Interim Condensed Consolidated Financial Statements of

PINETREE

(Unaudited - prepared in Canadian dollars)
September 30, 2011

Contents

Interim Condensed Consolidated Financial Statements

PINETREE CAPITAL LTD.
Consolidated Statements of Financial Position
As at September 30, 2011 and December 31, 2010
(Unaudited - in thousands of Canadian dollars)

	Notes	September 30, 2011	December 31, 2010 [1]
Assets			
Cash and cash equivalents	6	**$ 206**	$ 158
Due from brokers	6	**2,660**	14
Prepaids and other receivables	6	**66**	1,084
Investments at fair value	3, 4	**414,320**	799,022
Property, plant and equipment	7	**842**	676
Deferred tax assets	9	**13,788**	21,167
		$ 431,882	$ 822,121
Liabilities and Equity			
Liabilities			
Due to brokers	8(a)	**$ -**	$ 85,570
Accounts payable and accrued liabilities		**3,275**	34,094
Class C preferred share liabilities, at fair value	4, 8(b)	**243**	529
Convertible debentures	8(c)	**67,516**	-
Deferred tax liabilities	9	**-**	55,199
		71,034	175,392
Commitments	12		
Equity			
Share capital	11	**$ 276,996**	$ 276,616
Warrants and broker warrants	11(d)	**66,524**	66,524
Contributed surplus	11(e)	**33,675**	30,559
Equity component of convertible debentures	8(c)	**2,882**	-
Foreign currency translation reserve		**(31)**	(22)
Retained earnings (deficit)		**(19,198)**	273,052
		360,848	646,729
		$ 431,882	$ 822,121

1. Refer to Note 20 for the effects of the adoption of IFRS.

See accompanying notes to the interim condensed consolidated financial statements.

PINETREE CAPITAL LTD.

Consolidated Statements of Comprehensive Income (loss)
Three and Nine Months Ended September 30,
(Unaudited - in thousands of Canadian dollars, except for securities and per share amounts)

	Notes	Three Months Ended 2011	Three Months Ended 2010 [1]	Nine Months Ended 2011	Nine Months Ended 2010 [1]
Net investment gains (losses)					
Net realized gains on disposal of investments		**$ 22,583**	$ 5,157	**$ 112,272**	$ 16,203
Net change in unrealized gains (losses) on investments		**(176,621)**	137,023	**(441,243)**	73,894
		(154,038)	142,180	**(328,971)**	90,097
Interest and dividend income		**10**	31	**27**	1,009
Other income	13	**703**	146	**1,489**	439
		(153,325)	142,357	**(327,455)**	91,545
Expenses					
Operating, general and administrative	8(b), 10, 14	**2,925**	9,776	**10,281**	14,657
Finance expenses	15	**1,999**	185	**3,314**	442
		4,924	9,961	**13,595**	15,099
Profits (loss) before income taxes		**(158,249)**	132,396	**(341,050)**	76,446
Income tax expense (benefit)	16	**(21,855)**	17,768	**(48,800)**	10,457
Profit (loss) for the period		**$ (136,394)**	$ 114,628	**$ (292,250)**	$ 65,989
Other comprehensive income (loss)					
Exchange differences on translation of foreign operations		**2**	-	**(9)**	(1)
Total comprehensive income (loss) for the period		**$ (136,392)**	$ 114,628	**$ (292,259)**	$ 65,988
Earnings (loss) per common share based on profit (loss) for the period					
Basic		**$ (1.00)**	$ 0.84	**$ (2.14)**	$ 0.49
Diluted		**$ (1.00)**	$ 0.84	**$ (2.14)**	$ 0.48
Weighted average number of common shares outstanding					
Basic		**136,547,273**	135,709,653	**136,494,728**	135,561,301
Diluted		**136,547,273**	135,942,755	**136,494,728**	136,409,553

1. Refer to Note 20 for the effects of the adoption of IFRS.

See accompanying notes to the interim condensed consolidated financial statements.

PINETREE CAPITAL LTD.
Consolidated Statements of Changes in Equity
Nine Months Ended September 30, 2011 and 2010
(In thousands of Canadian dollars)

	Share capital	Warrants and broker warrants	Contributed surplus	Equity component of convertible debentures	Foreign currency translation reserve	Retained earnings (deficit)	Total equity
Balance at January 1, 2010 [1]	$ 274,725	$ 67,139	$ 28,045	$ -	$ -	$ (24,591)	$ 345,318
Profit for the period	-	-	-	-	-	65,989	65,989
Exchange differences on translation of foreign operations	-	-	-	-	(1)	-	(1)
Total comprehensive income for the period	-	-	-	-	(1)	65,989	65,988
Stock-based compensation value of services	-	-	2,064	-	-	-	2,064
Issued pursuant to exercise of stock options	424	-	(156)	-	-	-	268
Reallocation of expired warrants	-	(615)	615		-	-	-
Balance at September 30, 2010	$ 275,149	$ 66,524	$ 30,568	$ -	$ (1)	$ 41,398	$ 413,638
Balance at January 1, 2011	$ 276,616	$ 66,524	$ 30,559	$ -	$ (22)	$ 273,052	$ 646,729
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(292,250)**	**(292,250)**
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**-**	**(9)**	**-**	**(9)**
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**(9)**	**(292,250)**	**(292,259)**
Stock-based compensation value of services	**-**	**-**	**3,265**	**-**	**-**	**-**	**3,265**
Issued pursuant to exercise of stock options	**380**	**-**	**(149)**	**-**	**-**	**-**	**231**
Issued pursuant to private placement of convertible debentures	**-**	**-**	**-**	**2,882**	**-**	**-**	**2,882**
Balance at September 30, 2011	**$ 276,996**	**$ 66,524**	**$ 33,675**	**$ 2,882**	**$ (31)**	**$ (19,198)**	**$ 360,848**

1. Refer to Note 20 for the effects of the adoption of IFRS.

See accompanying notes to the interim condensed consolidated financial statements.

PINETREE CAPITAL LTD.
Consolidated Statements of Cash Flows
Nine Months Ended September 30,
(In thousands of Canadian dollars)

	2011	2010
Cash flows used in operating activities		
Profit (loss) for the period	$ (292,250)	$ 65,989
Items not affecting cash:		
Realized gains on disposal of investments, net	(112,272)	(16,203)
Change in unrealized losses (gains) on investments, net	441,243	(73,894)
Unrealized gain on Class C preferred share liabilities	(228)	(54)
Amortization	167	100
Stock-based compensation expense	3,265	2,064
Accretion of discount on convertible debentures	180	-
Amortization of finance expenses on convertible debentures	285	-
Decrease in deferred tax assets	7,436	2,833
Increase (decrease) in deferred tax liabilities	(56,235)	7,587
	(8,409)	(11,578)
Adjustments for:		
Due from brokers	(1)	9
Prepaids and other receivables	1,018	6
Advances to affiliated company	-	(288)
Income taxes receivable	-	3,307
Accounts payable and accrued liabilities	(30,819)	959
Net cash used in operating activities	(38,211)	(7,585)
Cash flows from (used in) financing activities		
Proceeds pursuant to exercise of stock options	231	268
Proceeds from issue of convertible debentures	75,000	-
Convertible debenture issue costs	(4,088)	-
Decrease (increase) in due to (from) brokers	(88,215)	15,788
Redemption of Class C preferred share liabilities	(58)	(9)
Net cash from (used in) financing activities	(17,130)	16,047
Cash flows from (used in) investing activities		
Purchase of property, plant and equipment, net	(333)	(23)
Purchase of investments	(211,829)	(114,302)
Proceeds on disposal of investments	267,560	105,554
Net cash from (used in) investing activities	55,398	(8,771)
Net increase (decrease) in cash and cash equivalents during the period	57	(309)
Exchange differences on translation of foreign operations	(9)	(1)
Cash and cash equivalents, beginning of period	158	404
Cash and cash equivalents, end of period	$ 206	$ 94
Supplemental cash flow information		
Income taxes paid	$ -	$ 37
Income taxes received	-	3,307
Dividends paid on Class C Shares	10	9
Finance expense paid	614	442

See accompanying notes to the interim condensed consolidated financial statements.

1. Nature of business:

Pinetree Capital Ltd. ("Pinetree" or the "Company") 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.

These unaudited interim condensed consolidated financial statements ("interim consolidated financial statements") were approved by the Board of Directors on November 10, 2011.

2. Significant accounting policies:

(a) Statement of compliance:

These interim consolidated financial statements are unaudited and have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* issued by the International Accounting Standards Board using accounting policies consistent with International Financial Reporting Standards ("IFRS") which the Company expects to adopt in its annual consolidated financial statements as at and for the year ended December 31, 2011. Previously, the Company prepared its consolidated annual and interim consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles ("CGAAP").

The same accounting policies and methods of computation were followed in the preparation of these interim consolidated financial statements as were followed in the preparation of the interim consolidated financial statements for the three month period ended March 31, 2011, which were described in note 2 to the notes of the interim consolidated financial statements for the three months ended March 31, 2011. Accordingly, these interim consolidated financial statements for the three and nine month periods ended September 30, 2011 should be read together with the interim consolidated financial statements for the three month period ended March 31, 2011.

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

2. Significant accounting policies (continued):

(b) 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.

(c) Basis of consolidation:

These 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.

3. Investments at fair value:

(a) Investments by sector presented at fair value consist of the following as at September 30, 2011:

As at September 30, 2011: Issuer	Notes	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Precious Metals)					
Gold Canyon Resources Inc.	(i, ii, iii)	12,943,748 common shares			
		1,000,000 warrants expire Feb 8, 2012			
		531,252 warrants expire Jun 17, 2012			
		475,000 warrants expire Sep 23, 2012			
		300,000 warrants expire Oct 29, 2012	**$ 7,661**	**$ 31,531**	**14.2**
Queenston Mining Inc.	(i, ii, iii)	5,418,300 common shares			
		50,000 warrants expire Nov 26, 2011	**14,697**	**25,526**	**11.5**
Azimuth Resources Limited	(i, iii)	10,005,000 common shares			
		10,000,000 warrants expire Dec 31, 2012	**931**	**7,453**	**3.4**

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

3. Investments at fair value (continued):

As at September 30, 2011:

Issuer	Notes	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Precious Metals) (continued)					
Probe Mines Ltd.	(i, ii, iii)	4,500,000 common shares 500,000 warrants expire Feb 2, 2012 750,000 warrants expire Apr 21, 2013	**3,917**	**7,131**	**3.2**
Mawson Resources Limited	(i, iii)	5,175,000 common shares 375,000 warrants expire Oct 25, 2012	**3,602**	**6,765**	**3.1**
Redstar Gold Corp.	(ii, iii)	10,250,000 common shares 1,000,000 warrants expire Jul 14, 2013	**2,617**	**5,087**	**2.3**
African Gold Group Inc.	(ii, iii)	14,323,500 common shares 650,000 warrants expire Dec 17, 2012	**5,335**	**4,798**	**2.2**
Auryx Gold Corp.	(ii, iii)	11,000,000 common shares	**5,614**	**4,499**	**2.0**
Mega Precious Metals Inc.	(ii, iii)	10,050,600 common shares 600,000 warrants expire Feb 25, 2012	**5,565**	**4,121**	**1.9**
Caledonia Mining Corporation	(iii)	47,000,000 common shares	**6,916**	**3,525**	**1.6**
Roxgold Inc.	(iii)	3,550,000 common shares 700,000 warrants expire Oct 27, 2012 750,000 warrants expire May 10, 2013	**2,262**	**3,395**	**1.5**
Soltoro Ltd.	(ii, iii)	4,500,000 common shares 500,000 warrants expire Dec 21, 2011	**3,020**	**3,350**	**1.5**
Cream Minerals Ltd.	(iii)	20,500,000 common shares 5,000,000 warrants expire Dec 21, 2012	**3,964**	**3,280**	**1.5**
Latin American Minerals Inc.	(ii, iii)	16,000,000 common shares 1,000,000 warrants expire Oct 5, 2011 1,000,000 warrants expire Sep 10, 2012	**6,566**	**3,120**	**1.4**
Apogee Silver Ltd. (formerly Apogee Minerals Ltd.)	(iii)	16,925,000 common shares 500,000 warrants expire Dec 18, 2011 625,000 warrants expire May 12, 2012 2,500,000 warrants expire Dec 3, 2012	**3,022**	**2,285**	**1.0**
Temex Resources Corp.	(ii, iii)	10,662,900 common shares 625,000 warrants expire Nov 19, 2012	**4,999**	**2,239**	**1.0**
Nortec Minerals Corp.	(ii, iii)	18,250,000 common shares	**3,040**	**2,190**	**1.0**
Castillian Resources Corp.	(iii)	15,941,265 common shares 1,666,667 warrants expire Jul 16, 2012 1,500,000 warrants expire Dec 30, 2012	**4,311**	**2,167**	**1.0**
Tinka Resources Limited	(ii, iii)	4,860,000 common shares 760,000 warrants expire Jul 8, 2012	**1,559**	**1,934**	**0.9**
Sanatana Resources Inc.	(iii)	6,000,000 common shares 500,000 warrants expire Jan 14, 2012	**4,094**	**1,858**	**0.8**
Dios Exploration Inc.	(ii, iii)	6,242,500 common shares	**3,371**	**1,654**	**0.7**
Golden Tag Resources Ltd.	(ii, iii)	5,500,000 common shares 2,000,000 warrants expire Nov 30, 2011 909,091 warrants expire Apr 20, 2013	**2,892**	**1,595**	**0.7**

