Consolidated Financial Statements for the year ended December 31, 2013

Contents

MANAGEMENT’S REPORT TO SHAREHOLDERS

Management of Aston Hill Financial Inc. (“Aston Hill”) is responsible for the integrity and objectivity of the financial statements and all other information contained in this document. The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) 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 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.

“Signed”	*“Signed”*
Eric Tremblay Chief Executive Officer	Larry Titley Chief Financial Officer

March 19, 2014

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 statement of financial position as at December 31, 2013 and December 31, 2012 and the consolidated statements of net and comprehensive income, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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 International Financial Reporting Standards, 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 audits to obtain reasonable assurance about whether the consolidated 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 in our audits 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, 2013 and December 31, 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Accountants

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Consolidated Statements of Financial Position

(in thousands of Canadian dollars, except per share information)

As at,	Notes		**December 31, 2013**		December 31, 2012
Assets					
Current assets					
Cash and cash equivalents		**$**	**5,830**	$	1,727
Trade and other receivables	5, 25		**6,895**		4,161
Current income tax receivable			**-**		689
Investments at fair value through profit or loss	4, 25(h)		**2,376**		2,272
Short term restricted trust units receivable	25(c)		**321**		254
Prepaid expenses	15		**355**		217
Note receivable	25(d)		**-**		342
		$	**15,777**	$	9,662
Property and equipment	12		**1,155**		1,684
Long term restricted trust units receivable	25(c)		**107**		92
Prepaid deposits and expenses	15		**1,863**		546
Investment at fair value through other comprehensive income	4		**7,786**		6,597
Goodwill	14		**3,946**		-
Intangible assets	13		**67,200**		45,539
Deferred sales commissions	11		**2,333**		1,121
Total assets		**$**	**100,167**	$	65,241
Liabilities					
Current Liabilities					
Trade and other payables	5, 25	**$**	**4,701**	$	1,862
Current income tax payable			**540**		-
Provisions	19		**3,258**		2,706
Revolving line of credit	5,18		**305**		1,000
Term credit facility	18		**-**		1,396
		$	**8,804**	$	6,964
Convertible debentures	5,21		**36,428**		34,870
Forward purchase contract liability	6(a)		**3,930**		-
Deferred tax liabilities	10		**10,474**		4,028
		$	**59,636**	$	45,862
Non-controlling interest					
Non-controlling interest			**463**		102
Shareholders' equity					
Share capital	15	**$**	**46,957**	$	24,121
Treasury stock	15		**(648)**		(641)
Convertible debentures equity component			**5,836**		5,838
Contributed surplus			**5,850**		5,057
Retained deficit			**(14,063)**		(10,203)
Accumulated other comprehensive loss			**(3,864)**		(4,895)
		$	**40,068**	$	19,277
Total liabilities & shareholders' equity		**$**	**100,167**	$	65,241

The notes are an integral part of these consolidated financial statements.

Approved on behalf of the board of directors

"Signed"
Director - Eric Tremblay

"Signed"
Director - Eldon Smith

Consolidated Statements of Net & Comprehensive Income (Loss)

(in thousands of Canadian dollars, except per share information)

For the year ended,	Note		**December 31, 2013**		December 31, 2012
Revenue					
Management fees and other	25(a)	**$**	**32,696**	$	23,826
Administration charges	25(b)		**2,866**		745
		$	**35,562**	$	24,571
Expenses					
General and administrative		**$**	**20,427**	$	14,592
Sub-advisory expense			**1,806**		1,391
Product development			**757**		921
Share based compensation	22		**1,495**		2,212
Depreciation of property and equipment	12		**397**		472
Amortizaton of intangible assets - finite life	13		**480**		-
Amortization of deferred sales commissions	11		**880**		431
Trailer fees			**2,716**		1,026
Commissions			**179**		156
Total operating expenses		**$**	**29,137**	$	21,201
Net (gains) on investments	7	**$**	**(317)**	$	(858)
Finance expense	8		**4,285**		4,106
Net income (loss) before tax for the period		**$**	**2,457**	$	122
Income tax expense					
Current taxes	10		**936**		278
Deferred taxes	10		**609**		427
Net income (loss) for the period		**$**	**912**	$	(583)
Net income to non-controlling interest			**351**		-
Net income (loss) to controlling interest		**$**	**561**	$	(583)
Other comprehensive income (loss):					
Net change in fair value of investments					
through other comprehensive income	4	**$**	**1,189**	$	(295)
Deferred tax on net change in fair value of					
investments through other comprehensive income			**(158)**		(1)
Other comprehensive income (loss)					
for the period, net of tax		**$**	**1,031**	$	(296)
Total comprehensive income (loss)					
for the period		**$**	**1,592**	$	(879)
Net income per share					
Basic	16	**$**	**0.007**	$	(0.008)
Diluted	16	**$**	**0.007**	$	(0.008)

The notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars, except share information)

For the year ended,	Note		**December 31, 2013**		December 31, 2012
Number of common shares outstanding					
Outstanding at the beginning of period			**72,400**		72,079
Shares issued in public offering	15		**16,605**		-
Stock options exercised	22		**1,186**		751
Shares repurchased & cancelled			**(186)**		(563)
Shares repurchased & held in treasury			**(51)**		133
Outstanding at end of period			**89,954**		72,400
Share capital					
Balance at beginning of period		**$**	**24,121**	$	23,702
Shares issued			**23,077**		-
Share issue costs, net of deferred tax	15		**(1,196)**		-
Options exercised	22		**1,054**		610
Normal course issuer bid repurchases			**(99)**		(188)
Other			**-**		(3)
Balance at end of period		**$**	**46,957**	$	24,121
Treasury stock					
Balance at beginning of period		**$**	**(641)**	$	(869)
Treasury stock granted			**236**		242
Shares repurchased and held in treasury			**(243)**		(14)
Balance at end of period		**$**	**(648)**	$	(641)
Convertible debentures equity component					
Balance at beginning of period		**$**	**5,838**	$	5,856
Normal course issuer bid repurchases			**(2)**		(2)
Change in future income tax			**-**		(16)
Balance at end of period		**$**	**5,836**	$	5,838
Contributed surplus					
Balance at beginning of period		**$**	**5,057**	$	3,345
Share based compensation expensed	22		**1,495**		2,212
Share based compensation exercised	22		**(702)**		(500)
Balance at end of period		**$**	**5,850**	$	5,057
Retained deficit					
Balance at beginning of period		**$**	**(10,203)**	$	(5,983)
Dividends paid	17		**(4,287)**		(3,073)
Normal course issuer bid repurchases			**(141)**		(557)
Net income (loss) for period			**561**		(583)
Other			**7**		(7)
Balance at end of period		**$**	**(14,063)**	$	(10,203)
Accumulated other comprehensive loss					
Balance at beginning of period		**$**	**(4,895)**	$	(4,599)
Other comprehensive income (loss)			**1,031**		(296)
Balance at end of period		**$**	**(3,864)**	$	(4,895)
Total equity		**$**	**40,068**	$	19,277

The notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars, except share information)

For the year ended,	Note		**December 31, 2013**		December 31, 2012
Operating Activities					
Net income (loss) for the period		**$**	**912**	$	(583)
Adjustments for non-cash items:					
Deferred income taxes			**609**		427
Interest expense	8		**2,525**		2,287
Depreciation of property and equipment			**397**		472
Amortizaton of intangible assets - finite life			**480**		-
Amortization of deferred sales commissions			**880**		431
Amortization other	15		**46**		-
Accretion	8		**1,760**		1,813
Share based compensation	22		**1,495**		2,212
Gain (loss) on financial instruments			**221**		-
Other non-cash gains/losses			**(38)**		(626)
Reinvested dividend income			**(56)**		
Income tax expense			**936**		2
		$	**10,167**	$	6,435
Change in non-cash working capital	9		**1,161**		(437)
		$	**11,328**	$	5,998
Income taxes received			**293**		-
Net cash from operating activities		**$**	**11,621**	$	5,998
Investing Activities					
Property and equipment expenditures		**$**	**(151)**	$	(1,434)
Acquisition of financial assets			**(976)**		(2,260)
Proceeds from sale of property and equipment			**284**		-
Proceeds from sale of intangible assets			**40**		100
Proceeds from sale of financial assets			**707**		970
Deferred sales commissions paid	11		**(2,092)**		(1,244)
Change in non-cash working capital			**-**		(655)
Corporate acquisition, net of cash	6		**(16,400)**		121
Net cash (used in) investing activities		**$**	**(18,588)**	$	(4,402)
Financing Activities					
Issuance of equity instruments	15		**21,420**	$	-
Share issue costs	15		**(1,368)**		-
Issuance of non-controlling interest			**10**		-
Proceeds from exercise of share options	22		**594**		352
Prcoeeds on incorporation of subsidiary			**-**		98
Settlement of juno debenture			**-**		(250)
Normal course issuer bid repurchases			**(253)**		(769)
Shares repurchased and held in treasury			**(243)**		(15)
Repayment of term credit facility	18		**(1,500)**		(2,000)
Net proceeds from revolving term facility	18		**(695)**		1,000
Interest paid			**(2,608)**		(2,627)
Dividends paid	17		**(4,287)**		(3,073)
Net cash from (used in) financing activities		**$**	**11,070**	$	(7,284)
Change in cash and cash equivalents		**$**	**4,103**	$	(5,688)
Cash and cash equivalents, beginning of period			**1,727**		7,415
Cash and cash equivalents, end of period		**$**	**5,830**	$	1,727

The notes are an integral part of these consolidated financial statements.

