

**Aston Hill Financial Inc.**

**Consolidated Financial Statements  
For the three month periods ended  
March 31, 2008 and 2007**

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## **NOTIFICATION OF UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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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, 2008.

**Aston Hill Financial Inc.**  
**Consolidated Balance Sheets**  
(Unaudited)

	March 31, 2008	December 31, 2007
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 250,701	\$ 630,289
Marketable securities	743,908	1,596,310
Accounts receivable (Note 7 and 9)	1,757,674	842,524
Prepaid expenses	52,828	71,662
	2,805,111	3,140,785
<b>Prepaid deposits</b>	21,298	21,298
<b>Long-term investments</b>	10,566,144	7,144,792
<b>Property and equipment</b>	403,617	460,500
	\$ 13,796,170	\$ 10,767,375
<b>Liabilities and Shareholders' Equity</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 532,111	\$ 792,737
Bank Loan (Note 4)	2,600,000	1,800,000
	3,132,111	2,592,737
<b>Debentures</b>	249,625	249,616
	3,381,736	2,842,353
<b>Shareholders' equity</b>		
Equity instruments (Note 5)	13,258,413	13,258,413
Contributed surplus (Note 6)	1,550,527	1,450,527
Deficit	(4,394,506)	(6,783,918)
	10,414,434	7,925,022
	\$ 13,796,170	\$ 10,767,375

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

**Aston Hill Financial Inc.**  
**Consolidated Statements of Operations**  
(Unaudited)

<b>For the periods ended March 31</b>	<b>2008</b>	<b>2007</b>
<b>Revenue</b>		
Management fees (Note 7)	\$ 647,859	\$ 65,820
Acquisition fees (Note 7)	1,000,000	-
	<u>1,647,859</u>	<u>65,820</u>
<b>Expenses</b>		
General, administrative and other (Note 7)	959,550	685,729
Interest expense (Note 4)	32,034	-
Stock compensation (Note 5)	100,000	55,000
Amortization	21,500	8,235
Interest on debenture	5,259	5,200
	<u>1,118,343</u>	<u>754,164</u>
<b>Income (loss) from operations before investing activities</b>	<u>529,516</u>	<u>(688,344)</u>
<b>Investing</b>		
Loss on sale of marketable securities	(1,051,547)	-
Interest income	1,892	15,499
Dividend and royalty income	6,726	6,369
Change in fair value of marketable securities	1,296,472	(1,043,725)
Change in fair value of long-term investments	1,606,353	(144,598)
Change in fair value of warrant liability	-	144,762
Dealer commissions	-	(625)
<b>Income (loss) from investing activities</b>	<u>1,859,896</u>	<u>(1,022,318)</u>
<b>Net income (loss) for the period</b>	<u>\$ 2,389,412</u>	<u>\$ (1,710,662)</u>
<b>Weighted average number of shares - basic</b>	<b>51,162,792</b>	<b>50,962,792</b>
<b>Weighted average number of shares - diluted</b>	<b>51,920,238</b>	<b>50,962,792</b>
<b>Income (loss) per share – basic</b>	<b>\$ 0.047</b>	<b>\$ (0.034)</b>
<b>Income (loss) per share – diluted</b>	<b>\$ 0.046</b>	<b>\$ (0.034)</b>

**Consolidated Statements of Deficit**  
(Unaudited)

<b>For the periods ended March 31</b>	<b>2008</b>	<b>2007</b>
<b>Deficit, beginning of period</b>	<b>(6,783,918)</b>	<b>(8,319,698)</b>
<b>Accounting change</b>	<b>-</b>	<b>663,430</b>
<b>Deficit, beginning of period, after adjustments</b>	<b>(6,783,918)</b>	<b>(7,656,268)</b>
<b>Net income (loss) for the period</b>	<u>2,389,412</u>	<u>(1,710,662)</u>
<b>Deficit, end of period</b>	<u>\$ (4,394,506)</u>	<u>\$ (9,336,930)</u>

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

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

<b>For the periods ended March 31</b>	<b>2008</b>	<b>2007</b>
<b>Cash flows from operating activities</b>		
Net income (loss) for the period	\$ 2,389,412	\$ (1,710,662)
Adjustments for:		
Amortization of property and equipment	21,500	8,235
Amortization of debenture discount	9	(50)
Stock compensation	100,000	55,000
Change in fair value of marketable securities	(1,296,472)	1,043,725
Change in fair value of long-term investments	(1,606,353)	144,598
Change in fair value of warrant liability	-	(144,762)
Loss on sale of marketable securities	1,051,547	-
Cash flow (deficiency) from operations	<u>659,643</u>	<u>(603,916)</u>
Changes in non-cash working capital items		
Accounts receivable	182,178	62,744
Prepaid expenses	18,834	15,141
Accounts payable and accrued liabilities	(260,626)	(349,498)
	<u>600,029</u>	<u>(875,529)</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(4,617)	(62,510)
Leasehold improvement inducements	40,000	-
Acquisition of long-term investments	(1,815,000)	(62,500)
	<u>(1,779,617)</u>	<u>(125,010)</u>
<b>Cash flows from financing activities</b>		
Bank loan borrowings	800,000	-
<b>Decrease in cash and cash equivalents</b>	<b>(379,588)</b>	<b>(1,000,539)</b>
Cash and cash equivalents, beginning of period	<u>630,289</u>	<u>3,043,215</u>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 250,701</b>	<b>\$ 2,042,676</b>
<b>Supplementary Information</b>		
Non-cash transactions:		
Marketable securities (Note 9)	\$ (1,097,328)	\$ -
Cash paid for interest	\$ 35,612	\$ 6,046