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

3. Investments at fair value (continued):

As at September 30, 2011:

Issuer	Notes	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Precious Metals) (continued)					
Oroco Resource Corp.	(ii, iii)	5,500,000 common shares			
		500,000 warrants expire Apr 14, 2012			
		500,000 warrants expire Oct 26, 2012	**1,673**	**1,581**	**0.7**
Valgold Resources Ltd.	(ii, iii)	7,000,000 common shares			
		1,000,000 warrants expire Nov 23, 2012			
		1,000,000 warrants expire Mar 3, 2015	**3,982**	**1,470**	**0.7**
Pacific North West Capital Corp.	(ii, iii)	7,430,000 common shares			
		250,000 warrants expire Dec 30, 2011			
		500,000 warrants expire Mar 15, 2012	**2,950**	**1,412**	**0.6**
Erin Ventures Inc.	(ii, iii)	9,200,000 common shares			
		1,000,000 warrants expire Dec 2, 2011			
		1,000,000 warrants expire Jan 7, 2012			
		1,875,000 warrants expire Apr 30, 2012	**1,088**	**1,334**	**0.6**
Unigold Inc.	(ii, iii)	10,821,500 common shares			
		1,500,000 warrants expire Dec 1, 2011	**4,138**	**1,299**	**0.6**
Lago Dourado Minerals Ltd.	(ii)	3,200,000 common shares			
		250,000 warrants expire Jan 18, 2013	**1,060**	**1,224**	**0.6**
African Queen Mines Ltd.	(ii, iii)	5,000,000 common shares			
		250,000 warrants expire Dec 23, 2011			
		250,000 warrants expire Nov 1, 2012			
		1,000,000 warrants expire Aug 8, 2013	**1,937**	**1,221**	**0.6**
Nuinsco Resources Ltd.	(iii)	13,852,000 common shares			
		5,000,000 warrants expire Oct 1, 2012	**1,240**	**1,177**	**0.5**
Northern Lion Gold Corp.	(ii, iii)	5,500,000 common shares			
		500,000 warrants expire Apr 29, 2012			
		500,000 warrants expire May 24, 2012	**2,215**	**1,155**	**0.5**
AM Gold Inc. (formerly Acero-Martin Exploration Inc.)	(iii)	6,000,000 common shares			
		250,000 warrants expire Apr 30, 2012			
		250,000 warrants expire Dec 30, 2012	**2,833**	**1,138**	**0.5**
Prosperity Goldfields Corp.	(iii)	2,000,000 common shares			
		750,000 warrants expire Apr 6, 2013			
		500,000 warrants expire Aug 15, 2013	**790**	**1,103**	**0.5**
RJK Explorations Ltd.	(ii, iii)	9,000,000 common shares			
		5,000,000 warrants expire Dec 15, 2012	**861**	**1,035**	**0.5**
Currie Rose Resources Inc.	(ii, iii)	8,750,000 common shares			
		1,250,000 warrants expire Mar 10, 2012	**1,600**	**1,025**	**0.5**
Bear Gold Lake Ltd. (formerly NFX Gold Inc.)	(ii, iii)	14,750,000 common shares			
		1,000,000 warrants expire Oct 23, 2011			
		2,000,000 warrants expire Aug 23, 2013	**8,903**	**1,023**	**0.5**
Kilo Goldmines Ltd.	(iii)	5,000,000 common shares			
		1,000,000 warrants expire May 12, 2013	**1,410**	**1,000**	**0.5**

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

3. Investments at fair value (continued):

As at September 30, 2011: Issuer	Notes	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Precious Metals) (continued)					
Total of 162 other investments – Resources (Precious Metals) sector (iv)			**158,937**	**74,080**	**33.2**
			295,572	**221,780**	**100.0**
Sector: Resources (Base Metals)					
Macarthur Minerals Ltd.	(i, ii, iii)	6,550,000 common shares			
		500,000 warrants expire Jan 3, 2013	**8,738**	**7,860**	**11.6**
Orbite Aluminae Inc. (formerly	(i)	4,250,000 common shares			
Exploration Orbite VSPA Inc.)		750,000 warrants expire Nov 5, 2011			
		200,000 warrants expire Jul 7, 2012	**11,116**	**6,886**	**10.1**
Woulfe Mining Corp.	(i, iii)	17,545,500 common shares			
		2,500,000 warrants expire Dec 17, 2011	**7,298**	**3,308**	**4.9**
Castle Resources Inc.	(i, iii)	5,000,000 common shares			
		2,609,375 warrants expire Oct 7, 2012	**1,989**	**2,728**	**4.0**
Coro Mining Corp.	(i, iii)	12,000,000 common shares	**5,854**	**2,700**	**4.0**
Canadian Orebodies Inc.	(iii)	10,000,000 common shares			
		500,000 warrants expire Dec 18, 2011			
		500,000 warrants expire Nov 19, 2012			
		1,000,000 warrants expire Dec 15, 2012	**2,392**	**2,010**	**3.0**
Duran Ventures Inc.	(iii)	10,722,000 common shares			
		1,500,000 warrants expire Dec 23, 2012	**2,639**	**1,984**	**2.9**
Beaufield Resources Inc.	(iii)	6,600,000 common shares	**3,346**	**1,518**	**2.2**
Happy Creek Minerals Ltd.	(ii, iii)	5,912,500 common shares			
		500,000 warrants expire Dec 21, 2012	**2,339**	**1,508**	**2.2**
MacDonald Mines Exploration Ltd.	(ii, iii)	16,000,000 common shares			
		3,075,000 warrants expire Oct 29, 2011	**7,268**	**1,440**	**2.1**
Terreno Resources Corp.	(ii, iii)	9,234,834 common shares			
(formerly Mega Moly Inc.)		2,333,334 warrants expire Nov 1, 2012			
		1,000,000 warrants expire Aug 11, 2013	**2,075**	**1,276**	**1.9**
Bridgeport Ventures Inc.	(ii, iii)	3,250,000 common shares			
		500,000 warrants expire Dec 1, 2012			
		250,000 warrants expire Dec 20, 2012	**1,968**	**1,170**	**1.7**
Western Troy Capital Resources	(ii, iii)	6,639,166 common shares			
Inc.		500,000 warrants expire Nov 29, 2012	**3,391**	**1,062**	**1.6**
Total of 85 other investments – Resources (Base Metals) sector (iv)			**103,030**	**32,446**	**47.8**
			163,443	**67,896**	**100.0**
Sector: Resources (Oil and Gas)					
Primary Petroleum Corp.	(i, ii, iii)	15,000,000 common shares	**4,482**	**10,500**	**24.5**
Donnybrook Energy Inc.	(i, iii)	12,000,000 common shares	**4,356**	**4,740**	**11.0**
Brownstone Energy Inc.	(i, ii, iii)	11,722,720 common shares			
		1,369,110 warrants expire Apr 13, 2012			
		337,500 warrants expire Sep 11, 2012	**9,509**	**3,634**	**8.5**

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

3. Investments at fair value (continued):

As at September 30, 2011: **Issuer**	**Notes**	**Security Description**	**Cost**	**Fair Value**	**% of Sector (FV)**
Sector: Resources (Oil and Gas) (continued)					
Canadian Spirit Resources Inc.	(i, ii)	3,000,000 common shares	**3,157**	**2,670**	**6.2**
Talon Metals Corp.	(i)	4,300,000 common shares 205,000 warrants expire Oct 29, 2012	**3,734**	**2,193**	**5.1**
Shoal Point Energy Ltd.	(iii)	8,650,500 common shares 250,000 warrants expire Sep 3, 2012 250,000 warrants expire Oct 25, 2012 1,000,000 warrants expire Apr 29, 2013	**2,390**	**1,298**	**3.0**
APIC Petroleum Corporation	(iii)	4,250,000 common shares	**1,995**	**1,275**	**3.0**
Vanoil Energy Ltd.	(iii)	2,400,000 common shares	**1,200**	**1,032**	**2.4**
Vulcan Minerals Inc.	(iii)	4,882,500 common shares 500,000 warrants expire Nov 3, 2011 100,000 warrants expire Nov 26, 2011	**2,915**	**1,001**	**2.3**
Total of 42 other investments – Resources (Oil and Gas) sector (iv)			**37,291**	**14,594**	**34.0**
			71,029	**42,937**	**100.0**
Sector: Resources (Potash, Lithium and Rare Earths)					
Lithium Americas Corp.	(i, iii)	4,925,000 common shares 125,000 warrants expire May 13, 2012	**7,081**	**4,433**	**16.2**
Western Potash Corp.	(i, ii)	5,000,000 common shares 500,000 warrants expire Jun 21, 2013	**4,026**	**4,206**	**15.4**
Matamec Explorations Inc.	(i, iii)	12,250,001 common shares 750,000 warrants expire Jun 16, 2012	**4,157**	**3,124**	**11.4**
Stans Energy Corp.	(i)	5,000,000 common shares 250,000 warrants expire Apr 28, 2013	**2,253**	**2,800**	**10.3**
Mesa Exploration Corp.	(i, ii, iii)	3,226,651 common shares 500,000 warrants expire Nov 20, 2011 181,818 warrants expire Mar 11, 2013	**1,406**	**1,285**	**4.7**
Rare Earth Metals Inc.	(ii, iii)	7,784,500 common shares 250,000 warrants expire Nov 10, 2011 2,000,000 warrants expire Dec 16, 2011	**2,448**	**1,268**	**4.6**
New World Resource Corp.	(ii, iii)	5,000,000 common shares	**2,221**	**1,250**	**4.6**
Montero Mining and Exploration Ltd.	(iii)	2,975,668 common shares 188,500 warrants expire Feb 4, 2013	**866**	**1,190**	**4.4**
Silver Spruce Resources Inc.	(ii, iii)	16,000,000 common shares 2,500,000 warrants expire Sep 7, 2012 1,000,000 warrants expire Dec 23, 2012	**4,540**	**1,120**	**4.1**
Sparton Resources Inc.	(ii, iii)	11,758,000 common shares	**2,893**	**1,058**	**3.9**
Total of 18 other investments – Resources (Potash, Lithium and Rare Earths) sector (iv)			**15,828**	**5,574**	**20.4**
			47,719	**27,308**	**100.0**