For the years ended December 31, 2013 and 2012
(tabular amounts are in thousands of Canadian dollars except share and per share information)

1. Reporting Entity

Aston Hill Financial Inc. (the "Company" or "Aston Hill") is incorporated under the laws of the Province of Alberta, Canada and is a company domiciled in Canada. The financial statements of the Company as at and for the years ended December 31, 2013 and 2012 comprise the Company and its wholly-owned and majority-owned subsidiaries. The principal business of Aston Hill is the management, marketing, distribution and administration of mutual funds, closed end funds, private equity funds, hedge funds, segregated institutional funds, as well as oil and gas property administration and other fee-based investment products for Canadian investors.

The Company is a publicly traded corporation on the Toronto Stock Exchange ("TSX") and the head office, principal address and registered and records office of the Company is Suite 500, 321 - 6th Avenue SW, Calgary, Alberta, T2P 3H3.

These consolidated financial statements ("financial statements") were approved and authorized for issuance by the Board of Directors on March 19, 2014.

2. Basis of Preparation

a) Statement of compliance:

These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS").

The accounting policies applied in these financial statements are based on IFRS effective for the year ending December 31, 2013, as issued and outstanding as of March 19, 2014.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

I. Financial instruments are initially measured at fair value;

II. Financial assets and liabilities at fair value through profit or loss are measured at fair value with changes in fair value recorded in net income;

III. Financial assets and liabilities at fair value through other comprehensive income are measured at fair value with changes in fair value recorded in other comprehensive income;

IV. Financial assets and liabilities at amortized cost are discounted to fair value at initial recognition; and

V. Share based compensation is initially recorded at fair value and subsequently recorded at amortized cost;

The methods used to measure fair values are discussed in note 4.

c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

2. Basis of Preparation (continued)

d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

The significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are summarized as follows:

i. Acquisition and business combinations:

   The Company has made significant estimates and assumptions in determining the fair value of consideration received through business combinations. These estimates require judgment to assess credit risk of financial assets and the implicit value of intangible assets. Further details of business combinations completed are included in note 6.

ii. Cash Generating Unit ("CGU") valuation:

   The Company's CGU is reviewed for impairment annually or more frequently if changes in circumstances indicate that the carrying value may be impaired. The values associated with the valuation of the Company's CGU involve significant estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates, and asset lives. These significant estimates require considerable judgment regarding market growth rates, fund cash flow assumptions, expected margins and costs which could affect the Company's future results if current estimates of future performance and fair values change. Further details are provided in note 3(e) and note 13.

iii. Measurement of share based compensation:

   The cost of employee services received (share based compensation expense) in exchange for awards of equity instruments recognized is estimated using a Black-Scholes option valuation model which requires the use of assumptions. Further details regarding the assumptions used in the option pricing model are provided in note 22.

iv. Valuation of financial instruments:

   The values associated with financial instruments involve significant estimates and assumptions based on the method employed in determining its fair value. These financial instruments include but are not limited to, the valuation of investments at fair value through profit or loss and investments at fair value through other comprehensive income. These estimates require judgments in determination of inputs to valuation models utilized in the assessment of fair value. Further details regarding the assumptions used in the valuation of financial instruments is provided in note 4.

2. Basis of Preparation (continued)

v. Restricted trust units receivable:

Restricted trust units receivable refers to the short term and long term portion of restricted trust units receivable. They are adjusted to fair value at each reporting date. The actual value realized will depend on the accumulated distributions actually paid and the actual year over year price appreciation of units. Refer to note 4(f) for further details.

vi. Deferred sales commission:

Commissions paid to registered investment dealers on the sale of units or shares of mutual funds and closed end funds managed by the Company are recorded as deferred on the trade date of the sale. Deferred sales commissions are amortized over the expected investment period which is assessed periodically based on judgments by management as well as historical redemption information. Refer to note 11 for further details.

vii. Income Taxes:

A provision for income taxes is prepared at each reporting period and involves making an estimate of taxes currently payable or recoverable and taxes expected to be payable or recoverable in future periods. Future deferred income tax assets are recognized after an assessment of whether future taxable income will be sufficient in order to use the asset.

