

Aston Hill Financial Inc.

**Consolidated Financial Statements
For the three month periods ended March
31, 2010 and 2009**

Contents

| | |
|---|-------------|
| Notification of Unaudited Interim Consolidated Financial Statements | 2 |
| Consolidated Financial Statements | |
| Consolidated Balance Sheets | 3 |
| Consolidated Statements of Operations and Comprehensive Income | 4 |
| Consolidated Statements of Deficit | 4 |
| Consolidated Statements of Cash Flows | 5 |
| Notes to Consolidated Financial Statements | 6-12 |

NOTIFICATION OF UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim consolidated financial statements for the period ended March 31, 2010.

Aston Hill Financial Inc.
Consolidated Balance Sheets
(Unaudited)

| | March 31, 2010 | December 31, 2009 |
|---|----------------------|----------------------|
| Assets | | |
| Current | | |
| Cash and cash equivalents | \$ 2,099,096 | \$ 1,292,811 |
| Marketable securities | 110,780 | 97,640 |
| Accounts receivable (Note 5 (d)) | 1,090,781 | 963,475 |
| Prepaid expenses | 96,886 | 71,115 |
| Notes receivable (Note 5 (d)) | - | 709,809 |
| Current portion of future income tax asset | 290,000 | 241,000 |
| | <u>\$ 3,687,543</u> | <u>3,375,850</u> |
| Prepaid deposits | 21,298 | 21,298 |
| Long-term investments | 9,096,092 | 10,197,491 |
| Intangible assets | 192,619 | 84,469 |
| Property and equipment | 266,601 | 273,937 |
| Non-current portion of future income tax asset | 870,000 | 723,000 |
| | <u>\$ 14,134,153</u> | <u>\$ 14,676,045</u> |
| Liabilities and Shareholders' Equity | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 141,192 | \$ 128,606 |
| | <u>141,192</u> | <u>128,606</u> |
| Debentures | <u>249,838</u> | <u>249,881</u> |
| | <u>391,030</u> | <u>378,487</u> |
| Shareholders' equity | | |
| Equity instruments (Note 3) | 18,580,129 | 18,195,532 |
| Contributed surplus (Note 4) | 2,042,614 | 1,979,808 |
| Deficit | (6,879,620) | (5,877,782) |
| | <u>13,743,123</u> | <u>14,297,558</u> |
| | <u>\$ 14,134,153</u> | <u>\$ 14,676,045</u> |

Aston Hill Financial Inc.
Consolidated Statements of Operations
and Comprehensive Income
(Unaudited)

| For the periods ended March 31 | 2010 | 2009 |
|---|--------------------|--------------------|
| Revenue | | |
| Management fees (Note 5 (a)) | \$ 1,636,896 | \$ 741,940 |
| Interest and dividend income | 16,845 | 26,072 |
| Royalty and oil and gas property investment income | 2,162 | 6,778 |
| | <u>1,655,903</u> | <u>774,790</u> |
| Expenses | | |
| General, administrative and other (Note 5 (b)) | 1,649,376 | 842,018 |
| Interest expense | 4 | 1,622 |
| Stock compensation expense (Note 4) | 90,000 | 85,000 |
| Amortization | 21,500 | 21,000 |
| Interest on debenture | 5,207 | 5,205 |
| Dealer commissions | - | 3,575 |
| | <u>1,766,087</u> | <u>958,420</u> |
| Loss from operations before investing activities | <u>(110,184)</u> | <u>(183,630)</u> |
| Investing | | |
| Loss on sale of marketable securities | - | (95,316) |
| Change in fair value of marketable securities | 13,140 | 74,304 |
| Change in fair value of investment securities held in Wisevest Income Fund | (65,945) | (3,436) |
| Change in fair value of long-term investments | (1,101,291) | (971,036) |
| Gain on sale of investment securities held in Wisevest Income Fund | 66,442 | - |
| Loss from investing activities | <u>(1,087,654)</u> | <u>(995,484)</u> |
| Net loss and comprehensive loss before tax for the period | <u>(1,197,838)</u> | <u>(1,179,114)</u> |
| Future income tax recovery | <u>196,000</u> | <u>-</u> |
| Net loss and comprehensive loss after tax for the period | <u>(1,001,838)</u> | <u>(1,179,114)</u> |
| Weighted average number of shares - basic | 65,330,869 | 59,266,554 |
| Weighted average number of shares - diluted | 68,410,503 | 59,266,554 |
| Loss per share – | | |
| basic | \$ (0.015) | \$ (0.020) |
| diluted | \$ (0.015) | \$ (0.020) |

