

Aston Hill Financial Inc.

**Consolidated Financial Statements
For the year ended December 31, 2008 and
2007**

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April 14, 2009

Auditors' Report

To the Shareholders of Aston Hill Financial Inc.

We have audited the consolidated balance sheets of **Aston Hill Financial Inc.** as at December 31, 2008 and 2007 and the consolidated statements of operations and comprehensive income, deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Calgary, Alberta

Aston Hill Financial Inc.
Consolidated Balance Sheets

As at December 31,	2008	2007
Assets		
Current		
Cash and cash equivalents (Note 4)	\$ 681,395	\$ 630,289
Marketable securities (Notes 5 and 13)	323,856	1,596,310
Accounts receivable (Note 13)	559,174	842,524
Prepaid expenses	22,784	71,662
Notes receivable (Note 13)	1,064,031	-
	<u>2,651,240</u>	<u>3,140,785</u>
Prepaid deposits	21,298	21,298
Long-term investments (Notes 6 and 13)	8,842,908	7,144,792
Intangible assets	84,469	-
Property and equipment (Note 7)	356,071	460,500
	<u>\$ 11,955,986</u>	<u>\$ 10,767,375</u>
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	\$ 430,144	\$ 792,737
Bank Loan (Note 9)	-	1,800,000
	<u>430,144</u>	<u>2,592,737</u>
Debentures (Note 10)	249,773	249,616
	<u>679,917</u>	<u>2,842,353</u>
Shareholders' equity		
Equity instruments (Notes 11 and 13)	16,649,369	13,258,413
Contributed surplus (Note 12)	1,746,178	1,450,527
Deficit	(7,119,478)	(6,783,918)
	<u>11,276,069</u>	<u>7,925,022</u>
	<u>\$ 11,955,986</u>	<u>\$ 10,767,375</u>

Approved on behalf of the Board:

(original signed by Eric Tremblay)
Eric Tremblay, Director

(original signed by Jean-Guy Lambert)
Jean-Guy Lambert, Director

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

For the years ended December 31	2008	2007
Income		
Management fees (Notes 6 and 13)	\$ 3,027,194	\$ 1,670,759
Performance bonus	-	171,188
Acquisition fee (Notes 6 and 13)	1,000,000	-
Acquisition promote (Notes 6 and 13)	-	4,995,361
Interest and dividend income	76,519	60,029
Royalty and oil and gas property investment income	154,965	67,955
	<u>4,258,678</u>	<u>6,965,292</u>
Expenses		
General, administrative and other (Note 13 (g))	3,573,043	3,477,589
Interest expense	49,257	59,032
Stock compensation (Note 11(c))	330,000	480,000
Amortization of property and equipment	95,400	56,550
Interest on debenture (Note 9)	21,157	21,086
Project identification costs, net of recoveries	-	39,799
Dealer commissions	7,003	1,742
	<u>4,075,860</u>	<u>4,135,798</u>
Income from operations before investing activities	<u>182,818</u>	<u>2,829,494</u>
Gain (loss) on sale of marketable securities	(839,106)	43,390
Change in fair value of marketable securities	979,616	(1,286,235)
Change in fair value of investment securities held in Wisevest Income Fund (Note 6)	(38,531)	35,678
Realized loss on Wisevest Income Fund (Note 6)	(13,271)	(17,910)
Change in fair value of long-term investments (Note 6)	(607,086)	(892,189)
Change in fair value of warrant liability (Note 8)	-	160,122
Loss from investing activities	<u>(518,378)</u>	<u>(1,957,144)</u>
Net (loss) income and comprehensive (loss) income for the year	<u>\$ (335,560)</u>	<u>\$ 872,350</u>
Weighted average number of shares –		
basic	55,749,151	51,090,841
diluted	56,056,825	51,090,841
Income (loss) per share – basic and diluted	<u>\$ (0.006)</u>	<u>\$ 0.017</u>

Consolidated Statements of Deficit

For the years ended December 31	2008	2007
Deficit, beginning of year	\$ (6,783,918)	\$ (8,319,698)
Net (loss) income for the year	(335,560)	872,350
Accounting change	-	663,430
Deficit, end of year	<u>\$ (7,119,478)</u>	<u>\$ (6,783,918)</u>