3. Significant accounting policies

a) Basis of consolidation:

i. Subsidiaries:

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

ii. Business combinations:

All business combinations, including acquisitions of subsidiaries and assets that meet the definition of a business under IFRS are accounted for using the acquisition method of accounting.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Contingent consideration is included in the cost of acquisition at fair value. Directly attributable transaction costs are expensed in the current period and reported within general and administration expenses.

iii. Balances and transactions eliminated on consolidation:

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the financial statements.

3. Significant accounting policies (continued)

b) Foreign currency:

Transactions in foreign currencies are translated to Canadian dollars at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the period end exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognized in net income as a component of finance expense.

c) Cash and cash equivalents:

Cash and cash equivalents are initially measured at fair value and are subsequently recorded at amortized cost. Cash and cash equivalents are comprised of cash on hand, term deposits held with banks, and other short-term liquid investments with original maturities of three months or less.

d) Financial instruments:

The Company applies IFRS 9 to the recognition and measurement of financial assets and liabilities. Phase I and Phase II of IFRS 9 were issued on November 2009 and were early adopted by the Company in 2011.

Initial Recognition

Regular purchases and sales of financial assets are recognized on the trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value though profit or loss are expensed in the income statement.

A gain or loss on a debt investment that is subsequently measured at fair value and is not part of a hedging relationship is recognized in profit or loss and presented in the income statement within profit or loss in the period in which it arises. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the financial asset is derecognized or impaired and through the amortization process using the effective interest rate method.

Subsequent Measurement of Financial Assets

Non-Equity Instruments

IFRS 9 includes a single model that has only two classification categories for financial instruments other than equity instruments: amortized cost and fair value. To qualify for amortized cost accounting, the instrument must meet two criteria:

I. The objective of the business model is to hold the financial asset for the collection of the cash flows; and

II. All contractual cash flows represent only principal and interest on that principal.

3. Significant accounting policies (continued)

All other instruments are mandatorily measured at fair value. Classification under IFRS 9 is determined at inception based on the two criteria previously described.

The Company is required to reclassify all affected debt investments when and only when its business model for managing those assets changes.

Equity Instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present unrealized and realized fair value gains and losses on equity investments in other comprehensive income, there is no subsequent recycling of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognized in profit or loss as long as they represent a return on investment.

<u>Impairment of Financial Assets Carried at Amortized Cost</u>

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

<u>Subsequent Measurement of Financial Liabilities</u>

Financial liabilities either held for trading or designated at fair value through profit or loss are subsequently measured at fair value with gains and losses recognized in income.

Financial liabilities not designated at fair value through profit or loss are subsequently measured at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. These financial instruments are classified as current liabilities if payment is due within twelve months or if the obligation is expected to be settled in the Company's normal operating cycle. Otherwise, they are presented as non-current liabilities.

Embedded derivatives that are not closely related to such host financial liability contracts and meet the definition of a derivative are separated and fair valued through profit or loss.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

<u>Derecognition of Financial Assets and Financial Liabilities</u>

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognized when they are extinguished – that is, when the obligation specified in the contract is discharged or cancelled or expires.

e) Business combinations, goodwill and other intangibles:

Business combinations, goodwill and other intangibles

All business combinations are accounted for using the acquisition method. Identifiable intangible assets are recognized separately from goodwill and included in intangible assets. Goodwill represents the residual value of the purchase price plus deferred tax liabilities incurred above the fair value of the net identifiable assets acquired on the date of acquisition.

Goodwill

Goodwill is allocated to cash-generating units or groups of cash-generating units (CGU) for the purpose of impairment testing, which is undertaken at the lowest level at which goodwill is monitored for internal management purposes. For the purposes of monitoring, the Company currently has one CGU. Impairment testing is performed annually as at December 31, or more frequently if there are objective indicators of impairment, by comparing the recoverable amount of a CGU with its carrying amount. The recoverable amount of a CGU is the higher of its value in use and its fair value less costs to sell. Value in use is the present value of the expected future cash flows from a CGU. Fair value less costs to sell is the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. The fair value of a CGU is estimated using valuation techniques such as a discounted cash flow approach, adjusted to reflect the considerations of a prospective third-party buyer. External evidence such as binding sale agreements or recent transactions for similar businesses within the same industry is considered to the extent that it is available.