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

3. Investments at fair value (continued):

As at September 30, 2011: Issuer	Notes	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Uranium)					
Rockgate Capital Corp.	(i, ii)	4,000,000 common shares	**4,220**	**4,120**	**12.3**
U308 Corp.	(i, ii, iii)	10,085,771 common shares			
		750,000 warrants expire Oct 14, 2012			
		441,250 warrants expire Feb 15, 2013	**5,369**	**2,925**	**8.8**
Mega Uranium Ltd.	(i, ii, iii)	12,000,000 common shares			
		165,000 warrants expire Feb 22, 2012			
		764,712 warrants expire Jun 6, 2012			
		1,500,000 warrants expire Oct 26, 2014	**35,106**	**2,888**	**8.7**
Pele Mountain Resources Inc.	(i, ii, iii)	13,750,000 common shares	**4,992**	**2,269**	**6.8**
Energy Fuels Inc.	(i, iii)	7,000,000 common shares			
		500,000 warrants expire Mar 31, 2015	**5,007**	**1,750**	**5.2**
Tournigan Energy Ltd.	(iii)	20,750,000 common shares			
		500,000 warrants expire Jul 14, 2012			
		1,250,000 warrants expire Dec 30, 2012	**5,670**	**1,660**	**5.0**
Virginia Energy Resources Inc.	(iii)	10,500,000 common shares			
		750,000 warrants expire Apr 21, 2012			
		100,000 warrants expire Jul 21, 2014	**6,746**	**1,628**	**4.9**
Southern Andes Energy Inc.	(ii, iii)	11,607,667 common shares			
		2,000,000 warrants expire Dec 17, 2011			
		1,458,333 warrants expire Sep 12, 2012	**7,318**	**1,393**	**4.2**
Tigris Uranium Corp.	(iii)	6,180,000 common shares			
		750,000 warrants expire Jun 30, 2012			
		250,000 warrants expire Aug 22, 2012	**2,177**	**1,051**	**3.1**
Uranium North Resouces Corp.	(iii)	7,750,000 common shares			
		750,000 warrants expire Aug 8, 2012	**2,692**	**1,046**	**3.1**
Total of 23 other investments – Resources (Uranium) sector (iv)			**38,873**	**12,638**	**37.9**
			118,170	**33,368**	**100.0**
Sector: Resources (Coal)					
Hodges Resources Limited	(i, iii)	8,499,294 common shares	**2,727**	**2,925**	**62.4**
Total of 5 other investments – Resources (Coal) sector (iv)			**2,211**	**1,765**	**37.6**
			4,938	**4,690**	**100.0**
Sector: Technology and Other					
Opel International Inc.	(i, ii, iii)	7,800,000 common shares			
		750,000 warrants expire Dec 13, 2011			
		500,000 warrants expire Jul 21, 2012	**6,233**	**3,068**	**18.8**
Titanium Corporation Inc.	(i)	1,500,000 common shares			
		250,000 warrants expire Jun 15, 2012	**1,722**	**2,263**	**13.8**
Landdrill International Inc.	(i, ii, iii)	10,000,000 common shares			
		750,000 warrants expire Aug 10, 2012	**2,888**	**1,650**	**10.1**

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

3. Investments at fair value (continued):

As at September 30, 2011: Issuer	Notes	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Technology and Other (continued)					
Diagnos Inc.	(i, ii, iii)	5,250,000 common shares 500,000 warrants expire Nov 26, 2012 1,500,000 warrants expire Nov 11, 2011	**1,552**	**1,643**	**10.1**
Innovative Composites International Inc.	(i)	2,000,000 common shares	**1,798**	**1,540**	**9.4**
Total of 28 other investments –Technology and Other sector (iv)			**33,917**	**6,177**	**37.8**
			48,110	**16,341**	**100.0**
Total investments (v)			**$ 748,981**	**$ 414,320**	

(i) These investments are in the top five of their respective sector, by fair value, are publicly traded and these investments have a fair value greater than $1,000 as at September 30, 2011.

(ii) The Company has filed an “early warning report” pursuant to applicable Canadian securities legislation for these investments and these investments have a fair value greater than $1,000 as at September 30, 2011.

(iii) The Company owns, on a partially diluted basis, at least a 5% interest in the publicly-traded company and these investments have a fair value greater than $1,000 as at September 30, 2011.

(iv) Total other investments in each sector include all equity investments, warrants, promissory notes, and convertible debentures which are not individually listed in their respective sector, held by the Company as at September 30, 2011.

(v) As at September 30, 2011, included in total investments were securities of private companies with a fair value totaling $23,508 (cost of $40,170) measured in accordance with the Company’s accounting policy for private company investments.

(vi) Certain investments are held as collateral. See notes 8(a) and 10(a)(i).

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

3. Investments at fair value (continued):

(b) Investments by sector presented at fair value consist of the following as at December 31, 2010:

As at December 31, 2010: Issuer	Notes	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Precious Metals)					
Queenston Mining Inc.	(i, ii, iii)	5,650,000 common shares			
		50,000 warrants expire Nov 26, 2011	$ 15,159	$ 33,341	10.5
Gold Canyon Resources Inc.	(i, ii, iii)	11,543,748 common shares			
		1,000,000 warrants expire Sep 29, 2011			
		1,000,000 warrants expire Feb 8, 2012			
		531,252 warrants expire Jun 17, 2012			
		475,000 warrants expire Sep 23, 2012			
		300,000 warrants expire Oct 29, 2012	6,147	31,912	10.1
Continental Gold Ltd.	(i)	2,000,000 common shares	4,118	19,760	6.2
Colossus Minerals Inc.	(i, ii)	1,500,000 common shares	1,946	13,230	4.2
African Gold Group Inc.	(i, ii, iii)	14,702,500 common shares			
		282,500 warrants expire Jun 16, 2011			
		650,000 warrants expire Dec 17, 2012	5,466	12,837	4.1
Auryx Gold Corp.	(ii, iii)	10,500,000 common shares	5,250	9,600	3.0
Valley High Ventures Ltd.	(iii)	4,250,000 common shares			
		250,000 warrants expire Jun 21, 2011			
		500,000 warrants expire Apr 8, 2012	2,857	9,503	3.0
Mega Precious Metals Inc.	(ii, iii	10,130,600 common shares			
(formerly Mega Silver Inc.)	10(d))	600,000 warrants expire Feb 25, 2012	5,643	7,598	2.4
Caledonia Mining Corporation	(iii)	43,401,500 common shares	6,453	6,510	2.1
Goldstone Resources Inc.	(iii)	5,000,000 common shares			
		441,667 warrants expire Feb 24, 2011	3,576	5,200	1.6
Azimuth Resources Limited	(iii)	21,000,000 common shares			
		4,000,000 warrants expire Dec 31, 2012	1,953	5,054	1.6
Benton Resources Corp.	(iii)	4,000,000 common shares	2,526	4,760	1.5
Apogee Minerals Ltd.	(iii)	13,000,000 common shares			
		1,175,000 warrants expire Apr 30, 2011			
		500,000 warrants expire Dec 18, 2011			
		625,000 warrants expire May 12, 2012			
		2,500,000 warrants expire Dec 3, 2012	2,070	4,422	1.4
Temex Resources Corp.	(ii, iii)	12,510,000 common shares			
		440,000 warrants expire May 26, 2011			
		625,000 warrants expire Nov 19, 2012	5,945	4,363	1.4
Slam Exploration Ltd.	(ii, iii)	16,395,000 common shares			
		5,000,000 warrants expire Sep 22, 2011			
		1,000,000 warrants expire Mar 31, 2012			
		2,500,000 warrants expire Aug 18, 2012	1,727	4,348	1.4

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

3. Investments at fair value (continued):

As at December 31, 2010:

Issuer	Notes	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Precious Metals) (continued)					
Latin American Minerals Inc.	(ii, iii, 10(d))	15,850,000 common shares 500,000 warrants expire Feb 18, 2011 1,000,000 warrants expire Oct 5, 2011 1,000,000 warrants expire Sep 10, 2012	6,511	3,923	1.2
Cream Minerals Ltd.	(iii)	16,000,000 common shares 2,000,000 warrants expire Apr 13, 2011 5,000,000 warrants expire Dec 21, 2012	3,071	3,922	1.2
Bear Gold Lake Ltd. (formerly NFX Gold Inc.)	(ii, iii)	12,750,000 common shares 750,000 warrants expire Jun 4, 2011 1,000,000 warrants expire Oct 23, 2011	8,603	3,379	1.1
Nortec Ventures Corp.	(ii, iii)	16,000,000 common shares 1,500,000 warrants expire Jun 15, 2011	2,469	3,375	1.1
Currie Rose Resources Inc.	(ii, iii)	8,500,000 common shares 1,250,000 warrants expire Mar 10, 2012	1,555	3,228	1.0
Pele Mountain Resources Inc.	(ii, iii)	10,000,000 common shares	3,233	3,192	1.0
Niogold Mining Corp.	(ii, iii)	8,500,000 common shares 900,000 warrants expire Dec 22, 2011 750,000 warrants expire Dec 23, 2012	2,996	3,135	1.0
Nuinsco Resources Ltd.	(iii)	15,000,000 common shares 5,000,000 warrants expire Oct 1, 2012	1,285	2,747	0.9
Goldrush Resources Ltd.	(ii, iii)	8,500,000 common shares 1,000,000 warrants expire Mar 11, 2012	1,710	2,414	0.8
Silver Quest Resources Ltd.	(iii)	4,085,615 common shares 415,307 warrants expire Aug 26, 2012	1,555	2,411	0.8
Soltoro Ltd.	(ii, iii)	3,751,000 common shares 500,000 warrants expire Jun 21, 2011 250,000 warrants expire Aug 12, 2011	1,770	2,406	0.8
AM Gold Inc. (formerly Acero-Martin Exploration Inc.)	(iii)	4,500,000 common shares 500,000 warrants expire Jul 14, 2011 250,000 warrants expire Apr 30, 2012	2,350	2,385	0.8
Creso Exploration Inc.	(iii)	3,500,000 common shares 2,000,000 warrants expire Jun 1, 2012 300,000 warrants expire Oct 8, 2012	2,218	2,170	0.7
ICN Resources Ltd.	(iii)	3,250,000 common shares 750,000 warrants expire Dec 2, 2011	856	2,134	0.7
Castillian Resources Corp.	(iii)	18,793,265 common shares 1,666,667 warrants expire Jul 16, 2012 1,500,000 warrants expire Dec 30, 2012	5,111	2,065	0.7
Visible Gold Mines Inc.	(ii, iii)	3,500,000 common shares 1,000,000 warrants expire Oct 21, 2011	1,046	1,997	0.6

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

3. Investments at fair value (continued):

As at December 31, 2010:

Issuer	Notes	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Precious Metals) (continued)					
EMC Metals Corp.	(iii)	5,000,000 common shares			
		250,000 warrants expire Feb 17, 2011			
		899,500 warrants expire Aug 15, 2011	1,977	1,924	0.6
Goldeye Explorations Limited	(ii, iii)	22,250,000 common shares			
		1,000,000 warrants expire Dec 16, 2011			
		2,000,000 warrants expire May 19, 2012			
		5,000,000 warrants expire Sep 29, 2012	2,535	1,881	0.6
Valencia Ventures Inc.	(ii, iii)	14,884,000 common shares			
		4,700,000 warrants expire Nov 25, 2011	4,580	1,880	0.6
AMI Resources Inc.	(ii, iii)	11,888,000 common shares			
		1,500,000 warrants expire Apr 28, 2011			
		500,000 warrants expire Nov 22, 2011			
		500,000 warrants expire Dec 10, 2011	1,600	1,820	0.6
Unigold Inc.	(ii, iii)	10,821,500 common shares			
		1,500,000 warrants expire Dec 1, 2011	4,138	1,786	0.6
Golden Tag Resources Ltd.	(iii)	2,820,500 common shares			
		2,000,000 warrants expire Nov 30, 2011	1,389	1,740	0.5
Redstar Gold Corp.	(ii, iii)	7,000,000 common shares	1,477	1,715	0.5
Resinco Capital Partners Inc.	(ii, iii)	11,114,000 common shares			
		6,250,000 warrants expire Nov 17, 2011	1,211	1,667	0.5
UC Resources Ltd.	(ii, iii)	16,000,000 common shares			
		500,000 warrants expire Feb 15, 2011			
		1,250,000 warrants expire Mar 9, 2011			
		500,000 warrants expire Aug 26, 2011			
		750,000 warrants expire Sep 27, 2012			
		1,500,000 warrants expire Dec 21, 2012	4,216	1,583	0.5
Caldera Resources Inc.	(ii, iii)	8,500,000 common shares			
		2,000,000 warrants expire Jan 6, 2012			
		1,500,000 warrants expire Apr 16, 2012	928	1,561	0.5
Lago Dourado Minerals Ltd.	(ii)	2,350,000 common shares	575	1,498	0.5
Erin Ventures Inc.	(ii, iii)	9,125,000 common shares			
		1,000,000 warrants expire Mar 9, 2011			
		1,875,000 warrants expire Apr 30, 2011			
		1,000,000 warrants expire Dec 2, 2011	1,098	1,449	0.5
Metals Creek Resources Corp.	(ii, iii)	4,000,000 common shares			
		1,000,000 warrants expire Oct 2, 2011	495	1,425	0.4
Colt Resources Inc.	(ii, iii)	1,392,857 common shares			
		1,099,774 warrants expire Jun 29, 2011			
		271,429 warrants expire Feb 25, 2012	377	1,406	0.4

