



## **Pinetree Capital Ltd. Management's Discussion and Analysis**

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**For the Year Ended:** December 31, 2005

**Date of Report:** March 20, 2006

### **Nature of the Business and Overview**

Pinetree Capital Ltd. ("Pinetree" or the "Company") was incorporated under the laws of the Province of Ontario and is publicly traded on the Toronto Stock Exchange ("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: Oil & Gas, Uranium, Precious Metals, and Base Metals. As well, Pinetree has investments in the Biotechnology and Technology sectors. Pinetree's investment approach is to build a macro position in a sector, find the micro-cap opportunities in that sector and work with those companies to build them to commercial production and create an exit.

### **Caution Regarding Forward-Looking Statements**

This Management's Discussion and Analysis ("MD&A") contains forward-looking statements which are subject to risks and uncertainties and other factors that may cause Pinetree's results to differ materially from expectations. When reviewing the Company's forward-looking statements, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. These include risks relating to market fluctuations, investee performance, strength of the Canadian and US economy, foreign exchange fluctuations and other risks. These forward-looking statements speak only as of the date hereof. Unless otherwise required by applicable securities laws, the Company disclaims any intention or obligation to update these forward-looking statements. The Company does have an ongoing obligation to disclose material information as it becomes available.

### **Critical Accounting Policies and Estimates**

On June 1, 2004, Pinetree had acquired Genevest Inc. ("Genevest") by amalgamating Genevest with Pinetree's wholly owned subsidiary, 981268 Alberta Ltd. The consolidated financial statements of the consolidated entity are issued under the same name of the legal parent, Pinetree, but are considered a continuation of the financial statements of the legal subsidiary, Genevest. The acquisition was accounted for as a reverse takeover in accordance with the accounting requirements of Emerging Issues Committee Abstract #10 ("EIC #10") of the Canadian Institute of Chartered Accountants' Handbook, as the shareholders of Genevest became controlling shareholders of Pinetree after the transaction.

Under this form of purchase accounting, Genevest is deemed to have acquired Pinetree and the consolidated financial statements of Pinetree for periods after June 1, 2004 include only

Genevest's operating results prior to the reverse takeover and the results of the consolidated company thereafter. All comparative figures and references to the periods prior to June 1, 2004 are those of Genevest only.

This MD&A and related consolidated financial statements include the accounts of Pinetree and its wholly-owned subsidiaries: Genevest, Pinetree Resource Partnership, Pinetree Income Partnership, Pinetree (Barbados) Inc., Pinetree Capital Markets Ltd., and Emerald Capital Corp. All significant inter-company accounts and transactions have been eliminated on consolidation. Management has prepared the consolidated financial statements and this MD&A for the year ended December 31, 2005, after giving effect to the reverse takeover of Pinetree by Genevest and the related transactions.

This MD&A of the financial condition and results of operations should be read in conjunction with Pinetree' audited consolidated financial statements and notes thereto as at and for the year ended December 31, 2005 and 2004. Accounting policies followed in the preparation of the annual consolidated financial statements are disclosed in Note 2 of the Notes to the audited consolidated financials statements for the year ended December 31, 2005.

The following are critical accounting policies:

- Investment valuation:
  - Publicly-traded investments:
    1. Securities which are traded on a recognized securities exchange and for which no sales restrictions apply are recorded at fair values based on quoted market prices at the consolidated balance sheet dates or the closing price on the last day the security traded if there were no trades at the consolidated balance sheet dates.
    2. Securities which are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. In determining the discount for such investments, the Company considers the nature and length of the restriction, business risk of the investee company, its stage of development, market potential, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments.
  - Privately-held investments - Securities in privately-held companies are recorded at cost unless an upward adjustment is considered appropriate and supported by pervasive and objective evidence such as significant subsequent equity financing by an unrelated, professional investor at a transaction price higher than the Company's carrying value. Downward adjustments to carrying value are made when there is evidence of a decline in value as indicated by the assessment of the financial condition of the investment based on third party financing, operational results, forecasts and other developments since acquisition.
- Stock-based compensation plans – The Company has stock-based compensation plans which are described in note 7(g) of the Notes to the audited consolidated financials statements for the year ended December 31, 2005. Any consideration received on the