Significant judgment is involved in estimating the model inputs used to determine the recoverable amount of our CGU, in particular future cash flows, discount rates and terminal growth rates, due to the uncertainty in the timing and amount of cash flows and the forward-looking nature of these inputs.

Future cash flows are based on financial plans agreed on by management which are estimated based on forecast results, business initiatives, planned capital investments and returns to shareholders. Discount rates are based on the Company's weighted average cost of capital, adjusted for Company specific risks and currency exposure as reflected by differences in expected inflation. Company specific risks include country risk, business/operational risk, geographic risk (including political risk, devaluation risk, and government regulation), currency risk, and price risk (including product pricing risk and inflation). Terminal growth rates reflect the expected long-term gross domestic product growth and inflation. Changes in these assumptions may impact the amount of impairment loss recognized in income.

The carrying amount of our CGU includes the carrying amount of assets, liabilities and goodwill allocated to the CGU. If the recoverable amount is less than the carrying value, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other non-financial assets of the CGU proportionately based on the carrying amount of each asset. Any impairment loss is charged to income in the period in which the

3. Significant accounting policies (continued)

impairment is identified. Goodwill is stated at cost less accumulated impairment losses. Subsequent reversals of goodwill impairment are prohibited.

Upon disposal of a portion of a CGU, the carrying amount of goodwill relating to the portion of the CGU sold is included in the determination of gains or losses on disposal. The carrying amount is determined based on the relative fair value of the disposed portion to the total CGU.

Other intangibles

Intangible assets represent identifiable non-monetary assets and are acquired either separately or through a business combination, or generated internally. Intangible assets acquired through a business combination are recognized separately from goodwill when they are separable or arise from contractual or other legal rights, and their fair value can be measured reliably. The cost of a separately acquired intangible asset includes its purchase price and directly attributable costs of preparing the asset for its intended use. In respect of internally generated intangible assets, cost includes all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and accumulated impairment losses, if any. Intangible assets with a finite-life are amortized on a straight-line basis over their estimated useful lives. Indefinite life intangible assets have no termination date and management expects to utilize them for the foreseeable future.

Intangible assets are assessed for indicators of impairment at each reporting period. If there is an indication that an intangible asset may be impaired, an impairment test is performed by comparing the carrying amount of the intangible asset to its recoverable amount. Indefinite life intangible assets are tested annually.

Where it is not possible to estimate the recoverable amount of an individual asset, we estimate the recoverable amount of the CGU to which the asset belongs. If the recoverable amount of the asset (or CGU) is less than its carrying amount, the carrying amount of the intangible asset is written down to its recoverable amount as an impairment loss. An impairment loss recognized previously is reversed if there is a change in the estimates used to determine the recoverable amount of the asset (or CGU) since the last impairment loss was recognized. If an impairment loss is subsequently reversed, the carrying amount of the asset (or CGU) is revised to the lower of its recoverable amount and the carrying amount that would have been determined (net of amortization) had there been no prior impairment.

Due to the subjective nature of these estimates, significant judgment is required in determining the useful lives and recoverable amounts of our intangible assets, and assessing whether certain events or circumstances constitute objective evidence of impairment. Estimates of the recoverable amounts of our intangible assets rely on certain key inputs, including future cash flows and discount rates. Future cash flows are based on revenue projections and allocated costs which are estimated based on forecast results and business initiatives.

Discount rates are based on the Company's weighted average cost of capital, adjusted for asset-specific risks. Changes in these assumptions may impact the amount of impairment loss recognized.

3. Significant accounting policies (continued)

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

f) Convertible Debentures

The Company's convertible debentures are derivative financial instruments consisting of a liability with an embedded conversion feature. The fair value of the liability portion of the convertible debentures is determined using a market interest rate for an equivalent non-convertible debenture. This amount is recorded as a liability on an amortized cost basis until extinguished on conversion, maturity, or normal course issuer bid of the convertible debentures. The remainder of the proceeds is allocated to the conversion option. This is recognized and included in shareholders' equity, net of income tax effects.

g) Capital stock:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

h) Property and equipment:

i. Recognition and measurement:

Items of property and equipment are measured at cost less accumulated amortization and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized net within other income in statement of comprehensive income.

ii. Depreciation:

For property and equipment, depreciation is recognized in profit or loss on a declining balance basis over the estimated useful lives of each part of an item of property and equipment.