Aston Hill Financial Inc.
Consolidated Statements of Cash Flows

For the years ended December 31	2008	2007
Cash flows from operating activities		
Net (loss) income and comprehensive (loss) income for the year	\$ (335,560)	\$ 872,350
Adjustments for:		
Non-cash acquisition promote (Notes 6 and 13)	-	(4,995,361)
Amortization of property and equipment	95,400	56,550
Amortization of debenture discount (Note 9)	157	86
Stock compensation	330,000	480,000
Change in fair value of marketable securities	(979,616)	1,286,235
Change in fair value of investment securities held in Wisevest Income Fund (Note 6)	38,531	(35,678)
Realized loss on securities held in Wisevest Income Fund	13,271	17,910
Change in fair value of warrant liability	-	(160,122)
Change in unrealized gains and losses of long-term investments (Note 6)	607,086	892,189
Non-cash management fees (Notes 6 and 13)	(489,269)	(405,176)
Gain (loss) on sale of marketable securities	839,106	(43,390)
Prepaid deposits	-	40,498
Change in fair value of intangible assets	(84,469)	-
Cash flow (deficiency) from operations	<u>34,637</u>	<u>(1,993,909)</u>
Changes in non-cash working capital items		
Accounts receivable	283,350	(292,625)
Prepaid expenses	48,878	(18,669)
Accounts payable and accrued liabilities	(362,593)	200,696
Notes receivable	(1,064,031)	-
	<u>(1,059,759)</u>	<u>(2,104,507)</u>
Cash flows from investing activities		
Purchase of property and equipment	(30,785)	(410,602)
Proceeds from sale of marketable securities	1,730,606	118,030
Leasehold improvements	39,814	-
Acquisition of long-term investments (Note 6)	(1,868,186)	(1,871,875)
Purchase of marketable securities	(317,642)	-
Sale of Wisevest portfolio investments	39,996	159,495
Acquisition of Wisevest portfolio investments	(39,545)	(159,467)
	<u>(445,742)</u>	<u>(2,164,419)</u>
Cash flows from financing activities		
Proceeds of private placement of common shares	3,309,080	-
Bank loan (repayment) borrowings	(1,800,000)	1,800,000
Proceeds from exercise of stock options	63,000	56,000
Share issue costs	(15,473)	-
	<u>1,556,607</u>	<u>1,856,000</u>
Increase (decrease) in cash and cash Equivalents	51,106	(2,412,926)
Cash and cash equivalents, beginning of year	<u>630,289</u>	<u>3,043,215</u>
Cash and cash equivalents, end of year	\$ 681,395	\$ 630,289
Supplementary Information		
Cash paid for interest	\$ 65,007	\$ 70,477

December 31, 2008 and 2007

1. Nature of Operations

Aston Hill Financial Inc. (the "Company") is a public company incorporated under the Business Corporations Act (Alberta) that is engaged in managing energy-related investment funds and assets. During year ended December 31, 2008, the Company incorporated a new wholly owned subsidiary, Catapult Management 2008 Inc.

During the year ended December 31, 2007, the Company incorporated a new wholly owned subsidiary, Catapult Energy Management 2007 Inc. and changed the name of Aston Hill Financial Ltd., a wholly owned subsidiary, to Aston Hill Financial Management Ltd.

2. Summary of Significant Accounting Policies

The consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

(a) Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries from the date of acquisition or incorporation.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and investments in money market instruments with maturities of three months or less.

(c) Marketable securities and Long Term Investments

Marketable securities held are detailed in Note 5. These securities are not held with a long-term view and are classified as held for trading. Long-term investments are held with a long-term view and are accounted for on an investment by investment basis as either available for sale, held for trading, at amortized cost, or as investments under CICA 3051 (see Note 6). The assigned valuation of private companies held in the investment portfolio is determined by a recent third party transaction when available. If a recent transaction has not occurred, valuation is determined in accordance with guidelines established that are based upon generally accepted valuation standards. The assigned valuation of investments in public equity instruments is determined with reference to quoted bid and 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.

One of the Company's wholly owned subsidiary is an investment company and is consolidated with securities held recorded as part of long-term investments.

Long-term investments also include oil and gas properties owned jointly with third parties. These investments are valued at amortized cost as the Company is not able to exercise any influence over the properties.

(d) Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization, based on the estimated useful life of the assets to their residual value, is as follows:

Office equipment, and furniture and fixtures	- 20% declining balance
Computer	- 30% declining balance
Leasehold improvements	- straight line over the term of the lease
Artwork	- not amortized