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

- Revenue recognition - Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the consolidated statements of operations and are calculated on an average cost basis. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. Dividend income is recorded on the ex-dividend date. Interest income and other income are recorded on an accrual basis. Deferred revenue is recognized over the period for which the revenue is earned.
- Income taxes - The Company follows the liability method of tax allocation in accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income (loss) in the year in which those temporary differences are expected to be recovered or settled.
- Use of estimates - The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## Results of Operations for the Year

The Company's selected annual information for the three most recently completed financial years as at and for the years ending December 31<sup>st</sup> are as follows:

	2005	2004	2003
Net investment gains (losses)	\$ 71,369,959	\$ (6,526,108)	\$ 27,596,807
Income (loss) before extraordinary gain	51,686,497	(4,740,633)	16,587,265
Net income (loss) for the year	51,686,497	(3,985,721)	16,587,265
Earnings (loss) per share before extraordinary gain – basic and diluted	3.69	(0.37)	1.33
Earnings (loss) per share – basic and diluted	3.43	(0.31)	1.33
Total assets	176,337,752	83,786,615	84,218,415
Total liabilities	65,552,286	27,465,105	32,800,796
Shareholder's equity	110,785,466	56,321,510	51,417,619

For the year ended December 31, 2005, the Company generated a realized net gain on disposal of investments of \$18,219,425 as compared to a net gain on disposal of investments in 2004 of \$13,392,332. During the year, 69.5% of the realized net gain was attributable to the sale of marketable securities as compared to 100.5% last year.

For the year ended December 31, 2005, the Company had net unrealized gains on investments of \$53,150,534 as compared to net unrealized losses on investments of \$19,918,440 in 2004. Of the unrealized net gains for fiscal 2005, 123.5% was due to the net write up to market on the Company's investments offset by 23.5% due to from the reversal of unrealized net gains on the disposal of investments. Of the unrealized net losses for fiscal 2004, 83.9% was from the reversal of unrealized net gains on the disposal of investments and 16.1% was due to the write down to market on the Company's investments.

For the year ended December 31, 2005, the Company had a net investment gain of \$71,369,959 as compared to net investment loss of \$6,526,108 in 2004. The net investment gain in the current year was predominately from the recorded unrealized gains on investments.

In fiscal year 2004, the Company had a net loss of \$4,740,633 as compared from a net income of \$16,587,265 in fiscal year 2003. The net loss was primarily from recorded unrealized losses on investments of \$19,918,440 as compared to unrealized gains on investments of \$17,516,174 in 2003. The unrealized losses in 2004 were offset against realized net gains on disposal of investments of \$13,392,332 as compared to \$10,080,633 in 2003. The net loss in 2004 was also a result of having the operating, general and administrative expenses for the 2004 year take into account Pinetree's expenses for the seven months ended December 31, 2004 and Genevest's expenses for the twelve months ended December 31, 2004. Operating, general and administrative expenses for the 2003 year take into account Genevest's expenses only.

The total assets of \$83,786,615 as at December 31, 2004 decreased slightly from \$84,218,415 as at December 31, 2003. The decrease was primarily due from a decrease in advances to affiliated companies of \$4,170,317 in 2003 to nil in 2004 offset against investments at fair value of \$82,426,943 as at December 31, 2004 as compared to \$80,016,099 as at December 31, 2003.

For the year ended December 31, 2005, other revenue totalled \$1,961,344 as compared to \$477,373 for the year ended December 31, 2004. Other revenue is comprised of \$316,741 (2004 - \$75,491) of interest from the Company's advances to affiliated companies and cash held in margin accounts and \$8,032 (2004 - \$22,472) of dividend income distributed from certain of the Company's investments. Other revenue is also comprised of \$1,636,571 (2004 - \$379,409) from consulting fees and rental income. Interest income and consulting income primarily increased due to a total of \$685,385 of advances to an affiliated company with interest which were previously written off but which have since been settled.