The estimated useful lives for property and equipment for the current year is as follows:

Computer software	100% declining balance
Computer hardware	30% declining balance
Equipment	20% declining balance
Furniture and fixtures	20% declining balance
Leasehold Improvements	straight line over the term of the lease

Depreciation methods, useful lives and residual values are reviewed annually.

3. Significant accounting policies (continued)

i) Operating leases:

All of the Company's leases are operating leases, which are not recognized on the Company's statement of financial position. Payments made under operating leases are recognized in net income on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

j) Share based compensation:

i. Employee share purchase plan:

   Employee share purchase plan benefit obligations are measured on an undiscounted basis on the date the shares are purchased in the open market and are expensed as the related service is provided.

ii. Employee stock options and deferred share plans:

   The grant date fair value of options and deferred shares granted to employees is recognized as share based compensation expense, with a corresponding increase in contributed surplus over the vesting period. The grant date fair value of options and deferred share granted are determined using the Black-Scholes option valuation model which requires the use of assumptions. Further detail regarding the assumptions used in the option pricing model is provided in note 22.

k) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a risk-free rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on associated assets.

l) Deferred sales commissions:

Commissions paid to registered investment dealers on the sale of units or shares of mutual funds and closed end funds managed by the Company are recorded as deferred on the trade date of the sale. Deferred sales commissions are amortized over the expected investment period of 48 months (prior to October 1, 2013 – 36 months) on a straight line basis from the date recorded. Deferred sales commissions are assessed for impairment on an annual basis.

The Company reviewed the deferred sales commission amortization policy in the fourth quarter of 2013 based on data available and determined the accounting estimate of four years to amortize the deferred sales commission is a better representation of the expected investment period. The Company has adopted the 48 month straight line amortization, prospectively, effective October 1, 2013 as a change in estimate. The effect in the current period was a

3. Significant accounting policies (continued)

decrease in deferred sales commission amortization expense and an increase in the deferred sales commissions asset of $52,000. It is impractical to estimate the impact on future periods as commissions paid in the future cannot be reasonably determined.

When redemptions of units or shares occur and the actual investment period is shorter than expected, the unamortized deferred sales commissions related to the original investment in the mutual fund is charged to net income and included in the amortization of deferred sales commissions.

m) Revenue:

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

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. Administrative service fees are based on the enterprise value of the entity managed and are recognized on an accrual basis as the service is being performed.

n) Finance expense:

Finance expense comprises interest and accretion expense on the convertible debentures, credit facility, and the note payable. Foreign currency gains and losses, reported under finance expenses, are reported on a net basis.

o) Earnings per share:

Basic earnings per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as warrants and stock options granted to employees.

p) Income tax:

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend

(tabular amounts are in thousands of Canadian dollars except share and per share information)

3. Significant accounting policies (continued)

to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

q) Investments in subsidiaries and funds managed by the Company:

Subsidiaries are entities over which the Company has the power to govern the financial and operating policies; generally accompanying a shareholding of more than half of the entity's voting rights. Associates are entities that the Company does not control, but over which it has significant influence or joint control and are generally accompanied by a shareholding of the entity's voting rights between 20% and 50%, or 50% respectively.

The Company has one significant wholly owned subsidiary, which is incorporated in Canada. The name of this company is Aston Hill Asset Management Inc. ("AHAM").

The Company's subsidiaries and associates include:

Name	Country of Incorporation or formation	Relationship	Proportion of ownership	Non-controlling interest ownership	Non-controlling interest profit (loss)	Accumulated non-controlling interest profit (loss)
AHF Credit Opportunities Fund	Canada	Associate/FVTPL	49.53%	0.00%	-	-
Aston Hill Asset Management Inc.	Canada	Subsidiary	100.00%	0.00%	-	-
Aston Hill Financial Management Ltd.	Canada	Subsidiary	100.00%	0.00%	-	-
Aston Hill Holdings Inc.	Canada	Subsidiary	100.00%	0.00%	-	-
Aston Hill Securities Inc.	Canada	Subsidiary	100.00%	0.00%	-	-
Aston Hill Capital Markets Inc.	Canada	Subsidiary	80.00%	20.00%	364	-
AHF Capital Partners Inc.	Canada	Subsidiary	51.00%	49.00%	(13)	98
Argent Energy Ltd.	Canada	Subsidiary	100.00%	0.00%	-	-

r) New standards and interpretations adopted:

IFRS 10 – Consolidated Financial Statements

IFRS 10, *Consolidated Financial Statements ("IFRS 10*"), requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, Consolidation - Special Purpose Entities, and parts of IAS 27, Consolidated and Separate Financial Statements.

