PINETREE

Management's Discussion and Analysis

For the Quarter Ended: **March 31, 2011**

Date of Report: **May 12, 2011**

This management's discussion and analysis of the financial condition and results of operation ("MD&A") of Pinetree Capital Ltd. ("Pinetree" or the "Company") should be read in conjunction with Pinetree's unaudited interim consolidated financial statements and notes thereto as at and for the three months ended March 31, 2011. See "Significant Accounting Policies" elsewhere in this MD&A.

On January 1, 2011, the Company transitioned from financial reporting under Canadian Generally Accepted Accounting Principles ("CGAAP") to the International Financial Reporting Standards ("IFRS"), for periods commencing on and after that date. Prior to the transition, the Company prepared its interim and annual financial statements in accordance with CGAAP. The unaudited interim consolidated financial statements as at and for the three months ended March 31, 2011, which are discussed in this MD&A, have been prepared in accordance with IFRS accounting policies which the Company expects to adopt in its annual consolidated financial statements as at and for the year ended December 31, 2011, including all comparative financial information contained in the statements which has been restated from CGAAP.

Unless indicated otherwise, all financial data in this MD&A has been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts in this MD&A are reported in thousands of Canadian dollars, except for securities and per share amounts.

Caution Regarding Forward-Looking Information:

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

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to investment performance and our ability to generate taxable income from operations, market fluctuations, fluctuations in prices of commodities underlying our interests and equity investments, the strength of the Canadian, U.S. and other economies, foreign exchange fluctuations, political and economic conditions in the countries in which the interests of the Company's portfolio investments are located, and other risks included elsewhere in this MD&A under the headings "Risks" and "Financial Instruments" and in the Company's current annual information form and other public disclosure documents filed with certain Canadian securities regulatory authorities and available under Pinetree's profile at www.sedar.com.

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

Nature of the Business:

Pinetree was incorporated in 1962 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". The Company is domiciled in the Province of Ontario, Canada and its registered office address is at 130 King St. West, Suite 2500, Toronto, Ontario, Canada, M5X 1A9.

Pinetree is a diversified investment and merchant banking firm focused on the small-cap market. Pinetree's investments are primarily in the following resource sectors: Precious Metals, Base Metals, Oil and Gas, Potash, Lithium and Rare Earths, Uranium and Coal. 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.

This MD&A was approved by the Board of Directors on May 12, 2011.

Overall Performance:

During the first quarter of 2011, the Company crystalized $59,645 of gains by disposing of investments for proceeds of $125,056. The Company continued to remain active in the market in the first quarter of 2011, purchasing an additional $106,267 of investments.

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

	Three months ended March 31,	
Operating Results	**2011**	2010
Gains on disposal of investments, net	**$ 59,645**	$ 5,202
Net change in unrealized gains (losses) on investments	**(72,439)**	15,814
Net investment gains (losses)	**(12,794)**	21,016
Profit (loss) for the period	**(11,200)**	13,478
Earnings (loss) per common share – basic	**0.08**	0.10
Earnings (loss) per common share – diluted	**0.08**	0.10

For the three months ended March 31, 2011, the Company had a net loss of $11,200 ($0.08 per basic share) as compared to net profits of $13,478 ($0.10 per basic share) for the three months ended March 31, 2010. The net loss was primarily attributable to the net unrealized losses on investments recognized in accordance with the Company's accounting policy for investments. See "Significant Accounting Policies" elsewhere in this MD&A.

As at March 31, 2011, the Company held investments at fair value totalling $767,434 as compared to $799,022 as at December 31, 2010 (a 4.0% decrease).

As at March 31, 2011, total assets less total liabilities was $636,205 as compared to $646,729 as at December 31, 2010 (a 1.6% decrease). The decrease was primarily from net investment losses of $12,794 for the three months ended March 31, 2011. As at March 31, 2011, net asset value per share ("NAV per share") was $4.66 as compared to $4.74 as at December 31, 2010, a 1.7% decrease (See "Use of Non-IFRS Measures" elsewhere in this MD&A).

The following is Pinetree's NAV per share for the eight most recently completed interim financial periods which are derived from financial statements prepared under IFRS or CGAAP:

	NAV per share
March 31, 2011	**$ 4.66**
December 31, 2010	4.74
September 30, 2010	3.05
June 30, 2010	2.20
March 31, 2010	2.66
December 31, 2009 (CGAAP)	2.55
September 30, 2009 (CGAAP)	2.39
June 30, 2009 (CGAAP)	1.91

Investments:

Investments at cost and fair value consist of the following as at March 31, 2011, December 31, 2010 and January 1, 2010:

	March 31, 2011		December 31, 2010		January 1, 2010	
Sectors:	**Cost**	**Fair Value**	Cost	Fair Value	Cost	Fair Value
Resources:						
Precious metals	**$ 275,412**	**$ 347,890**	$ 243,164	$ 316,667	$ 177,672	$ 158,027
Base metals	**167,255**	**154,495**	165,453	153,221	159,525	76,048
Oil and gas	**65,622**	**79,820**	58,890	72,263	53,068	34,604
Potash, lithium and rare earths	**49,399**	**68,506**	37,324	66,524	30,236	27,103
Uranium	**115,778**	**61,402**	123,433	109,720	118,031	42,169
Coal	**10,934**	**28,027**	16,712	61,392	14,781	6,897
Technology and other	**48,904**	**27,294**	47,447	19,235	52,618	26,413
Total investments	**$ 733,304**	**$ 767,434**	$ 692,423	$ 799,022	$ 605,931	$ 371,261

The following is the number of investments in each sector as at March 31, 2011, December 31, 2010 and January 1, 2010:

	March 31, 2011		December 31, 2010		January 1, 2010	
Resources:		**% of Total**		% of Total		% of Total
Precious metals	**201**	**44.3**	177	41.3	144	33.3
Base metals	**97**	**21.4**	93	21.7	107	24.8
Oil and gas	**54**	**11.9**	48	11.2	47	10.9
Potash, lithium and rare earths	**33**	**7.3**	20	4.7	28	6.5
Uranium	**31**	**6.8**	49	11.4	52	12.0
Coal	**6**	**1.3**	4	0.9	8	1.9
Technology and other	**32**	**7.0**	38	8.9	46	10.6
	454	**100.0**	429	100.0	432	100.0

The total number of investments held by the Company remained relatively constant. As at March 31, 2011, 422 out of 454, or 93.0% (December 31, 2010 – 91.2%; January 1, 2010 – 89.4%), of the investments were in the resources sector. As at March 31, 2011, resource companies represented $740,140 (96.4%) of the fair value of the investments as compared to $779,787 (97.6%) as at December 31, 2010 and $344,848 (92.9%) as at January 1, 2010.

The fair value of the investments held by the Company as at March 31, 2011 decreased by 4.0% to $767,434 from $799,022 as at December 31, 2010 and increased by 106.7% from $371,261 as at January 1, 2010. The cost base of the Company's portfolio was $733,304 as at March 31, 2011, as compared to $692,423 as at December 31, 2010 and $605,931 as at January 1, 2010. As such, as at March 31, 2011, the fair value of investments exceeded cost by $34,130 as compared to $106,599 as at December 31, 2010, a decrease of 68.0%, while the cost of investments exceeding fair value by $234,670 as at January 1, 2010, a 114.5% improvement.

The fair value of Pinetree's publicly-traded investments is determined in accordance with the Company's accounting policy (see "Significant Accounting Policies"). The amounts at which the Company's publicly-traded investments could be disposed of currently may differ from their carrying values based on market quotes, as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity, and current market prices may differ significantly from the historical prices used to calculate fair value for the purposes of the Company's consolidated financial statements.

As at March 31, 2011, included in total investments were securities of private companies with a fair value totalling $26,688 (3.5% of total fair value of the Company's investments; cost of $37,919). As at December 31, 2010, included in total investments were securities of private companies with a fair value totalling $23,428 (3.0% of total fair value of the Company's investments; cost of $34,006). As at January 1, 2010, included in total investments were securities of private companies with a fair value totalling of $32,731 (8.9% of total fair value of the Company's investments; cost of $41,346). The fair value was determined in accordance with the Company's accounting policy for private company investments (see "Significant Accounting Policies"). The amounts at which the Company's private company investments could be disposed of currently may differ from their carrying values since there is no active market to dispose of these investments.

All investments are designated upon initial recognition at fair value through profit or loss, with changes in fair value reported in the consolidated statement of profit or loss. Refer to note 3 and 4 of the Notes to the consolidated financial statements as at and for the three months ended March 31, 2011 for other details about the Company's investments.

Results of Operations:

The Company's selected quarterly results for the eight most recently completed interim financial periods are as follows (for periods ending June 30, 2009 to December 31, 2009, financial results were prepared in accordance with CGAAP). The effect of the changeover from IFRS to CGAAP has not materially effected the restated quarters.