Consolidated Statements of Deficit
(Unaudited)

| For the periods ended March 31 | 2010 | 2009 |
|---------------------------------------|-----------------------|-----------------------|
| Deficit, beginning of period | (5,877,782) | (7,119,478) |
| Net loss for the period | <u>(1,001,838)</u> | <u>(1,179,114)</u> |
| Deficit, end of period | <u>\$ (6,879,620)</u> | <u>\$ (8,298,592)</u> |

Aston Hill Financial Inc.
Consolidated Statements of Cash Flows
(Unaudited)

| For the periods ended March 31 | 2010 | 2009 |
|---|---------------------|-------------------|
| Cash flows from operating activities | | |
| Net loss for the period | \$ (1,001,838) | \$ (1,179,114) |
| Adjustments for: | | |
| Amortization of property and equipment | 21,500 | 21,000 |
| Amortization of debenture discount | (43) | (45) |
| Stock compensation | 90,000 | 85,000 |
| Change in fair value of marketable securities | (13,140) | (74,304) |
| Change in fair value of investment securities held in Wisevest Income Fund | 65,945 | 3,436 |
| Change in fair value of long-term investments | 1,101,291 | 971,036 |
| Loss (gain) on sale of marketable securities | (66,442) | 95,316 |
| Future income tax recovery | (196,000) | - |
| | <u>1,273</u> | <u>(77,675)</u> |
| Changes in non-cash working capital items | | |
| Accounts receivable | (127,306) | (153,300) |
| Prepaid expenses | (25,771) | (21,437) |
| Accounts payable and accrued liabilities | 12,586 | (186,877) |
| Notes receivable | 709,809 | - |
| Intangible assets | (108,149) | - |
| | <u>462,442</u> | <u>(439,289)</u> |
| Cash flows from investing activities | | |
| Purchase of property and equipment | (14,164) | (1,466) |
| Proceeds from sale of marketable securities | - | 54,518 |
| Purchase of marketable securities | - | (33,242) |
| Sale of long-term investments | - | 10,000 |
| Proceeds from sale of investment securities held in Wisevest Income Fund | 169,028 | - |
| Purchase of investment securities held in Wisevest Income Fund | (168,424) | - |
| | <u>(13,560)</u> | <u>29,810</u> |
| Cash flows from financing activities | | |
| Proceeds from exercise of stock options | 44,654 | - |
| Proceeds from exercise of warrants | 312,749 | - |
| | <u>357,403</u> | <u>-</u> |
| Increase (decrease) in cash and cash equivalents | 806,285 | (409,479) |
| Cash and cash equivalents, beginning of period | <u>1,292,811</u> | <u>681,395</u> |
| Cash and cash equivalents, end of period | \$ 2,099,096 | \$ 271,916 |
| Supplementary Information | | |
| Cash paid for interest | \$ 5,254 | \$ 1,623 |

The accompanying notes are an integral part of these Consolidated Financial Statements.

Aston Hill Financial Inc.
Notes to the Consolidated Financial Statements
(Unaudited)

March 31, 2010 and 2009

1. Summary of Significant Accounting Policies

The interim consolidated financial statements of Aston Hill Financial Inc. ("Aston Hill" or the "Company") have been prepared by management following the same accounting policies and methods of computation as the consolidated financial statements for the fiscal year ended December 31, 2009. The note disclosure requirements for annual financial statements provide additional disclosure to that required for these interim statements. Accordingly, these interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2009. The disclosures provided below are incremental to those included in the 2009 annual consolidated financial statements of the Company.