The Company has assessed the impact of IFRS 10 on the consolidation of investment funds in which the Company holds interest and has determined that, at December 31, 2013, there were no material changes as a result of the adoption.

3. Significant accounting policies (continued)

IFRS 12 – Disclosure of interests in other entities

IFRS 12, *Disclosure of interests in other entities ("IFRS 12"),* requires the entity to disclose:

a) The significant judgments and assumptions it has made in determining the nature of its interest in another entity or arrangement, and in determining the type of joint arrangement in which it has an interest

b) Information about its interests in subsidiaries, joint arrangements, associates and structure entities that are not controlled by the entity.

The Company has disclosed the impact of this standard in note 3(q).

IFRS 13 - Fair Value Measurement

IFRS 13, *Fair Value Measurement ("IFRS 13")*, is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures. In accordance with IFRS 13, the Company has changed its accounting policy to value marketable securities according to their close price.

No material restatement of financial statement line items were required as a result of the adoption of this policy.

Amendments

The Company has adopted the amendments to IAS 1. These amendments require the Company to separately group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified.

The Company has reclassified comprehensive income items of the comparative year as a result of this adoption. These changes did not result in any adjustments to other comprehensive income or comprehensive income.

s) New standards and interpretations not yet adopted:

The IASB amended IAS 19 Employee Benefits to reflect significant changes to recognition and measurement of defined benefit pension expense and termination benefits and expanded disclosure requirements. The impact of these standards is not known or reliably estimable. The amended standard is effective as of July 2014.

4. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4. Determination of fair values (continued)

a) Cash and cash equivalents, trade and other receivables, note receivable and trade and other payables:

The fair value of cash and cash equivalents, trade and other receivables, note receivable and trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. As at December 31, 2013, the fair value of these balances approximated their carrying value due to their short term nature.

b) Financial assets and liabilities at fair value through profit or loss:

Non-derivative financial assets and liabilities at fair value through profit or loss are classified as, and reported at, fair value through profit or loss. 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. In order to recognize the time value of money on the forward purchase contract liability, it has been discounted at a risk free rate of interest at the expected term of the liability. The risk free rate of interest is based on Canada savings bonds with a similar useful life to the obligation being discounted.

c) Financial assets at fair value through other comprehensive income:

The Company's investment in Journey Energy Inc. (formerly Sword Energy Inc.) is a financial asset reported at fair value through other comprehensive income. 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. Estimated fair value is determined on the basis of the expected realizable value of the investments if they were disposed of in an orderly fashion over a reasonable period of time.

The Company uses estimation techniques to determine fair value which include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another financial instrument that is substantially the same, discounted cash flow analysis, multiple earnings analysis, and reserve based valuations.

d) Convertible debentures:

The Company has convertible debenture obligations outstanding, of which a liability component has been classified as a financial liability at amortized cost. The convertible debentures have fixed interest rates which differ from the market interest rate available to the Company which resulted in an adjustment to fair value being required at initial recognition. The fair value of the convertible debentures at initial recognition was determined based on discounted cash flows assuming no future conversions and continuation of current interest and principal payments as well as taking into consideration the current public trading activity of such debentures. The Company applied a discount rate of 10% considering current available market information, assumed credit adjustments, and various terms to maturity.

The fair value at recognition of the equity component of the convertible debenture was determined using the residual method in which the difference between the face value of the instrument and the fair value of the debt is allocated as the fair value of the equity component.

(tabular amounts are in thousands of Canadian dollars except share and per share information)

4. Determination of fair values (continued)

e) Share based compensation:

The fair value of employee share based compensation is measured using a Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds).

f) Restricted trust units receivable:

Restricted trust units receivable (note 25(c)) granted to the Company have been issued in accordance with the Company's administrative services contract with Argent Energy Trust ("Argent") (note 25(b)). The units issued pursuant to Argent's Restricted Trust Unit Plan are not considered equity based payments as the IAS 32 "Puttable Instrument" exemption does not extend to unit based payments made by a Trust. The instrument is classified at fair value through profit or loss. The grant date fair value of restricted trust units receivable are determined by fair value models as deemed appropriate by the Company. The Company is required to re-determine the fair value of the balance receivable relating to restricted trust units receivable at the end of each reporting period and record any changes in fair value through the Consolidated Statements of Net and Comprehensive Income.

g) Summary of fair values:

The following tables provide fair value measurement information for financial assets and liabilities recorded at fair value as of December 31, 2013 and December 31, 2012.