	Quarter ended (unaudited)			
	March 31, 2011	**December 31, 2010**	**September 30, 2010**	**June 30, 2010**
Net investment gains (losses)	**$ (12,794)**	**$ 296,510**	**$ 142,180**	**$ (72,858)**
Profit (loss) for the period	**(11,200)**	**233,748**	**114,628**	**(61,876)**
Total comprehensive income (loss) for the period	**(11,213)**	**233,727**	**114,628**	**(61,874)**
Earnings (loss) per share – basic	**(0.08)**	**1.73**	**0.85**	**(0.46)**
Earnings (loss) per share – diluted	**(0.08)**	**1.71**	**0.84**	**(0.45)**

	March 31, 2010	**December 31, 2009 (CGAAP)**	**September 30, 2009 (CGAAP)**	**June 30, 2009 (CGAAP)**
Net investment gains	$ 21,016	$ 37,706	$ 69,470	$ 58,520
Profit for the period	13,478	20,294	63,847	44,653
Total comprehensive income for the period	13,475	20,294	63,847	44,653
Earnings per share – basic	0.10	0.15	0.48	0.34
Earnings per share – diluted	0.10	0.15	0.48	0.34

Three Months Ended March 31, 2011 and 2010:

Overall, the effect on the Company's results of operations from the changeover to IFRS from CGAAP was not material. There was no material change to earnings per share from the changeover as previously reported. The results for the three months ended March 31, 2010 have been restated to reflect the adoption of IFRS. A reconciliation of the restated amounts can be found in Note 20 of the notes to the consolidated financial statements as at and for the three months ended March 31, 2011.

For the three months ended March 31, 2011, the Company generated net realized gains on disposal of investments of $59,645, as compared to $5,202 for the three months ended March 31, 2010. The change reflects an increase in dispositions during the quarter versus the previous year's period.

For the three months ended March 31, 2011, the Company had a net change in unrealized losses on investments of $72,439 as compared to a net change in unrealized gains on investments of $15,814 for the three months ended March 31, 2010. Net change in unrealized losses for the three months ended March 31, 2011, were comprised of $64,634 from the reversal of previously recognized net unrealized gains on the disposal of investments and $7,805 from the write-down to market of the Company's investments. Of the net unrealized gains for the three months ended March 31, 2010, $18,278 arose from the write-up to market of the Company's investments offset by $2,464 from the reversal of previously recognized net unrealized gains on the disposal of investments during the three months ended March 31, 2010.

For the three months ended March 31, 2011, other income totalled $300 as compared to $361 for the three months ended March 31, 2010. Other income is comprised of $146 (three months ended March 31, 2010 – $146) from consulting fees and rental income; $146 from securities lending revenue; and $8 (three months ended March 31, 2010 - $215) of interest income earned on certain of the Company's investments.

Operating, general and administrative expenses in the three months ended March 31, 2011 decreased to $2,121 from $3,630 in the three months ended March 31, 2010. The decrease was primarily due to a bonus accrual of $1,613 which was accrued in the three months ended March 31, 2010 but no bonus was recorded in the current period. The bonus accrual was to the Company's Chairman and Chief Executive Officer (the "CEO"). The Company records a bonus accrual (if any) quarterly based on quarter-end results (and subsequent quarterly adjustments/reversals), although the CEO's entitlement to receive a bonus is only determined based on year-end results as at December 31. The decrease was also due to a reduction in stock-based compensation expense of $201. Excluding the bonus accrual and stock-based compensation expense, operating, general and administrative expenses during the three months ended March 31, 2011 increased by 22.6% to $1,653 from $1,348 for the three months ended March 31, 2010.

Following is the breakdown of operating, general and administrative expenses for the indicated three month periods ended March 31. Details of the changes between periods follow the table:

	Three months ended March 31,	
	2011	2010
Consulting fees and salaries expense (a)	**$ 754**	$ 2,254
Stock-based compensation expense (b)	**468**	669
Professional fees (c)	**181**	347
Shareholder relations, transfer agent and filing fees (d)	**291**	132
Travel and promotion	**104**	134
Rent and insurance expenses	**141**	141
Office and general (e)	**182**	(47)
	$ 2,121	$ 3,630

(a) Consulting fees and salaries expense decreased by $1,500 as compared to the three months ended March 31, 2010. The decrease was primarily due to a bonus accrual to the CEO of $1,613 in the three months ended March 31, 2010 as compared to nil in the three months ended March 31, 2011. Pursuant to the CEO's employment agreement, he is entitled to receive an annual bonus depending upon certain year-end financial results of the Company. Excluding the bonus the remaining increase of $113 was attributable to hiring additional staff.

(b) Stock-based compensation expense decreased by $201 as compared to the three months ended March 31, 2010. The decrease resulted from the termination of unvested stock options granted during prior periods and options which were fully vested and expensed in the prior year. Stock options granted during the current and prior year vest at three-month intervals over 18 months and are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value of these options is estimated at the date of grant using the Black-Scholes option pricing model, and expensed over the vesting periods. Unvested terminated stock options are not expensed during the period.

(c) Professional fees decreased by $166 as compared to the three months ended March 31, 2010, primarily due to a decrease in accruals for legal fees.

(d) Shareholder relations, transfer agent and filing fees increased by $159 as compared to the three months ended March 31, 2010, primarily due to an increase in marketing and advertising activities.

(e) Office and general increased by $229 as compared to the three months ended March 31, 2010, primarily due to an accrual of $264 for capital tax in one of the Company's subsidiaries which was reversed in the first quarter of 2010.

Transaction costs increased by $750 to $984 for the three months ended March 31, 2011, due to an increase in the volume of trading conducted by the Company. Transaction costs arise from purchases and dispositions of investments through brokers, which are expensed immediately in accordance with the Company's accounting policy for investments. The Company evaluates its commission structure with its brokers on an on-going basis to minimize its transaction costs.

During the three months ended March 31, 2011, the Company recognized a foreign exchange gain of $771 on its foreign denominated net assets as compared to $66 during the three months ended March 31, 2010. The net foreign exchange gain for both periods arose due to the increase in the value of the Canadian dollar versus the U.S. dollar, which decreased the Canadian dollar equivalent value of the Company's foreign currency denominated liabilities.

Finance expense increased to $284 in the three months ended March 31, 2011 as compared to $99 in the three months ended March 31, 2010 due to an increase in borrowings from brokers (use of margin).

In December 2008, as part of the Company's capital management activities, Pinetree renegotiated an existing $25,000 credit facility (the "Facility") provided by the CEO. The Company allocates its borrowings between the Facility and available margin from brokers, depending upon market conditions and other factors. The Facility matures on December 31, 2011, 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 Facility calculated daily and payable monthly in arrears. The Facility is secured under a General Security Agreement (the "GSA"), which covers all present and future tangible and intangible property of the Company subject to any security interests ranking in priority thereto, which would include the security interests underlying the Company's operating line of credit with Royal Bank of Canada ("RBC") and the Company's brokers in respect to its margin borrowings. During the three months ended March 31, 2011, there was nil outstanding under the Facility.

The Company recorded an income tax benefit in the three months ended March 31, 2011 of $3,965 as compared to an income tax expense of $3,969 in the three months ended March 31, 2010. The income tax benefit in the current period was primarily due to a decrease in deferred tax assets arising from a reduction in the excess of fair value over tax cost on investments held at the end of the period, partially offset by the tax effect of non-capital losses carried forward.

Loss for the three months ended March 31, 2011 was $11,200 ($0.08 per share) as compared to a profit of $13,478 ($0.10 per share) for the three months ended March 31, 2010. The net loss in the current period was primarily due to the accounting recognition of the decrease in the fair value of the Company's investments in accordance with Pinetree's accounting policies.

For the three months ended March 31, 2011, the Company had an exchange loss on translation of foreign operations of $13 as compared to $3 for the three months ended March 31, 2010. As a result, total comprehensive loss for the three months ended March 31, 2011 was $11,213 as compared to total comprehensive income of $13,475 for the three months ended March 31, 2010.

Cash Flow:
Three Months Ended March 31, 2011 and 2010

Net cash used in operating activities was $4,573 in the three months ended March 31, 2011 as compared to net cash generated of $1,072 in the three months ended March 31, 2010.

In the three months ended March 31, 2011, the Company used cash in financing activities of $14,235 as compared to $2,107 in the three months ended March 31, 2010. In the three months ended March 31, 2011, the Company repaid $14,404 in margin borrowings from brokers and paid $52 in the redemption of Class C preferred shares offset by total proceeds of $221 from the exercise of stock options. In the three months ended March 31, 2010, the Company repaid $2,227 in margin borrowings from brokers and received total proceeds of $120 from the exercise of stock options.

In the three months ended March 31, 2011, net cash generated in investing activities was $18,720 as compared to $705 in the three months ended March 31, 2010. During the three months ended March 31, 2011, the Company had proceeds from disposition of investments of $125,056, an increase of $92,312, when compared to $32,744 of proceeds from dispositions in the three months ended March 31, 2010. In the three months ended March 31, 2011, the Company purchased $106,267 of investments, an increase of $74,248 as compared to $32,019 of investment purchases in the three months ended March 31, 2010. In the three months ended March 31, 2011, the Company also purchased additional property, plant and equipment of $69 as compared to $20 in the three months ended March 31, 2010.