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

3. Investments at fair value (continued):

As at December 31, 2010: Issuer	Notes	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Precious Metals) (continued)					
Ginguro Exploration Inc.	(ii, iii)	4,888,000 common shares 1,250,000 warrants expire Jun 17, 2011 625,000 warrants expire Dec 11, 2011	1,349	1,347	0.4
Oroco Resource Corp.	(ii, iii)	4,000,000 common shares 500,000 warrants expire Jun 3, 2011 500,000 warrants expire Apr 14, 2012	1,220	1,337	0.4
Alexander Nubia International Inc.	(iii)	3,750,000 common shares 1,250,000 warrants expire Oct 1, 2011	582	1,313	0.4
RJK Explorations Ltd.	(ii, iii)	9,000,000 common shares 5,000,000 warrants expire Dec 15, 2012	861	1,242	0.4
African Queen Mines Ltd.	(iii)	2,000,000 common shares 500,000 warrants expire Apr 20, 2011 250,000 warrants expire Dec 23, 2011 250,000 warrants expire Nov 1, 2012	961	1,211	0.4
Shoreham Resources Ltd.	(ii)	3,250,000 common shares 250,000 warrants expire May 14, 2011	858	1,203	0.4
Pacific Ridge Exploration Ltd.	(ii, iii)	4,250,000 common shares 1,250,000 warrants expire Dec 22, 2011	1,804	1,145	0.4
Northern Lion Gold Corp.	(ii, iii)	4,523,500 common shares 500,000 warrants expire May 24, 2012	1,775	1,091	0.3
Abcourt Mines Inc.	(iii)	6,750,000 common shares 4,000,000 warrants expire Dec 13, 2011 1,500,000 warrants expire Dec 23, 2011	926	1,013	0.3
Valgold Resources Ltd.	(ii, iii)	4,000,000 common shares 1,000,000 warrants expire Nov 23, 2012 1,000,000 warrants expire Mar 3, 2015	3,172	1,008	0.3
Commander Resources Ltd.	(iii)	5,000,000 common shares	1,901	1,000	0.3
Total of 121 other investments – Resources (Precious Metals) sector (iv)			83,984	63,101	19.8
			243,164	316,667	100.0
Sector: Resources (Uranium)					
Rockgate Capital Corp.	(i, ii, iii 10(d))	6,927,500 common shares 250,000 warrants expire Jul 28, 2011 322,500 warrants expire Sep 16, 2011	6,536	17,052	15.5
Mega Uranium Ltd.	(i, ii, iii, 10(d))	12,500,000 common shares 165,000 warrants expire Feb 22, 2012 764,712 warrants expire Jun 6, 2012 1,500,000 warrants expire Oct 26, 2014	36,087	14,218	13.0
Mawson Resources Ltd.	(i, iii)	4,398,000 common shares 750,000 warrants expire May 6, 2011 375,000 warrants expire Oct 25, 2012	2,982	11,208	10.2

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

3. Investments at fair value (continued):

As at December 31, 2010: Issuer	Notes	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Uranium) (continued)					
U308 Corp.	(i, ii, iii, 10(d))	8,251,271 common shares 750,000 warrants expire Oct 14, 2012	3,946	8,770	8.0
Tournigan Energy Ltd.	(iii)	17,500,000 common shares 500,000 warrants expire Jul 14, 2012 1,250,000 warrants expire Dec 30, 2012	4,651	5,480	5.0
Energy Fuels Inc.	(iii)	6,000,000 common shares	4,170	5,280	4.8
Forum Uranium Corp.	(ii, iii)	10,000,000 common shares 3,000,000 warrants expire Apr 22, 2011	2,384	3,235	2.9
Silver Spruce Resources Inc.	(ii, iii)	15,000,000 common shares 2,500,000 warrants expire Sep 7, 2012 1,000,000 warrants expire Dec 23, 2012	4,282	3,226	2.9
Virginia Energy Resources Inc.	(iii)	6,100,000 common shares 750,000 warrants expire Apr 21, 2012 100,000 warrants expire Jul 21, 2014	4,696	2,964	2.7
Mesa Uranium Corp.	(ii, iii)	2,294,833 common shares 500,000 warrants expire Nov 20, 2011 750,000 warrants expire Dec 6, 2012	944	2,829	2.6
Southern Andes Energy Inc.	(ii, iii)	6,052,683 common shares 1,458,333 warrants expire Sep 12, 2011 2,000,000 warrants expire Dec 17, 2011	3,935	2,754	2.5
Cue Resources Ltd.	(ii, iii)	12,999,300 common shares 2,500,000 warrants expire Jul 11, 2011 4,000,000 warrants expire Nov 10, 2012	5,318	2,505	2.3
Sparton Resources Inc.	(ii, iii)	12,000,000 common shares	2,953	2,280	2.1
Dios Exploration Inc.	(ii, iii)	5,942,500 common shares	3,252	1,902	1.7
Calypso Uranium Corp.	(ii, iii)	6,000,000 common shares	2,678	1,710	1.6
Crossland Uranium Mines Ltd.	(iii)	8,000,000 common shares	2,441	1,710	1.6
RPT Resources Ltd.	(iii)	6,000,000 common shares	1,808	1,260	1.1
Tigris Uranium Corp.	(iii)	2,000,000 common shares	200	1,260	1.1
Kirrin Resources Inc.	(ii, iii)	8,234,166 common shares 1,500,000 warrants expire Sep 12, 2011 250,000 warrants expire Oct 30, 2011 1,750,000 warrants expire Dec 20, 2011 1,000,000 warrants expire May 30, 2012	1,182	1,063	1.0
Pacific Bay Minerals Ltd.	(ii, iii)	7,900,000 common shares 2,500,000 warrants expire Nov 19, 2011 2,400,000 warrants expire Dec 3, 2011	1,290	1,020	0.9
Total of 29 other investments – Resources (Uranium) sector (iv)			27,698	17,994	16.5
			123,433	109,720	100.0

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

3. Investments at fair value (continued):

As at December 31, 2010:

Issuer	Notes	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Coal)					
Cline Mining Corporation	(i, ii, iii)	15,000,000 common shares	15,562	60,450	98.5
Total of 3 other investments – Resources (Coal) sector (iv)			1,150	942	1.5
			16,712	61,392	100.0
Sector: Resources (Base Metals)					
Macarthur Minerals Ltd.	(i, ii, iii)	6,340,700 common shares 500,000 warrants expire Jan 3, 2013	8,175	19,933	13.0
Coro Mining Corp.	(i, iii)	10,000,000 common shares	3,498	11,700	7.6
Solitario Exploration & Royalty Corp.	(i, iii)	2,500,000 common shares	5,097	8,775	5.7
Erdene Resource Development Corp.	(i, iii)	7,000,000 common shares	3,428	8,680	5.7
Probe Mines Ltd.	(i, ii, iii)	4,387,400 common shares 500,000 warrants expire Feb 2, 2012	2,903	7,499	4.9
Woulfe Mining Corp.	(iii)	18,000,000 common shares 2,500,000 warrants expire Dec 17, 2011	7,665	5,440	3.6
Advanced Explorations Inc.	(iii)	5,585,000 common shares 1,500,000 warrants expire Sep 22, 2011	1,807	5,222	3.4
Terreno Resources Corp. (formerly Mega Moly Inc.)	(ii, iii, 10(d))	7,234,834 common shares 2,333,334 warrants expire Nov 1, 2012	1,775	5,158	3.4
Western Troy Capital Resources Inc	(ii, iii)	6,539,166 common shares 500,000 warrants expire Nov 29, 2012	3,326	4,668	3.0
MacDonald Mines Exploration Ltd.	(ii, iii)	16,000,000 common shares 3,075,000 warrants expire Oct 29, 2011	7,268	3,040	2.0
Bolero Resources Corp.	(ii, iii)	4,019,500 common shares 1,000,000 warrants expire Oct 28, 2011 2,000,000 warrants expire Oct 4, 2012	4,298	2,534	1.7
International PBX Ventures Ltd.	(iii)	4,500,000 common shares 500,000 warrants expire Nov 30, 2011	1,646	2,283	1.5
Duran Ventures Inc.	(iii)	8,500,000 common shares 1,000,000 warrants expire Apr 17, 2011 1,500,000 warrants expire Dec 23, 2012	2,002	2,226	1.5
MBMI Resources Inc.	(ii, iii)	11,826,574 common shares 1,000,000 warrants expire May 28, 2011 2,500,000 warrants expire Apr 19, 2013	6,821	2,151	1.4
Castle Resources Inc.	(iii)	4,400,000 common shares 500,000 warrants expire Apr 15, 2011 500,000 warrants expire Oct 7, 2012	1,206	2,139	1.4
Beaufield Resources Inc.	(iii)	5,000,000 common shares	2,630	2,125	1.4

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

3. Investments at fair value (continued):

As at December 31, 2010: **Issuer**	**Notes**	**Security Description**	**Cost**	**Fair Value**	**% of Sector (FV)**
Sector: Resources (Base Metals) (continued)					
Halo Resources Ltd.	(ii, iii)	3,300,000 common shares			
		200,000 warrants expire May 26, 2011			
		200,000 warrants expire Jun 29, 2011			
		200,000 warrants expire Nov 4, 2011			
		1,000,000 warrants expire Oct 4, 2012			
		500,000 warrants expire Dec 23, 2012	2,473	2,107	1.4
African Metals Corporation	(ii, iii)	4,282,000 common shares			
		1,250,000 warrants expire Oct 22, 2011			
		1,000,000 warrants expire Aug 27, 2012	993	2,060	1.3
Bridgeport Ventures Inc.	(ii, iii)	2,250,000 common shares			
		500,000 warrants expire Dec 1, 2012			
		250,000 warrants expire Dec 20, 2012	1,381	2,025	1.3
Happy Creek Minerals Ltd.	(ii, iii)	6,000,000 common shares			
		500,000 warrants expire Dec 21, 2012	2,373	1,891	1.2
Rio Cristal Resources Corp.	(iii)	4,805,000 common shares			
		1,750,000 warrants expire Aug 30, 2012	715	1,638	1.1
Southern Silver Exploration Corp.	(ii, iii)	4,500,000 common shares			
		1,500,000 warrants expire Oct 27, 2012	992	1,500	1.0
Zenyatta Ventures Ltd.	(iii)	2,580,000 common shares			
		1,180,000 warrants expire Dec 23, 2012	685	1,403	0.9
Infrastructure Materials Corp.	(ii, iii)	8,177,174 common shares	3,032	1,383	0.9
Sultan Minerals Inc.	(ii, iii)	13,000,000 common shares			
		4,000,000 warrants expire Nov 24, 2012	2,848	1,082	0.7
Canadian Arrow Mines Ltd.	(ii, iii)	13,071,430 common shares			
		1,000,000 warrants expire Mar 17, 2011			
		1,500,000 warrants expire Apr 29, 2011			
		3,571,430 warrants expire Oct 18, 2012	2,290	1,034	0.7
Newport Exploration Ltd.	(ii, iii)	5,500,000 common shares	1,249	1,018	0.7
Total of 66 other investments – Resources (Base Metals) sector (iv)			82,877	42,507	27.6
			165,453	153,221	100.0
Sector: Resources (Oil and Gas)					
Primary Petroleum Corp.	(i, ii, iii)	14,681,800 common shares	4,228	13,507	18.7
Brownstone Energy Inc. (formerly Brownstone Ventures Inc.)	(i, ii, iii, 10(d))	10,197,720 common shares			
		500,000 warrants expire May 28, 2011			
		1,369,110 warrants expire Apr 13, 2012	8,189	10,544	14.6
Talon Metals Corp.	(i, iii)	4,000,500 common shares	2,219	6,561	9.1
Canadian Spirit Resources Inc.	(i, ii)	3,000,000 common shares	3,157	5,520	7.6
Centric Energy Corp.	(i, ii, iii)	7,500,000 common shares	2,321	4,425	6.1
Contact Exploration Inc.	(iii)	5,250,000 common shares			
		1,250,000 warrants expire May 10, 2012			
		500,000 warrants expire Oct 15, 2012	907	2,969	4.1