For the year ended December 31, 2005, operating, general and administrative expenses were \$4,742,725 as compared to \$4,037,451 in 2004. The increase in the current year resulted from an annual bonus of \$1,981,128 (plus GST) (2004 - \$1,121,626) to the Company's Chairman and Chief Executive Officer of the Company. The annual bonus is equal to 10% of the realized pre-tax profit on the Company's non-limited market dealer business plus a bonus equal to 10% of any limited market dealer's business' net realized profit. Last year the Company also paid \$700,000 plus GST upon the termination of the consulting agreement for the Chairman and Chief Executive Officer of Genevest effective May 31, 2004. As well, in the current year,

operating, general, and administrative expenses included \$273,335 relating to additional amounts paid to dissenting shareholders as explained in note 4(a) in the Notes to the consolidated financial statements.

During the year ended December 31, 2005, the Company recorded stock-based compensation expense of \$1,855,685 as compared to \$105,309 in 2004. The increase was mainly from 550,000 options granted during the fourth quarter and were fully vested which resulted in a stock-based compensation expense of \$1,642,000. Stock options granted during the year are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value for these options is estimated at the date of grant using the Black-Scholes option pricing model.

During the year ended December 31, 2005, the Company experienced an unrealized foreign exchange gain of \$11,606 on its U.S. dollar denominated net assets versus an unrealized foreign exchange gain of \$310,803 in 2004. The net gain arose due to the significant improvement through the year in the value of the Canadian versus the U.S. dollar, which reduced the Canadian dollar value of U.S. dollar amounts due to brokers, resulting in a foreign exchange gain.

During the year ended December 31, 2005, the Company had interest expense of \$1,392,991 as compared to \$709,169. The interest expense increased primarily due to an increase in borrowings from brokers, the Company's use of its bank's revolving line of credit, and rising interest rates.

During the year ended December 31, 2005, the Company recorded a provision for income taxes of \$13,662,329 as compared to recovery of income taxes in the year ended December 31, 2004 of \$5,849,518. The current year provision is comprised of future income tax expense of \$13,781,775 offset by a current tax recovery of \$119,446. The prior year's tax recovery amount consisted of a future tax recovery of \$8,068,099 offset by a current tax expense of \$2,218,581. The provision for future income taxes in the current year was primarily a result of the increase in the excess of fair value over tax cost on long term assets and marketable securities held at the end of the year, increasing future tax liabilities.

For the year ended December 31, 2005, the Company reported income of \$51,686,497 (\$3.69 per share - basic) before extraordinary gain from reverse takeover as compared to loss before extraordinary gain from reverse takeover of \$4,740,633 (\$0.37 per share - basic) last year. In the prior year, the Company had an extraordinary gain from reverse takeover of \$754,912, as a result of the business combination of Pinetree and Genevest.

Net income for the year ended December 31, 2005 was \$51,686,497 (\$3.69 per share - basic), arising primarily from net unrealized gains on investments. In the year ended December 31, 2004, net loss for the year was \$3,985,721 (\$0.31 per share - basic), primarily from net unrealized losses on investments.

## Summary of Quarterly Results:

	Quarter ended (unaudited)			
	December 31, 2005	September 30, 2005	June 30, 2005	March 31, 2005
Net investment gains	38,416,098	29,185,137	22,796	3,745,928
Income before extraordinary gain	26,075,780	22,802,285	420,006	2,388,426
Net income (loss) for the quarter	26,075,780	22,802,285	420,006	2,388,426
Earnings per share before extraordinary gain – basic	1.81	1.64	0.03	0.17
Earnings per share before extraordinary gain – diluted	1.65	1.50	0.03	0.17
Earnings per share – basic	1.81	1.64	0.03	0.17
Earnings per share – diluted	1.65	1.50	0.03	0.17

	December 31, 2004	September 30, 2004	June 30, 2004	March 31, 2004
Net investment gains (losses)	7,618,389	1,428,900	(15,352,667)	(220,730)
Income (loss) before extraordinary gain	6,456,763	19,963	(10,334,488)	(882,871)
Net income (loss) for the quarter	6,456,763	191,161	(9,750,774)	(882,871)
Earnings (loss) per share before extraordinary gain – basic and diluted	0.47	0.00	(0.83)	(0.07)
Earnings (loss) per share – basic and diluted	0.47	0.01	(0.78)	(0.07)

