

ASTON HILL FINANCIAL INC.

FOR THE YEAR ENDED DECEMBER 31, 2010

MANAGEMENT DISCUSSION & ANALYSIS FORM 51-102F1

This management discussion and analysis ("MD&A") document for Aston Hill Financial Inc. ("Aston Hill" or the "Company") should be read in conjunction with the audited annual consolidated financial statements for the years ended December 31, 2010 and December 31, 2009 and the notes thereto of Aston Hill. The historical financial information of the Company can be found on SEDAR under Aston Hill Financial Inc.

All dollar amounts are referenced in Canadian dollars. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP).

The information provided herein is effective as of April 8, 2011 and is, in part, based upon assumptions regarding future events and results, which may vary.

This MD&A contains forward-looking statements. Forward-looking statements are based on current expectations that involve a number of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the MD&A. Forward-looking statements are based on the estimates and opinions of Aston Hill's management at the time the statements were made.

OVERVIEW

Aston Hill is a company listed on the TSX Venture Exchange and incorporated under the *Business Corporations Act* (Alberta). The Company's business focus is asset management with expertise in income products, energy investments, oil and gas property management and private equity. Aston Hill provides investment portfolio management and advisory services to funds and fund managers. To that end, Aston Hill has created wholly-owned subsidiary corporations and divisions which have defined platforms and objectives of their own, all as part of the Company's business plan.

BUSINESS INTERESTS

Aston Hill conducts business essentially along two distinct divisional lines: Financial Portfolio Management and Advisory, and Oil and Gas Property Management.

Financial Portfolio Management and Advisory

Aston Hill and its subsidiaries manage the Aston Hill Group of Funds, the Catapult Group of Funds, and sub-advisory relationships with IA Clarington Investments Inc. ("IA Clarington"), Redwood Asset Management Inc. ("Ark Funds"), First Asset Management Inc. ("First Asset"), and BMO Nesbitt Burns ("BMO"). Six licensed portfolio managers including Ben Cheng, Jeff Burchell, Andrew Hamlin, and Vivian Lo in the Toronto office; and Joanne Hruska and Carol Pretty in the Calgary office are responsible for the Financial Portfolio Management and Advisory division of Aston Hill.

Aston Hill Asset Management Inc. ("AHAM"), formerly known as Navina Asset Management Inc. ("Navina"), a Toronto based asset management firm specializing in the development, sales, and management of closed-end mutual funds, open-end mutual funds and hedge funds, was acquired on August 6, 2010 by Aston Hill. Aston Hill acquired all of the issued and outstanding common shares of Navina for total consideration of \$4,277,144, of which \$1,684,324 was paid in cash and the balance through issuance of 2,009,938 common shares of Aston Hill. The acquisition is subject to a potential earn-out of up to \$1,800,000 if certain conditions are met. At the December 31, 2010 the Company has determined that the contingent consideration is unlikely to be rewarded. AHAM had \$215 million in AUM as at December 31, 2010.

Aston Hill Investments Inc. ("AHI"), formerly Catapult Financial Management Inc. ("Catapult Financial"), an Alberta company and wholly owned subsidiary of Aston Hill, provides management and advisory services to private energy and flow-through share accounts. As well, AHI is currently involved in portfolio advisory for IA Clarington, Ark Funds, First Asset, and BMO.

IA Clarington Relationship

AHI is the portfolio sub-advisor for the IA Clarington Tactical Income Fund and IA Clarington Tactical Income Class ("Tactical Fund & Class"), the IA Clarington Global Tactical Income Fund and the IA Clarington Global Tactical Income Class ("Global Fund & Class"). The Tactical Fund & Class invests approximately one third to two-thirds of its portfolio in equity and other

income generating securities and about one third to two thirds in fixed income securities and cash equivalents. The investment strategy of the Global Income Fund & Class is to seek out companies with stable earnings growth, strong management, solid balance sheet and a growing overall market share. The Global Income Fund & Class seeks to generate income and long-term capital growth by investing in a combination of equity and fixed income securities of companies located mainly in Europe and North America.

In 2010 AHI became the sub-advisor for the IA Clarington Aston Hill Tactical Yield Fund ("Tactical Yield Fund"). The Tactical Yield Fund's investment objectives are to provide unit-holders with monthly cash distributions, initially targeted to be 6.0% per Trust Unit per annum on the original offering price of \$10.00 per unit and to maximize total returns for unit-holders, consisting of both cash distributions and capital appreciation, while reducing risk and preserving capital. The investment strategy is to invest in an actively managed, diversified portfolio comprised primarily of Canadian common, preferred equity, and income generating securities that provide a consistent and stable source of current income; and fixed income securities, including high yield corporate debt securities, and cash and cash equivalents.

Also in 2010 AHI became the sub-advisor to IA Clarington Tactical Bond Fund and IA Clarington Bond Class ("Tactical Bond Fund & Class") and IA Clarington Energy Class ("Energy Class"). The Tactical Bond Fund & Class invests in a mix of high quality fixed income securities as well as investment grade and higher yielding securities of North American corporate issuers. The Fund will generally be diversified across industry sector, size of issuer and credit rating. Energy Class selects equity securities based on a bottom-up stock selection approach by identifying companies with stable earnings growth, strong management teams, sound balance sheets and a growing overall market share that are trading at attractive prices. The Fund will seek to hold approximately 40-60 securities operating in the Canadian and global energy resource sector.

On February 8, 2010, Aston Hill announced that the agreements between its portfolio management subsidiary, AHI, and IA Clarington have been extended to further strengthen the nature and commitment of their relationship and facilitate a long-term business arrangement. The extended agreements include an amended sub-advisory agreement with IA Clarington that has an initial term of 5 years and is subject to earlier termination on two year's notice, or on the occurrence of certain events. An estimate of the financial effects and incremental revenue that will be earned on the advisory services to be performed in accordance with the renewed agreement is not determinable. As specified thresholds of assets under advisory with IA Clarington are achieved, AHI earned advisory fees are reduced on a step down basis.

As part of the extended agreement with IA Clarington, AHI has agreed that it will not manage or advise certain competing retail investment funds unless consented to by IA Clarington. Certain mandates existing on the date of the agreement are excluded from this restriction. In addition, if the assets under management by AHI for IA Clarington exceed certain specified thresholds during any calendar year, members of the investment advisory team managing those assets will become precluded from acting on the investment advisory team of other investment funds during the next calendar year (subject to certain exceptions).

IA Clarington, a subsidiary of Industrial Alliance Insurance and Financial Services Inc., markets a wide range of investment products, including mutual funds, segregated funds, principal protected notes and closed end funds managed by leading portfolio managers.

First Asset Relationship

On March 17, 2009, Aston Hill in conjunction with First Asset, announced the filing of the final prospectus for the initial public offering of the Preferred Share Investment Trust (the "Trust"). The first closing for the Trust was on April 3, 2009 for \$55 million. Aston Hill provides the Trust with investment portfolio advisory services.

The Trust invests in an actively managed portfolio comprised primarily of investment grade preferred shares and to a lesser extent investment grade corporate debt and convertible bonds in order to provide unit-holders with the opportunity for growth of their investment value through any capital appreciation of the portfolio and quarterly distributions.

Ark Funds Relationship

AHI provides advisory services to Ark Aston Hill Energy Class Mutual Fund ("Ark Energy Fund"), Ark Aston Hill Monthly Income Class Mutual Fund ("Ark Monthly Fund"), and Ark Catapult Energy Class Fund ("Ark Catapult Fund"). Redwood Asset Management Inc. is a Toronto-based manager and distributor of Ark mutual funds and hedge funds.

Ark Energy Fund is an open ended mutual fund corporation that focuses on investment in the energy sector and seeks to generate long-term capital growth through the investment in Canadian energy exploration and production companies.

The Ark Monthly Fund distributes a tax-efficient, fixed monthly distribution of 5 cents per unit. This fund invests in dividend paying equities and fixed income securities; having a flexible mandate in security selection, sector exposure and asset allocation.

Ark Catapult Fund's investment objective is to achieve long-term capital appreciation by investing primarily in the equity securities of Canadian energy and resource issuers.

Sword Oil & Gas Property Management

Aston Hill identifies potential oil and natural gas exploration and development opportunities in both the private and public sectors within its oil and gas management division. The mandate is to identify, acquire and manage oil and gas properties on behalf of institutional investors. In 2007, the Company, alongside Infra-PSP Canada Inc. ("PSP"), a wholly-owned subsidiary of the Public Sector Pension Investment Board ("PSPIB"), acquired all of the issued and outstanding trust units of Thunder Energy Trust ("Thunder"). Thunder was then privatized and Aston Hill manages the assets of the resultant private entity, Sword Energy Inc. ("Sword"). Aston Hill receives ongoing management and acquisition fees for providing Sword with management consulting services and a performance bonus if certain hurdles are met. Aston Hill's interest in the ownership of Sword is 2.57%.