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

3. Investments at fair value (continued):

As at December 31, 2010: Issuer	Notes	Security Description	Cost	Fair Value	% of Sector (FV)
Sector: Resources (Oil and Gas) (continued)					
Donnybrook Energy Inc. (formerly Coastport Capital Inc.)	(iii)	6,403,000 common shares 1,250,000 warrants expire Feb 13, 2011 500,000 warrants expire Feb 25, 2011	1,599	2,861	4.0
Anglo Canadian Oil Corp.	(iii)	6,225,000 common shares 500,000 warrants expire May 16, 2011	739	2,397	3.3
Vulcan Minerals Inc.	(iii)	4,882,500 common shares 500,000 warrants expire Nov 3, 2011 100,000 warrants expire Nov 26, 2011	2,915	2,002	2.8
Greencastle Resources Inc.	(ii, iii)	5,000,000 common shares	1,520	1,675	2.3
Total of 38 other investments – Resources (Oil and Gas) sector (iv)			31,096	19,802	27.4
			58,890	72,263	100.0
Sector: Resources (Potash, Lithium and Rare Earths)					
Stans Energy Corp.	(i, iii)	9,500,000 common shares 500,000 warrants expire Aug 2, 2011	1,996	12,675	19.1
Canada Lithium Corp.	(i)	4,500,000 common shares 2,022,500 warrants expire Sep 30, 2011	5,176	11,297	17.0
IC Potash Corp. (formerly Trigon Uranium Corp.)	(i, ii, iii)	6,562,500 common shares 937,500 warrants expire Dec 2, 2011 500,000 warrants expire Sep 15, 2013	5,582	9,205	13.8
Lithium Americas Corp.	(i, iii)	4,600,000 common shares 125,000 warrants expire May 13, 2012	6,410	8,740	13.1
Matamec Explorations Inc.	(i, iii)	9,600,001 common shares 750,000 warrants expire Jun 16, 2012	2,847	6,054	9.1
Western Potash Corp.	(ii, iii)	1,000,000 common shares 8,500,000 warrants expire Apr 15, 2011 500,000 warrants expire Jun 21, 2013	1,618	4,539	6.8
Rare Earth Metals Inc.	(ii, iii)	6,500,000 common shares 250,000 warrants expire Nov 10, 2011 2,000,000 warrants expire Dec 16, 2011	1,862	2,646	4.0
New World Resource Corp.	(ii, iii)	6,236,852 common shares 1,000,000 warrants expire Jun 26, 2011	3,074	2,464	3.7
Ucore Uranium Inc.	(ii)	2,431,250 common shares 1,250,000 warrants expire Jul 24, 2011 318,750 warrants expire Dec 9, 2012	1,103	2,092	3.1
Strategic Resources Inc.	(ii, iii)	11,000,000 common shares 2,500,000 warrants expire Jan 7, 2012 3,000,000 warrants expire Nov 17, 2012	2,838	2,020	3.0
Fieldex Exploration Inc.	(ii, iii)	7,610,778 common shares 1,388,889 warrants expire Oct 29, 2011	1,315	1,446	2.2
Total of 9 other investments – Resources (Potash, Lithium and Rare Earths) sector (iv)			3,503	3,346	5.1
			37,324	66,524	100.0

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

3. Investments at fair value (continued):

As at December 31, 2010: **Issuer**	**Notes**	**Security Description**	**Cost**	**Fair Value**	**% of Sector (FV)**
Sector: Technology and Other					
Titanium Corporation Inc.	(i)	1,775,000 common shares			
		250,000 warrants expire Jun 15, 2012	1,972	3,221	16.7
Opel Solar International Inc.	(i, ii, iii)	8,500,000 common shares			
		750,000 warrants expire Dec 13, 2011			
		500,000 warrants expire Jul 21, 2012	6,822	2,720	14.1
Landdrill International Inc.	(i, ii, iii)	8,057,000 common shares	2,296	2,296	11.9
Diagnos Inc.	(i, ii, iii)	4,988,500 common shares			
		1,500,000 warrants expire Nov 11, 2011	1,481	1,422	7.4
Fiber Optic Systems Technology, Inc.	(i, ii, iii, 10(d))	11,882,112 common shares			
		$100,000 12% convertible debenture			
		1,825,000 warrants expire Mar 5, 2011			
		1,111,111 warrants expire May 7, 2011			
		3,000,000 warrants expire Sep 23, 2012	4,494	1,164	6.1
REBgold Corporation	(ii, iii)	10,787,500 common shares			
		2,000,000 warrants expire May 10, 2011			
		1,000,000 warrants expire Aug 6, 2013			
		1,537,500 warrants expire Jun 17, 2015	1,287	1,025	5.3
Total of 32 other investments – Technology and Other sector (iv)			29,095	7,387	38.5
			47,447	19,235	100.0
Total investments (v)			$ 692,423	$ 799,022	

(i) These investments are in the top five of their respective sector, by fair value, are publicly traded and these investments have a fair value greater than $1,000 as at December 31, 2010.

(ii) The Company has filed an “early warning report” pursuant to applicable Canadian securities legislation for these investments and these investments have a fair value greater than $1,000 as at December 31, 2010.

(iii) The Company owns, on a partially diluted basis, at least a 5% interest in the publicly-traded company and these investments have a fair value greater than $1,000 as at December 31, 2010.

(iv) Total other investments in each sector include all equity investments, warrants, promissory notes, and convertible debentures which are not individually listed in their respective sector, held by the Company as at December 31, 2010.

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

3. Investments at fair value (continued):

(v) As at December 31, 2010, included in total investments were securities of private companies with a fair value totaling $23,428 (cost of $34,006) measured in accordance with the Company's accounting policy for private company investments.

(vi) Certain investments are held as collateral. See notes 8(a) and 10(a)(i).

4. Financial instruments hierarchy:

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

(b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

(c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The following table presents the Company's financial instruments measured at fair value on the consolidated statements of financial position and categorized into levels of the fair value hierarchy:

	Level 1	Level 2	Level 3	
	Quoted market price	Valuation technique – observable market inputs	Valuation technique – non-observable market inputs	Total
Assets				
Investments at fair value				
September 30, 2011	**$ 371,670**	**$ 19,142**	**$ 23,508**	**$ 414,320**
December 31, 2010	$ 665,299	$ 110,295	$ 23,428	$ 799,022

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

4. Financial instruments hierarchy (continued):

	Level 1 Quoted market price	Level 2 Valuation technique – observable market inputs	Level 3 Valuation technique – non-observable market inputs	Total
Liabilities				
Class C preferred share liabilities, at fair value				
September 30, 2011	**$ -**	**$ 243**	**$ -**	**$ 243**
December 31, 2010	$ -	$ 529	$ -	$ 529

There were no significant transfers from Level 1 to 2 during the nine months ended September 30, 2011 and the year ended December 31, 2010. During the nine months ended September 30, 2011, $83,966 of the investments which were held in Level 2 as at December 31, 2010 were transferred to Level 1. During the year ended December 31, 2010, $46,667 of the investments which were held in Level 2 as at January 1, 2010 were transferred to Level 1 in the nine months ended September 30, 2010. The transfer out of Level 2 to Level 1 consists of restricted investments which became unrestricted during the period.

The following table presents the changes in fair value measurements of financial instruments classified as Level 3. These financial instruments are measured at fair value utilizing non-observable market inputs. The realized gains/losses and net unrealized gains/losses are recognized in the consolidated statements of comprehensive income (loss).

	Opening balance, January 1,	Net purchases	Realized losses	Net unrealized losses	Net transfer out of Level 3	Ending balance
Investments at fair value						
September 30, 2011	**$ 23,428**	**$ 12,882**	**$ -**	**$ (5,581)**	**$ (7,221)**	**$ 23,508**
December 31, 2010	32,731	15,556	(2,804)	(1,963)	(20,092)	23,428

The net transfer out of Level 3 consists of investments in private companies at the start of the period and companies which were purchased during the period which became publicly-traded investments.

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

5. Securities lending:

The Company has entered into a security lending agreement ("SLA") in Canada in accordance with established market conventions. The Company's stock lending transactions occur in Canada, where securities in the portfolio are lent to the Company's prime broker and governed by agreements written under Canadian law.

The Company receives collateral in order to reduce the credit risk of these arrangements. Collateral must be in a readily realizable form, such as listed securities, and is held in segregated accounts. Transfer of title always occurs for collateral received, although no market risk or economic benefit is taken. The level of collateral held is monitored regularly, with further collateral obtained where this is considered necessary to manage the Company's risk exposure. The Company's appointed security lending managers obtain legal ownership of the collateral received and can sell it outright in the absence of default.

The details of the security lending arranging positions are:

	September 30, 2011	December 31, 2010
Investments at fair value lent under SLA – carrying amount	**$ 5,139**	$ 5,355
Fair value of collateral held for investments lent under SLA	**5,719**	4,012

6. Financial assets other than investments at fair value:

	September 30, 2011	December 31, 2010
Cash and cash equivalents	**$ 206**	$ 158
Due from brokers	**2,660**	14
Other receivables	**32**	509

All amounts above are designated as financial assets at amortized cost. The carrying values approximate their fair values due to the short-term nature of these instruments.

7. Property, plant and equipment:

	September 30, 2011			December 31, 2010		
	Cost	**Accumulated amortization**	**Net book value**	Cost	Accumulated amortization	Net book value
Computer equipment	**$ 109**	**$ 79**	**$ 30**	$ 97	$ 67	$ 30
Computer software	**22**	**16**	**6**	22	12	10
Leasehold improvements	**1,196**	**642**	**554**	946	528	418
Furniture and equipment	**547**	**295**	**252**	476	258	218
	$ 1,874	**$ 1,032**	**$ 842**	$ 1,541	$ 865	$ 676

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

8. Financial liabilities:

		September 30, 2011		December 31, 2010
Due to brokers (a)	**$**	**-**	$	85,570
Accounts payable and accrued liabilities		**3,275**		34,094
Class C preferred share liabilities (b)		**243**		529
Convertible debentures, due May 31, 2016 (c)		**67,516**		-
	$	**71,034**	$	120,193

The carrying values of due to brokers and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments.

(a) Due to brokers consists of margin borrowings collateralized by the Company's investments held at the brokers. In the normal course of business, the Company utilizes the margin borrowings to finance its investment activities. Interest is charged on the daily outstanding balance at a tiered rate equal to the brokers' overnight rate plus 0.40%.

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

During the nine months ended September 30, 2011, 3,200 Class C Shares were cancelled by PCIC following their retraction by the holders at prices of between $9.06 per share and $21.22 per share plus accrued and unpaid dividends. As at September 30, 2011, 24,300 Class C Shares (December 31, 2010 – 27,500 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 30, 2010 and at a rate of 8% per annum thereafter. During the nine months ended September 30, 2011, $10 (nine months ended September 30, 2010 - $9) in dividends were declared and paid.

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 of $10 per share. As at September 30, 2011, the redemption price was $10 per share and the retraction price in effect was $8.28 per share (December 31, 2010 - $19.25 per share).

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

8. Financial liabilities (continued):

Accordingly, as at September 30, 2011, the Company recorded a decrease in the fair value of the Class C Shares of $228 (nine months ended September 30, 2010 - $54) which was recognized in operating, general and administrative expenses in the consolidated statements of comprehensive income (loss). As at September 30, 2011, the Company had Class C preferred share liabilities of $243 (December 31, 2010 - $529).

(c) On May 17, 2011, the Company issued $75,000 principal amount of 8% convertible unsecured subordinated debentures maturing May 31, 2016. The convertible debentures are convertible into common shares of the Company on the basis of a conversion price of $4.25 per share ("Conversion Price"), subject to adjustment under certain circumstances. In connection with the convertible debentures, the Company paid cash commissions, legal costs and other expenses of $4,088 (issue costs).