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

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

**March 31, 2008 and 2007**

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**1. Summary of Significant Accounting Policies**

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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, 2007, except as identified in Note 2. 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, 2007. The disclosures provided below are incremental to those included in the 2007 annual consolidated financial statements of the Company.

Comparative figures

Certain comparative figures have been classified to conform with the current period's financial statement presentation.

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**2. Changes in Accounting Policies**

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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.

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.

Future Accounting Changes

On January 1, 2009, the Company will adopt 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 is not expected to have a significant impact on the Company's financial position or results of operations.

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, on or by January 1, 2011. The Company will adopt all of the International Financial Reporting Standards in accordance with the AcSB's plan. The impact of the adoption of these standards is not known at this time.

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**3. Capital Management**

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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 consists of shareholders' equity.

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.

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

**March 31, 2008 and 2007**

**4. 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. The loan had an initial borrowing limit of \$1,800,000 and accrues 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 is required to maintain debt to tangible net worth and cash flow coverage ratios of 1.00:1.00 and 1.25:1.00, respectively. As at March 31, 2008 the Company was in compliance with the covenants of its bank loan.

The resulting \$2,600,000 total bank loan is to be paid in full by August 31, 2008. Subsequent to period end, the loan was paid down to \$1,600,000 on April 7, 2008.

**5. Equity Instruments**

(a) Authorized  
 Unlimited number of Common voting shares

(b) Issued

Common shares	March 31, 2008		December 31, 2007	
	Number of Shares	Amount	Number of Shares	Amount
<b>Balance, beginning of period</b>	<b>50,162,792</b>	<b>\$ 13,258,413</b>	50,962,792	\$ 13,177,477
Stock options exercised – cash portion (Note 5 (c))	-	-	200,000	56,000
Stock options exercised – fair value portion	-	-	-	24,936
<b>Balance, end of period</b>	<b>50,162,792</b>	<b>\$ 13,258,413</b>	51,162,792	\$ 13,258,413

(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.

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

**March 31, 2008 and 2007**

**5. 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 outstanding, March 31, 2008	4,170,000		\$0.33	2.9 years	2,333,332	\$0.32

The weighted average contractual life of exercisable options at March 31, 2008 is 2.2 years.

Subsequent to period end, on May 2, 2008, the Company granted 935,000 options to employees, consultants and directors. The options have an exercise price of \$0.44 per share, vest over three years and expire on May 2, 2013. Also, subsequent to period end, 100,000 options with an exercise price of \$0.28 per share were exercised by a director of the Company.

On February 1, 2006 a major shareholder of the Company granted to several employees and directors 3,800,000 options to purchase shares in the Company held by the major shareholder. The options have exercise prices ranging from \$0.28 per share to \$0.60 per share, vest over three years and have a remaining life of 3.8 years. Pursuant to CICA 3870 regarding stock based payments, the Company has recognized stock compensation expense relating to options granted by a major shareholder. 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.

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

**March 31, 2008 and 2007**

**5. Equity Instruments - continued**

(c) Options - continued

A total compensation expense of \$100,000 (2007 - \$55,000) was recorded in the statements of operations and deficit and credited to contributed surplus for options that were granted in 2004, 2005, 2006 and 2007 using the Black-Scholes option pricing model with the following weighted average assumptions:

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Risk free interest rate	<b>2.83%</b>	2.78-3.13%	2.68-2.78%	3.03%
Expected life of options	<b>4 year</b>	4 year	4 year	4 year
Expected dividend	<b>Nil</b>	Nil	Nil	Nil
Expected share price volatility	<b>91%</b>	82-91%	82-84%	70%

**6. Contributed Surplus**

	<b>March 31, 2008</b>	December 31, 2007
Balance, beginning of period	<b>\$ 1,450,527</b>	\$ 995,463
Stock compensation	<b>100,000</b>	480,000
Stock options exercised -fair value portion	-	(24,936)
Balance, end of period	<b>\$ 1,550,527</b>	\$ 1,450,527