In September 2009, Aston Hill invested additional cash of \$1.0 million to maintain its 2.57% interest in Sword.

The details of the management agreement and fee structuring are subject to confidentiality agreements, however are in line with comparable agreements in the oil and natural gas industry.

Other Business Interests

Juno Canada Holdings Ltd. ("Juno") a wholly owned subsidiary and an Alberta company, sells debentures and invests the proceeds in the Wisevest Income Fund ("Wisevest"). Wisevest was established by deed of trust on January 1, 2004 and Juno is the sole holder of Wisevest units. Wisevest's investment objective is to maximize distributions primarily through investment in securities of Canadian royalty and income trusts. Juno has a \$250,000 debenture (fully collateralized by the Wisevest units) bearing interest at 8.4% per annum and maturing May 11, 2012. PortfolioCo Inc., an Alberta company and wholly-owned subsidiary of Aston Hill, is the manager of Wisevest and earns fees for its management and administration services.

Aston Hill also invests excess working capital in various investment opportunities including, but not limited to, bankers' acceptances, term deposits, short term bonds, common share securities and oil and gas properties.

Assets under Management & Advisory

As at December 31, 2010 the Company had approximately \$2.861 billion in assets under management and advisory. The following table summarizes the various investment profiles managed by Aston Hill:

Assets Under Management and Advisory	(\$ Millions)
Oil and natural gas properties	\$ 320
Financial Portfolio Management	220
Assets Under Management	<u>\$ 540</u>
Financial Portfolio Advisory	<u>2,321</u>
Total Assets under Management and Advisory	<u>\$ 2,861</u>

Business Outlook

Looking forward into 2011, the Company plans to continue to launch new funds with its current clients and to re-brand and market the funds acquired on August 6, 2010. The Company intends to seek additional institutional and private equity investors for the Sword Oil and Gas Property Management business and is continually researching acquisition strategies as opportunities increase in the current low natural gas commodity price environment.

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 currently 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.

Long-Term Investments

As at December 31, 2010, the Company's long-term investments had estimated fair value of \$8,168,974 (December 31, 2009 - \$10,197,491). The fair value of the Sword investment as at December 31, 2010 of \$7,834,248 (December 31, 2009 - \$9,890,691) is included in long-term investments. The Company recognized decreases in the fair value of long-term investments for the year ended December 31, 2010 of \$2,056,443 (2009 – gain of \$237,630), predominantly due to the changes in the fair value of the investment in Sword. Note that the fair value of the investment in Sword is recalculated quarterly based on internal and external reserve evaluations and estimates as well as conventional valuation methods for valuing privately held interests in accordance with generally accepted accounting principles. The fair value is affected significantly by a volatile oil and natural gas pricing environment; therefore, changes in the fair value from the Sword investment may fluctuate materially from quarter to quarter.

The Company manages Sword on behalf of its majority shareholders and is paid a quarterly management fee in accordance with a management agreement.

In 2009, the Company invested additional cash of \$1,028,000, along with the other shareholders of Sword, to maintain its 2.57% interest in Sword.

Overall Performance & Results of Operations

The Company's cash position at December 31, 2010 was \$4,013,517 (December 31, 2009 - \$1,292,811).

Selected Annual Information

	2010	2009	2008
Total Revenues	\$ 9,388,830	\$ 3,780,582	\$ 4,258,678
Total general and administrative expense	\$ 5,915,446	\$ 3,543,762	\$ 3,573,043
Net Income (loss) after tax	\$ 528,426	\$ 1,241,696	\$ (335,560)
Net Income (loss) per Share – basic	\$ 0.008	\$ 0.020	\$ (0.006)
Net Income (loss) per Share – diluted	\$ 0.007	\$ 0.020	\$ (0.006)
Cash dividends declared per Share	\$ 0.020	\$ 0.000	\$ 0.000
Total Assets	\$ 20,184,123	\$ 14,676,045	\$ 11,955,986
Total Long Term Debt	\$ 639,173	\$ 249,881	\$ 249,773

Aston Hill's results of operations for the year ended December 31, 2010 yielded net income after tax of \$528,426 (2009 - \$1,241,696). Net income before tax was \$1,163,599 (2009 - \$277,696) resulting from revenue of \$9,388,830 (2009 - \$3,780,582) from management fees, interest and dividend income, offset by operating expenses of \$6,842,461 (2009 - \$3,991,848) and decreased by losses from investing activities of \$1,382,770 (2009 – gain of \$488,962). Included in expenses are non-cash charges for stock compensation, amortization of property and equipment, and amortization of deferred charges totaling \$856,932 (2009 - \$618,601).

During the year ended December 31, 2010, Aston Hill recorded interest and dividend income of \$43,296 (2009 - \$82,589).

The significant increase in Revenue and General and Administrative ("G&A") expenses from the prior period is largely attributable to the increase in AUM throughout 2010. AUM increased from \$1.488 billion as at December 31, 2009 to \$2.861 billion as at December 31, 2010, representing an increase of 92%. The increase in AUM has resulted in increased management fee revenue of \$3,697,993 for the year ended December 31, 2009 to \$9,345,534 for the year ended December 31, 2010, representing a \$5,647,541 or a 153% increase. G&A expenses for the year ended December 31, 2010 was \$5,915,446 (2009 - \$3,543,762).

G&A expenses have increased \$2,371,684 or 67% from the comparable year ended December 31, 2009 as a result of incremental costs associated with the newly acquired subsidiary AHAM of \$477,000, transaction costs associated with closing the Navina acquisition of \$143,000, \$591,000 in incremental employee incentive payments, \$236,000 in incremental salaries & benefits, \$315,000 in additional marketing costs associated with new product development, \$233,000 in additional rent and miscellaneous office expenses, and \$377,000 in additional consulting expenses as a result of extending the Company's sub-advisory agreement with IA Clarington on February 8, 2010.

The increase in total assets from 2009 to 2010 of \$5,007,714 is primarily attributable to the increase in cash and cash equivalents during the year of \$2,720,706 of which \$3,931,486 was generated from operating activities offset by the corporate acquisition for a net cash outlay of \$954,855 and net outflow of financing activities in the amount of \$138,051 and intangible assets of \$2,925,070 consisting of management contracts and mutual fund codes that were acquired during the year as part of the corporate acquisition.

Summary of Quarterly Results

	2010				2009			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	\$ 3,044,394	\$ 2,652,900	\$ 2,041,067	\$ 1,655,903	\$ 1,290,776	\$ 1,015,369	\$ 720,609	\$ 774,790
Expenses	(2,179,616)	(1,630,156)	(1,256,922)	(1,766,087)	(1,149,209)	(964,834)	(919,384)	(958,420)
Investing (losses) gains	373,516	(651,182)	(32,564)	(1,087,654)	1,886,566	(364,011)	(59,072)	(995,484)
Net income (loss) for period before tax	1,238,294	\$ 371,562	\$ 751,581	\$ (1,197,838)	\$ 2,028,133	\$ (313,476)	\$ (257,847)	\$ (1,179,114)
Net income (loss) per share	\$ 0.011	\$ 0.004	\$ 0.007	\$ (0.015)	\$ 0.046	\$ (0.005)	\$ (0.004)	\$ (0.020)
Net income (loss) per share-diluted	\$ 0.011	\$ 0.004	\$ 0.007	\$ (0.015)	\$ 0.046	\$ (0.005)	\$ (0.004)	\$ (0.020)

The following is an explanation for the significant changes in revenues over prior quarters:

- The increase in revenues from the third quarter of 2010 to the fourth quarter of 2010 was due to an increase in revenues from the Navina acquisition and an increase in advisory fees as a result of increases in net asset values of the funds under advisory. Consistent increases in revenues from the first quarter of 2010 through each subsequent quarter of 2010 were primarily due to increased advisory fees from an increase in AUM of the IA Clarington funds under sub-advisory.
- Consistent increases in revenues from the second quarter of 2009 through each subsequent quarter of 2009 and 2010 were primarily due to increased advisory fees from an increase in AUM of the Funds under sub-advisory and incremental funds and mandates added to the business throughout the two year period.