For accounting purposes, the convertible debentures are separated into their liability and equity components using the effective interest rate method. The fair value of the liability component at the time of issue was calculated as the discounted cash flows for the debentures assuming a 9.47% effective interest rate which was the estimated rate for the debentures without the conversion feature. The fair value of the equity component (the conversion feature) was determined at the time of issue as the difference between the face value of the convertible debentures and the fair value of the liability component.

After May 31, 2014, the Company may redeem the convertible debentures in whole or in part provided the weighted average trading price of the Company's common shares during a specified period prior to redemption is at least 125% of the Conversion Price. The Company may satisfy the payment of principal or interest in common shares under certain circumstances. The convertible debentures are subject to certain covenants, including maintenance of certain financial ratios, restrictions on redemption, and restrictions on the prepayment and payment of interest on such convertible debentures. As at September 30, 2011, the Company was in compliance with the terms of its convertible debentures.

The following table summarizes the movement in the convertible debentures:

Principal		
Opening principal balance, December 31, 2010	$	-
Issued		**75,000**
Ending principal balance, September 30, 2011		**75,000**
Liability		
Opening liability balance, December 31, 2010		-
Issued - fair value of the convertible debentures		**70,916**
Finance expense (issue costs) allocated to the liability portion		**(3,865)**
Accretion of discount on convertible debentures		**180**
Amortization of the finance expenses on the convertible debentures		**285**
Ending liability balance, September 30, 2011		**67,516**

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

8. Financial liabilities (continued):

Equity component		
Opening equity component balance, December 31, 2010		**-**
Issued		**4,084**
Finance expense (issue costs) allocated to the equity component		**(223)**
Net deferred income tax		**(979)**
Ending equity component balance, September 30, 2011	**$**	**2,882**

9. Deferred taxes:

	September 30, 2011		December 31, 2010	
Deferred tax assets	**$**	**13,788**	$	21,167
Deferred tax liabilities	**$**	**-**	$	55,199

(a) The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are presented below:

	September 30, 2011		December 31, 2010	
Deferred tax assets				
Non-capital losses	**$**	**11,786**	$	22,358
Tax on future capital gains dividend		**(19,301)**		(12,011)
Corporate minimum tax credit		**4,103**		4,103
Investments – differences in carrying value and tax cost		**15,235**		3,106
Ontario transitional tax credits		**2,492**		2,593
Share issuance costs		**343**		897
Property, plant and equipment		**119**		121
Convertible debentures		**(989)**		-
Total deferred tax assets		**13,788**		21,167
Deferred tax liabilities				
Investments – differences in carrying value and tax cost		**-**		55,199
Total deferred tax liabilities	**$**	**-**	$	55,199

(b) At September 30, 2011, the Company has approximately $44,700 (December 31, 2010 - $78,200) of Canadian non-capital losses available to reduce future years' profits for tax purposes, the tax effect of which has been recorded in the accounts.

The non-capital losses will expire as follows:

2028	$	31,700
2030		13,000
	$	44,700

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

10. 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 nine months ended September 30:

Type of service	Nature of relationship	2011	2010
Salaries, consulting fees and other benefits	Officers	**$ 1,162**	$ 8,728
Director fees	Directors	**114**	122
Stock-based compensation expense	Directors and officers	**2,560**	1,879
Finance expense (i)	Officer	**63**	183

(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 (note 8(a)).

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 $63 (nine months ended September 30, 2010 - $183) of interest and standby fee expense relating to the Credit Facility. As at September 30, 2011 and December 31, 2010, there was nil outstanding under the Credit Facility.

(b) In May 2011, the Company issued $75,000 principal amount of 8% convertible unsecured subordinated debentures maturing May 31, 2016 (note 8(c)). Of the $75,000 principal amount of convertible debentures, the Company issued $1,425 to directors and officers of the Company. For the nine months ended September 30, 2011, included in accounts payable and accrued liabilities is $42 of interest payable relating to the convertible debentures issued to related parties.

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

10. Related party transactions (continued):

(c) Advances to related parties:

Related parties:	**September 30, 2011**	December 31, 2010
Starting balance (i)	**$ -**	$ 75
Advances	**-**	282
Repayments	**-**	(75)
Interest charged	**-**	10
Reclassification (ii)	**-**	(292)
Ending balance	**$ -**	$ -

(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 GSA 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 of December 31, 2010, the Company no longer has a common director with AGP and, as result, reclassified its loan to the Fund as a receivable.

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

(d) During the nine months ended September 30, 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
May 31, 2011	250,000	2.93	May 30, 2016
August 31, 2011	250,000	1.92	August 30, 2016
Total granted	1,670,000		

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

11. Share capital:

Authorized: Unlimited number of common shares, no par value

Issued and outstanding common shares:

	# of Shares	Amount
Balance, January 1, 2010	135,229,653	$ 274,725
Issued pursuant to exercise of stock options (a)	1,146,020	1,891
Balance, December 31, 2010	136,375,673	276,616
Issued pursuant to exercise of stock options (a)	**171,600**	**380**
Balance, September 30, 2011	**136,547,273**	**$ 276,996**

(a) During the nine months ended September 30, 2011, 171,600 options were exercised at prices between $1.29 per share and $1.46 per share for total proceeds of $231. Pursuant to the exercise of stock options, amounts of $149 in contributed surplus were reallocated to share capital.

During the year ended December 31, 2010, 1,146,020 options were exercised at prices between $0.53 per share and $1.75 per share for total proceeds of $1,190. Pursuant to the exercise of stock options, amounts of $701 in contributed surplus were reallocated to share capital.

(b) Stock option plans:

The Company grants stock options to eligible directors, officers, employees and consultants pursuant to its 2007 Stock Option Plan (the “2007 Plan”). The 2007 Plan was established during the Company’s fiscal year ended December 31, 2007 and replaced all other stock option plans of the Company (which were concurrently terminated). Options granted under these other plans which remain outstanding are now governed by the 2007 Plan.

Under the terms of the 2007 Plan, the number of common shares which may be issued pursuant to the exercise of options granted under or otherwise governed by the 2007 Plan may not exceed 10% of the number of common shares outstanding at the time of grant; however, the number of options that have been cancelled or expired unexercised (whether in full or in part) will once again be issuable under the 2007 Plan.

The exercise price of an option granted under the 2007 Plan is determined by the Board of Directors but cannot be less than the closing price of the common shares on the TSX on the last day on which the common shares trade prior to the grant date of the option. The Board of Directors has the discretion to determine the term and vesting provisions (if any) of options granted under the 2007 Plan, provided that the option terms may not exceed 10 years. The Company has established a fixed schedule of option grant dates. Options may be granted on a quarterly basis, on four designated dates during each year.

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

11. Share capital (continued):

(c) Stock options:

The following table summarizes stock options granted during the nine months ended September 30, 2011:

Date Granted	Options Granted	Exercise Price	Expiry
March 31, 2011	1,705,000	$ 3.17	March 30, 2016
May 31, 2011	250,000	2.93	May 30, 2016
August 31, 2011	250,000	1.92	August 30, 2016
Total granted	2,205,000		

Stock options granted during the nine months ended September 30, 2011 vest at the rate of 1/6th of the grant at the end of each three-month period over an 18-month period. Options granted are accounted for by the fair value method of accounting for stock-based compensation. The Company records compensation expense over the vesting period and credits contributed surplus for all options granted.

The fair value of the options granted during the nine months ended September 30, 2011 was estimated at the date of grant using the following assumptions:

Black-Scholes assumptions used	
Expected volatility	**77.0% - 117.5%**
Expected dividend yield	**0.0%**
Risk-free interest rate	**1.2% - 2.3%**
Expected option life in years	**2.4 - 3.7**
Expected forfeiture rate	**3.5% - 9.3%**
Fair value per stock option granted on March 31, 2011	**$ 1.98**
Fair value per stock option granted on May 31, 2011	**$ 1.74**
Fair value per stock option granted on August 31, 2011	**$ 1.13**

The fair value of the options granted during the year ended December 31, 2010 was estimated at the date of grant using the following assumptions:

Black-Scholes assumptions used	
Expected volatility	**102.6% - 109.7%**
Expected dividend yield	**0.0%**
Risk-free interest rate	**2.25% - 3.0%**
Expected option life in years	**3.5**
Expected forfeiture rate	**3.3% - 10.2%**

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

11. Share capital (continued):

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**

For the nine months ended September 30, 2011, included in operating, general and administrative expenses is stock-based compensation of $3,265 (nine months ended September 30, 2010 - $2,064) relating to the stock options granted to directors, officers, employees, and consultants of the Company.

A summary of the status of the Company's stock options as at September 30, 2011 and December 31, 2010 and changes during the periods then ended is presented below:

	September 30, 2011		December 31, 2010	
Stock Options	**# of Options**	**Weighted Average Exercise Price**	# of Options	Weighted Average Exercise Price
Outstanding, at beginning of period	**9,877,420**	**$ 3.19**	10,312,740	$ 3.79
Granted	**2,205,000**	**3.00**	2,017,500	1.72
Exercised	**(171,600)**	**1.35**	(1,146,020)	1.04
Cancelled	**-**	**-**	(500,000)	13.02
Expired/terminated	**(63,754)**	**3.09**	(806,800)	4.09
Outstanding, at end of period	**11,847,066**	**$ 3.18**	9,877,420	$ 3.19
Exercisable, at end of period	**9,821,722**	**$ 3.28**	8,074,204	$ 3.51

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

11. Share capital (continued):

The following table summarizes information about stock options outstanding and exercisable as at September 30, 2011:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date
50,000	50,000	$ 5.25	October 15, 2011
100,000	100,000	9.74	February 4, 2012
311,500	311,500	13.02	April 26, 2012
50,000	50,000	9.50	July 2, 2012
25,000	25,000	4.08	September 3, 2012
2,347,000	2,347,000	5.45	September 16, 2012
1,307,500	1,307,500	3.14	April 10, 2013
1,155,000	1,155,000	1.29	March 31, 2014
50,000	50,000	1.73	June 29, 2014
2,323,490	2,323,490	1.46	August 31, 2014
85,000	85,000	2.07	November 30, 2014
265,000	220,700	1.83	March 31, 2015
1,075,910	895,160	1.46	May 31, 2015
250,000	166,400	1.41	August 31, 2015
250,000	124,998	3.23	November 30, 2015
1,701,666	568,308	3.17	March 30, 2016
250,000	41,666	2.93	May 31, 2016
250,000	-	1.92	August 31, 2016
11,847,066	**9,821,722**		

(d) Warrants and broker warrants:

A summary of the status of the Company's warrants and broker warrants as at September 30, 2011 and December 31, 2010 and the changes during the periods then ended is presented below:

	September 30, 2011		December 31, 2010	
Warrants and Broker Warrants	**# of Warrants and Broker Warrants**	**Weighted Average Exercise Price**	# of Warrants and Broker Warrants	Weighted Average Exercise Price
Outstanding, at beginning of period	**20,513,650**	**$ 7.31**	21,236,421	$ 7.15
Expired	**-**	**-**	(722,771)	2.72
Outstanding, at end of period	**20,513,650**	**$ 7.31**	20,513,650	$ 7.31

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

11. Share capital (continued):

The following table summarizes the warrants and broker warrants outstanding as at September 30, 2011 and December 31, 2011:

Number of Warrants and Broker Warrants	Exercise Price	Expiry Date	Warrants/Broker Warrants Value
5,000,000	**$ 15.00**	**April 16, 2012**	**$ 37,100**
6,875,000	**6.50**	**October 23, 2012**	**19,662**
8,638,650	**3.50**	**July 11, 2013**	**9,762**
20,513,650			**$ 66,524**

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

	Amount
Balance, January 1, 2010	$ 28,045
Stock-based compensation	2,600
Exercise of stock options	(701)
Reallocation of expired broker warrants	615
Balance, December 31, 2010	30,559
Stock-based compensation (note 11(c))	**3,265**
Exercise of stock options (note 11(a))	**(149)**
Balance, September 30, 2011	**$ 33,675**

As at September 30, 2011 and December 31, 2010, contributed surplus is comprised of the following:

	September 30, 2011	December 31, 2010
Fair value of stock-based compensation	**$ 27,931**	$ 24,815
Fair value of expired broker warrants	**5,744**	5,744
	$ 33,675	$ 30,559

(f) Normal course issuer bid:

During the nine months ended September 30, 2011, the Company renewed its normal course issuer bid in respect of its common shares (the “NCIB”). Pursuant to the terms of the NCIB, and in accordance with the policies of the TSX, during the period commencing September 1, 2011 and ending on August 31, 2012, the Company may purchase up to 5,000,000 common shares, representing approximately 3.7% of the common shares outstanding as at August 23, 2011. Purchases will be made in open market transactions through the facilities of the TSX and on other published markets at market prices prevailing at the time of acquisition. All common shares purchased under the NCIB will be cancelled. Security holders of Pinetree may obtain, without charge, a copy of its Notice of Intention to Make a Normal Course Issuer Bid, which was filed with the TSX, by contacting the Company. During the nine months ended September 30, 2011, no common shares of the Company were purchased under the NCIB (2010 – nil).