2. Changes in Accounting Policies

Future Accounting Changes

The Canadian Accounting Standards Board ("AcSB") has confirmed its plan to adopt all International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board ("IASB"), on or by January 1, 2011. The Company will need to begin reporting under IFRS for the fiscal year beginning on January 1, 2011, including comparative figures for the prior year. The Company will adopt all of the International Financial Reporting Standards in accordance with the AcSB's plan.

The Company continues to monitor the development of standards and regulations issued by the IASB and the Canadian Securities Administrators that may affect the timing, nature, or disclosure of its adoption of IFRS. As at March 31, 2010, the Company has not quantified the financial reporting impact of the differences between Canadian GAAP and IFRS on its operations.

Aston Hill Financial Inc.
Notes to the Consolidated Financial Statements
(Unaudited)

March 31, 2010 and 2009

3. Equity Instruments

(a) Authorized
 Unlimited number of Common voting shares

(b) Issued

| Common shares | March 31, 2010 | | December 31, 2009 | |
|--|-----------------------|----------------------|--------------------------|----------------------|
| | Number | Amount | Number | Amount |
| Balance, beginning of period | 65,060,355 | \$ 17,829,289 | 59,266,554 | \$ 16,649,369 |
| Issued for cash | - | - | 5,117,301 | 1,535,190 |
| Portion of equity instruments issued for cash relating to warrants | - | - | - | (369,857) |
| Stock options exercised – cash portion | 138,300 | 44,654 | 664,000 | 185,920 |
| Stock options exercised – fair value portion | - | 27,194 | - | 101,370 |
| Share issue costs | - | - | - | (281,942) |
| Warrants exercised – cash portion | 694,998 | 312,749 | 12,500 | 5,625 |
| Warrants exercised – fair value portion | - | 200,926 | - | 3,614 |
| Balance, end of period | 65,893,653 | \$ 18,414,812 | 65,060,355 | \$ 17,829,289 |
| Warrants | | | | |
| Balance, beginning of period | 2,840,689 | \$ 366,243 | - | - |
| Portion of equity instruments issued for cash relating to warrants | - | - | 2,558,651 | 369,857 |
| Warrants issued to Agent | - | - | 307,038 | 52,609 |
| Non-cash share issue costs relating to warrants issued to Agent | - | - | - | (52,609) |
| Warrants exercised | (1,389,996) | (200,926) | (25,000) | (3,614) |
| Balance, end of period | 1,450,693 | \$ 165,317 | 2,840,689 | \$ 366,243 |
| Total Equity Instruments | | \$ 18,580,129 | | \$ 18,195,532 |

Aston Hill Financial Inc.
Notes to the Consolidated Financial Statements
(Unaudited)

March 31, 2010 and 2009

3. Equity Instruments - continued

(c) Options

The Company has a stock option plan for employees, directors, officers and consultants. Stock options can be issued up to a maximum number of Common shares equal to 10% of the issued and outstanding Common shares of the Company. The exercise price and vesting period of options granted is not less than the market price of the Common shares traded and is determined by the Board of Directors. Options granted have a term of up to 5 years.

The Company has granted stock options to employees, directors, officers and consultants of the Company as follows:

| | Number of Options | Option Prices per Share \$ | Weighted Average Exercise Price \$ | Weighted Average Remaining Term | Number of Options Currently Exercisable | Weighted Average Exercise Price of Options Currently Exercisable \$ |
|---|----------------------|-------------------------------------|---|--|--|--|
| Options outstanding, December 31, 2008 | 4,405,000 | | \$0.33 | 2.8 years | 2,314,995 | \$0.34 |
| Options granted March 24, 2009 | 970,000 | \$0.32 | \$0.32 | 5.0 years | - | - |
| Options vested | - | \$0.38 | \$0.38 | 1.8 years | 33,334 | \$0.38 |
| Options vested | - | \$0.37 | \$0.37 | 2.8 years | 223,335 | \$0.37 |
| Options vested | - | \$0.44 | \$0.44 | 3.8 years | 300,008 | \$0.44 |
| Options forfeited | (100,000) | \$0.37 | \$0.37 | - | (33,333) | \$0.37 |
| Options exercised | (664,000) | \$0.28 | \$0.28 | - | (664,000) | \$0.28 |
| Options forfeited | (261,000) | \$0.28 | \$0.28 | - | (261,000) | \$0.28 |
| Options vested | - | \$0.30 | \$0.30 | 2.0 years | 283,335 | \$0.30 |
| Options vested | - | \$0.26 | \$0.26 | 1.9 years | 200,000 | \$0.26 |
| Options vested | - | \$0.30 | \$0.30 | 3.6 years | 53,334 | \$0.30 |
| Options outstanding December 31, 2009 | 4,350,000 | | \$0.34 | 2.8 years | 2,450,008 | \$0.32 |
| Options granted February 11, 2010 | 1,255,000 | \$0.76 | \$0.76 | 5.0 years | - | - |
| Options exercised | (100,000) | \$0.30 | \$0.30 | - | (100,000) | \$0.30 |
| Options exercised | (20,000) | \$0.37 | \$0.37 | - | (20,000) | \$0.37 |
| Options exercised | (11,650) | \$0.44 | \$0.44 | - | (11,650) | \$0.44 |
| Options exercised | (6,650) | \$0.32 | \$0.32 | - | (6,650) | \$0.32 |
| Options vested | - | \$0.32 | \$0.32 | 4.0 years | 323,341 | \$0.32 |
| Options forfeited | (50,000) | \$0.44 | \$0.44 | - | (16,667) | \$0.44 |
| Options outstanding March 31, 2010 | 5,416,700 | | \$0.44 | 3.1 years | 2,618,382 | \$0.32 |

The weighted average contractual life of exercisable options at March 31, 2010 is 2.1 years.

On February 11, 2010, the Company granted 1,255,000 options to employees, consultants, and directors. The options have an exercise price of \$0.76 per share, vest over three years and expire on February 11, 2015.

Aston Hill Financial Inc.
Notes to the Consolidated Financial Statements
(Unaudited)

March 31, 2010 and 2009

3. Equity Instruments - continued

(c) Options - continued

A total compensation expense for the three months ended March 31, 2010 of \$90,000 (2009 - \$85,000) was recorded in the statements of operations and comprehensive income and offset in contributed surplus for options that were granted in 2006 - 2010 using the Black-Scholes option pricing model with the following weighted average assumptions:

| | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|---------------------------------|---------------|-------------|-------------|-------------|-------------|
| Risk free interest rate | 1.88% | 2.08% | 2.88% | 2.83% | 2.78-3.13% |
| Expected life of options | 4 year | 4 year | 4 year | 4 year | 4 year |
| Expected dividend | Nil | Nil | Nil | Nil | Nil |
| Expected share price volatility | 119% | 100% | 91% | 91% | 82-91% |

(d) Private placement

On August 14, 2009, the Company closed a brokered private placement by issuing 5,117,301 common shares at a price of \$0.30 per share for gross proceeds of \$1,535,190. Each unit consists of one common share and one-half of a common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share at a price of \$0.45 per common share until February 14, 2011. The proceeds were used for long-term investment purposes. Share issue costs of \$281,942 were paid to legal counsel and to the brokerage agent in respect of this private placement. Directors and officers of the Company and its subsidiaries subscribed for 636,000 of the shares issued in this private placement, representing \$190,800 or approximately 12.4% of the shares issued.

In addition, the agent was issued 307,038 broker warrants, each entitling the agent to acquire one common share of the Company at an exercise price of \$0.30 per common share for 18 months from the closing date.