The following is an explanation for the significant changes in expenses over prior quarters:

- The increase in expenses in the fourth quarter of 2010 as compared to the third quarter of 2010 is due to the recognition of a full quarter of operating expenses from Navina since the closing of the acquisition in the third quarter, one time severance payments, and additional salaries and benefits.
- The increase in expenses in the third quarter of 2010 as compared to the second quarter of 2010 is due to an increase in transaction costs from the closing of the Navina acquisition, and incremental expenses from consolidating AHAM since the closing of the acquisition on August 6, 2010.
- The increase in expenses in the first quarter of 2010 as compared to the fourth quarter of 2009 is due to an increase in legal fees and marketing costs associated with new product development as well as employee incentive payments. Typically in the first quarter, the Board of Directors determines and approves annual employee bonuses based on the performance in the past year. As with prior year's accounting treatment, the expense has been fully recognized in the quarter for which the payment is made.

The following is an explanation for the significant changes in investing activities over prior quarters:

- The increase from the third quarter of 2010 to the fourth quarter of 2010 is a result of an unrealized loss on Sword of \$329,632 whereas in the third quarter of 2010 an unrealized loss on the same investment was recognized in the amount of \$625,520. Additionally, a \$639,927 unrealized gain was recorded on the reduction for the change in the fair market value of the liability to redeem Lawrence Partners Fund Class A Re-invest shares to the prior shareholders of Navina.
- The decrease from the fourth quarter of 2009 to the first and second quarters of 2010 is mainly due to an unrealized loss on the Sword investment in the first quarter of 2010 of \$1,101,291.
- The significant changes between the quarters in 2009, and the first and second quarters of 2010 relate mainly to the volatile oil and natural gas pricing environment and its effect on the Sword investment.

Risk Management including Financial and Other Instruments

The Company's financial assets and liabilities are comprised of cash and cash equivalents, accounts receivable, marketable securities, investments available for sale, long term investments, accounts payable and accrued liabilities, debentures, and other financial liabilities held for trading. Discussion of risks associated with financial assets and liabilities are presented as follows.

The fair values of cash and cash equivalents, accounts receivable, amounts due from funds under management and accounts payable and accrued liabilities approximate their carrying amount due to the short-term maturity of those instruments.

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 a 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 \$14,753,631, which is the sum of its cash and cash equivalents, accounts receivable, notes receivable, marketable securities, investments available for sale and long-term investments as reported on the balance sheet as at December 31, 2010.

Significant amounts of the Company's accounts receivable are due from related parties. As at December 31, 2010, 23% (2009 – 45%) of the accounts receivable are due from related parties (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, 2010.

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

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 accounts receivable, 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	1,435,814	689,303	2,125,117
Accounts payable	813,297	-	813,297
Obligation to redeem Lawrence Partners Fund Shares	1,056,978	-	1,056,978
Note payable	389,175	-	389,175
	\$ 3,945,264	\$ 689,303	\$ 4,634,567

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 and available for sale, therefore unrealized gains and losses on securities classified as held for trading are recorded in income as changes in fair value until realized. Unrealized gains and losses on securities classified as available for sale are recorded in other comprehensive income until realized. As at December 31, 2010, the impact of a 10% increase or decrease in the value of the Company's held for trading portfolio would have been an approximate \$711,000 unrealized gain/loss recorded in income. As at December 31, 2010, the impact of a 10% increase or decrease in the value of available for sale investments would have been an approximate \$109,000 unrealized gain/loss recorded in other comprehensive 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 investments 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.

Related Party Transactions

The Company had the following related party transactions:

- a) The Company manages Sword Energy Inc. ("Sword"), a private company, on behalf of the majority shareholders and is paid a quarterly management fee in accordance with an executed management agreement. Accounts receivable includes \$nil as at December 31, 2010 (2009 - \$432,936), and \$1,493,428 was recorded as revenue, (2009 - \$1,609,898). The Sword fees represent 16% of the 2010 total revenue (2009 - 42%).
- b) Consulting expense includes \$66,000 (2009 - \$66,000) 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 a significant shareholder of the Company.
- c) Accounts receivable includes management fees receivable from Catapult Energy 2008 FTS Limited Partnership ("2008 FTS") of \$nil (2009 - \$47,133). During the year, \$168,747 (2009 - \$125,609) was recorded as revenue in respect of these management fees. Also, notes receivable of \$nil (2009 - \$709,809) are promissory notes due from 2008 FTS. The notes are receivable on demand and accrue interest revenue at a rate of 6% annually. Interest is calculated daily on the remaining balance and is receivable on a monthly basis on the last day of each month. Accounts receivable include interest receivable of \$nil (2009 - \$35,195), relating to these notes receivable. During the year, \$9,101 (2009 - \$50,893) was recorded as interest income relating to the notes receivable.

- d) Accounts receivable includes management fees receivable from Aston Hill Energy 2010 Short Term FT Partnership ("2010 ST FT") of \$3,906 (2009 - \$nil). During the year, \$3,906 (2009 - \$nil) was recorded as revenue in respect of these management fees. Also, notes receivable of \$ 303,000 (2009 - \$nil) are promissory notes due from 2010 ST FT. The notes are receivable on demand and accrue interest at a rate of 6% annually. Interest is calculated daily on the remaining balance and is receivable on a monthly basis on the last day of each month. Accounts receivable include interest receivable of \$546 (2009 - \$nil), relating to these notes. During the year, \$546 (2009 - \$nil) was recorded as interest income. Aston Hill Energy 2010 GP Inc., is a wholly owned subsidiary of the Company, and is the General Partner of 2010 ST FT.
- e) The Company's wholly owned subsidiary Navina receives management fees and pays for expenses incurred by its various funds under management. These expenses are then charged back to the funds and are recovered under normal credit terms and is non-interest bearing. Amounts due from funds under management and included in accounts receivable is \$268,602 (2009 - \$nil). Related management fees of \$949,725 (2009 - \$nil) were recorded as revenue during the year.
- f) The note payable as described in note 4 of the financial statements to the Navina/Lazard US High Yield Bond is one of the Company's funds under management and is a related party transaction.
- g) Directors and officers of the Company and its subsidiaries subscribed for 636,000 of the shares issued in the 2009 private placement disclosed in note 10 of the financial statements. These shares represented \$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.
- h) The investments available for sale as described in note 6 are related to two of the Company's funds under management. Changes in fair market value of these investments recognized through other comprehensive income in the year represent related party transactions.

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.

Commitments and Guarantees

The Company is committed to lease office premises with future base rent payments, as well as auto lease payments, as follows:

2011	\$ 387,192
2012	335,222
2013	329,914
2014	210,373
2015	173,113
Thereafter	<u>689,303</u>
	<u>\$ 2,125,117</u>

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

The Company has agreed to indemnify certain individuals, who have acted at the Company's request to be an officer or director of the Company, to the extent permitted by law, against any and all damages, liabilities, costs, charges or expenses suffered by or incurred by the individual as a result of their services. The nature of the indemnification agreements prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to the beneficiary of such indemnification agreement. The Company has purchased various insurance policies to reduce the risks associated with such indemnification.

In the ordinary course of business, the Company and its subsidiaries enter into contracts which contain indemnification provisions, such as letter agreements, service agreements and purchase and sale agreements. In such contracts, the Company may indemnify counterparties to the contracts if certain events occur. In some cases the Company requires indemnities from its service providers, related to the Company's indemnification obligations to customers. These indemnification provisions vary on an agreement by agreement basis. In some cases, there are no pre-determined amounts or limits included in the

indemnification provisions and the occurrence of contingent events that will trigger payment under them is difficult to predict. Therefore, the maximum potential future amount that the Company could be required to pay cannot be estimated.

Changes in Accounting Policies including Initial Adoption

Consolidated Financial Statements and Non-Controlling Interests

Effective January 1, 2010, the Company adopted CICA Handbook Section 1601, Consolidated Financial Statements ("Section 1601") which replaced the former consolidated financial statements standard. Section 1601 establishes the requirements for the preparation of consolidated financial statements. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Business Combinations

Effective January 1, 2010, the Company adopted CICA Handbook Section 1582, Business Combinations ("Section 1582"), which replaces Section 1581 and aligns accounting for business combinations under Canadian GAAP with International Financial Reporting Standards ("IFRS").

Under Section 1582, the fair value ascribed to shares issued as consideration will be based on their market value at the date of exchange, as compared to the previous standard which prescribed market price for a reasonable period of time before and after the date of announcement of an acquisition. In addition, the majority of acquisition costs will likely have to be expensed. Previous standards allowed for the capitalization of these costs as part of the purchase price. Section 1582 also addresses contingent liabilities, which will be required to be recognized at fair value on acquisition, and subsequently re-measured at each reporting date until settled. Previous standards required only contingent liabilities that are payable to be recognized. Section 1582 also requires negative goodwill to be recognized in earnings rather than the previous standard of deducting from non-current assets in the purchase price allocation.