December 31, 2008 and 2007

2. Summary of Significant Accounting Policies - continued

- (e) Revenue
Management fees are based on the net asset value of the funds managed and are recognized on an accrual basis as the service is being performed. Management fees are also received from Sword Energy Inc, per the executed management agreement. The performance bonus is based on hurdle rates of return on specific funds and is recognized on an accrual basis as it is determined to be earned. The acquisition promote is based on the pro-rata interest received and purchase price paid by the investor and are recognized on an accrual basis on the date the transaction closes. The acquisition fee is based on the purchase price paid by the investor and is recognized on an accrual basis on the date the transaction closes. Interest income is earned on an accrual basis on available cash and cash equivalents balances. Dividend income is recognized when a dividend is declared and collection is reasonably assured. Oil and gas property investment income is recognized on an accrual basis and represents the Company's share of net operating income from a joint venture on a natural gas property.
- (f) Financial instruments
The Company carries a number of financial instruments including cash and cash equivalents, marketable securities, accounts receivable, notes receivable, long-term investments, accounts payable and accrued liabilities, debentures, warrant liability and bank loan.
- (g) Earnings (loss) per share
Basic earnings (loss) per common share are computed by dividing net earnings (loss) by the weighted average number of common shares outstanding for the year. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive instruments.
- (h) Future income taxes
The Company uses the liability method of accounting for income taxes. Under this method, future income tax liabilities and future income tax assets are recorded based on temporary differences, the difference between the carrying amount of an asset and liability in the balance sheet and its tax basis, the carry forward of unused tax pools and unamortized share issue costs. Future income tax assets and liabilities are measured using income tax rates expected to apply on the years in which temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the year that the change is substantially enacted. Future income tax assets are evaluated and if realization is not considered "more likely than not", a valuation allowance is provided.
- (i) Stock-based compensation plan
The Company has a stock-based compensation plan, which is described in Note 11(c). Stock-based compensation expense, based on the fair value of stock options, is recorded with a corresponding increase to contributed surplus. The fair value of options granted is estimated at the time of the grant using the Black-Scholes valuation model. Upon the exercise of the stock options, consideration paid by employees or directors together with the amount previously recognized in contributed surplus is recorded as an increase to equity instruments.
- (j) Use of estimates
The amounts recorded for stock-based compensation and carrying values for marketable securities and long-term investments are based on estimates. The Black-Scholes model is based on estimates of assumptions for expected volatility, dividends, life and risk-free interest rates. The fair value of marketable securities and long-term investments is based on assumptions of possible effects of price fluctuations, market liquidity and future business plans and cash flows. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future years could be significant.
- (k) Project identification costs (recoveries)
The Company incurs and has recovered expenses related to the set up and financing of certain projects.
- (l) Intangible assets
Intangible assets consist of costs from the development phase of a mutual fund developed for the sole purpose of rolling in flow-through funds managed by subsidiaries of the Company needing liquidity alternatives. These assets are not subject to amortization, but will be tested for impairment annually.

December 31, 2008 and 2007

3. Changes in Accounting Policies

Financial Instruments

Financial Instruments – Disclosure and Presentation

On January 1, 2008, the Company adopted CICA 3862, Financial Instruments – Disclosures and CICA 3863, Financial Instruments – Presentation, replacing CICA 3861. CICA 3862 requires enhanced disclosure of the nature and extent of the risks arising from financial instruments and how the Company manages those risks. CICA 3863 carries forward, unchanged, the presentation requirements of CICA 3861 with respect to financial instruments.

Capital - Disclosure

On January 1, 2008, the Company adopted CICA 1535, Capital Disclosures. This standard requires the disclosure of information related to the objectives, policies and processes for managing capital (see Note 16).

Goodwill and Intangible Assets - Presentation

On October 1, 2008, the Company early adopted CICA 3064, Goodwill and Intangible Assets. This standard contains revised guidance for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this standard does not have a significant impact on the Company's financial position or results of operations.

Future Accounting Changes

The Canadian Accounting Standards Board ("AcSB") has confirmed its plan to adopt all International Financial Reporting Standards, as published by the International Accounting Standards Board ("IASB"), on or by January 1, 2011. The Company will adopt all of the International Financial Reporting Standards in accordance with the AcSB's plan. Management is currently evaluating the effects of all current and pending pronouncements of the IASB on the financial statements of the Company and is developing a plan for implementation.

4. Cash and Cash Equivalents

Cash and cash equivalents include restricted cash of \$34,093 held in escrow for Catapult Energy Small Cap FTS Limited Partnership and Catapult Energy Small Cap 2007 FTS Limited Partnership. The restricted cash relates to amounts payable subsequent to the December 31, 2008 rollover of the two funds into the Ark Catapult Energy Class Mutual Fund.