For the three months ended December 31, 2005, the Company generated realized net gains on disposal of investments of \$7,078,957 compared to realized net gains for the three months ended December 31, 2004 of \$674,903. During the three months ended December 31, 2005, the Company recorded unrealized net gains on investments of \$31,337,141 versus unrealized net gains of \$6,943,486 in the same period last year. Of the unrealized net gains for the current quarter, 114.2% was due to the write up to market on the Company's investments offset by 14.2% from the reversal of unrealized net gains on the disposal of investments. For the three months ended December 31, 2004, of the unrealized net gains for the current quarter, 117.5% was due to the write up to market on the Company's investments which was offset by 17.5% from the reversal of unrealized net gains on the disposal of investments.

For the three months ended December 31, 2005, other revenue totaled \$754,608 as compared to \$302,141 for the three months ended December 31, 2004. Other income in the current quarter increased primarily due to \$405,385 of advances to an affiliated company with unrecorded accrued interest which were previously written off but which have since been settled.

Operating, general and administrative expenses in the three months ended December 31, 2005 increased to \$1,997,201 from \$876,582 for the three months ended December 31, 2004. The increase in the current quarter resulted primarily from an annual bonus of \$1,012,401 (plus GST) (three months ended December 31, 2004 - \$9,312) to the Company's Chairman and Chief Executive Officer of the Company. The annual bonus is equal to 10% of the realized pre-tax

profit on the Company's non-limited market dealer business plus a bonus equal to 10% of any limited market dealer's business' net realized profit. In the current quarter, operating, general, and administrative expenses included \$273,335 relating to additional amounts paid to dissenting shareholders as explained in note 4(a) in the Notes to the consolidated financial statements.

During the quarter ended December 31, 2005, the Company recorded a recovery of income taxes of \$866,234 as compared to a provision of income taxes of \$437,312 in the quarter ended December 31, 2004 and the Company has future income taxes of \$9,689,124 as compared to \$32,393 in the same period last year. The provision for future income taxes is a result of the increase in the excess of fair value over tax cost on long term assets and marketable securities held at the end of the period, which increases future tax liabilities.

Net income for the three months ended December 31, 2005 was \$26,075,780 (\$1.81 per share) as compared to \$6,456,763 (\$0.47 per share) for the three months ended December 31, 2004. The net income for both periods arose primarily from net unrealized gains on investments.

## **Cash Flows**

For the year ended December 31, 2005, net cash used in operating activities was \$3,729,299 as compared to net cash used in operating activities of \$1,405,100 last year with the increase due primarily to income taxes. During 2005, the Company recorded net income taxes paid and recoverable of \$1,819,919. Last year, the Company received a repayment of \$4,170,317 relating to advances to affiliated companies; accrued accounts payable and accrued liabilities of \$1,269,065; and accrued net income taxes payable of \$1,041,875 which reduced the net cash used.

For the year ended December 31, 2005, cash generated in financing activities was \$3,651,387 arising primarily from \$2,378,360 of proceeds from the issuance of share capital and a loan of \$1,976,485 from an officer of the Company. Last year, cash used in financing activities was \$7,369,277 arising primarily from the cancellation of Pinetree shares held by Genevest of \$1,995,000 and the cancellation of Genevest shares held by Pinetree of \$4,620,883. During 2005, the Company also purchased \$1,456,586 (2004 - \$1,402,906) of the Company's common shares on the open market under a normal course issuer bid.

Net cash used from investing activities was \$2,334,166 in the year ended December 31, 2005 as compared to cash generated of \$8,836,509 last year. During the current year, the Company purchased \$89,608,969 of investments, an increase of \$29,059,391 as compared to \$60,549,578 in the year ended December 31, 2004. During the current year, the Company had proceeds from its disposition of investments of \$67,263,600, a decrease of \$2,607,745, as compared to \$69,871,345 last year. During 2005, the Company received an additional \$19,730,837 from brokers as compared to repayments of \$2,788,926 to brokers last year. The Company uses amounts from brokers primarily to purchase investments.