Foreign Currency Translation

With the business combination completed and disclosed in Note 4 of the financial statements, the Company now has a foreign subsidiary that is being treated as an integrated operation and in accordance with CICA Handbook Section 1651 Foreign Currency Translation, monetary items of the subsidiary are translated at the period-end exchange rate and non-monetary items at the rate in effect at the date of the transaction. The operating results have been translated at the average exchange rate in effect during the fiscal year. The resulting gains and losses are included in net income for the period.

Future Accounting Changes

International Financial Reporting Standards

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 January 1, 2011. The Company will begin reporting under IFRS for the fiscal year beginning on January 1, 2011, including comparative figures for the prior year. As a result, the Company will publish its first consolidated financial statements, prepared in accordance with IFRS, for the three months ended March 31, 2011.

While IFRS standards are premised on a conceptual framework similar to Canadian GAAP, there are differences in the areas of recognition, measurement and disclosure that will impact the Company's consolidated financial statements. The transition to IFRS represents a significant initiative by the Company and as such an assessment has been completed to identify the key accounting differences between Canadian GAAP and IFRS. During the year ended December 31, 2010, the Company completed the opening balance sheet adjustments and internally reported its quarterly financial results in accordance with IFRS in preparation for adoption on January 1, 2011. Although the IFRS adjustments have been determined they have not yet been finalized because:

- The results remain subject to further review and approval by senior management and the Board of Directors;
- We are continuing to monitor any new or amended IFRS issued by the International Accounting Standards Board that could affect our choice of accounting policies;
- Our IFRS financial statements for the year ending December 31, 2011 must use the standards that are in effect on December 31, 2011, and therefore our IFRS accounting policies will only be finalized when our first annual IFRS financial statements are prepared for the year ending December 31, 2011; and
- The results are unaudited and are subject to additional audit work by our external auditors.

Significant Impacts of IFRS

The following areas are the most significantly affected by the adoption of IFRS:

- Transition on date of adoption of IFRS
 - Designation and classification of financial instruments
 - Impairment of assets
 - Stock-based compensation
 - Income taxes

Designation and classification of financial instruments

The Company has taken the IFRS 1 D19 election on its first-time adoption of IFRS to designate its equity investment in Sword Energy Inc. at "fair value through other comprehensive income" in accordance IFRS 9. Previously under Canadian GAAP this investment was designated as "long term held for trading". Under the Canadian GAAP treatment, unrealized gains and losses were recognized in net income. On transition to IFRS, unrealized gains and losses will be recorded in Other Comprehensive Income, net of tax. To improve the comparability and reliability of the financial statements, the Company has retrospectively reclassified the unrealized gains and losses on this investment to Accumulated Other Comprehensive Income (loss). The retrospective reclassification on transition resulted in a \$642,000 increase in Accumulated Other Comprehensive Loss and a corresponding decrease in the retained deficit. Additionally, the Company has evaluated its Investment in the Wisevest Income Fund, and has reclassified the marketable securities held within the fund from "Long term held for trading" to "financial assets at fair value through profit or loss" on transition to IFRS.

Impairment of assets

In the first step for all of our GAAP impairment tests (Property & Equipment, Intangible Assets, and Long term investments accounted for at cost) future cash flows are not discounted. IFRS 36 requires a one-step approach using discounted cash flow techniques for asset impairment testing and measurement. As a result of this IFRS difference and in accordance with IFRS 1 D8A, the Company has tested its oil & gas assets in the development and production phases for impairment on transition to IFRS. The Company has determined that the recoverable amount was less than the carrying amount and as such the Wilson Creek gas property has been impaired. On transition, the effect is an increase in the deficit of \$53,000. There was no impact on our property & equipment or intangibles with this change in accounting policy on transition to IFRS. The adoption of IAS 36 may result in more frequent asset write downs since the carrying values must be supported by discounted cash flows in accordance with IFRS requirements. Unlike Canadian GAAP, previous impairment losses may be reversed or reduced (except in the case of goodwill) under IFRS if the circumstances which led to the impairment change. IAS 36 also requires impairment testing to be applied at a cash-generating unit level. Aston Hill has revised its impairment testing models to comply with the requirements of IAS 36. This includes analyzing its operations in order to determine the cash-generating units and revising its impairment models to reflect the IAS 36 concept of recoverable amount. While the methodology for testing intangible assets will change upon adoption of IFRS, Aston Hill does not expect the adoption of the new impairment models to cause any significant changes in financial reporting.

Stock-based Compensation

In accordance with IFRS 2 Share based payments, there are additional valuation metrics to include in valuing stock based payments. Under IFRS, forfeitures must be estimated at the time of grant and revised based on actual forfeitures incurred. Under Canadian GAAP, Canadian companies were able to record forfeitures only as incurred and were not required to estimate. In addition, under IFRS each tranche (vesting period) of each grant must be valued individually using separate valuation assumptions. Under Canadian GAAP, a valuation was determined on a grant by grant basis, and was not disaggregated to the tranche level. On transition to IFRS, these differences have resulted in an increase to retained deficit of \$54,000 and an increase in contributed surplus of \$54,000.

Income Taxes

The carrying amounts of our tax balances have been directly impacted by the tax effects resulting from changes in our accounting policies. The future income tax asset on our IFRS opening balance sheet increased by approximately \$7,000 as a result of the impairment recognized on the Wilson Creek gas property. In accordance with IAS 12 all deferred income tax assets or liabilities are to be presented as long-term. At the date of transition to IFRS, approximately \$241,000 has been reclassified from short-term future income tax asset to long-term. Additionally, the future income tax expense related to the Sword Investment has been reclassified and is shown within Accumulated other comprehensive income. This reclassification resulted in a \$218,000 increase in Accumulated Other Comprehensive Loss, and a corresponding decrease in the retained deficit. Lastly, \$31,000 in future income tax related to share issue costs has been reclassified on transition resulting in a \$31,000 decrease in equity instruments and a corresponding decrease in the deficit.

Subsequent Events

On January 12, 2011, the Company announced that it has renamed two of its wholly owned subsidiaries. Catapult Financial Management Inc. became Aston Hill Investments Inc. and Navina Asset Management Inc. became Aston Hill Asset Management Inc.

On January 25, 2011, the Company announced a granting of stock options to certain directors, officers, employees and consultants to acquire up to an aggregate of 866,000 common shares. The stock options are exercisable for a period of five years at a price of \$1.55 per share and vest over a three year period.

The Company announced on March 10, 2011 that a special cash dividend in the amount of \$0.01 per common share will be payable on March 31, 2010 to all shareholders of record on March 21, 2011. The resulting ex-dividend date is March 17, 2011.

Effectiveness of Disclosure Controls and Procedures & Internal Control over Financial Reporting

The Company is required to disclose herein any change in the design of the Company's internal control over financial reporting ("ICFR") that occurred during the quarter ended on December 31, 2010 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. During the year the Company appointed a senior financial accountant to support the accounting team and controller by taking on certain responsibilities and to further strengthen segregation of duties. Disclosure controls and procedures ("DC&P") have been strengthened with the appointment of in-house general counsel in July of 2010, to review all documents filed with regulators and security commissions and ensure legislative and regulatory compliance. The audit committee reviews, comments and discusses the quarterly and yearly financial statements and MD&A with the accounting team and recommends these statements to the Board for discussions and approval. No other material changes in Aston Hill's internal controls over financial reporting were identified during the three months ended December 31, 2010, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

It should be noted that a control system, including the Company's disclosure and internal controls and procedures, no matter how well conceived can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

Aston Hill is not required to certify the design and evaluation of its DC&P and ICFR and has not completed such an evaluation. Inherent limitations on the ability of the certifying officers to design and implement on a cost-effective basis DC&P and ICFR for the Company may result in additional risks to the quality, reliability, transparency, and timeliness of the interim and annual filings and other reports provided under securities legislation.

Outstanding Share Data

<u>Capital</u>	<u>Authorized</u>	<u>Outstanding as at April 6, 2011</u>	<u>Common Shares Underlying Convertible Securities</u>
Common Shares	Unlimited	71,358,461 ⁽¹⁾	-
Stock Options	Not Applicable	5,468,684 ⁽¹⁾	5,468,684 ⁽¹⁾
Warrants	Not Applicable	Nil	-

Notes:

- (1) The Company received shareholder approval to reserve for issuance up to 10% of the issued and outstanding Common Shares at the date of the creation for its incentive stock option plan.