The fair value of the warrants issued in 2009 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

| <u>Risk free interest rate</u> | <u>Expected life of warrants</u> | <u>Expected volatility</u> |
|--------------------------------|----------------------------------|----------------------------|
| 1.32% | 1.5 year | 128.01% |

4. Contributed Surplus

| | March 31, 2010 | December 31, 2009 |
|---|---------------------------|----------------------|
| Balance, beginning of period | \$ 1,979,808 | \$ 1,746,178 |
| Stock compensation | 90,000 | 335,000 |
| Stock options exercised -fair value portion | (27,194) | (101,370) |
| Balance, end of period | \$ 2,042,614 | \$ 1,979,808 |

Aston Hill Financial Inc.
Notes to the Consolidated Financial Statements
(Unaudited)

March 31, 2010 and 2009

5. Related Party Transactions

Except as disclosed elsewhere in the financial statements, the Company had the following related party transactions:

- a) The Company manages Sword, a private company, on behalf of the majority shareholders and is paid a quarterly management fee as well as acquisition fees when applicable in accordance with an executed management agreement. Accounts receivable includes \$480,137 (2009 - \$587,092) as at March 31, 2010 in respect of these management fees. For the three month period ended March 31, 2010, \$403,367 (2009 - \$553,750) was recorded as revenue in respect of these management fees.
- b) Consulting expense for the three month period ended March 31, 2010, includes \$nil (2009 - \$16,500) paid to Ghost Lake Manor Inc. for consulting services provided. Ghost Lake Manor Inc. is controlled by an indirect controlling shareholder of the Company.
- c) On August 14, 2009, the Company closed a brokered private placement by issuing 5,117,301 common shares at a price of \$0.30 per share for gross proceeds of \$1,535,190. The proceeds were used for long-term investment purposes. Share issue costs of \$281,942 were paid to legal counsel and to the brokerage agent in respect of this private placement. Directors and officers of the Company and its subsidiaries subscribed for 636,000 of the shares issued in this private placement, representing \$190,800 or approximately 12.4% of the shares issued. Therefore, Directors and officers of the Company and its subsidiaries were issued 318,000 common share purchase warrants, representing approximately 12.4% of the warrants issued.
- d) Accounts receivable include management fees receivable from Catapult Energy 2008 FTS Limited Partnership ("2008 FTS") of \$47,418 (2009 - \$33,985) for services provided by the Company as administrator. During the three month period ended March 31, 2010, related management fees of \$45,160 (2009 - \$14,982) were recorded as revenue. Catapult Management 2008 Inc., which is a wholly owned subsidiary of the Company, is the General Partner of 2008 FTS. Also, on the balance sheet, notes receivable of \$nil (2009 - \$1,064,031) are promissory notes due from 2008 FTS. Interest was calculated from the date the note was issued and was receivable on a monthly basis on the last day of each month. Accounts receivable include interest receivable of \$2,217 (2009 - \$15,699) relating to the notes receivable. Interest income for the three month period ended March 31, 2010 includes \$9,101 (2009 - \$15,699) relating to the notes receivable.

All related party transactions are in the normal course of operations and have been measured at the agreed to exchange amounts, which is the amount of consideration established and agreed to by the related parties and which is similar to those negotiated with third parties.

6. Financial Instruments

Fair Value of Financial Instruments

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or ask prices, as appropriate, in the most advantageous active market for that instrument to which the Company has immediate access. Where bid and ask prices are unavailable, the Company uses the closing price of the most recent transaction for that instrument. In the absence of an active market, fair value is determined based on prevailing market rates for instruments with similar characteristics or internal and external valuation models, such as option pricing models and discounted cash flow analysis, that use observable market based inputs and assumptions.

Aston Hill Financial Inc.
Notes to the Consolidated Financial Statements
(Unaudited)

March 31, 2010 and 2009

6. Financial Instruments - continued

Carrying Value and Fair Value of Financial Instruments

(a) Cash and cash equivalents

Cash and cash equivalents are classified as held-for-trading and are reported at fair value. The Company has reviewed this financial instrument and determined that it is carried at fair value level 2.