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

12. Commitments:

As at September 30, 2011, future minimum annual lease payments under operating leases for equipment and premises are approximately as follows:

2011	$	**153**
2012		**590**
2013		**590**
2014		**590**
2015		**590**
2016		**592**
2017		**613**
2018		**613**
2019		**613**
2020		**613**
2021		**613**
2022		**613**
2023		**153**
	$	**6,936**

As at September 30, 2011, the Company had commitments to purchase investments totaling $2,065 (December 31, 2010 - $4,917).

13. Other income:

Other income is comprised of the following for the nine months ended September 30:

		2011		2010
Income from sublease and service agreements	**$**	**457**	$	439
Income from securities lending (note 5)		**940**		-
Other fees		**92**		-
	$	**1,489**	$	439

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

14. Expenses by nature:

Included in operating, general and administrative expenses for the nine months ended September 30:

	2011	2010
Stock-based compensation expense	**$ 3,265**	$ 2,064
Transaction costs	**1,750**	811
Salaries	**1,648**	8,833
Other office and general	**939**	442
Exploration and evaluation expenditures (a)	**661**	-
Transfer agent, filing fees, and other information systems	**596**	235
Consulting fees	**476**	439
Travel and promotion	**358**	267
Professional fees	**338**	774
Operating lease payments, net	**338**	330
Amortization	**167**	100
Other employment benefits	**133**	234
Foreign exchange loss (gain)	**(161)**	182
Change in fair value of Class C preferred shares	**(227)**	(54)
	$ 10,281	$ 14,657

(a) In June 2010, the Company, through a consortium, was awarded a petroleum license offshore Israel (the "Samuel License"). Pinetree has a 10% interest in the Samuel License.

15. Finance expenses:

Finance expenses for the nine months ended September 30 are:

	2011	2010
Interest on bank and margin borrowings	**$ 551**	$ 259
Interest expense accrued on convertible debentures	**2,415**	-
Amortization of finance expenses on convertible debentures	**285**	-
Standby fee and interest on Credit Facility (note 10(a)(i))	**63**	183
	$ 3,314	$ 442

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

16. Income tax expense (benefit):

(a) The income tax expense (benefit) attributable to profit or loss before income taxes differs from the amounts computed by applying the combined federal and provincial tax rate of 28.25% (nine months ended September 30, 2010 – 31%) of pre-tax profits as a result of the following for the nine months ended September 30:

		2011		2010
Profit (loss) before income taxes	**$**	**(341,050)**	$	76,446
Computed expected income tax expense (benefit)		**(96,347)**		23,698
Non-taxable portion of capital gains		**(31,616)**		(5,099)
Non-taxable portion of unrealized losses		**62,251**		(11,523)
Non-taxable stock-based compensation expense		**922**		640
Taxable capital gains dividend		**20,624**		6,589
Tax rate differential		**(5,493)**		(1,436)
Permanent and other differences		**859**		(2,412)
Income tax expense (benefit)	**$**	**(48,800)**	$	10,457

(b) Significant components of the income tax expense (benefit) for the nine months ended September 30 are as follows:

		2011		2010
Current tax expense	**$**	**-**	$	-
Deferred tax expense (benefit) relating to origination and reversal of temporary differences		**(48,800)**		10,457
	$	**(48,800)**	$	10,457

17. Management of capital:

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

		September 30, 2011		December 31, 2010
Due to brokers	**$**	**-**	$	85,570
Class C preferred share liabilities, at fair value		**243**		529
Convertible debentures, due May 31, 2016		**67,516**		-
Shareholders' equity comprised of:				
Share capital		**276,996**		276,616
Warrants and broker warrants		**66,524**		66,524
Contributed surplus		**33,675**		30,559
Equity component of convertible debentures		**2,882**		-
Foreign currency translation reserve		**(31)**		(22)
Retained earnings (deficit)		**(19,198)**		273,052
	$	**428,607**	$	732,828

17. Management of capital (continued):

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 nine months ended September 30, 2011.

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, bank, and convertible debentures holders;

(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 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 and debt 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. The Company's convertible debentures are also subject to certain covenants, including maintenance of certain financial ratios, restrictions on redemption, and restrictions on the prepayment and payment of interest on such convertible debentures.

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 September 30, 2011 and December 31, 2010, the Company had nil outstanding on the line of credit.

17. Management of capital (continued):

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 nine months September 30, 2011, PCIC declared and paid to Class C shareholders dividends totaling $10 (nine months ended September 30, 2010 - $9).

The Company's management is responsible for the management of capital and monitors the Company's use of various forms of leverage on a daily basis. The Company expects that its current capital resources will be sufficient to discharge its liabilities as at September 30, 2011.

18. Risk management:

Financial instrument risks:

The investment operations of Pinetree's business involve the purchase and sale of securities and, accordingly, the majority of the Company's assets and liabilities are currently comprised of financial instruments. The use of financial instruments can expose the Company to several risks, including liquidity, market, interest rate, currency and credit risks. A discussion of the Company's use of financial instruments and their associated risks is provided below.

(a) Liquidity risk:

Liquidity risk is the risk that the Company will 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.

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

18. Risk management (continued):

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 September 30, 2011, the Company did not use any margin and had margin available of $33,405. The following table shows the estimated sensitivity of the Company's available margin from a change in the closing bid price of the Company's investments with all other variables held constant as at September 30, 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%	**$ 34,018**	**$ 32,793**
4%	**34,630**	**32,180**
6%	**35,243**	**31,568**
8%	**35,855**	**30,955**
10%	**36,468**	**30,343**

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

18. Risk management (continued):

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 September 30, 2011, the Company also had Class C preferred share liabilities of $243 (December 31, 2010 - $529) related to the potential redemption and/or retraction of Class C Shares. The prices at which redemption/retraction rights may be exercised are based on the volume weighted average trading ("VWAT") price per share of the Company's common shares on the TSX for the applicable 20-day trading period (note 8(b)), subject to a minimum redemption price of $10 per Class C Share. The retraction price in effect as at September 30, 2011 was $8.28 per share (December 31, 2010 - $19.25 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 September 30, 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	$ 243	$ -
2.00	10.71	260	17
2.25	12.05	293	50
2.50	13.39	325	82
2.75	14.73	358	115
3.00	16.06	390	147
3.25	17.40	423	180
3.50	18.74	455	212
3.75	20.08	488	245
4.00	21.42	520	277
4.25	22.76	553	310
4.50	24.10	586	343

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

18. Risk management (continued):

The following table shows the estimated sensitivity of the Company's Class C preferred share liability amounts based on different 20-day VWAT prices of the Company's common shares as at 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 Company's liabilities on the consolidated statement of financial position and potential due dates related to liquidity risk as at September 30, 2011:

	Payments due by period				
Liabilities and obligations	**Total**	**Less than 1 year**	**1 – 3 years**	**4 – 5 years**	**After 5 years**
Accounts payable and accrued liabilities	**$ 3,275**	**$ 3,275**	**$ -**	**$ -**	**$ -**
Class C preferred share liabilities	**243**	**243**	**-**	**-**	**-**
Convertible debentures, due May 16, 2016	**67,516**	**-**	**-**	**67,516**	**-**
	$ 71,034	**$ 3,518**	**$ -**	**$ 67,516**	**$ -**

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

	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	-	-
	$ 175,392	$ 120,193	$ 55,199	$ -	$ -

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

18. Risk management (continued):

The following table shows the Company's source of liquidity by assets as at September 30, 2011:

	Liquidity by period				
Assets	**Total**	**Less than 1 year**	**1 – 3 years**	**After 4 years**	**Non-liquid assets**
Cash and cash equivalents	**$ 206**	**$ 206**	**$ -**	**$ -**	**$ -**
Due from brokers	**2,660**	**2,660**	**-**	**-**	**-**
Prepaids and other receivables	**66**	**66**	**-**	**-**	**-**
Investments at fair value	**414,320**	**390,812**	**23,508**	**-**	**-**
Property, plant and equipment	**842**	**-**	**-**	**-**	**842**
Deferred tax assets	**13,788**	**-**	**-**	**-**	**13,788**
	$ 431,882	**$ 393,744**	**$ 23,508**	**$ -**	**$ 14,630**

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

	Liquidity by period				
Assets	**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

(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.

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

18. Risk management (continued):

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 loss for the nine months ended September 30, 2011 from a change in the closing bid price of the Company's investments with all other variables held constant as at September 30, 2011:

Percentage of change in closing bid price	Change in net after-tax loss from % increase in closing bid price	Change in net after-tax loss from % decrease in closing bid price
2%	**$ 7,157**	**$ (7,157)**
4%	**14,315**	**(14,315)**
6%	**21,472**	**(21,472)**
8%	**28,630**	**(28,630)**
10%	**35,787**	**(35,787)**

The following table shows the estimated sensitivity of the Company's after-tax profit 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)

(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 December 31, 2010, the Company had due to brokers (margin) which bears interest at rates fluctuating with the prime rate or overnight lending rate.

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

18. Risk management (continued):

The Company's obligations under the Credit Facility and convertible debentures bear interest at a fixed rate.

Due to brokers and the Credit Facility (if any) 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. The convertible debentures are due May 31, 2016 (see note 8(c)). 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.

As at September 30, 2011, the Company had no interest rate risk liabilities.

The following table shows the estimated sensitivity of the Company's net after-tax loss for the nine months ended September 30, 2010 from a change in the interest rate on the average interest rate risk liabilities with all other variables held constant as at September 30, 2010:

Change in interest rate	Change in net after-tax loss from an increase in interest rate	Change in net after-tax loss from a decrease in interest rate
0.25%	$ (36)	$ 36
0.50%	(71)	71
0.75%	(107)	107
1.00%	(142)	142

(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.

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

18. Risk management (continued):

The following assets and liabilities were denominated in foreign currencies:

	September 30, 2011	December 31, 2010
Denominated in U.S. dollars:		
Investments	$ 6,450	$ 8,364
Cash and cash equivalents	20	9
Due from brokers	15	14
Prepaids and other receivables	2	591
Due to brokers	(23)	(2,632)
Accounts payable and accrued liabilities	(12)	(14)
Net assets denominated in U.S. dollars	6,452	6,332
Denominated in Australian dollars:		
Investments	15,434	14,533
Due from brokers	274	2,004
Net assets denominated in Australian dollars	15,708	16,537
Denominated in British pounds:		
Investments	864	2,942
Due from (to) brokers	325	(1,091)
Net assets denominated in British pounds	1,189	1,851

The following table shows the estimated sensitivity of the Company's net after-tax loss for the nine months ended September 30, 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 September 30, 2011:

Percentage of change in U.S. dollar	Change in net after-tax loss from an increase in % in the U.S. dollar exchange rate	Change in net after-tax loss from a decrease in % in the U.S. dollar exchange rate
2%	$ 93	$ (93)
4%	185	(185)
6%	278	(278)
8%	370	(370)
10%	463	(463)

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

18. Risk management (continued):

The following table shows the estimated sensitivity of the Company's net after-tax loss for the nine months ended September 30, 2011 from a change in the Australian dollar exchange rate in which the Company has exposure with all other variables held constant as at September 30, 2011:

Percentage of change in Australian dollar	Change in net after-tax loss from an increase in % in the Australian dollar exchange rate	Change in net after-tax loss from a decrease in % in the Australian dollar exchange rate
2%	**$ 225**	**$ (225)**
4%	**451**	**(451)**
6%	**676**	**(676)**
8%	**902**	**(902)**
10%	**1,127**	**(1,127)**

The following table shows the estimated sensitivity of the Company's net after-tax profit for the nine months ended September 30, 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 September 30, 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%	$ 144	$ (144)
4%	288	(288)
6%	432	(432)
8%	577	(577)
10%	721	(721)

The following table shows the estimated sensitivity of the Company's net after-tax profit for the nine months ended September 30, 2010 from a change in the Australian dollar exchange rate in which the Company has exposure with all other variables held constant as at September 30, 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%	$ 152	$ (152)
4%	306	(306)
6%	459	(459)
8%	612	(612)
10%	765	(765)

18. Risk management (continued):

(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 September 30, 2011, the total fair value of these investments was $59 (December 31, 2010 - $506). The Company believes it is not significantly exposed to credit risk as these investments comprise 0.01% (December 31, 2010 – 0.1%) of the Company's total investments.