Reference is made in this Management Discussion & Analysis to the Company's consolidated financial statement disclosure for the relevant periods filed on the SEDAR website at www.sedar.com where additional disclosure relating to the Company can also be located.

Company Contact: Larry Titley, Vice President and Chief Financial Officer
Company Address: Suite 500, 321 – 6th Avenue S.W., Calgary, Alberta, T2P 3H3
Company Phone Number: (403) 770-4800
Company Fax Number: (403) 770-4850

Aston Hill Financial Inc.

**Consolidated Financial Statements
For the years ended December 31, 2010 and
2009**

Contents

Management's Report to Shareholders	2
Independent Auditor's Report	3
Consolidated Financial Statements	
Consolidated Balance Sheets	4
Consolidated Statements of Operations	5
Consolidates Statements of Comprehensive Income	6
Consolidated Statements of Deficit	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8-22

Management's Report to Shareholders

Management of Aston Hill Financial Inc. ("Aston Hill") is responsible for the integrity and objectivity of the consolidated financial statements and all other information contained in this document. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and are based on management's best information and judgment.

Aston Hill's accounting procedures and related systems of internal controls are designed to provide reasonable assurance that its assets are safeguarded, that transactions are executed in accordance with appropriate authorization, and that accounting records may be relied upon to appropriately reflect Aston Hill's business transactions.

The Audit Committee of the Board of Directors is composed of outside directors who meet periodically and independently with management and the external auditors to discuss Aston Hill's financial reporting and internal control. The Audit Committee reviews the financial information prepared by management and the results of the audit by the external auditors prior to recommending the consolidated financial statements to the Board of Directors for approval. The external auditors have unrestricted access to the Audit Committee.

Management acknowledges its responsibility to conduct Aston Hill's affairs in the best interests of its shareholders.



Eric Tremblay
Chief Executive Officer



Larry Titley
Chief Financial Officer

April 8, 2011

Independent Auditor's Report

To the Shareholders of Aston Hill Financial Inc.

We have audited the accompanying consolidated financial statements of Aston Hill Financial Inc. and its subsidiaries which comprise the consolidated balance sheets as at December 31, 2010 and the consolidated statements of operations, comprehensive income (loss) and accumulated other comprehensive income, deficit, and cash flows for the years then ended, and the related notes including a summary of significant accounting policies.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Aston Hill Financial Inc. and its subsidiaries as at December 31, 2010 and 2009 and the results of their operations and their cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

Aston Hill Financial Inc.
Consolidated Balance Sheets

	As at December 31, 2010	As at December 31, 2009
Assets		
Current		
Cash and cash equivalents (Note 2(c))	\$ 4,013,517	\$ 1,292,811
Marketable securities (Note 14)	-	97,640
Investments available for sale (Notes 6 and 14)	1,088,675	-
Accounts receivable (Note 13)	1,179,465	963,475
Income tax recoverable	272,257	-
Prepaid expenses	174,719	71,115
Notes receivable (Note 13)	303,000	709,809
Current portion of future income tax asset (Note 15)	17,000	241,000
	<u>7,048,633</u>	<u>3,375,850</u>
Prepaid deposits	110,770	21,298
Long-term investments (Notes 7 and 14)	8,168,974	10,197,491
Intangible assets (Notes 4 and 5)	3,828,689	84,469
Property and equipment (Note 8)	716,485	273,937
Deferred sales commissions (Note 4)	310,571	-
Future income tax asset (Note 15)	-	723,000
	<u>\$ 20,184,122</u>	<u>\$ 14,676,045</u>
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	\$ 813,297	\$ 128,606
Obligation to redeem Lawrence Partners Fund shares (Notes 4 and 14)	1,056,978	-
	<u>1,870,275</u>	<u>128,606</u>
Note payable (Note 4)	389,175	-
Debentures (Notes 9 and 14)	249,998	249,881
Future Income tax liability (Note 15)	429,852	-
	<u>2,939,300</u>	<u>378,487</u>
Shareholders' equity		
Equity Instruments (Notes 10 and 16)	22,416,383	18,195,532
Contributed surplus (Note 12)	2,154,716	1,979,808
Deficit	(6,751,779)	(5,877,782)
Accumulated other comprehensive loss	(574,498)	-
	<u>17,244,822</u>	<u>14,297,558</u>
	<u>\$ 20,184,122</u>	<u>\$ 14,676,045</u>

Commitments and Contingencies (Note 17)

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

	For the year ended December 31, 2010	For the year ended December 31, 2009
Revenue		
Management fees (Note 13)	\$ 9,345,534	\$ 3,697,993
Interest and dividend income	43,296	82,589
	<u>9,388,830</u>	<u>3,780,582</u>
Expenses		
General, administrative and other (Note 13)	5,915,446	3,543,762
Stock compensation (Note 11)	538,568	335,000
Amortization of property and equipment	177,167	83,601
Amortization of deferred charges	141,197	-
Dealer commissions and trailer fees	50,814	7,357
Interest expense	19,269	22,128
	<u>6,842,461</u>	<u>3,991,848</u>
	<u>2,546,369</u>	<u>(211,266)</u>
Income (loss) before the undernoted		
Change in fair value of long-term investments (Notes 7 and 14)	(2,056,443)	237,630
Change in fair value of marketable securities	29,888	144,612
Change in fair value of investment securities held in Wisevest Income Fund (Notes 7 and 14)	(37,911)	88,954
Unrealized gain on liability to redeem shares	639,927	-
Realized gain on Wisevest Income Fund (Notes 7 and 14)	66,442	-
Realized loss on sale of marketable securities	(19,937)	(55,313)
Realized gain on sale of long-term investment	-	10,000
Oil and gas property investment income (loss)	(51,685)	63,079
Other gains and losses	46,949	-
	<u>(1,382,770)</u>	<u>488,962</u>
Income (loss) from investing activities		
	<u>\$ 1,163,599</u>	<u>\$ 277,696</u>
Net income before tax		
Provision for (recovery of) income taxes (note 15)		
Current income taxes	93,959	-
Future income taxes	541,214	(964,000)
	<u>635,173</u>	<u>(964,000)</u>
Net income after tax for the year		
	<u>\$ 528,426</u>	<u>\$ 1,241,696</u>
Weighted average number of shares – basic		
	67,431,706	61,420,152
Weighted average number of shares – diluted		
	71,027,252	61,420,152
Income per share – basic		
	\$ 0.008	\$ 0.020
Income per share – diluted		
	\$ 0.007	\$ 0.020

Aston Hill Financial Inc.
Consolidated Statements of Comprehensive Income (loss)
and Accumulated Other Comprehensive Loss

	For the year ended December 31, 2010	For the year ended December 31, 2009
Net income after tax for the year	\$ 528,426	\$ 1,241,696
Other comprehensive loss, net of tax		
Unrealized loss on available for sale securities	(574,498)	-
Total Comprehensive Income (loss)	<u>\$ (46,072)</u>	<u>\$ 1,241,696</u>
Accumulated other comprehensive loss, beginning of the year	\$ -	\$ -
Other comprehensive loss	(574,498)	-
Accumulated other comprehensive loss, end of the year	<u>\$ (574,498)</u>	<u>\$ -</u>

Aston Hill Financial Inc.
Consolidated Statements of Deficit

	For the year ended December 31, 2010	For the year ended December 31, 2009
Deficit, beginning of year	\$ (5,877,782)	\$ (7,119,478)
Net income for the year	528,426	1,241,696
Dividends	<u>(1,402,423)</u>	<u>-</u>
Deficit, end of year	<u>\$ (6,751,779)</u>	<u>\$ (5,877,782)</u>

1. Nature of Operations

Aston Hill Financial Inc. (the "Company") is a public company incorporated under the Business Corporations Act of Alberta and is engaged in asset management specializing in income products, energy investments, oil and gas property management and private equity.

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) Financial instruments

The Company carries a number of financial instruments including cash and cash equivalents, marketable securities, other investments, accounts receivable, notes receivable, long-term investments, accounts payable and accrued liabilities, obligation to redeem Lawrence partners fund units, and debentures.

(c) 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. Cash and cash equivalents include restricted cash of \$59,231 (2009 - \$nil) held in escrow for Catapult Energy 2008 FTS Limited Partnership.

(d) Marketable securities

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

(e) Investments available for sale

Investments available for sale were acquired during the year in the business combination disclosed in note 4. The investments available for sale are not held with a long-term view and are recorded at fair market value with unrealized gains and losses recorded as other comprehensive income.