ASTON HILL FINANCIAL INC.
Notes to the Consolidated Financial Statements

December 31, 2008 and 2007

5. Marketable Securities

	December 31, 2008	December 31, 2007
575,000 (2007 – 1,484,000) Common shares of Eagle Rock Exploration Ltd.	\$ 63,250	\$ 385,840
2,000 (2007 – nil) Common shares of Enerplus Resources Fund	47,720	-
88,000 (2007 – nil) Common shares of Mavrix Fund Management Inc.	17,600	-
Short-term bond investment	195,286	-
Nil (2007 – 211,500) Catapult Energy Limited Partnership I units	-	852,345
Nil (2007 – 200,000) Common shares of Galleon Energy Inc.	-	350,000
Nil (2007 – 25,000) Common Shares of Sonomax Hearing Healthcare Inc.	-	8,125
	\$ 323,856	\$ 1,596,310

6. Long-Term Investments

	December 31, 2008	December 31, 2007
27,500 units Wisevest Income Fund ⁽¹⁾	164,660	216,914
2.57% interest in Sword Energy Inc. ⁽²⁾	8,625,062	6,927,878
Wilson Creek – joint venture ⁽³⁾	53,186	-
	\$ 8,842,908	\$7,144,792

⁽¹⁾ Investment in Wisevest Income Fund:

	<u>Units</u>	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Jazz Air Income Fund	6,800	\$ 21,828	\$ 51,816
NAL Oil and Gas Trust	4,200	32,970	48,510
Progress Energy Trust	4,500	-	48,690
Bonavista Energy Trust	2,600	43,862	-
Crescent Point Energy Trust	2,750	66,000	67,898
		<u>\$ 164,660</u>	<u>\$ 216,914</u>

⁽²⁾ On June 26, 2007, the Company invested \$1,800,000 in Sword Energy Inc. ("Sword"). The Company manages Sword, a private company, on behalf of the majority shareholders and is paid a quarterly management fee in accordance with an executed management agreement. In 2007, the Company financed the investment with \$1,800,000 in bank debt (which was fully paid off in 2008). In addition to this cash investment, the Company received an acquisition promote from Sword for its work in promoting the transaction, bringing all of the involved parties together and for its work in structuring the transaction. This promote was valued at \$4,995,361 and recorded as revenue on the 2007 financial statements with an offsetting increase in long-term investments. The Company's initial interest in Sword was 2.28%. In 2007, in addition to cash received for providing management services, the Company received an increase in its interest in Sword (equivalent to a 0.14% interest, resulting in the interest in Sword as at December 31, 2007 of 2.42%) valued at \$405,176 and recorded as management fees with an offset to long-term investments.

During the 2008 year, the Company invested additional cash of \$1,815,000 and borrowed a further \$800,000 (which was fully repaid within 2008) to maintain its 2.42% interest in Sword. In addition to cash received for providing management services, the Company received an increase in its interest in Sword (equivalent to a 0.15% interest, resulting in the interest of Sword as at December 31, 2008 of 2.57%) valued at \$489,269 and recorded as management fees with an offset to long-term investments. The change in fair value of long-term investments is net of \$1,498,688 (2007 - \$nil) of partnership income allocated from Sword.

⁽³⁾ Wilson Creek – joint venture represents the Company's interest in a natural gas property purchased on August 8, 1995. The investment is accounted for at cost, which includes the costs of developing the property in 2008. Prior to development, the property was carried at a cost of \$nil in the financial statements. An impairment test was performed at December 31, 2008 and no impairment was recognized.

ASTON HILL FINANCIAL INC.
Notes to the Consolidated Financial Statements

December 31, 2008 and 2007

7. Property and Equipment

	December 31, 2008			December 31, 2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer Leasehold improvements	\$ 218,537	\$ 160,027	\$ 58,510	\$ 195,655	\$ 133,541	\$ 62,114
Furniture & Fixtures	362,074	150,937	211,137	401,888	98,589	303,299
Office Equipment	103,218	56,125	47,093	98,488	44,325	54,163
Artwork	64,865	45,801	19,064	61,692	41,035	20,657
	20,267	-	20,267	20,267	-	20,267
	\$ 768,961	\$ 412,890	\$ 356,071	\$ 777,990	\$ 317,490	\$ 460,500

8. Warrant Liability

On September 15, 2006 the Company sold its interest in Sword Energy Limited ("SEL"; a subsidiary until that time) to Eagle Rock for 1,600,000 Common shares of Eagle Rock. As a condition of the sale, SEL warrants were cancelled and the Company granted 1,214,912 warrants in Common shares of Eagle Rock to former SEL shareholders. Each warrant entitles the holder to purchase, from the Company, one Common share of Eagle Rock at a price of \$2.00 per share on or before December 31, 2007. Upon adoption of CICA Handbook Section 3855, the Company recorded the fair value of these warrants of \$160,122 with the offset to opening deficit. During the year ended December 31, 2007, the change in fair value of the warrants resulted in an income inclusion of \$160,122. As at December 31, 2007 and December 31, 2008, the fair value of the warrant liability was \$nil.