For the three months ended March 31, 2011, the Company had a net decrease in cash and cash equivalents of $88 as compared to $330 for the three months ended March 31, 2010. For the three months ended March 31, 2011, the Company also had a gain from the exchange difference on the translation of foreign operations of $13, leaving a cash and cash equivalents balance of $83 as at March 31, 2011 as compared to an exchange loss of $3, leaving a cash and cash equivalents balance of $71 as at March 31, 2010.

Liquidity and Capital Resources:

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

During the three months ended March 31, 2011, as part of its ongoing capital management, Pinetree reduced amounts used from margin borrowings. As at March 31, 2011, the amount used from the Facility remains zero. The Facility which was due to mature on December 31, 2010 has been extended to December 31, 2011 and management is considering the optimal means of replacement and/or renewal of the Facility in view of existing circumstances and opportunities.

Subsequent to March 31, 2011, the Company announced a proposed private placement financing to issue and sell approximately $75,000 aggregate principal amount of convertible unsecured subordinated debentures (the Convertible Debentures"). Completion of the private placement is subject to certain conditions, including the approval of the TSX. If completed, the Convertible Debentures will be unsecured, bear interest at a rate of 8.0% per annum (payable semi-annually) and mature on May 31, 2016. The Convertible Debentures will be convertible, at any time, at the option of the holder, into common shares of the Company at a conversion rate of

$4.25 per common share ("Conversion Price"). The Convertible Debentures will be redeemable, in whole or in part, by Pinetree after May 31, 2014 and prior to maturity, at par plus accrued and unpaid interest, provided that the weighted average closing price of the Company's common shares on the TSX during the 20 consecutive trading days ending five trading days preceding the date on which the notice of redemption is given is not less than 125% of the Conversion Price. The financing is scheduled to close on May 17, 2011. Net proceeds of the private placement financing will be used for future investment activities and for general corporate purposes.

Pinetree believes it will be able to generate sufficient cash to fund its operations through normal course sales of existing investments and from existing credit facilities.

Consolidated Statements of financial position Highlights	**March 31, 2011**	December 31, 2010	January 1, 2010
Investments at fair value	**$ 767,434**	$ 799,022	$ 371,261
Total assets	**780,079**	822,121	399,131
Total liabilities	**143,874**	175,392	53,813
Share capital, warrants and broker warrants, contributed surplus and foreign currency translation reserve	**374,353**	373,677	369,909
Retained earnings (deficit)	**261,852**	273,052	(24,591)
NAV per share – Basic	**$ 4.66**	$ 4.74	$ 2.55
NAV per share – Diluted	**$ 3.78**	$ 3.88	$ 2.07

As at March 31, 2011, the fair value of the Company's investments decreased to $767,434 from $799,022 as at December 31, 2010, a decrease of 4.0%, and increased from $371,261 as at January 1, 2010, an increase of 106.7%. NAV per share (basic) decreased 1.7% to $4.66 from $4.74 as at December 31, 2010, and increased 82.7% from $2.55 as at January 1, 2010. (See "Use of Non-IFRS Measures" elsewhere in this MD&A.)

The Company's publicly-traded investments are listed on various stock exchanges (or quotation systems), including those in Canada, the United States, Australia and England, thereby offering potential sources of liquidity and cash flow for Pinetree. During the three months ended March 31, 2011, the Company disposed of investments for proceeds of $125,056, and purchased investments totaling $106,267, as noted above in the Cash Flow section. The Company used the net proceeds to reduce the margin borrowings from brokers.

As at January 1, 2010, the Company had recorded an income tax receivable of $3,307 related to the expected refund on a notice of objection filed with the Ontario Ministry of Finance by the Company's wholly-owned subsidiary, Genevest Inc. The notice of objection was successful and Genevest received the expected refund of $3,307 during the year ended December 31, 2010.

Liabilities:

As at March 31, 2011, total liabilities decreased to $143,874 as compared to $175,392 as at December 31, 2010, an 18.0% decrease, and increased from $53,813 as at January 1, 2010, a 167.4% increase. The decrease from December 31, 2010 was primarily due to a decrease in due to brokers and deferred tax liabilities. The increase from January 1, 2010 was primarily due to an increase in due to brokers and bonus owing to the CEO as discussed below.

(a) As at March 31, 2011, the Company had used margin (due to brokers) of $71,166 as compared to $85,570 as at December 31, 2010, a decrease of $14,404, and $33,673 as at January 1, 2010, an increase of $37,493. Due to brokers consists of margin borrowings collateralized by the Company's investments held at brokers. In the normal course of business, the Company utilizes the margin borrowings to finance its investment activities. Interest is charged on the daily outstanding balance at a rate equal to the broker's overnight rate plus 0.40%.

(b) During the year ended December 31, 2009, Pinetree's wholly owned subsidiary, Pinetree Capital Investment Corp. ("PCIC"), completed brokered and non-brokered private placements of an aggregate of 31,900 Class C Shares of PCIC at price of $10 per share for gross proceeds of $319. 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.

During the three months ended March 31, 2011, 2,700 Class C Shares were cancelled by PCIC following their retraction by the holders at prices of between $19.48 per share and $21.22 per share plus accrued and unpaid dividends. As at March 31, 2011, 24,800 Class C Shares (December 31, 2010 – 27,500 Class C Shares; January 1, 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. During the three months ended March 31, 2011 and 2010, no dividends were declared. 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. As at March 31, 2011, both the redemption price and the retraction price in effect was $15.95 per share (December 31, 2010 - $19.25 per share; January 1, 2010 - $11.69 per share). Accordingly, as at March 31, 2011, the Company recorded a decrease in the fair value of the Class C Shares of $81 (three months ended March 31, 2010 - $54) which was recognized in operating, general and administrative expenses in the consolidated statements of comprehensive income (loss). As at March 31, 2011, the Company had Class C preferred share liabilities of $396 (December 31, 2010 - $529; January 1, 2010 - $373).

(c) The Company has an operating line of credit with RBC for up to $250 (which was reduced from $1,000 in August 2010), collateralized by the Company's assets, which it uses from time to time. The operating line of credit bears interest at RBC's prime rate plus 0.75% and is due on demand. As at March 31, 2011, December 31, 2010, and January 1, 2010, the Company had repaid all outstanding amounts used on the operating line.

(d) As at March 31, 2011, included in accounts payable and accrued liabilities was accrued bonuses of $30,218 (December 31, 2010 - $32,218; January 1, 2010 - $6,000) due to the CEO. Pursuant to the CEO's employment agreement effective January 1, 2010, he is entitled to receive an annual bonus equal to 10% of the increase, if any, in the value of the

Company's (adjusted) shareholders' equity. For the three months ended March 31, 2011, nil bonus was accrued to the CEO.

(e) As at March 31, 2011, the Company had accrued deferred tax liabilities of $40,853 as compared to $55,199 as at December 31, 2010 and $12,943 as at January 1, 2010. The deferred tax liabilities was primarily attributable to applying the expected tax rate for future periods at a capital gains rate to the excess of fair value over tax cost on investments held at each reporting period.

Commitments:

As at March 31, 2011, the Company had material commitments for cash resources of $149,810 (December 31, 2010 - $182,477; January 1, 2010 - $59,141) which are detailed below. The disposition of the Company's investments in the normal course would be sufficient to pay these material commitments.

A breakdown of the Company's liabilities and obligations as at March 31, 2011 is as follows:

	Payments due by period				
Liabilities and obligations	**Total**	**Less than 1 year**	**1 – 3 years**	**4 – 5 years**	**After 5 years**
Due to brokers	**$ 71,166**	**$ 71,166**	**$ -**	**$ -**	**$ -**
Accounts payable and accrued liabilities	**31,459**	**31,459**	**-**	**-**	**-**
Class C preferred share liabilities	**396**	**396**	**-**	**-**	**-**
Deferred tax liabilities	**40,853**	**-**	**40,853**	**-**	**-**
Investment commitments	**4,052**	**4,052**	**-**	**-**	**-**
Lease commitments	**1,884**	**689**	**1,195**	**-**	**-**
	$ 149,810	**$ 107,762**	**$ 42,048**	**$ -**	**$ -**

A breakdown of the Company's liabilities and obligations as at December 31, 2010 is as follows:

	Payments due by period				
Liabilities and obligations	**Total**	**Less than 1 year**	**1 – 3 years**	**4 – 5 years**	**After 5 years**
Due to brokers	$ 85,570	$ 85,570	$ -	$ -	$ -
Accounts payable and accrued liabilities	34,094	34,094	-	-	-
Class C preferred share liabilities	529	529	-	-	-
Deferred tax liabilities	55,199	-	55,199	-	-
Investment commitments	4,917	4,917	-	-	-
Lease commitments	2,057	689	1,368	-	-
	$ 182,366	$ 125,799	$ 56,567	$ -	$ -

A breakdown of the Company's liabilities and obligations as at January 1, 2010 is as follows:

Liabilities and Obligations	Payments Due by Period Total	Less than 1 year	1 – 3 year	4 – 5 years	After 5 years
Due to brokers	$ 33,673	$ 33,673	$ -	$ -	$ -
Accounts payable and accrued liabilities	6,824	6,824	-	-	-
Class C preferred share liabilities	373	373	-	-	-
Deferred tax liabilities	12,943	-	12,943	-	-
Investment commitments	2,621	2,621	-	-	-
Lease commitments	2,707	650	2,057	-	-
	$ 59,141	$ 44,141	$ 15,000	$ -	$ -

The Class C Shares are redeemable and/or retractable at any time. PCIC does not intend to retract the Class C Shares in the foreseeable future.