(f) Long Term Investments

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, or at amortized cost (investments under CICA 3051 - see Note 7). The assigned valuations 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 its 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.

2. Summary of Significant Accounting Policies - continued

(g) Property and equipment

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

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

(h) 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. 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. Royalty and oil and gas property investment income (loss) 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.

(i) Income (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.

(j) 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.

(k) Stock-based compensation plan

The Company has a stock-based compensation plan, which is described in Note 11. 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.

(l) Use of estimates

The amounts recorded for stock-based compensation, intangible assets, warrants, and fair values for marketable securities, investments available for sale, long-term investments, and the obligation to redeem Lawrence partners fund units 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, investments available for sale, long-term investments, and the obligation to redeem Lawrence partners fund units 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.

3. Changes in Accounting Policies

Consolidated Financial Statements and Non-Controlling Interests

Effective January 1, 2010, the Company adopted CICA Handbook Section 1601, Consolidated Financial Statements ("Section 1601") which replace the former consolidated financial statements standard. Section 1601 establishes the requirements for the preparation of consolidated financial statements. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Business Combinations

Effective January 1, 2010, the Company adopted CICA Handbook Section 1582, Business Combinations ("Section 1582"), prospectively, which replaces Section 1581 and aligns accounting for business combinations under Canadian GAAP with International Financial Reporting Standards ("IFRS"). The adoption of this standard did not have an impact on the Company's consolidated financial statements on the date of adoption.

Under Section 1582, the fair value ascribed to shares issued as consideration will be based on their market value at the date of exchange, as compared to the previous standard which prescribed market price for a reasonable period of time before and after the date of announcement of an acquisition. In addition, the majority of acquisition costs will likely have to be expensed. Previous standards allowed for the capitalization of these costs as part of the purchase price. Section 1582 also addresses contingent liabilities, which will be required to be recognized at fair value on acquisition, and subsequently re-measured at each reporting date until settled. Previous standards required only contingent liabilities that are payable to be recognized. Section 1582 also requires negative goodwill to be recognized in earnings rather than the previous standard of deducting from non-current assets in the purchase price allocation.

Foreign Currency Translation

With the business combination completed and disclosed in Note 4 of the financial statements, the Company now has a foreign subsidiary that is being treated as an integrated operation and, in accordance with Section 1651 Foreign Currency Translation, monetary items of the subsidiary are translated at the period-end exchange rate and non-monetary items at the rate in effect at the date of the transaction. The operating results have been translated at the average exchange rate in effect during the fiscal year. The resulting gains and losses are included in net income for the period.

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 January 1, 2011. The Company will begin reporting under IFRS for the fiscal year beginning on January 1, 2011, including comparative figures for the prior year. As a result, the Company will publish its first consolidated financial statements, prepared in accordance with IFRS, for the three months ended March 31, 2011.

While IFRS standards are premised on a conceptual framework similar to Canadian GAAP, there are differences in the areas of recognition, measurement and disclosure that may impact the Company's consolidated financial statements. The transition to IFRS represents a significant initiative by the Company and as such an assessment has been completed to identify the key accounting differences between Canadian GAAP and IFRS. The impact of these differences to the Company's consolidated financial results at the time of transition and on implementation has been assessed.

A more comprehensive discussion and some implementation milestones are provided in the Company's Management's Discussion and Analysis for the year ended December 31, 2010. Based on existing IFRS, differences to Canadian GAAP that will impact the Company's financial results include, but are not limited to, the impairment of assets, share-based payments, and income taxes. The impact of IFRS to the Company at transition will depend on the IFRS standards in effect at the time, accounting elections that have not yet been made and the prevailing business and economic facts and circumstances.

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.

ASTON HILL FINANCIAL INC.
Notes to the Consolidated Financial Statements
December 31, 2010 and 2009

4. Business Combination

On June 6, 2010, the Company entered into a Share Purchase Agreement with Navina Asset Management Inc. ("Navina"). Navina is a Toronto-based asset management firm specializing in the development, sales and management of closed-end mutual funds, open-ended mutual funds and hedge funds. On August 6, 2010 the Company closed its transaction with Navina. The Company acquired all of the issued and outstanding common shares of Navina for total consideration of \$4,277,144. Of this, \$1,684,324 was paid in cash and the remaining portion through issuance of 2,009,938 common shares of the Company at the closing date.

The total consideration transferred is also subject to further contingent consideration of up to \$1,800,000 in cash and common shares if the Assets under Management ("AUM") of the acquired exceed a specified threshold on August 6, 2011. At the closing date of the acquisition the Company has determined that the contingent consideration is not more likely than not to be rewarded. The Company made this determination based on all available information at the closing date. As at December 31, 2010 the Company has reevaluated the likelihood of the contingent consideration being awarded and has again determined that it is not more likely than not.

The fair values of the net assets of Navina acquired and liabilities assumed are as follows:

Net Assets Acquired	
Working Capital, net of cash acquired of \$729,469	\$ 1,043,941
Investments available for sale	1,755,535
Property & equipment	504,704
Intangible Assets ¹	3,636,070
Deferred sales commission ²	451,768
Obligation to redeem Lawrence Partner Fund Units ³	(1,696,905)
Note payable ⁴	(489,969)
Future income tax liability	(928,000)
Total net assets acquired	\$4,277,144

The value of the shares issued was based on the \$1.29 bid share price of the Company on the closing date. The fair value of acquired receivables was \$100,012 representing the gross receivables acquired. The Company incurred approximately \$143,000 in legal and advisory fees related to this transaction which have been recorded as transaction costs in the consolidated statement of operations.

¹*Intangible assets*

Intangible assets acquired represent the Navina fund platform acquired which consist of a number of management contracts and mutual fund codes that provide the Company with the ability and legal right to promote and manage these mutual funds.

²*Deferred sales commissions*

Deferred sales commissions represent sales commissions and service fees paid by Navina upon issue and sales of Series III and IV shares of Lawrence Enterprise Fund Inc., a fund managed by Navina. The commissions are deferred and amortized on a straight-line basis over 8 years, the expected period in which the manager's service fee will be received.

³*Obligation to redeem Lawrence Partners Fund shares*

Pursuant to the share purchase agreement, the Company has agreed that it will cause Navina to redeem its 31,105 "re-invest" shares in the Lawrence Partners Fund on the date they become redeemable and to pay an amount equal to the proceeds of the redemption to the previous Shareholders of Navina. At December 31, 2010 the Company has determined that the units are redeemable June 30, 2011. The fair market value of the obligation at December 31, 2010 is \$1,056,978.

⁴*Note payable*

Navina has issued a promissory note payable to reimburse the Navina/Lazard US High Yield Bond Fund for the expenses of its initial public offering which amounted to \$790,673 and consisted of agents' fees and other offering expenses. As at August 6, 2010 the balance of the note payable to the fund is \$492,684. The payments are made in quarterly installments equal to one quarter of 1.00% of the Fund's net asset value over a period of eight years beginning on September 30, 2009. The Note bears interest from the date of issue at the prime rate of interest. The Note is reduced proportionately if Fund Units are redeemed or retracted. On the maturity date, any unpaid principal amount of the Note will be due and payable. As at December 31, 2010 the balance of the note payable is \$389,175.

ASTON HILL FINANCIAL INC.
Notes to the Consolidated Financial Statements
December 31, 2010 and 2009

5. Intangible Assets

Intangible assets consist of:

- Management contracts and mutual fund codes acquired through the acquisition of Navina Asset Management Inc. on August 6, 2010;
- 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 requiring liquidity alternatives and;
- Costs from the development phase of the extended sub-advisory agreement to facilitate a long-term business arrangement. This intangible was developed during the year for \$108,150.

These assets are not subject to amortization, and are tested for impairment annually.