9. Bank Loan

The Company entered into a demand revolving loan agreement on June 26, 2007 with a Canadian bank in order to finance its participation in Sword (see Note 6). The loan had a borrowing limit of \$1,800,000 and accrued interest at prime interest rates. On February 8, 2008, the Company borrowed a further \$800,000 from the same Canadian bank in order to maintain its 2.42% interest in Sword. The Company was required to maintain debt to tangible net worth and cash flow coverage ratios of 1.00:1.00 and 1.25:1.00, respectively. On June 26, 2008 the Company repaid the loan in full.

10. Debentures

The Company's wholly owned subsidiary, Juno Canada Holdings Ltd. ("Juno"), has a \$250,000 debenture (fully collateralized by the Wisevest Income Fund units) bearing interest at 8.4% per annum and maturing May 11, 2012. The Company accounts for the debenture at amortized cost using the effective interest rate method. The difference between the face value of the \$250,000 and the value determined is amortized to interest on debenture expense. The effective interest rate of the debenture is 8.45%. As at December 31, 2008, the fair value of the debentures was \$249,773 (2007 - \$249,616).

ASTON HILL FINANCIAL INC.
Notes to the Consolidated Financial Statements

December 31, 2008 and 2007

11. Equity Instruments

(a) Authorized
 Unlimited number of Common voting shares

(b) Issued
Common shares

	December 31, 2008		December 31, 2007	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of year	51,162,792	\$ 13,258,413	50,962,792	\$ 13,177,477
Issued for cash (Note 13)	7,878,762	3,309,080	-	-
Stock options exercised – cash portion (Note 11 (c))	225,000	63,000	200,000	56,000
Stock options exercised – fair value portion	-	34,349	-	24,936
Share issue costs	-	(15,473)	-	-
Balance, end of year	59,266,554	\$ 16,649,369	51,162,792	\$ 13,258,413

On June 6, 2008, the Company closed a non-brokered private placement by issuing 7,878,762 common shares at a price of \$0.42 per share for gross proceeds of \$3,309,080. Share issue costs of \$15,473 were paid to legal counsel in respect of this private placement.

(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 year 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.

ASTON HILL FINANCIAL INC.
Notes to the Consolidated Financial Statements

December 31, 2008 and 2007

11. Equity Instruments - continued

(c) Options - continued

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, 2006	3,700,000		\$0.31	3.8 years	1,700,000	\$0.33
Options granted April 30, 2007	770,000	\$0.37	\$0.37	4.3 years	-	-
Options vested	-	\$0.38	\$0.38	3.0 years	33,333	\$0.38
Options exercised	(200,000)	\$0.28	\$0.28	-	(200,000)	\$0.28
Options forfeited	(100,000)	\$0.28	\$0.28	-	(100,000)	\$0.28
Options vested	-	\$0.28	-	1.7 years	383,333	\$0.28
Options vested	-	\$0.30	-	3.8 years	283,333	\$0.30
Options vested	-	\$0.32	-	3.0 years	33,333	\$0.32
Options vested	-	\$0.26	-	4.0 years	200,000	\$0.26
Options outstanding, December 31, 2007	4,170,000		\$0.33	3.1 years	2,333,332	\$0.32
Options exercised	(225,000)	\$0.28	\$0.28	-	(225,000)	\$0.28
Options vested	-	\$0.37	\$0.37	3.8 years	256,663	\$0.37
Options granted May 2, 2008	935,000	\$0.44	\$0.44	4.8 years	-	-
Options vested	-	\$0.30	\$0.30	3.0 years	283,332	\$0.30
Options vested	-	\$0.38	\$0.38	2.3 years	33,334	\$0.38
Options vested	-	\$0.32	\$0.32	2.0 years	33,334	\$0.32
Options granted October 29, 2008	160,000	\$0.30	\$0.30	4.8 years	-	-
Options vested	-	\$0.26	\$0.26	2.9 years	200,000	\$0.26
Options forfeited	(35,000)	\$0.44	\$0.44	-	-	\$0.44
Options forfeited	(400,000)	\$0.48	\$0.48	-	(400,000)	\$0.48
Options forfeited	(200,000)	\$0.38	\$0.38	-	(200,000)	\$0.38
Options outstanding, December 31, 2008	4,405,000		\$0.33	2.8 years	2,314,995	\$0.34

The weighted average contractual life of exercisable options at December 31, 2008 is 2.0 years (2007 – 2.4 years).

On April 8, 2008, 100,000 options with an exercise price of \$0.28 per share were exercised by employees of the Company.

On May 2, 2008, the Company granted 935,000 options to employee, consultants and directors. The options have an exercise price of \$0.44 per share, vest over three years and expire on May 2, 2013.

On September 17, 2008, 125,000 options with an exercise price of \$0.28 were exercised by employees of the Company.