The Company continues to have no long-term debt; however, the Company made a lease commitment for its premises starting January 1, 2007 for annual payments of approximately $641 ($53 monthly) until December 31, 2010 and approximately $681 ($57 monthly) from January 1, 2011 to December 31, 2013. During the three months ended March 31, 2011, the Company signed an offer to renew its lease early for its premises for annual payments of approximately $583 ($49 monthly) until July 31, 2017 and approximately $613 ($51 monthly) until December 31, 2023. The Company also has consulting agreements with officers representing approximately $39 per month that are automatically renewed annually.

Related Party Transactions:

All transactions with related parties have occurred in the normal course of operations.

(a) Related party transactions were as follows during the three months ended March 31:

Type of service	Nature of relationship	2011	2010
Salaries	Director and officer	**$ 259**	$ 1,894
Consulting fees	Officers	**116**	100
Director fees	Directors	**38**	48
Stock-based compensation expense	Directors and officers	**439**	596
Interest expense (i)	Director, shareholder, and officer	**31**	15
Other income (ii)	Affiliated companies	**146**	146

(i) From time to time, the Company's Chairman and Chief Executive Officer ("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 and subordinate of the Company's brokers in respect of its margin borrowings. The Credit Facility matures on December 31, 2011, 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. Included in the consolidated statements of comprehensive income (loss) is $31 (three months ended March 31, 2010 - $15) of standby fee expense relating to the Credit Facility. As at March 31, 2011, December 31, 2010 and January 1, 2010, there was nil outstanding under the Credit Facility.

(ii) Other income relates to sublease and services agreements of approximately $146 (three months ended March 31, 2010 - $146) 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.

(b) Advances to related parties:

Related parties:	**March 31, 2011**	December 31, 2010	January 1, 2010
Starting balance (i)	**$ -**	$ 75	$ 75
Advances	**-**	282	-
Repayments	**-**	(75)	-
Interest charged	**-**	10	-
Reclassification (ii)	**-**	(292)	-
Ending balance	**-**	-	75

(i) As at January 1, 2010, 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.

(ii) On March 10, 2010, the Company entered into an 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 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. During the year ended December 31, 2010, the Company advanced $282 and accrued interest of $10 to the Fund. At the time of the agreement, the Company had a common director and owned a 20% interest in the Fund's general partner, AlphaNorth General Partner Inc. ("AGP"). As at December 31, 2010, the Company no longer has a common director with AGP and as result, reclassified its loan to the Fund as an accounts receivable.

No provision for impairment has been made on any of the loans.

(c) The Company has investments in companies with a common director and/or common officers of the Company.

(d) During the three months ended March 31, 2011, the Company granted to directors and officers the following options:

Date Granted	Options Granted	Exercise Price	Expiry
March 31, 2011	1,170,000	$ 3.17	March 30, 2016
Total granted	1,170,000		

Off-Statement of Financial Position Arrangements:

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

Investor relations:

During the three months ended March 31, 2011, Pinetree's management handled the Company's investor relations activities.

Internal Controls Over Financial Reporting:

There was no change in the Company's internal controls over financial reporting ("ICFR") that occurred during the three months ended March 31, 2011 and which materially affected, or is reasonably likely to materially affect, the Company's ICFR.

Management of Capital:

The Company includes the following items in its managed capital as at the following periods:

	March 31, 2011	December 31, 2010	January 1, 2010
Due to brokers	**$ 71,166**	$ 85,570	$ 33,673
Class C preferred share liabilities, at fair value	**396**	529	373
Shareholders' equity comprised of:			
Share capital	**276,979**	276,616	274,725
Warrants and broker warrants	**66,524**	66,524	67,139
Contributed surplus	**30,885**	30,559	28,045
Foreign currency translation reserve	**(35)**	(22)	-
Retained earnings (deficit)	**261,852**	273,052	(24,591)
	$ 707,767	$ 732,858	$ 379,364

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. There were no changes to the Company's objectives in managing and maintaining capital during the three months ended March 31, 2011. 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 a 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.

In August 2010, the Company's operating line of credit with RBC was reduced to $250 from $1,000. The operating line of credit bears interest at RBC's prime rate plus 0.75%, collateralized by the Company's assets, and is due on demand. As at March 31, 2011, December 31, 2010 and January 1, 2010, the Company had nil outstanding on the line of credit.

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 common 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. During the three months March 31, 2011 and 2010, no dividends were declared by PCIC to Class C shareholders. 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, 2011.

Financial Instruments:

<u>Financial Instrument Risk</u>

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.

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 not 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).

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.

There were no changes to the way the Company manages liquidity risk since December 31, 2010. 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, 2011, the Company had used margin of $71,166 and had additional margin available of $27,010. 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, 2011.

Percentage of change in closing bid price	**Margin available with a % increase in closing bid price**	**Margin available with a % decrease in closing bid price**
2%	**$ 27,739**	**$ 26,242**
4%	**28,468**	**24,806**
6%	**29,197**	**21,739**
8%	**29,926**	**19,799**
10%	**30,461**	**17,859**

As at December 31, 2010, the Company had used margin of $85,570 and had additional margin available of $7,214. As at December 31, 2010, there would be no change to the Company's available margin from a change in the closing bid price of the Company's investments by -10% to 10% with all other variables held constant as at December 31, 2010.

As at January 1, 2010, 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 January 1, 2010:

Percentage of change in closing bid price	**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, 2011, the Company also had Class C preferred share liabilities of $396 (December 31, 2010 - $529; January 1, 2010 - $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, subject to a minimum redemption price of $10 per Class C Share. The redemption/retraction price in effect as at March 31, 2011 was $15.95 per share (December 31, 2010 - $19.25 per share; January 1, 2010 - $11.69 per share).

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, 2011:

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**	**$ 248**	**$ -**
2.00	**10.71**	**266**	**18**
2.25	**12.05**	**299**	**51**
2.50	**13.39**	**332**	**84**
2.75	**14.73**	**365**	**117**
3.00	**16.06**	**398**	**150**
3.25	**17.40**	**432**	**184**
3.50	**18.74**	**465**	**217**
3.75	**20.08**	**498**	**250**
4.00	**21.42**	**531**	**283**
4.25	**22.76**	**564**	**316**
4.50	**24.10**	**598**	**350**

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 December 31, 2010:

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	$ 275	$ -
2.00	10.71	295	20
2.25	12.05	331	56
2.50	13.39	368	93
2.75	14.73	405	130
3.00	16.06	442	167
3.25	17.40	479	204
3.50	18.74	515	240
3.75	20.08	552	277
4.00	21.42	589	314
4.25	22.76	626	351
4.50	24.10	663	388

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 January 1, 2010:

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, 2011:

Liabilities and obligations	Payments due by period				
	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Due to brokers	**$ 71,166**	**$ 71,166**	**$ -**	**$ -**	**$ -**
Accounts payable and accrued liabilities	**31,459**	**31,459**	**-**	**-**	**-**
Class C preferred share liabilities	**396**	**396**	**-**	**-**	**-**
Deferred tax liabilities	**40,853**	**-**	**40,853**	**-**	**-**
	$ 143,874	**$ 103,021**	**$ 40,853**	**$ -**	**$ -**

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

Liabilities and obligations	Payments due by period				
	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Due to brokers	$ 85,570	$ 85,570	$ -	$ -	$ -
Accounts payable and accrued liabilities	34,094	34,094	-	-	-
Class C preferred share liabilities	529	529	-	-	-
Deferred tax liabilities	55,199	-	55,199	-	-
	$ 175,392	$ 120,193	$ 55,199	$ -	$ -

The following table shows the Company's liabilities and potential due dates related to liquidity risk as at January 1, 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	$ 33,673	$ 33,673	$ -	$ -	$ -
Accounts payable and accrued liabilities	6,824	6,824	-	-	-
Class C preferred share liabilities	373	373	-	-	-
Deferred tax liabilities	12,943	-	12,943	-	-
	$ 53,813	$ 40,870	$ 12,943	$ -	$ -

The following table shows the Company's source of liquidity by assets as at March 31, 2011:

Assets	Liquidity by period				
	Total	Less than 1 year	1 – 3 years	After 4 years	Non-liquid assets
Cash and cash equivalents	**$ 83**	**$ 83**	**$ -**	**$ -**	**$ -**
Due from brokers	**14**	**14**	**-**	**-**	**-**
Prepaids and other receivables	**1,071**	**776**	**295**	**-**	**-**
Investments at fair value	**767,434**	**740,746**	**26,688**	**-**	**-**
Property, plant and equipment	**692**	**-**	**-**	**-**	**692**
Deferred tax assets	**10,785**	**-**	**-**	**-**	**11,477**
	$ 780,079	**$ 741,619**	**$ 26,983**	**$ -**	**$ 11,477**