6. Investments Available for Sale

	December 31, 2010	December 31, 2009
Aston Hill Advantage Fund Inc. - Class B & C	\$ 10,050	\$ -
Lawrence Partners Fund Inc. – Class B & C	10,050	-
Lawrence Partners Fund Inc. – Class A Re-invest	1,056,978	-
Lawrence Partners Fund Inc. – Class A Wind up	11,597	-
	<u>\$ 1,088,675</u>	<u>\$ -</u>

7. Long-Term Investments

	December 31, 2010	December 31, 2009
27,500 units Wisevest Income Fund ⁽¹⁾	\$ 281,540	\$ 253,614
2.57% interest in Sword Energy Inc. ⁽²⁾	7,834,248	9,890,691
Wilson Creek – joint venture ⁽³⁾	53,186	53,186
	<u>\$ 8,168,974</u>	<u>\$ 10,197,491</u>

⁽¹⁾Investment in Wisevest Income Fund is as follows:

	December 31, 2010	December 31, 2009
6,800 (2009 – 6,800) Shares of Chorus Aviation Inc.	\$ 35,360	\$ 29,852
Nil (2009 – 4,200) Shares of NAL Energy Corp.	-	57,372
2,600 (2009 – 2,600) Shares of Bonavista Energy Corp.	74,776	57,902
Nil (2009 – 2,750) Shares of Crescent Point Energy Corp.	-	108,488
4,800 (2009 – nil) Shares of Davis & Henderson Inc.	95,184	-
7,400 (2009 – nil) Shares of Daylight Resources Inc.	76,220	-
	<u>\$ 281,540</u>	<u>\$ 253,614</u>

⁽²⁾ The Company manages Sword Energy Inc. (“Sword”), a private company, on behalf of the majority shareholders and is paid a quarterly management fee in accordance with an executed management agreement. During 2009, the Company invested additional cash of \$1,028,000 to maintain its 2.57% interest in 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. An impairment assessment was performed at December 31, 2010 and 2009 and no impairment was recognized.

ASTON HILL FINANCIAL INC.
Notes to the Consolidated Financial Statements
December 31, 2010 and 2009

8. Property and Equipment

	December 31, 2010			December 31, 2009		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer	\$ 418,832	\$ 358,017	\$ 60,815	\$ 220,002	\$ 178,019	\$ 41,983
Leasehold improvements	800,893	435,767	365,126	362,074	203,285	158,789
Furniture & Fixtures	132,466	78,477	53,989	103,218	65,571	37,647
Office Equipment	504,537	288,249	216,288	64,865	49,614	15,251
Artwork	20,267	-	20,267	20,267	-	20,267
	\$ 1,876,995	\$ 1,160,510	\$ 716,485	\$ 770,426	\$ 496,489	\$ 273,937

9. Debenture

The Company's wholly owned subsidiary, Juno Canada Holdings Ltd. ("Juno"), has a \$250,000 debenture that is fully collateralized by the Wisevest Income Fund units and bears interest at 8.4% per annum 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 expense. The effective interest rate of the debenture is 8.45%. As at December 31, 2010, the fair value of the debentures was \$249,998 (2009 - \$249,881).

10. Equity Instruments

(a) Authorized
Unlimited number of Common voting shares

(b) Issued

Common shares	December 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
Issued for acquisition (Note 4)	2,009,938	2,592,820	-	-
Portion of equity instruments issued for cash relating to warrants	-	-	-	(369,857)
Stock options exercised – cash portion	1,299,983	458,044	664,000	185,920
Stock options exercised – fair value portion	-	363,659	-	101,370
Share issue costs	-	-	-	(281,942)
Warrants exercised – cash portion	1,894,185	806,328	12,500	5,625
Warrants exercised – fair value portion	-	229,424	-	3,614
Balance, end of period	70,264,461	\$ 22,279,564	65,060,355	\$ 17,829,289

ASTON HILL FINANCIAL INC.
Notes to the Consolidated Financial Statements
December 31, 2010 and 2009

10. Equity Instruments – continued

Warrants	December 31, 2010		December 31, 2009	
	Number	Amount	Number	Amount
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	<u>(1,894,185)</u>	<u>(229,424)</u>	<u>(25,000)</u>	<u>(3,614)</u>
Balance, end of period	<u>946,504</u>	<u>\$ 136,819</u>	<u>2,840,689</u>	<u>\$ 366,243</u>
Total Equity Instruments		<u>\$22,416,383</u>		<u>\$ 18,195,532</u>

(c) 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%

11. Stock based compensation

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 at the time granted 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, 2010 and 2009

During the year ended December 31, 2010, the Company recognized compensation expense of \$538,568 (2009 - \$335,000) related to these arrangements.

During the year ended December 31, 2010, the Company granted 1,741,000 options with a weighted average fair value of \$0.69 per share. During the year ended December 31, 2009, the Company granted 970,000 options with a weighted average fair value of \$0.21 per share. The fair value of the options granted during 2010 and 2009 were estimated at the grant date using an option pricing model with the following weighted average assumptions:

	December 31, 2010	December 31, 2009
Risk-free interest rate	1.90%	2.08%
Expected life of the options	3.97 years	4 years
Expected share price volatility	117.39%	99.90%
Expected dividend yield	Nil	Nil

A summary of the status of the Company's share option plans as at December 31, 2010 and December 31, 2009 and the changes during the periods then ended, is as follows:

	December 31, 2010		December 31, 2009	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	4,350,000	\$ 0.34	4,405,000	\$ 0.34
Granted	1,741,000	\$ 0.91	970,000	\$ 0.32
Exercised	(1,299,983)	\$ 0.35	(664,000)	\$ 0.28
Forfeited	(108,333)	\$ 0.41	(100,000)	\$ 0.37
Cancelled	-	\$ -	(261,000)	\$ 0.28
Outstanding, end of period	4,682,684	\$ 0.55	4,350,000	\$ 0.34
Exercisable, end of period	2,016,701	\$ 0.33	2,450,008	\$ 0.32

Range of exercise prices	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Number Vested
\$0.26 to \$0.68	2,941,684	\$ 0.34	1.91	2,016,701
\$0.69 to \$1.08	1,255,000	\$ 0.76	4.11	-
\$1.09 to \$1.45	486,000	\$ 1.29	4.71	-
	4,682,684			2,016,701

12. Contributed Surplus

	December 31, 2010	December 31, 2009
Balance, beginning of year	\$ 1,979,808	\$ 1,746,178
Stock compensation	538,568	335,000
Stock options exercised -fair value portion	(363,660)	(101,370)
Balance, end of year	\$ 2,154,716	\$ 1,979,808

13. Related Party Transactions

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

- a) The Company manages Sword Energy Inc. ("Sword"), a private company, on behalf of the majority shareholders and is paid a quarterly management fee in accordance with an executed management agreement. Accounts receivable includes \$nil as at December 31, 2010 (2009 - \$432,936), and \$1,493,428 was recorded as revenue, (2009 - \$1,609,898). The Sword fees represent 16% of the 2010 total revenue (2009 - 42%).
- b) Consulting expense includes \$66,000 (2009 - \$66,000) 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 a significant shareholder of the Company.
- c) Accounts receivable includes management fees receivable from Catapult Energy 2008 FTS Limited Partnership ("2008 FTS") of \$nil (2009 - \$47,133). During the year, \$168,747 (2009 - \$125,609) was recorded as revenue in respect of these management fees. Also, notes receivable of \$nil (2009 - \$709,809) are promissory notes due from 2008 FTS. The notes are receivable on demand and accrue interest revenue at a rate of 6% annually. Interest is calculated daily on the remaining balance and is receivable on a monthly basis on the last day of each month. Accounts receivable include interest receivable of \$nil (2009 - \$35,195), relating to these notes receivable. During the year, \$9,101 (2009 - \$50,893) was recorded as interest income relating to the notes receivable.
- d) Accounts receivable includes management fees receivable from Aston Hill Energy 2010 Short Term FT Partnership ("2010 ST FT") of \$3,906 (2009 - \$nil). During the year, \$3,906 (2009 - \$nil) was recorded as revenue in respect of these management fees. Also, notes receivable of \$303,000 (2009 - \$nil) are promissory notes due from 2010 ST FT. The notes are receivable on demand and accrue interest at a rate of 6% annually. Interest is calculated daily on the remaining balance and is receivable on a monthly basis on the last day of each month. Accounts receivable include interest receivable of \$546 (2009 - \$nil), relating to these notes. During the year, \$546 (2009 - \$nil) was recorded as interest income. Aston Hill Energy 2010 GP Inc., is a wholly owned subsidiary of the Company, and is the General Partner of 2010 ST FT.
- e) The Company's wholly owned subsidiary Navina receives management fees and pays for expenses incurred by its various funds under management. These expenses are then charged back to the funds and are recovered under normal credit terms and is non-interest bearing. Amounts due from funds under management and included in accounts receivable is \$268,602 (2009 - \$nil). Related management fees of \$949,725 (2009 - \$nil) were recorded as revenue during the year.
- f) The note payable as described in note 4 to the Navina/Lazard US High Yield Bond is one of the Company's funds under management and is a related party transaction.
- g) Directors and officers of the Company and its subsidiaries subscribed for 636,000 of the shares issued in the 2009 private placement disclosed in note 10. These shares represented \$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.
- h) The investments available for sale as described in note 6 are related to two of the Company's funds under management. Changes in fair market value of these investments recognized through other comprehensive income in the year represent related party transactions.