On October 26, 2008, 35,000 options with an exercise price of \$0.44 that had been granted to a consultant of the Company were forfeited.

On November 30, 2008, 400,000 options with an exercise price of \$0.48 that had been granted to a director of the Company were forfeited.

December 31, 2008 and 2007

11. Equity Instruments - continued

(c) Options - continued

On October 29, 2008, the Company granted 160,000 options to an employee and a consultant. The options have an exercise price of \$0.30 per share, vest over three years and expire on October 29, 2013.

On November 30, 2008, 200,000 options with an exercise price of \$0.38 that had been granted to a director of the company were forfeited.

Subsequent to year-end, on March 26, 2009, the Company granted 970,000 options to officers, directors, employees, and consultants. The options have an exercise price of \$0.32 per share, vest over three years and expire on March 26, 2014.

On April 30, 2007, the Company granted 770,000 options to employees and directors. The options have an exercise price of \$0.37 per share, vest over three years and expire on April 30, 2012. During the year ended December 31, 2007, 200,000 options with an exercise price of \$0.28 per share were exercised by a former employee of the Company. Subsequent to year end, on April 9, 2008, a director exercised 100,000 options with an exercise price of \$0.28 per share.

On May 1, 2007, 1,000,000 options were granted by a major shareholder to an employee to purchase shares held by the major shareholder at an exercise price of \$0.25 per share. The options vest to the employee one-half on June 1, 2007 and one-half on February 1, 2008 and expire on May 1, 2011.

Total stock compensation expense for the year ended December 31, 2008 of \$330,000 (2007 - \$480,000) was recorded in the statements of operations and deficit and credited to contributed surplus for options that were granted in 2004, 2005, 2006, 2007 and 2008 using the Black-Scholes option pricing model with the following weighted average assumptions:

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Risk free interest rate	2.05-2.88%	2.83%	2.78-3.13%	2.68-2.78%
Expected life of options	4 year	4 year	4 year	4 year
Expected dividend	Nil	Nil	Nil	Nil
Expected share price volatility	90-91%	91%	82-91%	82-84%

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December 31, 2008 and 2007

12. Contributed Surplus

	December 31, 2008	December 31, 2007
Balance, beginning of year	\$ 1,450,527	\$ 995,463
Stock compensation	330,000	480,000
Stock options exercised -fair value portion	(34,349)	(24,936)
Balance, end of year	\$ 1,746,178	\$ 1,450,527

13. Related Party Transactions

In addition to those disclosed elsewhere in the financial statements, the Company had the following related party transactions:

- a) During the year ended December 31, 2008, the Company paid consulting fees to, and reimbursed travel expenses of Basek Consulting Ltd. ("Basek") of \$nil (2007 - \$11,512). Basek is owned directly by a former director of the Company.
- b) Accounts receivable includes management fees receivable from Catapult Energy Limited Partnership I of \$nil (2007 - \$35,391) for services provided by Catapult Financial Management Inc., as general partner and advisor. During the year, \$32,027 (2007 - \$168,701) was recorded as revenue in respect of these management fees. Catapult Financial Management Inc. is a wholly owned subsidiary of the Company.
- c) Accounts receivable includes management fees receivable from Catapult Energy Small Cap FTS Limited Partnership of \$nil (2007 - \$12,680) for services provided by the Company, as administrator. During the year, \$47,931 (2007 - \$68,206) was recorded as revenue in respect of these management fees. A further \$nil (2007 - \$69,741) is receivable for costs paid by the Company on behalf of Catapult Energy Small Cap FTS Limited Partnership.
- d) Accounts receivable includes management fees receivable from Catapult Energy Small Cap 2007 FTS Limited Partnership of \$nil (2007 - \$21,922) for services provided by the Company, as administrator. During the year, \$74,781 (2007 - \$59,987) was recorded as revenue in respect of these management fees.
- e) In 2005, the Company invested \$1,992,500 in the units of Catapult Energy Limited Partnership I, a limited partnership managed by Catapult Financial Management Inc., a wholly owned subsidiary of the Company. During the year ended December 31, 2007, the Company invested a further \$71,875 in Catapult Energy Limited Partnership I, which was dissolved on March 31, 2008.
- f) On June 26, 2007, the Company invested \$1,800,000 in Sword Energy Inc. and received an acquisition promote for transaction services which has been valued at \$4,995,361 and recorded as revenue with an offset to long-term investments. The Company manages Sword, a private company, on behalf of the majority shareholders and is paid a quarterly management fee in accordance with an executed management agreement. In 2008, \$1,000,000 was recorded as an acquisition fee for 2008 related transaction services. Accounts receivable includes \$429,038 as at December 31, 2008 (2007 - \$412,398), and \$2,413,127 was recorded as revenue, \$1,923,863 of cash and \$489,269 of non cash management fees (2007 - \$1,155,176) for the year ended December 31, 2008. The Sword fees represent 60% of the 2008 total revenue.
- g) Consulting expense includes \$60,500 (2007 - \$74,220) paid to Ghost Lake Manor Inc. for consulting services provided. Consulting expenses are included in General, administrative and other expenses on the Consolidated Statement of Operations and Comprehensive Income. Ghost Lake Manor Inc., is controlled by an indirect controlling shareholder of the Company.