For the year ended December 31, 2005, the Company had a net decrease in cash and cash equivalents of \$2,412,078 as compared to a net increase of \$62,132 last year, leaving a bank

indebtedness of \$2,317,947 as at December 31, 2005 as compared to a cash and cash equivalents balance of \$94,131 as at December 31, 2004.

## Investments

As at December 31, 2005, the Company held investments with a fair market value of \$176,142,271 as compared to \$82,426,943 at the end of last year, a 113.7% increase. As at December 31, 2005, \$123,199,134 of the investments (Dec 31, 2004 – \$55,135,448) were in resource companies.

Investments consist of the following:

Sectors:	December 31, 2005		December 31, 2004	
	Cost	Fair Value	Cost	Fair Value
Resources:				
Uranium/coal	\$ 19,036,306	\$ 28,936,824	\$ 7,366,600	\$ 13,338,954
Oil & gas	22,653,304	40,792,946	8,098,786	9,163,490
Precious metals	28,638,580	38,238,604	23,800,320	29,187,664
Base metals	11,418,937	15,230,760	3,749,979	3,445,340
Biotechnology	6,974,403	5,937,810	6,380,290	6,699,904
Energy related technology	4,335,273	18,749,307	4,586,491	6,116,262
Technology and other	14,558,373	28,256,020	9,022,246	14,475,329
<b>Total investments</b>	<b>\$ 107,615,176</b>	<b>\$ 176,142,271</b>	<b>\$ 63,004,712</b>	<b>\$ 82,426,943</b>

Refer to note 5 of the Notes to the Consolidated Financial Statements for details of the Company's investment portfolio.

## Liquidity and Capital Resources

Balance Sheet Highlights	December 31, 2005	December 31, 2004
Investments, at fair value	\$ 176,142,271	\$ 82,426,943
Total assets	176,337,752	83,786,615
Total liabilities	65,552,286	27,465,105
Share capital and contributed surplus	27,341,450	18,470,220
Retained earnings	83,444,016	37,851,290
<b>Net asset value per share – Basic</b>	<b>7.46</b>	<b>4.16</b>
<b>Net asset value per share – Diluted</b>	<b>6.83</b>	<b>3.65</b>

From December 31, 2004 to December 31, 2005, the fair value of Pinetree's portfolio increased by 113.7%, to \$176,142,271 from \$82,426,943. The cost base of the Company's portfolio was \$107,615,176 as at December 31, 2005 (December 31, 2004 - \$63,004,712). As such, the excess of fair value over cost stood at \$68,527,095 as at December 31, 2005 versus an excess of \$19,422,231 as at December 31, 2004, a 252.8% increase.

As at December 31, 2005, the Company reclassified \$6,093,771 relating to the cancellation of issuer buy back shares and dissenting shares by increasing share capital and reducing retained earnings by the same amount.

Subsequent to December 31, 2005, the Company completed a non-brokered financing of 3,555,600 common shares of the Company at a price of \$9.00 per common share for aggregate gross proceeds of \$32,000,400. A cash commission of \$593,542 and 150,000 Warrants was issued as finders' fees in connection with the financing. Each Warrant will entitle the holder to acquire one common share of Pinetree at a price of \$9.00 expiring September 14, 2007. The funds will be used for working capital purposes and repay the Company's commitments (see Commitments section below).

During the year, Pinetree's management handled all in-bound investor relations inquiries.

### **Commitments and contingent liability**

As a December 31, 2005, the Company has material commitments for cash resources of \$2,317,947 bank indebtedness; \$37,237,403 due to brokers; \$2,114,168 accounts payable and accrued liabilities; \$1,976,485 loan from officer; \$1,015,000 advances from affiliated company; \$2,600,000 short term loan payable all of which are due on demand.

The disposition of the Company's marketable securities would be sufficient to pay these material commitments.

Subsequent to December 31, 2005, the Company repaid \$2,317,947 bank indebtedness; \$1,976,485 loan from officer; \$1,015,000 advances from affiliated company; and \$2,600,000 short term loan.