The following table shows the Company's source of liquidity by assets as at December 31, 2010:

Assets	Liquidity by period				
	Total	Less than 1 year	1 – 3 years	After 4 years	Non-liquid assets
Cash and cash equivalents	$ 158	$ 158	$ -	$ -	$ -
Due from brokers	14	14	-	-	-
Prepaids and other receivables	1,084	792	292	-	-
Investments at fair value	799,022	775,594	23,428	-	-
Property, plant and equipment	676	-	-	-	676
Deferred tax assets	21,167	-	-	-	21,167
	$ 822,121	$ 776,558	$ 23,720	$ -	$ 21,843

The following table shows the Company's source of liquidity by assets as at January 1, 2010:

	Liquidity by period				
Assets	**Total**	**Less than 1 year**	**1 – 3 years**	**After 4 years**	**Non-liquid assets**
Cash and cash equivalents	$ 404	$ 404	$ -	$ -	$ -
Due from brokers	24	24	-	-	-
Prepaids and other receivables	312	312	-	-	-
Investments at fair value	371,261	338,530	32,731	-	-
Income taxes receivable	3,307	3,307	-	-	-
Property, plant and equipment	517	-	-	-	517
Deferred tax assets	23,306	-	-	-	23,306
	$ 399,131	$ 342,577	$ 32,731	$ -	$ 23,823

(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 IFRS 9, 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.

There were no changes to the way the Company manages market risk since December 31, 2010. 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: precious metals, base metals, oil and gas, potash, lithium and rare earths, uranium, and coal.

The Company also has set thresholds on purchases of investments over which the approval of the Board of Directors is required.

During periods of significantly 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 profit (loss) for the three months ended March 31, 2011 from a change in the closing bid price of the Company's investments with all other variables held constant as at March 31, 2011:

Percentage of change in closing bid price	Change in net after-tax profit from % increase in closing bid price	Change in net after-tax profit from % decrease in closing bid price
2%	**$ 13,257**	**$ (13,257)**
4%	**26,515**	**(26,515)**
6%	**39,772**	**(39,772)**
8%	**53,030**	**(53,030)**
10%	**66,287**	**(66,287)**

The following table shows the estimated sensitivity of the Company's after-tax profit (loss) for the year ended December 31, 2010 from a change in the closing bid price of the Company's investments with all other variables held constant as at December 31, 2010:

Percentage of change in closing bid price	Change in net after-tax profit from % increase in closing bid price	Change in net after-tax profit from % decrease in closing bid price
2%	$ 13,703	$ (13,703)
4%	27,406	(27,406)
6%	41,110	(41,110)
8%	54,813	(54,813)
10%	68,516	(68,516)

The following table shows the estimated sensitivity of the Company's after-tax profit (loss) for the year ended January 1, 2010 from a change in the closing bid price of the Company's investments with all other variables held constant as at January 1, 2010:

Percentage of change in closing bid price	Change in net after-tax profit from % increase in closing bid price	Change in net after-tax profit from % decrease in closing bid price
2%	$ 6,325	$ (6,325)
4%	12,651	(12,651)
6%	18,976	(18,976)
8%	25,301	(25,301)
10%	31,627	(31,627)

(c) Interest rate risk:

Interest rate risk is the impact that changes in interest rates could have on the Company's profit and liabilities. As at March 31, 2011, 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. There were no changes to the way the Company manages interest rate risk since December 31, 2010. Pinetree does not hedge against any interest rate risk.

The following table shows the estimated sensitivity of the Company's net after-tax profit (loss) for the three months ended March 31, 2011 from a change in the interest rate on the average interest risk liabilities with all other variables held constant as at March 31, 2011:

Change in interest rate	**Change in net after-tax profit from an increase in interest rate**	**Change in net after-tax profit from a decrease in interest rate**
0.25%	$ (35)	$ 35
0.50%	(69)	69
0.75%	(104)	104
1.00%	(139)	139

The following table shows the estimated sensitivity of the Company's net after-tax profit (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 profit (loss) from an increase in interest rate**	**Change in net after-tax profit (loss) from a decrease in interest rate**
0.25%	$ (14)	$ 14
0.50%	(28)	28
0.75%	(42)	42
1.00%	(55)	55

(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.

There were no changes to the way the Company manages currency risk since December 31, 2010. 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, 2011	December 31, 2010	January 1, 2010
Denominated in U.S. dollars:			
Investments	**$ 7,902**	$ 8,364	$ 11,885
Cash and cash equivalents	**16**	9	11
Due from brokers	**14**	14	24
Prepaids and other receivables	**645**	591	129
Due to brokers	**(66,233)**	(2,632)	(139)
Accounts payable and accrued liabilities	**(32)**	(14)	(22)
Net assets denominated in U.S. dollars	**(57,688)**	6,332	11,888
Denominated in Australian dollars:			
Investments	**17,451**	14,533	11,335
Due from (to) brokers	**2,136**	2,004	(443)
Net assets denominated in Australian dollars	**19,587**	16,537	10,892
Denominated in British pounds:			
Investments	**3,239**	2,942	86
Due from (to) brokers	**1,615**	(1,091)	-
Net assets denominated in British pounds	**4,854**	1,851	86

The following table shows the estimated sensitivity of the Company's net after-tax profit (loss) for the three months ended March 31, 2011 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, 2011:

Percentage of change in U.S. dollar	**Change in net after-tax profit from an increase in % in the U.S. dollar exchange rate**	**Change in net after-tax profit from a decrease in % in the U.S. dollar exchange rate**
2%	$ (828)	$ 828
4%	(1,656)	1,656
6%	(2,483)	2,483
8%	(3,311)	3,311
10%	(4,139)	4,139

The following table shows the estimated sensitivity of the Company's net after-tax profit (loss) for the three months ended March 31, 2011 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, 2011:

Percentage of change in Australian dollar	**Change in net after-tax profit (loss) from an increase in % in the Australian dollar exchange rate**	**Change in net after-tax profit (loss) from a decrease in % in the Australian dollar exchange rate**
2%	$ 281	$ (281)
4%	562	(562)
6%	843	(843)
8%	1,124	(1,124)
10%	1,405	(1,405)

The following table shows the estimated sensitivity of the Company's net after-tax profit 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 profit from an increase in % in the U.S. dollar exchange rate**	**Change in net after-tax profit 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 profit (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 profit from an increase in % in the Australian dollar exchange rate**	**Change in net after - tax profit 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)**

(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 securities lending and convertible or debt securities, for example) will not perform their underlying obligations. There were no changes to the way the Company manages credit risk since December 31, 2010.

The Company's investments in convertible debentures, convertible notes, and promissory notes are carried as though converted to common shares. As at March 31, 2011, the total fair value of these investments was $478 (December 31, 2010 - $506; January 1, 2010 - $1,498). The Company believes it is not significantly exposed to credit risk as these investments comprise 0.1% (December 31, 2010 – 0.1%; January 1, 2010 – 0.4%) of the Company's total investments.

The Company entered into a securities lending agreement with its prime broker in order to earn additional revenue, which is included in other income in the consolidated statements of comprehensive income (loss). The Company receives collateral in an amount equal to the percentage of the market value of the loaned securities as agreed upon with the prime broker. The securities on loan continue to be included in investments on the consolidated statements of financial position. The Company believes it is not significantly exposed to credit risk since the prime broker is required to pay the Company the fair value of the securities loaned if the securities are not returned upon the Company's request. As at March 31, 2011, the total fair value of investments loaned to third parties was $23,784 (December 31, 2010 - $5,355; January 1, 2010 – nil) which comprise 3.1% (December 31, 2010 – 0.7%; January 1, 2010 – nil) of the Company's total investments.

Risk Factors:

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

Some risks are described below. Additional risks not currently known to us, or that we currently believe to be immaterial, may also affect and negatively impact our business.

(a) Portfolio Exposure:

Given the nature of the Company's activities, its results of operations and financial condition are dependent upon the market value of the securities that comprise the Company's portfolio. Market value can be reflective of the actual or anticipated operating results of our portfolio companies and/or the general market conditions that affect the sectors in which Pinetree invests. The Company's investment activities are currently concentrated primarily in the natural resource industry, with a current focus on the uranium and coal, oil and gas, base metals and precious metals sectors. There are various factors that could affect these sectors which could have a negative impact on Pinetree's portfolio companies and thereby have an adverse effect on our business. Additionally, Pinetree's investments are mostly in small-cap businesses which the Company believes exhibit potential for growth and sustainable cash flows but which may not ever mature or generate the returns the Company expects or may require a number of years to do so. Junior exploration, biotechnology and technology companies may never achieve commercial discoveries and production. This may create an irregular pattern in the Company's revenues (if any). Additionally, macro factors such as fluctuations in commodity prices and global political, economic and market conditions could have an adverse effect on one or more sectors to which the Company is exposed, and a disproportionate effect on the sectors as compared to the overall market, thereby negatively impacting one or more of the portfolio companies concurrently. Company-specific risks, such as the risks associated with mining operations generally, could have an adverse effect on one or more of the Company's portfolio companies at any point in time. Company-specific and industry-specific risks which materially adversely affect Pinetree's portfolio investments may have a materially adverse impact on our operating results.

