 2010 | \$ 27,587 |

Contributed surplus comprises the fair value of stock-based compensation of \$22,458 and the fair value of expired broker warrants of \$5,129. On April 16, 2009, 550,000 broker warrants exercisable at \$12.13 per share expired unexercised and on October 23, 2009, 756,250 broker warrants exercisable at \$5.30 per share expired unexercised. Pursuant to the expiry of the broker warrants, amounts of \$5,129 were reallocated to contributed surplus.

10. Lease commitments:

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

| | |
|------|-----------------|
| 2011 | \$ 659 |
| 2012 | 689 |
| 2013 | 685 |
| 2014 | 511 |
| | \$ 2,544 |

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

March 31, 2010

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

11. 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, 2010 | December 31, 2009 |
|--|-----------------|-------------------|
| Future income tax assets | | |
| Non-capital losses | \$ 9,118 | \$ 10,874 |
| Corporate minimum tax credit | 4,103 | 4,103 |
| Ontario transitional tax credits | 1,949 | 2,619 |
| Share issuance costs | 1,575 | 1,867 |
| Investments – differences in carrying value and tax cost | (10,576) | (9,319) |
| Capital assets – differences in amortized and unamortized cost | 225 | 219 |
| Total future income tax assets | 6,394 | 10,363 |
| Less: valuation allowance (a) | - | - |
| Net future income tax assets | \$ 6,394 | \$ 10,363 |

- (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 will more likely than not realize the tax benefits and as such, the Company has recorded no valuation allowance.
- (b) As at March 31, 2010, included in the FTA are approximately \$39,700 (December 31, 2009 - \$49,000) 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. The non-capital losses will expire on December 31, 2028.

12. Management of capital:

The Company includes the following in its capital:

| | March 31, 2010 | December 31, 2009 |
|--|-------------------|-------------------|
| Due to brokers | \$ 31,446 | \$ 33,673 |
| Class C preferred share liabilities, at fair value | 319 | 373 |
| Shareholders' equity comprised of | | |
| Share capital | 274,915 | 274,725 |
| Warrants and broker warrants | 67,139 | 67,139 |
| Contributed surplus | 27,587 | 27,008 |
| Deficit | (11,852) | (26,180) |
| | \$ 389,554 | \$ 376,738 |

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

March 31, 2010

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

12. Management of capital (continued):

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 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.

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. However, the holders of the Class C Shares issued by PCIC are entitled to receive cumulative dividends at a rate of 5% per annum until December 31, 2010 and at a rate of 8% per annum thereafter with the first dividend payable on June 30, 2010. 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, 2010.

Pinetree Capital Ltd.
Notes to Consolidated Financial Statements
March 31, 2010
(Unaudited – in thousands of dollars, except for securities and per share amounts)

13. Financial instruments:

Financial instrument risks:

The investment operations of Pinetree's business involve the purchase and sale of securities and, accordingly, the majority of the Company's assets and liabilities 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 from 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 favourable prices, or at all. 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).

Pinetree Capital Ltd.**Notes to Consolidated Financial Statements****March 31, 2010****(Unaudited – in thousands of dollars, except for securities and per share amounts)**

13. Financial instruments (continued):

The Company has at times borrowed funds from other sources to meet its obligations, but there can be no assurances that such funds will be available in the future, or available on reasonable terms, and the absence of available funding and/or the sale of the Company's investments in order to meet margin calls could have a materially adverse impact on the Company's operating results.

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

As at March 31, 2010, the Company had used margin of \$31,446 and had additional margin available of \$12,617. 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, 2010:

| Percentage of change in closing bid prices | Margin available with a % increase in closing bid price | Margin available with a % decrease in closing bid price |
|---|--|--|
| 2% | \$ 13,395 | \$ 11,840 |
| 4% | 14,172 | 10,987 |
| 6% | 14,949 | 10,211 |
| 8% | 15,727 | 9,435 |
| 10% | 16,504 | 8,659 |