December 31, 2008 and 2007

13. Related Party Transactions - continued

- h) Accounts receivable includes management fees receivable from Catapult Energy 2008 FTS Limited Partnership ("2008 FTS") of \$18,369 (2007 - \$nil). During the year, \$17,494 (2007 - \$nil) was recorded as revenue in respect of these management fees. Also, notes receivable of \$1,064,031 are promissory notes due from 2008 FTS. Catapult Management 2008 Inc., which is a wholly owned subsidiary of the Company, is the General Partner of 2008 FTS. The notes are receivable on demand and accrue interest revenue at a rate of 6% annually. Interest is calculated daily from the date the note was issued and is receivable on a monthly basis on the last day of each month.
- i) On June 6, 2008, the Company closed a non-brokered private placement by issuing 7,878,762 common shares at a price of \$0.42 per share for gross proceeds of \$3,309,080. The proceeds were used to pay down debt and will be used for general working capital and to advance the Company's business plan. Directors and officers of the Company and of the Company's subsidiaries subscribed for 3,710,047 of the shares issued in this private placement, representing \$1,562,000 or approximately 47.2% of the shares issued.

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.

14. Financial Instruments

Fair Value of Financial Instruments

As a result of the prior year adoption of the new financial instrument accounting standards, certain financial instruments are now measured and reported on the consolidated balance sheet at fair value which were previously reported at cost, amortized cost or lower of cost or market.

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.

Carrying Value and Fair Value of Financial Instruments

i. Cash and cash equivalents

Cash and cash equivalents are classified as held-for-trading and are reported at fair value.

ii. Marketable securities

Marketable securities are classified as held-for-trading and are reported at fair value.

iii. Accounts receivable

Accounts receivable are classified as loans and receivables and are reported at amortized cost. At December 31, 2008 the carrying value of accounts receivable approximated their fair value due to short term maturity.

December 31, 2008 and 2007

14. Financial Instruments - continued

iv. Notes receivable

Notes receivable are classified as loans and receivables and are reported at amortized cost. At December 31, 2008 the carrying value of notes receivable approximated their fair value due to short term maturity.

v. 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 December 31, 2008 is \$164,660 (2007 - \$216,914).

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 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 the fair value of the Sword investment may fluctuate materially from quarter to quarter.

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

vi. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are classified as other liabilities and are reported at amortized cost. At December 31, 2008, the carrying value of accounts payable and accrued liabilities approximated their fair value due to their short term nature.

vii. 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.

Credit Risk

Credit risk is the potential for financial loss to the Company if a counterparty in a transaction fails to meet its obligations. The Company's cash and cash equivalents, accounts receivable, notes receivable, marketable securities, and long-term investments are subject to credit risk. The Company monitors its credit risk management policies continuously to evaluate their effectiveness and feels that the credit worthiness of its counterparties is satisfactory at this time.

Cash and cash equivalents primarily consist of highly liquid temporary deposits with Canadian chartered bank, debt securities issued by the Canadian and provincial governments, bankers' acceptances and commercial paper. The Company mitigates credit risk on these financial instruments by adhering to its Investment Policy that outlines credit risk parameters and concentration limits. The Company's maximum credit exposure is \$10,407,333, which is the sum of its cash and cash equivalents, accounts receivable, marketable securities and long-term investments as reported on the balance sheet as at December 31, 2008.

Substantially all of the Company's accounts receivable are due from related parties. As at December 31, 2008, 76.7% of the accounts receivable are due from Sword, which is a related party (see Note 13). The Company believes that the entire accounts receivable balance is collectible. Accordingly, management has not provided for an allowance for doubtful accounts as at December 31, 2008.

Despite the Company's mitigation of credit risk, there is additional risk due to the current state of the financial market.

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Notes to the Consolidated Financial Statements

December 31, 2008 and 2007

14. Financial Instruments - continued

Liquidity Risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. In addition to the Company's current balance of cash and cash equivalents, other potential sources of liquidity include the Company's portfolio of marketable securities and long-term investments. The Company's continued ability to access capital markets to raise funds is dependent on market conditions that are subject to change.