(b) Cash Flows/Revenue:

Pinetree generates revenue and cash flows primarily from its financing activities and proceeds from the disposition of its investments, in addition to interest and dividend income earned on the Company's investments. The availability of these sources of funds and the amount of funds generated from these sources are dependent upon various factors, most of which are outside of the Company's direct control. The Company's liquidity and operating results may be adversely affected if access to the capital markets is hindered, whether as a result of a downturn in the market conditions generally or to matters specific to Pinetree, or if the value of the Company's investments decline, resulting in lesser proceeds of disposition and capital losses for Pinetree upon disposition.

(c) Private Issuers and Illiquid Securities:

Pinetree invests in securities of private issuers. Investments in private issuers cannot be resold without a prospectus, an available exemption or an appropriate ruling under relevant securities legislation and there may not be any market for such securities. These limitations may impair Pinetree's ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments. Investments in private issuers may offer relatively high potential returns, but will also be subject to a relatively high degree of risk. There can be no assurance that a public market will develop for any of Pinetree's private company investments or that the Company will otherwise be able to realize a return on such investments. Pinetree also invests in illiquid securities of public issuers. A considerable period of time may elapse between the time a decision is made to sell such securities and the time the Company is able to do so, and the value of such securities could decline during such period. Illiquid investments are subject to various risks, particularly the risk that the Company will be unable to realize the Company's investment objectives by sale or other disposition at attractive prices or otherwise be unable to complete any exit strategy. In some cases, the Company may be prohibited by contract or by law from selling such securities for a period of time or otherwise be restricted from disposing of such securities. Furthermore, the types of investments made may require a substantial length of time to liquidate.

(d) Share Prices of Investments:

Pinetree's investments in securities of public companies are subject to volatility in the share prices of the companies. There can be no assurance that an active trading market for any of the subject shares is sustainable. The trading prices of the subject shares could be subject to wide fluctuations in response to various factors beyond the control of Pinetree, including quarterly variations in the subject companies' results of operations, changes in earnings (if any), estimates by analysts, conditions in the industry of the subject companies and general market or economic conditions. In recent years equity markets have experienced extreme price and volume fluctuations. These fluctuations have had a substantial effect on market prices, often unrelated to the operating performance of the specific companies. Such market fluctuations could adversely affect the market price of the Company's investments and significantly negatively impact upon the Company's operating results.

(e) Concentration of Investments:

There are no restrictions on the proportion of Pinetree's funds and no limit on the amount of funds that may be allocated to any particular investment (subject to board approval for investments in excess of a pre-determined threshold), industry or sector. Accordingly, the Company's investment activities may be highly concentrated in a particular company (or a limited number of companies), business, industry or sector, as a consequence of which, the Company's financial results may be substantially adversely affected by the unfavourable performance of that single (or few) investment(s) or sector.

(f) Dependence on Management:

Pinetree is dependent upon the efforts, skill and business contacts of key members of management, for among other things, the information and deal flow they generate during the normal course of their activities and the synergies which exist amongst their various fields of expertise and knowledge. Accordingly, the Company's continued success will depend upon the continued service of these individuals who are not obligated to remain employed with Pinetree. The loss of the services of any of these individuals could have a material adverse effect on the Company's revenues, net income and cash flows and could harm the Company's ability to maintain or grow existing assets and raise additional funds in the future.

(g) Additional Financing Requirements:

Pinetree anticipates ongoing requirements for funds to support the Company's growth and may seek to obtain additional funds for these purposes through public or private equity shares or debt financing. There are no assurances that additional funding will be available to the Company at all, on acceptable terms or at an acceptable level. Any additional equity financing may cause shareholders to experience dilution, and any additional debt financing may result in increased interest expense or restrictions on our operations or ability to incur additional debt. Any limitations on the Company's ability to access the capital markets for additional funds could have a material adverse effect on the Company's ability to grow its investment portfolio.

(h) Management of our Growth:

Significant growth in Pinetree's business, as a result of acquisitions or otherwise, could place a strain on the Company's managerial, operational and financial resources and information systems. Future operating results will depend on the ability of senior management to manage rapidly changing business conditions, and to implement and improve the Company's technical, administrative and financial controls and reporting systems. No assurance can be given that Pinetree will succeed in these efforts. The failure to effectively manage and improve these systems could increase the Company's costs, which could have a material adverse effect on Pinetree.

(i) Exchange Rate Fluctuations:

A significant portion of Pinetree's portfolio is invested in U.S. dollar denominated investments, as well as investments denominated in other foreign currencies. Changes in the value of the foreign currencies in which the Company investments are denominated could have a negative impact on the ultimate return on the Company's investments and overall financial performance.

(j) Securities Lending:

As previously discussed under Credit Risk, the Company has a securities lending agreement ("SLA") with one of its prime brokers. Under the SLA, the Company has the option of lending its securities held at the broker when requested by a third party. There is a risk that the securities loaned under the SLA may not be returned to the Company, however, the prime broker assumes all of the risk and is required to return the securities to the Company or cash equivalent to its fair market value. If the cash equivalent is paid to the Company, the Company may not be able to repurchase the equivalent securities in the market.

Outstanding Share Data:

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

Subsequent to March 31, 2011, 6,680 options were exercised at $1.46 per share.

As at May 12, 2011, the number of common shares of the Company outstanding and the number of common shares issuable pursuant to other outstanding securities of Pinetree are as follows:

Common shares	**Number**
Outstanding	**136,547,273**
Issuable under options	**11,410,820**
Issuable under warrants	**20,513,650**
Total diluted common shares	**168,471,743**

Refer to note 11 of the Notes to the consolidated financial statements as at and for the three months ended March 31, 2011 for other details about the Company's share capital.

Segmented Information:

The management of the Company is responsible for the Company's entire portfolio and considers the business to have a single operating segment. The management's investment decisions are based on a single, integrated investment strategy, and the performance is evaluated on an overall basis.

The internal reporting provided to the management of the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS. There were no changes in the reportable segments during the three months ended March 31, 2011.

As at March 31, 2011, the Company has a diversified portfolio of investments where no single investment accounts for more than 10% of the portfolio. The Company also has a diversified base of investors. There were no shareholders who each held more than 10% of the Company's common shares.

Transition to IFRS:

For all periods up to and including the year ended December 31 2010, the Company prepared its financial statements in accordance with CGAAP. The unaudited interim consolidated financial statements as at and for the three months ended March 31, 2011 are the first statements that the Company has prepared in accordance with IFRS.

(a) Transition to IFRS Reconciliations:

The Company has disclosed the following CGAAP to IFRS reconciliations in note 20 of the Notes to the consolidated financial statements as at and for the three months ended March 31, 2011 (refer to that note for details):

(i) reconciliation of the consolidated statement of financial position and equity as at January 1, 2010;

(ii) reconciliation of the consolidated statement of financial position and equity as at March 31, 2010;

(iii) reconciliation of the consolidated statement of financial position and equity as at December 31, 2010;

(iv) reconciliation of the consolidated statement of total comprehensive income for the three months ended March 31, 2010; and

(v) reconciliation of the consolidated statement of total comprehensive income for the year ended December 31, 2010.

No reconciliation is required for the consolidated statement of cash flows as there are no significant differences.

(b) Significant Accounting Policy Changes and Exemptions Applied:

In preparing the interim consolidated financial statements, the opening consolidated statement of financial position was prepared as at January 1, 2010, the Company's date of transition to IFRS. The following explains the principal adjustments made in restating the previous CGAAP consolidated balance sheet as at January 1, 2010 and its previously published CGAAP consolidated financial statements for the three months ended March 31, 2010 and as at December 31, 2010. IFRS 1, *First-Time Adoption of International Financial Reporting Standards* allows first-time adopters certain exemptions from the retrospective application of IFRSs.

The Company has elected to apply the following exemptions:

(i) IFRS 2 *Share-based Payment* has not been applied to the options issued under the Stock Option Plans that were vested prior to January 1, 2010.

Under CGAAP, the Company was permitted to elect to treat the stock options issued as a pool and determine fair value using the average life of the instruments, provided that compensation was then recognized on a straight-line basis and the Company was not required to use estimated future forfeitures of the options. Under IFRS 2, the Company is required to use the graded method in valuing stock options and use an estimated forfeiture rate. The difference in the fair value of the options between CGAAP and IFRS is immaterial if any, and as such the Company applied this exemption since vested options would have already been recorded at fair value. The resulting difference between in CGAAP and IFRS is in an accelerated compensation expense for the options accounted under IFRS.

As at January 1, 2010, the adjustment was to increase contributed surplus by $1,037 and the corresponding entry to decrease retained earnings. For the three months ended March 31, 2010, the adjustment was to increase the stock-based compensation expense by $20. For the year ended December 31, 2010, the adjustment was to decrease the stock-based compensation expense by $321.