As at December 31, 2009, the Company had used margin of \$33,673 and had additional margin available of \$1,831. 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 December 31, 2009:

| Percentage of change in closing bid prices | Margin available with a % increase in closing bid price | Margin available with a % decrease in closing bid price |
|---|--|--|
| 2% | \$ 2,017 | \$ 1,645 |
| 4% | 2,204 | 1,459 |
| 6% | 2,390 | 1,272 |
| 8% | 2,576 | 897 |
| 10% | 2,762 | 101 |

As at March 31, 2010, the Company also had Class C preferred share liabilities of \$319 (December 31, 2009 - \$373) related to the potential redemption and/or retraction of Class C Shares. The prices at which redemption/retraction rights may be exercised are based on the volume weighted average trading ("VWAT") price per share of the Company's common shares on the TSX for the applicable 20-day trading period (note 8), subject to a minimum redemption price of \$10 per Class C Share during the first year after issue. The redemption/retraction price in effect as at March 31, 2010 was \$10.00 per share (December 31, 2009 - \$11.69 per share).

Pinetree Capital Ltd.
Notes to Consolidated Financial Statements

March 31, 2010

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

13. Financial instruments (continued):

The following table shows the estimated sensitivity of the Company's Class C preferred share liability amounts based on different 20-day VWAT prices of the Company's common shares as at March 31, 2010 and December 31, 2009:

| Pinetree's 20-day VWAT trading price | Redemption/retraction value per Class C Share | Total Class C preferred share liabilities related to the redemption/retraction of Class C Shares | Increase in Class C preferred share liabilities |
|--------------------------------------|---|--|---|
| \$ 1.87 | \$ 10.00 | \$ 319 | \$ - |
| 2.00 | 10.71 | 342 | 23 |
| 2.25 | 12.05 | 384 | 65 |
| 2.50 | 13.39 | 427 | 108 |
| 2.75 | 14.73 | 470 | 151 |
| 3.00 | 16.06 | 512 | 193 |
| 3.25 | 17.40 | 555 | 236 |
| 3.50 | 18.74 | 598 | 279 |
| 3.75 | 20.08 | 641 | 322 |
| 4.00 | 21.42 | 683 | 364 |

The following table shows the Company's liabilities and potential due dates related to liquidity risk as at March 31, 2010:

| Liabilities and obligations | Payments due by period | | | | |
|--|------------------------|------------------|-------------|-------------|---------------|
| | Total | Less than 1 year | 1 – 3 year | 4 – 5 years | After 5 years |
| Due to brokers | \$ 31,446 | \$ 31,446 | \$ - | \$ - | \$ - |
| Accounts payable and accrued liabilities | 7,935 | 7,935 | - | - | - |
| Class C preferred share liabilities | 319 | 319 | - | - | - |
| | \$ 39,700 | \$ 39,700 | \$ - | \$ - | \$ - |

The following table shows the Company's liabilities and potential due dates related to liquidity risk as at December 31, 2009:

| Liabilities and obligations | Payments due by period | | | | |
|--|------------------------|------------------|-------------|-------------|---------------|
| | Total | Less than 1 year | 1 – 3 year | 4 – 5 years | After 5 years |
| Due to brokers | \$ 33,673 | \$ 33,673 | \$ - | \$ - | \$ - |
| Accounts payable and accrued liabilities | 6,824 | 6,824 | - | - | - |
| Class C preferred share liabilities | 373 | 373 | - | - | - |
| | \$ 40,870 | \$ 40,870 | \$ - | \$ - | \$ - |

Pinetree Capital Ltd.**Notes to Consolidated Financial Statements****March 31, 2010****(Unaudited – in thousands of dollars, except for securities and per share amounts)**

13. 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 and coal, oil & gas, precious metals, potash, lithium 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, 2010 from a change in the closing bid price of the Company's investments with all other variables held constant as at March 31, 2010:

| 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% | \$ 6,655 | \$ (6,655) |
| 4% | 13,310 | (13,310) |
| 6% | 19,966 | (19,966) |
| 8% | 26,621 | (26,621) |
| 10% | 33,276 | (33,276) |

Pinetree Capital Ltd.**Notes to Consolidated Financial Statements****March 31, 2010****(Unaudited – in thousands of dollars, except for securities and per share amounts)**

13. Financial instruments (continued):

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

| 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% | \$ 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 income and liabilities. As at March 31, 2010, the Company had due to brokers (margin) which bears 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 risk.