The timing of cash outflows relating to financial liabilities are as follows:

	1-5 Years	After 5 years	Total
Debentures	250,000	-	250,000
Office commitments	945,044	36,760	981,804
Accounts payable	430,144	-	430,144
	\$ 1,625,188	\$ 36,760	\$ 1,661,948

Market Risk

Market risk is the potential for loss to the Company from changes in the values of its financial instruments due to changes in interest rates, foreign exchange rates or equity prices.

The Company's financial instruments are generally denominated in Canadian dollars and do not have significant exposure to changes in foreign exchange rates.

The Company's securities holdings are classified as held for trading, therefore unrealized gains and losses on securities are recorded in income as changes in fair value until realized. As at December 31, 2008, the impact of a 10% decrease in the value of the Company's securities portfolio would have been an approximate \$32,000 unrealized loss recorded in income. Due to the current financial market conditions, there is additional market risk that may affect the short term and long term value of marketable securities and long-term investments.

Concentration Risk

The Company is exposed to concentration risk in that the majority of its operations, investments and currently managed funds are focused on Western Canadian oil and gas exploration and production. The Company adheres to strict investment policies and management strategies to mitigate the downside risk of this concentration.

15. Income Taxes

- (a) The income tax provision on the statements of operations and deficit differs from the expected income tax provision as follows:

	2008	2007
Expected (recovery) expense at an effective rate of 29.5% (2007 – 32.12%)	\$ (99,000)	\$ 280,000
Add (deduct) effects of:		
Stock based compensation	97,000	154,000
Non-deductible loss on sale of marketable securities	126,000	(4,000)
Effect of change in future tax rate	-	278,000
Change in valuation allowance	(571,000)	(767,000)
Partnership income	442,000	-
Non-capital losses expiring unclaimed	-	75,000
Other permanent differences	5,000	(16,000)
	\$ -	\$ -

ASTON HILL FINANCIAL INC.
Notes to the Consolidated Financial Statements

December 31, 2008 and 2007

15. Income Taxes - continued

- (b) At December 31, 2008, the Company had approximately \$4,836,000 (2007 - \$7,681,000) of non-capital loss carryover balances. In addition, the Company has capital cost pools and share issue costs of \$571,000 (2007 - \$680,000) to deduct against future taxable income. No future tax asset has been recorded for these available losses and tax pools, that are subject to assessment of tax authorities, as their ultimate utilization is not considered more likely than not. All balances are subject to verification by Canada Revenue Agency.

The non-capital losses of the Company and its subsidiaries expire according to the following schedule:

2014	731,000
2015	998,000
2026	1,457,000
2027	<u>1,650,000</u>
	<u>4,836,000</u>

- (c) The components of the Company's future income tax asset are a result of the origination and reversal of temporary differences and are comprised of the following:

Nature of temporary differences	2008	2007
Property and equipment	\$ 50,000	\$ 54,000
Share issue costs	(3,000)	1,000
Long-term investments and marketable securities	(271,000)	(419,000)
Unused tax losses carry forward	<u>1,209,000</u>	<u>1,920,000</u>
	985,000	1,556,000
Valuation allowance	<u>(985,000)</u>	<u>(1,556,000)</u>
Future income tax asset (liability)	<u>\$ -</u>	<u>\$ -</u>

16. Capital Management

The Company's capital management objective is to maximize shareholder returns while ensuring that the Company is capitalized in a manner which appropriately supports regulatory requirements, working capital needs and business expansion. The Company's capital management practices are focused on preserving the quality of its financial position by maintaining a solid capital base and a strong balance sheet.

Capital of the Company current consists of equity instruments. From time to time, the Company may finance long-term investments through bank indebtedness. The Company's capital is primarily utilized in its ongoing business operations to support working capital requirements, long-term investments made by the Company, business expansion and other strategic objectives.

	2008	2007
Equity instruments	<u>16,649,369</u>	<u>13,258,413</u>
Increase of net equity instruments from 2007 to 2008	<u>25.58%</u>	

December 31, 2008 and 2007

17. Commitments

The Company is committed to leased office premises with future base rent payments as follows:

2009	\$ 211,147
2010	\$ 212,739
2011	\$ 214,332
2012	\$ 156,067
2013	\$ 150,759
Thereafter	<u>\$ 36,760</u>
	<u>\$ 981,804</u>

The Company is also required to pay their proportionate share of operating and property tax costs for the premises.

18. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

19. Subsequent Events

On March 17, 2009, the Company announced the filing of the final prospectus for initial public offering of the Preferred Share Investment Trust for a total maximum offering size of up to \$100 million. The offering closed on April 3, 2009 with \$60 million raised. The portfolio will be actively managed by Catapult Financial Management Inc., a wholly owned subsidiary of the Company.