(ii) IFRS 1 offers the first-time adopter of IFRS the option to reset the foreign currency translation reserve that existed at the date of adoption to zero as of the date of transition to IFRS as an alternative to establishing a foreign currency translation reserve as if the accounting and translation principles in IAS 21 *The Effects of Changes in Foreign Exchange Rates* had always been used and the measurement of assets and liabilities had been as required by currently implemented IFRS. The Company has elected to utilize this option, and has reset the foreign currency translation reserve for its single foreign operation to zero as of January 1, 2010. Future gains or losses on a subsequent disposal of any foreign operation will therefore exclude translation differences that arose before January 1, 2010.

The changeover to IFRS and IAS 21 will not create any significant changes other than the reclassification of some exchange differences. The total effect for the three months ended March 31, 2010 was a decrease in foreign exchange loss by $3 and a corresponding increase to the exchange differences on translation foreign currency in other comprehensive income (loss). The total effect for the year ended December 31, 2010 was to decrease the foreign exchange loss by $22 and a corresponding increase to the exchange differences on translation foreign currency in other comprehensive income (loss).

(iii) Designation of previously recognized financial instruments - IFRS 1 provides an exemption that permits a first-time adopter to designate financial assets and liabilities as at fair value through profit or loss or as available-for-sale at the date of transition to IFRS. The Company has elected to use this option and has designated all its investments and Class C preferred shares liability as carried at fair value through profit and loss. Under this option, the Company revalued its investments in associates to fair value on transition.

Under CGAAP, the Company accounted its investments in associates under the equity method. Under the equity method, the investment is initially recorded at cost and the carrying value is adjusted thereafter, to reflect the Company's pro-rata share of income or loss of the equity accounted investment and any dividends received from the investment. The Company's share of profits or losses of such investments is included in the consolidated statements of operations. Under IAS 28, the Company's investments in associates are held as part of the Company's investments portfolio and carried in the consolidated statement of financial position at fair value. IAS 28 permits investments held by venture capital or similar organizations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IFRS 9, with changes in fair value recognized in the consolidated statement of comprehensive income (loss) within unrealized gains or losses on investments in the period of the change.

The adoption of IAS 28 allows the Company to fair value all of its investments instead of equity accounting its associated investments under CGAAP which the Company believes is more respresentative of its investment at fair value.

As at January 1, 2010, the Company held four equity accounted investments and as at December 31, 2010, the Company held one equity accounted investment. As at January 1, 2010, the adjustment was to decrease equity accounted investments by $1,911 and the corresponding entry to increase investments at fair value. To fair value the investments in associates, the Company also increased investments at fair value by $2,626 with a corresponding entry to increase retained earnings.

For the three months ended March 31, 2010, the adjustment was to reverse the losses from equity accounted investments of $211 and decrease the net change in unrealized gains by $1,044. For the year ended December 31, 2010, the adjustment was to reverse the losses from equity accounted investments of $774 and increase the net change in unrealized gains by $3,194 and the related income tax expense by $111.

Other significant changes from CGAAP to IFRS:

(i) Under CGAAP, the Company offsets its future tax assets and liabilities among its subsidiaries taking into account consolidated tax-planning strategies that would change the particular future years in which temporary differences result in taxable or deductible amounts. Under IAS – 12, *Income taxes*, the Company is not permitted to offset its deferred tax assets and liabilities among its subsidiaries unless a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(ii) The adoption of IAS 21, Foreign Exchange resulted in two new accounts. There's a new account in the equity section called Foreign currency translation reserve and a corresponding account in the Statement of comprehensive income called Exchange differences on translation of foreign operations. The foreign exchange translation of the Company's subsidiary, Pinetree (Barbados) Inc., and its related intercompany balance are now reflected in a component of shareholder's equity and as other comprehensive income (loss).

Significant Accounting Policies:

Some significant accounting polices used in the presentation of the interim consolidated financial statements are as follows. Complete details of the Company's significant accounting policies which the Company expects to adopt in its annual consolidated financial statements as at and for the year ended December 31, 2011 are provided in Note 2 to its interim consolidated financial statements as at and for the three months ended March 31, 2011. The significant accounting policies were used in the presentation of the unaudited interim consolidated financial statements as at and for the three months ended March 31, 2011.

(a) Basis of presentation:

The interim consolidated financial statements have been prepared using the historical cost convention except for some financial instruments which have been measured at fair value.

All monetary references expressed in these notes are references to Canadian dollar amounts (“$”).

In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for these interim periods are not necessarily indicative of the results that may be expected for the full fiscal year ending December 31, 2011.

(b) Basis of consolidation:

These unaudited interim consolidated financial statements include the accounts of Pinetree and its wholly-owned subsidiaries: Genevest Inc., Pinetree (Barbados) Inc., Pinebarb (Israel) Inc., Pinetree Capital Investment Corp. (“PCIC”), and Emerald Capital Corp., as well as Pinetree Resource Partnership and Pinetree Income Partnership, each a general partnership of which Pinetree indirectly owns a 100% interest. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All inter-company account balances and transactions have been eliminated upon consolidation.

(c) Adoption of IFRS 9 and IFRS 7:

The effective date of IFRS 9, Financial Instruments: Classification and Measurement is January 1, 2013. As permitted by the IASB, the Company has early adopted IFRS 9 in conjunction with the transition to IFRS on January 1, 2010. The Company’s significant class of financial assets is investments (designated at fair value through profit and loss) and the difference in the accounting between IAS 39, *Financial Instruments: Recognition and Measurement* and IFRS 9, for these financial instruments do not have any material impact on the Company’s consolidated financial statements.

The Company has also adopted IFRS 7, *Financial Instruments: Disclosures* in conjunction with the transition to IFRS on January 1, 2010. The amendment to IFRS 7 requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Company’s consolidated financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity’s continuing involvement in those derecognised assets. The amendment becomes effective for annual periods beginning on or after July 1, 2011. The amendment affects disclosure only and has therefore no impact on the Company’s financial position or performance.

(d) Significant accounting judgments, estimates and assumptions:

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are:

(i) Going concern:

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

(ii) Fair value of investment in securities not quoted in an active market or private company investments:

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

(iii) Fair value of financial derivatives:

Investments in options and warrants which are not traded on a recognized securities exchange do not have a readily available market value. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available, the warrants are valued at intrinsic value.

(iv) Deferred tax assets:

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

(v) Stock-based compensation expense:

The Company uses the Black-Scholes option pricing model to calculate stock-based compensation expense. The Black-Scholes model requires seven key inputs to determine a value for an option: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life, forfeiture rate and expected volatility. Certain of the inputs are estimates which involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

(e) Foreign currency:

(i) Functional currency:

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(ii) Transactions and balances:

Transactions in foreign currencies are initially recorded in the functional currency at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange in effect at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All differences are recorded in the foreign exchange gain or loss in the consolidated statement of comprehensive income under foreign exchange gain/loss.

(iii) Translation of foreign operations:

The results and financial position of Pinetree's subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

2. Share capital is translated using the exchange rate at the date of the transaction.

3. Revenue and expenses for each statement of comprehensive income (loss) are translated at average exchange rates; and

4. All resulting exchange differences are recognized as a separate component of equity and as an exchange difference on translation of foreign operations in other comprehensive income (loss) in the consolidated statement of comprehensive income (loss).

The Company treats specific inter-company loan balances, which are not intended to be repaid in the foreseeable future, as part of its net investment which is recorded as an exchange difference on translation of foreign operations in other comprehensive income (loss) in the consolidated statement of comprehensive income (loss). When a foreign entity is sold, such exchange differences are recognized in the statement of comprehensive as part of the gain or loss on sale.

(f) Financial instruments:

(i) Designation:

All investments are designated upon initial recognition at fair value through profit or loss, with changes in fair value reported in profits (loss).

Class C preferred shares are liabilities designated at fair value through profit or loss, with changes in fair value reported in expenses in the consolidated statement of comprehensive income (loss).

(ii) Recognition, derecognition and measurement:

Purchases and sales of investments are recognized on the settlement date.

Investments at fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed as incurred in the consolidated statement of comprehensive income.

Investments are derecognized when the rights to receive cash flows from the investments have expired or the Company has transferred the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9, Financial Instruments.

Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the investments at fair value through profit or loss category are presented in the consolidated statement of comprehensive income within unrealized gains or losses on investments in the period in which they arise.

The fair value of Class C preferred share liabilities is determined by reference to the underlying trading price of Pinetree's shares. The fair value of the Class C preferred share liabilities also includes accrued dividends.

(iii) Reclassification of investments:

The Company would only reclassify any financial assets when the Company changes its business model for managing the financial asset.

Reclassifications are recorded at fair value at the date of reclassification, which becomes the new carrying value.

(iv) Determination of fair values:

The determination of fair value requires judgment and is based on market information where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the consolidated financial statements. The Company is also required to disclose details of its investments (and other financial assets and liabilities reported at fair value) within three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring the fair value, and to provide additional disclosure in connection therewith.