(b) Marketable securities

Marketable securities are classified as held-for-trading and are reported at fair value. Two equity holdings make up the marketable securities balance and both are traded on an active market and unadjusted quoted prices were obtained. The Company has determined this financial instrument is carried at a Level 1. As at March 31, 2010, the Company reported investments in marketable securities of publicly traded securities at a fair value of \$110,780 (March 31, 2009 - \$271,567).

(c) Accounts receivable

Accounts receivable are classified as loans and receivables and are reported at amortized cost. At March 31, 2010 the carrying value of accounts receivable approximated their fair value due to short term maturity.

(d) Long-term investments

Wisevest Income Fund is an investment in an investment trust, which classifies its investments as held-for-trading. As such, Wisevest Income Fund is consolidated at fair value. The fair value of Wisevest Income Fund as at March 31, 2010 is \$253,506 (March 31, 2009 - \$161,225). Four equity holdings make up the Wisevest Income Fund portfolio and all are traded on an active market and unadjusted quoted bid prices were obtained, therefore the Company has determined this financial instrument is carried at fair value level 1.

Sword Energy Inc. is a 2.57% investment in a private oil and gas production entity and is classified as held-for-trading. The fair value of the Company's interest in Sword as at March 31, 2010 is \$8,789,400 (March 31, 2009 - 7,654,026). Note that the fair value of the investment in Sword is recalculated quarterly based on internal and external reserve evaluations and estimates. The fair value is also affected significantly by a volatile oil and gas pricing environment. Therefore, changes in unrealized gains and losses from the Sword investment may fluctuate materially from quarter to quarter.

The following table illustrates the classification of the Company's financial instruments carried at fair value within the fair value hierarchy as at March 31, 2010:

| | Investments at fair value as at March 31, 2010 | | | |
|---------------------------|---|----------------|--------------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investments in securities | \$253,506 | \$ - | \$ - | \$ 253,506 |
| Private investments | \$ - | \$ - | \$8,789,400 | \$ 8,789,400 |
| | \$253,506 | \$ - | \$8,789,400 | \$ 9,042,906 |

Aston Hill Financial Inc.
Notes to the Consolidated Financial Statements
(Unaudited)

March 31, 2010 and 2009

6. Financial Instruments - continued

(d) Long-term investments - continued

The following table reconciles the Company's Level 3 fair value measurements from December 31, 2009 to March 31, 2010:

| | Fair value measurements using Level 3 inputs |
|-------------------------------------|---|
| | Private investments |
| Balance at December 31, 2009 | \$ 9,890,691 |
| Change in fair value | (1,101,291) |
| Balance at March 31, 2010 | \$ 8,789,400 |

Wilson Creek – joint venture is accounted for at cost. An impairment test is performed annually.

(e) Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are classified as other liabilities and are reported at amortized cost. At March 31, 2010, the carrying value of accounts payable and accrued liabilities approximated their fair value.

(f) Debentures

The Juno debentures with face value of \$250,000 and 8.4% coupon are classified as other liabilities and are reported at amortized cost. At March 31, 2010, the amortized cost of the debentures was \$249,838 (March 31, 2009 - \$249,728).

7. Subsequent Event

On April 21, 2010, Aston Hill, through its wholly owned subsidiary Catapult Financial Management Inc. ("Catapult") in conjunction with IA Clarington Investments Inc. (the "Manager"), announced that the IA Clarington Aston Hill Tactical Yield Fund (the "Fund") has completed its initial public offering of 10 millions Units at a price of \$10.00 per Unit for gross proceeds of \$100 million.

The Fund portfolio will be actively managed by Aston Hill through Catapult as a sub-advisory relationship. The President and Chief Investment Officer of Aston Hill will be the lead portfolio manager responsible for selecting investments in the Fund's portfolio.