The following table shows the estimated sensitivity of the Company's net after-tax income (loss) for the three months ended March 31, 2010 from a change in the interest rate on the average interest risk liabilities with all other variables held constant as at March 31, 2010:

| 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% | \$ (14) | \$ 14 |
| 0.50% | (28) | 28 |
| 0.75% | (42) | 42 |
| 1.00% | (55) | 55 |

Pinetree Capital Ltd.**Notes to Consolidated Financial Statements****March 31, 2010****(Unaudited – in thousands of dollars, except for securities and per share amounts)**

13. 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 interest rate on the average interest risk liabilities with all other variables held constant as at March 31, 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% | \$ (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.

The following assets and liabilities were denominated in foreign currencies:

| | March 31, 2010 | December 31, 2009 |
|--|-----------------------|--------------------------|
| Denominated in U.S. dollars: | | |
| Investments | \$ 18,132 | \$ 11,885 |
| Cash and cash equivalents | 12 | 11 |
| Due from brokers | 22 | 24 |
| Prepays and other receivables | 133 | 129 |
| Due to brokers | (6,353) | (139) |
| Accounts payable and accrued liabilities | (7) | (22) |
| Net assets denominated in U.S. dollars | 11,939 | 11,888 |

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

March 31, 2010

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

13. Financial instruments (continued):

| | March 31, 2010 | December 31, 2009 |
|--|----------------|-------------------|
| Denominated in Australian dollars: | | |
| Investments | 11,069 | 11,335 |
| Due from (to) brokers | 2,480 | (443) |
| Net assets denominated in Australian dollars | 13,549 | 10,892 |
| Denominated in British pounds: | | |
| Investments | 88 | 86 |
| Net assets denominated in British pounds | 88 | 86 |

The following table shows the estimated sensitivity of the Company's net after-tax income (loss) for the three months ended March 31, 2010 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, 2010:

| Percentage 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% | \$ 165 | \$ (165) |
| 4% | 330 | (330) |
| 6% | 494 | (494) |
| 8% | 659 | (659) |
| 10% | 824 | (824) |

The following table shows the estimated sensitivity of the Company's net after-tax income (loss) for the three months ended March 31, 2010 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, 2010:

| Percentage 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% | \$ 187 | \$ (187) |
| 4% | 374 | (374) |
| 6% | 561 | (561) |
| 8% | 748 | (748) |
| 10% | 935 | (935) |

Pinetree Capital Ltd.**Notes to Consolidated Financial Statements****March 31, 2010****(Unaudited – in thousands of dollars, except for securities and per share amounts)**

13. 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 U.S. dollar exchange rate in which the Company has exposure with all other variables held constant as at March 31, 2009:

| Percentage 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% | \$ 96 | \$ (96) |
| 4% | 192 | (192) |
| 6% | 288 | (288) |
| 8% | 384 | (384) |
| 10% | 479 | (479) |

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:

| Percentage 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% | \$ 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's investments in convertible debentures and convertible notes are carried as though converted to common shares. As at March 31, 2010, the total fair value of these investments was \$1,723 (December 31, 2009 - \$1,498). The Company believes it is not significantly exposed to credit risk as these investments comprise 0.4% (December 31, 2009 – 0.4%) of the Company's total investments.

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Notes to Consolidated Financial Statements

March 31, 2010

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

13. Financial instruments (continued):

(f) Fair value of financial instruments:

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

- (i) The carrying values of cash and cash equivalents, other receivables, due from/to brokers, accounts payable and accrued liabilities, and advances from affiliated company in the consolidated balance sheets approximate their fair values due to the short-term nature of these instruments.
- (ii) Investments and Class C preferred share liabilities 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 and the total amount of unrecognized gains and losses on its financial instruments are reflected in the accompanying consolidated statements of operations.

14. Segmented information:

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

15. Subsequent events:

- (a) Subsequent to March 31, 2010, the Company granted 265,000 stock options exercisable at \$1.83 per share and expiring on March 31, 2015.
- (b) Subsequent to March 31, 2010, 80,000 stock options were exercised at \$0.53 per share for total proceeds of \$42.