1. Publicly-traded investments (i.e., securities of issuers that are public companies):

   a. Securities, including shares, options, and warrants which are traded on a recognized securities exchange and for which no sales restrictions apply are presented at fair value based on quoted closing bid prices at the consolidated statement of financial position date or the closing bid price on the last day the security traded if there were no trades at the consolidated statement of financial position date. These are included in Level 1.

   b. Securities which are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value to a maximum of 10%. In determining the discount for such investments, the Company considers the nature and length of the restriction. These are included in Level 2.

   c. For options and warrants which are not traded on a recognized securities exchange, no market value is readily available. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available, the warrants are valued at intrinsic value, which is equal to the higher of the closing bid price at the consolidated statement of financial position date of the underlying security less the exercise price of the warrant, and zero. These are included in Level 2.

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

   All privately-held investments (other than options and warrants) are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may, depending upon the circumstances, be adjusted using one or more of the valuation indicators described below. These are included in Level 3. Options and warrants of private companies are carried at nil.

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

The following circumstances are used to determine if the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to the events described below which may affect a specific investment, the Company will take into account general market conditions when valuing the privately-held investments in its portfolio. Absent the occurrence of any of these events or any significant change in general market conditions indicates generally that the fair value of the investment has not materially changed.

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

a. there has been a significant subsequent equity financing provided by outside investors, at a valuation above the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place; or

b. there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a positive impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable.

   Such events include, without limitation:

   i. political changes in a country in which the investee company operates which, for example, reduce the corporate tax burden, permit mining where, or to an extent that, it was not previously allowed, or reduce or eliminate the need for permitting or approvals;

   ii. receipt by the investee company of environmental, mining, aboriginal or similar approvals, which allow the investee company to proceed with its project(s);

   iii. filing by the investee company of a National Instrument 43-101 technical report in respect of a previously non-compliant resource;

   iv. release by the investee company of positive exploration results, which either proves or expands their resource prospects; and

   v. important positive management changes by the investee company that the Company's management believes will have a very positive impact on the investee company's ability to achieve its objectives and build value for shareholders.

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

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

a. there has been a significant subsequent equity financing provided by outside investors, at a valuation below the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;

b. the investee company is placed into receivership or bankruptcy;

c. based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern; or

d. there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a negative impact on the investee company's prospects and therefore its fair value. The amount of the change to the fair value of the investment is based on management's judgment and any value estimated may not be realized or realizable.

   Such events include, without limitation:

   i. political changes in a country in which the investee company operates which increases the tax burden on companies, which prohibit mining where it was previously allowed, which increases the need for permitting or approvals, etc.;

   ii. denial of the investee company's application for environmental, mining, aboriginal or similar approvals which prohibit the investee company from proceeding with its projects;

   iii. the investee company releases negative exploration results; and

   iv. changes to the management of the investee company take place which the Company believes will have a negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

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

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

3. Other investment instruments:

Included in Pinetree's investments are certain instruments that are accounted for as follows:

a. Convertible debentures and convertible notes are carried as though converted to common shares.

b. Cumulative dividends expected to be received are included in the fair value of each investment.

4. Investments in associates:

Investments in associates are those entities over which the Company has or is deemed to have significant influence but not control over, the financial and operating policies. Investments in associates are held as part of the Company's investments portfolio and carried in the consolidated statement of financial position at fair value even though the Company may have significant influence over the companies. This treatment is permitted by International Accounting Standards ("IAS") 28 Investment in Associates, which allows investments held by venture capital or similar organizations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and subsequently they are accounted for in accordance with IFRS 9, with changes in fair value recognized in the consolidated statement of comprehensive income (loss) within unrealized gains or losses on investments.

(g) Revenue recognition:

Purchases and sales of investments are recognized on the settlement date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the consolidated statement of comprehensive income and are calculated on an average cost basis. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. All transaction costs associated with the acquisition and disposition of investments are expensed to the consolidated statement of comprehensive income as incurred. Dividend income is recorded on the ex-dividend date and when the right to receive the dividend has been established. Interest income, other income and income from securities lending are recorded on an accrual basis.

(h) Income taxes:

(i) Current income tax:

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity and not through profit or loss.

(ii) Deferred tax:

Deferred tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Deferred tax relating to items recognized directly in equity is also recognized in equity and not in the income statement.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Company creates a valuation allowance to the extent that it considers deductible temporary differences, the carry forward of unused tax credits and unused tax losses cannot be utilized.

(i) Stock-based compensation plans:

Employees (including senior executives) of the Company receive remuneration in the form of stock options, whereby employees render services as consideration for equity instruments (“equity–settled transactions”). Any consideration received on the exercise of stock options or sale of stock is credited to share capital. The cost of equity–settled transactions is recognized, together with a corresponding increase in contributed surplus, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”). The cumulative expense recognized for equity–settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The Company records compensation expense and credits contributed surplus for all stock options granted which represents the movement in cumulative expense recognized as at the beginning and end of that period. Stock options granted during the period 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.

Where the terms of an equity–settled award are modified, the minimum expense recognized in compensation expense is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share–based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity–settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non–vesting conditions within the control of either the entity or the counterparty are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Critical Accounting Estimates:

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

Critical accounting estimates used in the preparation of the Company's consolidated financial statements include the Company's fair value of investment in securities not quoted in an active market (its privately-held investments), the valuation allowance related to the Company's deferred tax asset ("DTA"), the Company's estimate of inputs for the calculation of the value of stock-based compensation expense, valuation of unlisted warrants of public companies, and the Company's own warrants and broker warrants.

Fair value of investment in securities not quoted in an active market:

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

Changes in the fair value of our private investments for company-specific reasons have tended to be infrequent. Changes as a result of general market conditions may be more frequent from period to period during times of significant volatility; however, given the relatively small size of our private investment portfolio, such changes are not expected to have a material impact on our financial condition or operating results.

Allowance for Deferred Tax Assets:

The Company follows the liability method of tax allocation in accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. As at March 31, 2011, December 31, 2010 and January 1, 2010, management determined, based upon the Company's historical level of taxable income and expectations for future taxable income, that it believed that it was more likely than not that the Company will realize the full tax benefits of the non-capital losses carried forward during the next several years. As such, the Company has not taken a valuation allowance as at those dates.

Stock-based Compensation Expense/Warrants and Broker Warrants:

The Company uses the Black-Scholes option pricing model ("B-S") to calculate stock-based compensation expense and the value of warrants and broker warrants issued as part of the Company's private placements. The B-S requires seven key inputs to determine a value for an option, warrant or broker warrant: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life, forfeiture rate and expected volatility. Certain of the inputs are estimates which involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. For example, a longer expected life of the option or a higher volatility number used would result in an increase in stock-based compensation expense.

The following table summarizes stock options granted during the three months ended March 31, 2011:

Date Granted	Options Granted	Exercise Price	Expiry
March 31, 2011	1,705,000	$ 3.17	March 30, 2016
Total granted	1,705,500		

The fair value of the options granted during the three months ended March 31, 2011 was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

Black-Scholes assumptions used	
Expected volatility	**100.6%**
Expected forfeiture rate	**9.3%**
Expected dividend yield	**0.0%**
Risk-free interest rate	**2.2%**
Expected option life in years	**3.0**
Fair value per stock option granted on March 31, 2011	**$ 1.98**

The following table summarizes stock options granted during the year ended December 31, 2010:

Date Granted	Options Granted	Exercise Price	Expiry
April 1, 2010	265,000	$ 1.83	March 31, 2015
June 1, 2010	1,252,500	1.46	May 31, 2015
September 1, 2010	250,000	1.41	August 31, 2015
December 1, 2010	250,000	3.23	November 30, 2015
Total granted	2,017,500		

The fair value of the options granted during the year ended December 31, 2010 was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

Black-Scholes assumptions used	
Expected volatility	**102.6% - 109.7%**
Expected forfeiture rate	**3.3% - 10.2%**
Expected dividend yield	**0.0%**
Risk-free interest rate	**2.25% - 3.0%**
Expected option life in years	**3.5**
Fair value per stock option granted on April 1, 2010	**$ 1.24**
Fair value per stock option granted on June 1, 2010	**$ 0.99**
Fair value per stock option granted on September 1, 2010	**$ 0.96**
Fair value per stock option granted on December 1, 2010	**$ 2.30**

Valuation of Unlisted Warrants of Public Companies:

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

Use of Non-IFRS Measures:

This MD&A contains references to "net asset value per share" (basic and diluted) ("NAV") which is a non-IFRS measure. NAV is calculated as the value of total assets less the value of total liabilities divided by the total number of common shares outstanding as at a specific date. NAV (diluted) is calculated as total assets less total liabilities divided by the total number of common shares of the Company outstanding as at a specific date, calculated based upon the assumption that all outstanding options, warrants, and broker warrants of the Company have been exercised. The term NAV does not have any standardized meaning according to IFRS and therefore may not be comparable to similar measures presented by other companies. There is no comparable IFRS measure presented in Pinetree's consolidated financial statements and thus no applicable quantitative reconciliation for such non-IFRS financial measure. The Company has calculated NAV consistently for many years and believes that the measure provides information useful to its shareholders in understanding our performance, and may assist in the evaluation of the Company's business relative to that of its peers.

Additional Information:

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