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.

14. Financial Instruments

Fair Value of Financial Instruments

All financial instruments are initially recorded at fair value with subsequent accounting based on their designation. 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. The Company has reviewed this financial instrument and determined that it is carried at fair value level 2.

ii. Marketable securities

Marketable securities are classified as held-for-trading and are reported at fair value. Marketable securities previously held are traded on an active market and unadjusted quoted prices were obtained to determine fair value. The Company has determined that this financial instrument is carried at a level 1. Unrealized gains and losses on marketable securities are recorded in net income.

iii. Accounts receivable

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

iv. Notes receivable

Notes receivable are classified as loans and receivables and are reported at amortized cost. At December 31, 2010 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 reported at fair value. The fair value of Wisevest Income Fund as at December 31, 2010 is \$281,540 (2008 - \$253,614). 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.

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 period to period. Unrealized gains and losses on these long term investments are recorded in net income.

14. Financial Instruments - continued

v. Long-term investments - continued

The following table illustrates the classification of the Company's long-term investments carried at fair value within the fair value hierarchy as at December 31, 2010:

	Investments at fair value as at December 31, 2010			
	Level 1	Level 2	Level 3	Total
Investments in securities	\$ 281,540	\$ -	\$ -	\$ 281,540
Private investments	\$ -	\$ -	\$ 7,834,248	\$ 7,834,248
	\$ 281,540	\$ -	\$ 7,834,248	\$ 8,115,788

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

	Fair value measurements using Level 3 inputs
	Private investments
Balance at December 31, 2009	\$ 9,890,691
Unrealized losses	(2,056,443)
Balance at December 31, 2010	\$ 7,834,248

vi. Investments classified as available for sale

Investments classified as available for sale were acquired on August 6, 2010 in the business combination disclosed in note 4 of the financial statements and are reported at fair market value. Four equity holdings make up the balance of the Investments classified as available for sale and all four are valued using inputs other than quoted prices that are directly observable for the assets. The Company has determined that these financial instruments are carried at fair value level 2. Unrealized gains and losses on investments classified as available for sale are recorded in other comprehensive income.

vii. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are classified as other liabilities and are reported at amortized cost. At December 31, 2010, the carrying value of accounts payable and accrued liabilities approximated their fair value due to their short term nature.

viii. 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 December 31, 2010, the fair value is not materially different from the carrying value of \$249,998.

ix. Obligation to redeem Lawrence Partner Fund shares

This financial liability is classified as held for trading and is reported at its fair value using inputs other than quoted prices that are directly observable for the liability. Unrealized gains & losses are recorded in net income. The Company has determined that this financial instrument is carried at fair value level 2.

14. Financial Instruments - continued

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 a 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 \$14,753,631, which is the sum of its cash and cash equivalents, accounts receivable, notes receivable, marketable securities, other investments, and long-term investments as reported on the balance sheet as at December 31, 2010.

Significant amounts of the Company's accounts receivable are due from related parties. As at December 31, 2010, 23% (2009 – 45%) of the accounts receivable are due from related parties (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, 2010.

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

Currency risk

The Company maintains its accounts in Canadian dollars. However, a portion of its operations are located in the Cayman Islands and therefore the Company is subject to foreign currency fluctuations on its activities denominated in US dollars. Based on the carrying value of the due from funds under management and cash at December 31, 2010, the effect of a \$0.01 declining or increase in the value of the US dollar would result in a foreign exchange gain or loss of \$2,011 (2009 - \$nil).

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	1,435,814	689,303	2,125,117
Accounts payable	813,297	-	813,297
Obligation to redeem Lawrence Partners Fund Shares	1,056,978	-	1,056,978
Note payable	389,175	-	389,175
	\$ 3,945,264	\$ 689,303	\$ 4,634,567

14. Financial Instruments - continued

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 and available for sale, therefore unrealized gains and losses on securities classified as held for trading are recorded in income as changes in fair value until realized. Unrealized gains and losses on securities classified as available for sale are recorded in other comprehensive income until realized. As at December 31, 2010, the impact of a 10% increase or decrease in the value of the Company's held for trading portfolio would have been an approximate \$711,000 unrealized gain/loss recorded in income. As at December 31, 2010, the impact of a 10% increase or decrease in the value of available for sale investments would have been an approximate \$109,000 unrealized gain/loss recorded in other comprehensive 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, other investments, long-term investments, and the obligation to redeem Lawrence Partners Fund shares.

Concentration Risk

The Company is exposed to concentration risk in that the majority of its investments and 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 differs from the expected income tax provision as follows:

	<u>2010</u>	<u>2009</u>
Expected expense (recovery) at an effective rate of 28% (2009 – 29.5%)	\$ 325,808	\$ 82,000
Add (deduct) effects of:		
Impact of permanent differences	165,789	108,000
Change in valuation allowance	2,856	(21,000)
True up of opening balances	(177,307)	233,000
Effect of change in future tax rate	345,503	(209,000)
Non-taxable portion of capital gains	(9,302)	30,000
Recognition of benefit not previously recognized	-	(964,000)
Other	(18,174)	(223,000)
	<u>\$ 635,173</u>	<u>\$ (964,000)</u>

- (b) At December 31, 2010, the Company had approximately \$425,000 (2009 - \$4,647,000) of non-capital loss carryover balances. In addition, the Company has capital cost pools and share issue costs of \$1,997,027 (2009 - \$686,000) to deduct against future taxable income.

ASTON HILL FINANCIAL INC.
Notes to the Consolidated Financial Statements
December 31, 2010 and 2009

15. Income Taxes - continued

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

2015	\$ 352,000
2026	8,000
2027	23,000
2028	-
2029	3,000
2030	<u>39,000</u>
	<u>\$ 425,000</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	2010	2009
Property and equipment	\$ 58,683	\$ 44,000
Intangible assets	(690,905)	-
Deferred charges	(77,643)	-
Share issue costs	56,991	(31,000)
Transaction costs	17,875	-
Long-term investments and marketable securities	194,149	(211,000)
Investments available for sale	6,645	-
Liability to redeem Lawrence Partners Fund shares	(89,590)	-
Unused tax losses carry forward	110,943	1,162,000
Future income tax asset (liability)	\$ (412,852)	\$ 964,000

The Company has determined that it is more likely than not that future income tax assets will be realized in the future.

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 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.

	2010	2009
Equity instruments	<u>\$22,416,383</u>	<u>\$18,195,532</u>
Increase of net equity instruments from prior year	<u>23.20%</u>	<u>9.29%</u>

17. Commitments and Contingencies

The Company is committed to lease office premises with future base rent payments, as well as auto lease payments, as follows:

2011	387,192
2012	335,222
2013	329,914
2014	210,373
2015	173,113
Thereafter	<u>689,303</u>
	\$ <u>2,125,117</u>

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

The Company has agreed to indemnify certain individuals, who have acted at the Company's request to be an officer or director of the Company, to the extent permitted by law, against any and all damages, liabilities, costs, charges or expenses suffered by or incurred by the individual as a result of their services. The nature of the indemnification agreements prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to the beneficiary of such indemnification agreement. The Company has purchased various insurance policies to reduce the risks associated with such indemnification.

In the ordinary course of business, the Company and its subsidiaries enter into contracts which contain indemnification provisions, such as letter agreements, service agreements and purchase and sale agreements. In such contracts, the Company may indemnify counterparties to the contracts if certain events occur. In some cases the Company requires indemnities from its service providers, related to the Company's indemnification obligations to customers. These indemnification provisions vary on an agreement by agreement basis. In some cases, there are no pre-determined amounts or limits included in the indemnification provisions and the occurrence of contingent events that will trigger payment under them is difficult to predict. Therefore, the maximum potential future amount that the Company could be required to pay cannot be estimated.

18. Comparative Figures

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

19. Subsequent Events

On January 12, 2011, the Company announced that it has renamed two of its wholly owned subsidiaries. Catapult Financial Management Inc. became Aston Hill Investments Inc. and Navina Asset Management Inc. became Aston Hill Asset Management Inc.

On January 25, 2011, the Company granted 841,000 stock options to certain directors, officers, employees and consultants. The stock options are exercisable for a period of five years at a price of \$1.55 per share and vest over a three year period.

The Company announced on March 10, 2011 that a special cash dividend in the amount of \$0.01 per common share will be payable on March 31, 2010 to all shareholders of record on March 21, 2011. The resulting ex-dividend date is March 17, 2011.