**7. Related Party Transactions**

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

- a) Accounts receivable includes management fees receivable from Catapult Energy Limited Partnership I of \$Nil (2007 - \$50,221) for services provided by Catapult Financial Management Inc., as general partner and advisor. During the three month period, \$32,027 (2007 - \$47,370) was recorded as revenue in respect of these management fees. Catapult Financial Management Inc. is a wholly owned subsidiary of the Company.
- b) Accounts receivable includes management fees receivable from Catapult Energy Small Cap FTS Limited Partnership of \$10,124 (2007 - \$24,604) for services provided by the Company, as administrator. During the three month period, \$10,815 (2007 - \$18,494) was recorded as revenue in respect of these management fees.
- c) Accounts receivable includes management fees receivable from Catapult Energy Small Cap 2007 FTS Limited Partnership of \$21,922 (2007 - \$nil) for services provided by the Company, as administrator. During the three month ended March 31, 2008 \$21,208 (2007 - \$nil) was recorded as revenue in respect of these management fees.

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

**March 31, 2008 and 2007**

**7. Related Party Transactions - continued**

- d) 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 period ended March 31, 2008, the Company invested \$Nil (2007 – a further \$62,500) in Catapult Energy Limited Partnership I. On March 31, 2008, Catapult Energy Limited Partnership I was dissolved. Subsequent to March 31, 2008, the Company received the proceeds from the dissolution of \$1,008,305. As at March 31, 2008 this amount was an account receivable.
- e) 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 as well as acquisition fees when applicable in accordance with an executed management agreement. Accounts receivable includes \$531,563 as at March 31, 2008, and \$1,506,250 was recorded as revenue (\$1,000,000 acquisition fee, \$506,750 quarterly management fee) for the period ended March 31, 2008.
- f) Consulting expense includes \$16,500 (2007 - \$Nil) paid to Ghost Lake Manor Inc. for consulting services provided. Ghost Lake Manor Inc. is controlled by an indirect controlling shareholder of the Company.

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.

**8. Financial Instruments**

The Company actively manages risks that arise as a result of its use of financial instruments. These risks include liquidity, credit and market risk.

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. The Company's continued ability to access capital markets to raise funds is dependent on market conditions that are subject to change. The Company's exposure to and management of liquidity risk has not changed materially since December 31, 2007.

The Company's contractual maturities as at March 31, 2008 are as follows:

	Less Than 1 Year	1-5 Years	After 5 years	Total
Bank loan	\$ 2,600,000	\$ -	\$ -	\$ 2,600,000
Debentures	-	250,000	-	250,000
Office commitments	157,309	945,044	36,760	1,139,113
<b>Total contractual obligations</b>	<b>\$ 2,757,309</b>	<b>\$ 1,195,044</b>	<b>\$ 36,760</b>	<b>\$ 3,989,113</b>

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

**March 31, 2008 and 2007**

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**8. Financial Instruments – continued**

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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, 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 banks, 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 approximately \$13,318,000, 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 March 31, 2008.

The Company's exposure to and management of credit risk has not changed materially since December 31, 2007.

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 is exposed to interest rate risk on its bank loan. As at March 31, 2008, the impact of a 100-basis point change in interest rates would have been \$26,000.

The Company's securities holdings are classified as held for trading, therefore unrealized gains and losses on securities are recorded in income until realized. As at March 31, 2008, the impact of a 10% decrease in the value of the Company's securities portfolio would have been an approximate \$74,000 unrealized loss recorded in income.

The Company's exposure to, and management of, interest rate and other price risk has not changed materially since December 31, 2007.

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.

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.

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

**March 31, 2008 and 2007**

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**8. Financial Instruments – continued**

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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.

*(b) Marketable securities*

Marketable securities are classified as held-for-trading and are reported at fair value. As at March 31, 2008, the Company reported investments in marketable securities of publicly traded securities at a fair value of \$743,908 (2007 - \$1,061,115).

*(c) Accounts receivable*

Accounts receivable are classified as loans and receivables and are reported at amortized cost. At March 31, 2008 the carrying value of accounts receivable approximated their fair value.

*(d) Long-term investments*

Parson's Pond has been classified as available-for-sale. The fair value of Parson's Pond as at March 31, 2008 and 2007 is \$Nil.

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 pursuant to Accounting Guideline 18 – Investment Companies. The fair value of Wisevest Income Fund as at March 31, 2008 is \$245,069 (2007 - \$202,476).

Sword Energy Inc. is a 2.42% 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, 2008 is \$10,321,075.

*(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, 2008, 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, 2008, the amortized cost of the debentures was \$249,625 (2007 - \$249,480).

*(g) Bank Loan*

The bank loan is classified as other liabilities and is reported at amortized cost. At March 31, 2008, the carrying amount of the bank loan approximated its fair value.

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**9. Non-cash transactions**

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During the three months ended March 31, 2008, the Company sold marketable securities valued at \$1,097,328. As the transactions did not close until after the end of the period, this amount has been included in accounts receivable as at March 31, 2008.