The Company continues to have no long-term debt; however, the Company made a lease commitment for its premises starting June 1, 2001 for annual payments of approximately \$243,000 (\$20,290 monthly) until May 31, 2007.

The Company has consulting agreements with officers and directors representing approximately \$29,300 per month that renew automatically annually.

Arising from the reverse takeover of Pinetree by Genevest (see note 3), were two dissenting shareholders holding a total of 260,319 common shares of Genevest. In accordance with Alberta's Business Corporations Act, shareholders who dissent have the right to be paid fair value by the company for their shares. As at December 31, 2004, Genevest had paid \$2.45 per share for a total of \$637,782 as a deposit in trust for the dissenting shares which were cancelled, and the Company had accrued a contingent liability of \$780,957 against share capital relating to the payment of fair value for the dissenting shares.

During the current year, the Company settled with the dissenters holding the 260,319 common shares for an additional \$273,335 relating to the settlement for fair value of the shares. This additional amount was included in operating, general, administrative expense in accordance with Section 1506 (accounting changes) of the Canadian Institute of Chartered Accountants' Handbook.

On November 28, 2005, the Ontario Ministry of Finance ("OMF") issued notices of reassessment to the Company's wholly-owned subsidiary, Genevest, as a result of an audit of income tax returns filed by Genevest for the 2000, 2001, and 2002 taxation years. OMF, among other things, disputed the Company's revenue recognition methodology on the disposal of certain investments. As at December 31, 2005, OMF has reassessed Genevest an amount owing of approximately \$2,361,000.

Genevest is in the process of filing notices of objection within the statutory time frame. The final outcome of the notices of objection is not presently determinable. However, Genevest and Genevest's legal and tax advisors believe the Company will prevail in this matter. Accordingly, the Company has not accrued any provision relating to the income tax potentially owing on the reassessments.

### **Related Party Transactions**

- (a) During the year, the Company had consulting agreements with certain officers and directors representing approximately \$29,300 (2004 - \$34,200) per month. Included in operating, general and administrative expenses is approximately \$351,600 (2004 - \$410,000) paid under these contracts. Included in the consulting agreement for the Chairman and Chief Executive Officer of the Company is an annual bonus equal to 10% of the realized pre-tax profit on the Company's non-limited market dealer business plus a bonus equal to 10% of any limited market dealer's business' net realized profit. Included in operating, general and administrative expenses is \$1,981,128 (2004 - \$1,127,626) relating to this bonus, including GST. During the year, the Company also paid \$27,000 (2004 - nil) for director's fees.
- (b) The Company has promissory notes totaling \$86,000 owing from an officer of the Company. The promissory notes are unsecured and interest free.
- (c) Other income includes consulting income of approximately \$931,600 (2004 - \$335,900) from companies in which Pinetree has an investment interest and \$428,979 related to advances which were previously written off but which have since been settled.
- (d) The Company has a cost sharing arrangement with certain of its affiliated companies covering specific operating, general and administrative expenses including lease commitments and salaries.
- (e) As at December 31, 2005, the Company had a loan from an officer of the Company of \$1,976,485 which was unsecured and interest free. Subsequent to December 31, 2005, the loan was fully repaid.

### **Disclosure controls**

The Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective, based on their evaluation of the effectiveness of these controls and procedures as of the date of this MD&A.

**Outstanding Share Data:**

As at December 31, 2005, the Company had 14,850,850 common shares outstanding for \$25,433,456 and 1,372,637 options exercisable at prices between \$1.19 and \$6.45 per common share and expiring between August 23, 2006 and December 5, 2010.

As at March 20, 2006, the Company had 18,481,600 common shares outstanding and 1,822,487 options exercisable at prices between \$1.19 and \$9.17 per common share and expiring between August 23, 2006 and January 29, 2011.

For more details, refer to Note 7 of the Notes to the Consolidated Financial Statements wherein share capital is described.

**Additional Information:**

Additional information relating to Pinetree can be found on SEDAR at [www.sedar.com](http://www.sedar.com).