The Company entered into a securities lending agreement with its prime brokers in order to earn additional revenue, which is included in other income in the consolidated statements of comprehensive income (loss) (note 5). 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 September 30, 2011, the total fair value of investments loaned to third parties was $5,139 (December 31, 2010 - $5,355), which comprise 1.2% (December 31, 2010 – 0.7%) of the Company's total investments.

19. Operating segment information:

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

The Company has a single reportable geographic segment, Canada, and all of the Company's property, plant and equipment are located in Canada except for its exploration license in Israel. During the nine months ended September 30, 2011, the consortium commenced seismic testing on the property and the Company has expensed $661 relating to the cash calls associated with the seismic testing.

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 nine months ended September 30, 2011.

19. Operating segment information (continued):

As at September 30, 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.

20. Transition to IFRS:

For all periods up to and including the year ended December 31, 2010, the Company prepared its interim condensed consolidated financial statements in accordance with CGAAP. The interim consolidated financial statements as at and for the three months ended March 31, 2011 were the first the Company has prepared in accordance with IFRS, which contain certain disclosures not included in these unaudited interim condensed consolidated financial statements. Accordingly, these interim condensed consolidated financial statements as at and for the three and nine months ended September 30, 2011 should be read in conjunction with the unaudited interim consolidated financial statements as at and for the three months ended March 31, 2011.

Reconciliations:

The reconciliations between the previously reported financial results under CGAAP and the current reported financial results under IFRS are provided as follows:

(a) reconciliation of the consolidated statement of financial position and equity as at September 30, 2010; and

(b) reconciliation of the consolidated statements of comprehensive income for the three and nine months ended September 30, 2010.

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

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

20. Transition to IFRS (continued):

(a) The following is a reconciliation of the consolidated statement of financial position and equity as at September 30, 2010:

	Notes	As at September 30, 2010 CGAAP	IFRS adjust.	IFRS
Assets				
Cash and cash equivalents		$ 94	$ -	$ 94
Due from brokers		15	-	15
Prepaids and other receivables		306	-	306
Advances to affiliated company		288	-	288
Investments at fair value	1.	467,367	2,739	470,106
Equity accounted investments	1.	1,179	(1,179)	-
Property, plant and equipment		716	-	716
Deferred tax assets	4.	-	20,473	20,473
		$ 469,965	$ 22,033	$ 491,998
Liabilities and Equity				
Liabilities				
Due to brokers		$ 49,461	$ -	$ 49,461
Accounts payable and accrued liabilities		8,059	-	8,059
Class C preferred share liabilities, at fair value		310	-	310
Deferred tax liabilities	4.	57	20,473	20,530
		57,887	20,473	78,360
Equity				
Share capital	2.	$ 275,149	(1)	275,148
Warrants and broker warrants		66,524	-	66,524
Contributed surplus	2.	29,722	847	30,569
Foreign currency translation reserve	3.	-	(1)	(1)
Retained earnings	1., 2., 3., 5.	40,683	715	41,398
		412,078	1,560	413,638
		$ 469,965	$ 22,033	$ 491,998

1. Adjustment required to apply the fair value of investments in associates as permitted under IAS 28, *Investment in Associates*. Under CGAAP, the Company accounted for 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

20. Transition to IFRS (continued):

from the investment. The Company's share of profits or losses of such investments is included in the consolidated statements of comprehensive income (loss).

Under IAS 28, the Company's investments in associates are held as part of the Company's investment 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, *Financial Instruments: Classification and Measurement* ("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.

As at September 30, 2010, the adjustment was to decrease equity accounted investments by $1,179 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 $1,560 with a corresponding entry to increase retained earnings.

2. Adjustment required to retrospectively apply the valuation methods under IFRS 2, *Share-Based Payment* ("IFRS 2") for outstanding and non-vested options under the stock option plan. 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, resulting in an accelerated compensation expense for these awards under IFRS.

   As at September 30, 2010, the adjustment was to increase contributed surplus by $846 and the corresponding entry to decrease retained earnings. As a result of the exercise of stock options (note 11(a)), there was an adjustment to increase contributed surplus by $1 and a corresponding entry to decrease share capital.

3. Under CGAAP, the Company translates one subsidiary using the temporal method which is not permitted under IAS 21, *The Effects of Foreign Exchange Rates* ("IAS 21"). The translation of foreign subsidiaries and the exchange differences on long-term monetary balances between the Company and the foreign subsidiary under IAS 21 must be shown under exchange differences on translation of foreign operations in other comprehensive income (loss).

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

20. Transition to IFRS (continued):

A summary of the movement for the nine months ended September 30, 2010 is as follows:

Exchange gains transferred from retained earnings due to change from temporal method	$	520
Exchange losses on long-term monetary assets considered as part of a net investment in a foreign operation		(519)
Net increase to retained earnings		1

4. 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 income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

   As at September 30, 2010, the adjustment on transition to IFRS was to reclassify $20,473 from deferred tax liabilities to deferred tax assets.

5. The following is a reconciliation of the retained earnings balance:

Retained earnings as reported under CGAAP as at September 30, 2010	$	40,683
Adjustment at transition date for stock options outstanding and not vested		(1,037)
Adjustment at transition date for investments in associates		2,626
Adjustment for stock options during the nine months ended September 30, 2010 (i)		191
Exchange gains transferred from retained earnings due to change from temporal method reflected in the nine months ended September 30, 2010 (i)		520
Exchange losses on long-term monetary assets considered as part of a net investment in a foreign operation reflected in the nine months ended September 30, 2010 (i)		(519)
Decrease in fair value of investments in associates during the nine months ended September 30, 2010 (i)		(1,639)
Reversal of losses from investments in associates during the nine months ended September 30, 2010 (i)		573
Retained earnings as reported under IFRS as at September 30, 2010	$	41,398

(i) See the reconciliation of the consolidated statement of comprehensive income for the nine months ended September 30, 2010 under note 20 (b).

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

20. Transition to IFRS (continued):

(b) The following is a reconciliation of the consolidated statements of comprehensive income for the three and nine months ended September 30, 2010:

	Notes	Three months ended September 30, 2010			Nine months ended September 30, 2010		
		CGAAP	IFRS adjust.	IFRS	CGAAP	IFRS adjust.	IFRS
Net investment gains (losses)							
Realized gains on disposal of investments, net		$ 5,157	$ -	$ 5,157	$ 16,203	$ -	$ 16,203
Net change in unrealized gains on investments	1.	136,949	74	137,023	75,533	(1,639)	73,894
Losses from equity accounted investments	1.	(213)	213	-	(573)	573	-
		141,893	287	142,180	91,163	(1,066)	90,097
Interest and dividend income		31	-	31	1,009	-	1,009
Other income		146	-	146	439	-	439
		142,070	287	142,357	92,611	(1,066)	91,545
Expenses							
Operating, general and administrative	2.	9,578	(160)	9,418	13,755	(191)	13,564
Transaction costs		329	-	329	811	-	811
Foreign exchange loss (gain)	3.	(4)	-	(4)	183	(1)	182
Amortization		33	-	33	100	-	100
Finance expenses		185	-	185	442	-	442
		10,121	(160)	9,961	15,291	(192)	15,099
Profit before income taxes		131,949	447	132,396	77,320	(874)	76,446
Income tax expense		17,768	-	17,768	10,457	-	10,457
Profit for the period		$ 114,181	$ 447	$ 114,628	$ 66,863	$ (874)	$ 65,989
Other comprehensive income							
Exchange differences on translation of foreign operations	3.	-	-	-	-	(1)	(1)
Total comprehensive income for the period		$ 114,181	$ 447	$ 114,628	$ 66,863	$ (875)	$ 65,988
Earnings per common share							
Basic		$ 0.84		$ 0.84	$ 0.49		$ 0.49
Diluted		$ 0.84		$ 0.84	$ 0.49		$ 0.48
Weighted average number of common shares outstanding							
Basic		135,709,653		135,709,653	135,561,301		135,561,301
Diluted		135,942,755		135,942,755	136,409,553		136,409,553

20. Transition to IFRS (continued):

1. Adjustment required to apply the fair value of investments in associates as permitted under IAS 28. Under CGAAP, the Company accounted for 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 comprehensive income. Under IAS 28, the Company's investments in associates are held as part of the Company's investment 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.

   For the three months ended September 30, 2010, the adjustment was to reverse the losses from equity accounted investments of $213 and increase the net change in unrealized gains by $74.

   For the nine months ended September 30, 2010, the adjustment was to reverse the losses from equity accounted investments of $573 and decrease the net change in unrealized gains by $1,639.

2. Adjustment required to retrospectively apply the valuation methods under IFRS 2 for outstanding and non-vested options under the stock option plan. 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, resulting in accelerated compensation expense for these awards under IFRS.

   For the three months ended September 30, 2010, the adjustment was to decrease the stock-based compensation expense by $160.

   For the nine months ended September 30, 2010, the adjustment was to decrease the stock-based compensation expense by $191.

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

20. Transition to IFRS (continued):

3. Under CGAAP, the Company translates one subsidiary using the temporal method, which is not permitted under IAS 21. The translation of foreign subsidiaries and the exchange differences on long-term monetary balances between the Company and the foreign subsidiary under IAS 21 must be shown under exchange differences on translation of foreign operations in other comprehensive income (loss).

The summary of the amounts for the three months ended September 30, 2010 is as follows:

Exchange gains due to change from temporal method	$ 939
Exchange losses on long-term monetary assets considered as part of a net investment in a foreign operation	(939)
Net adjustment to foreign exchange differences on translation of foreign operations	-

The summary of the amounts for the nine months ended September 30, 2010 is as follows:

Exchange gains due to change from temporal method	$ 519
Exchange losses on long-term monetary assets considered as part of a net investment in a foreign operation	(520)
Net adjustment to foreign exchange differences on translation of foreign operations	(1)

21. Future changes in accounting policies:

(a) *IAS 32, Financial Instruments: Presentation – Amendment Regarding Classification of Rights Issues*

This amendment addresses the accounting for rights issues including rights, options and warrants that are denominated in a currency other than the functional currency of the issuer. In particular, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency other than the entity's functional currency, would be equity instruments, provided that the entity offers the rights pro rata to all of its existing owners of the same class in its own non-derivative equity instrument. This amendment is effective for annual periods beginning on or after February 1, 2011.

(b) *IFRS 10, Consolidation* ("IFRS 10")

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so

21. Future changes in accounting policies (continued):

as to obtain benefits from its activities. IFRS 10 replaces SIC-12, *Consolidation—Special Purpose Entities* and parts of IAS 27, *Consolidated and Separate Financial Statements*. This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

(c) *IFRS 11, Joint Arrangements* ("IFRS 11")

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operative. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures*, and SIC-13, *Jointly Controlled Entities—Non-monetary Contributions by Venturers.* This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

(d) *IFRS 12, Disclosure of Interests in Other Entities* ("IFRS 12")

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

(e) *IFRS 13, Fair Value Measurement* ("IFRS 13")

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

(f) Amendments to Other Standards

In addition, there have been amendments to existing standards, including IAS 27, *Consolidated and Separate Financial Statements* ("IAS 27"), and IAS 28. The amended IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements.

21. Future accounting changes in accounting policies (continued):

IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 through 1.

(g) Implication of New and Amended Standards to the Company

The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its interim condensed consolidated financial statements or whether to early adopt any of the new requirements.

22. Subsequent event:

Subsequent to September 30, 2011, 50,000 options exercisable at $5.25 per share expired unexercised.