	Carrying	Fair	**Fair value measurements using**		
December 31, 2013	Amount	Value	Level 1	Level 2	Level 3
Financial assets:					
Investments at fair value through profit or loss	$ 2,376	$ 2,376	$ 1,321	$ 1,055	$ -
Restricted trust units receivable	428	428	-	428	-
Financial assets at fair value through OCI	7,786	7,786	-	-	7,786
Financial liabilities:					
Forward purchase contract liability	(3,930)	(3,930)	-	(3,930)	-
	$ 6,660	$ 6,660	$ 1,321	$ (2,447)	$ 7,786

	Carrying	Fair	**Fair value measurements using**		
December 31, 2012	Amount	Value	Level 1	Level 2	Level 3
Financial assets:					
Investments at fair value through profit or loss	$ 2,272	$ 2,272	$ 1,669	$ 603	$ -
Restricted trust units receivable	346	346	-	346	-
Financial assets at fair value through OCI	6,597	6,597	-	-	6,597
	$ 9,215	$ 9,215	$ 1,669	$ 949	$ 6,597

(tabular amounts are in thousands of Canadian dollars except share and per share information)

4. Determination of fair values (continued)

Level 1 Fair Value Measurements

Inputs are quoted prices unadjusted in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 Fair Value Measurements

Inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly or indirectly. Includes inputs using a valuation methodology other than quoted prices included within Level 1.

Level 3 Fair Value Measurements

Inputs that are not based on observable market data and that are significant to the fair value measurement. These unobservable inputs reflect the Company's own assumptions about what a market participant would use in estimating fair value of a financial instrument.

Fair value is calculated using recent arm's length transactions, or prevailing market rates for instruments with similar characteristics, or internal and external valuation models, such as discounted cash flow analysis, net asset value, or the multiple of earnings valuation approach.

Level 3 investments consist of shares in Journey Energy Inc. The following table reconciles the Company's Level 3 fair value measurements for the year ended December 31, 2013:

Balance at December 31, 2012	$	**6,597**
Increase in fair value during the period		1,189
Balance at December 31, 2013	**$**	**7,786**

The Company's equity investment in a private oil and gas producing entity (Journey Energy Inc., or "Journey") consists of 1,415,595 common shares or approximately 2.7% of the total outstanding common shares of Journey. The fair value of the common shares held is derived using the comparable company valuation multiples approach. In applying the comparable company valuation multiples approach the Company has selected eleven public companies that are similar in production size to Journey. A range of Enterprise Value ("EV") to production values was derived from this analysis and applied to Journey's production level to arrive at an EV range applicable to Journey. The EV of each public company was determined using period end stock prices and the most recently obtainable net debt information and production was determined using the most recently available publicly disclosed production data. The enterprise value range was adjusted for take private premiums, net debt and liquidity discounts based on the market for oil and gas take private transactions seen over the past two years and typical liquidity discounts seen in the market for private energy company common shares. The resulting en bloc fair market value range of Journey was then multiplied by the percentage ownership applicable to the Company and further reduced by a minority discount to arrive at the fair market value of the Company's investment in Journey.

4. Determination of fair values (continued)

The range of Enterprise Value to production multiples used for the December 31, 2013 valuation was \$25,000/boe/d to \$75,000/boe/d (2012 - \$43,000/boe/d to \$61,000/boe/d). The unobservable inputs for the equity investment in Journey include interest rates, oil and gas commodity prices and market sentiment toward energy equities in general. Any change in the unobservable inputs could result in a significant change in the value of the equity investment in Journey.

During the years ended December 31, 2013 and December 31, 2012, there were no transfers between levels.

5. Financial Risk Management

Overview:

The Company's activities expose it to a variety of financial risks that arise as a result of its operating, investing, and financing activities including:

- Credit risk;
- Liquidity risk;
- Market risk;
- Price risk; and
- Interest rate risk.

This note presents information about the Company's exposure to the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

a) 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, trade and other receivables, prepaid deposits and expenses, note receivable and restricted trust units are exposed to credit risk. The Company monitors its credit risk management policies continuously to evaluate their effectiveness and feels that the creditworthiness of its counterparties is satisfactory at this time. Cash and cash equivalents primarily consist of highly liquid temporary deposits with Canadian chartered banks and, from time to time, guaranteed investment certificates. The Company mitigates credit risk on these financial instruments by adhering to its investment policy that outlines credit risk parameters and concentration limits.

(tabular amounts are in thousands of Canadian dollars except share and per share information)

5. Financial Risk Management (continued)

The maximum exposure to credit risk at the year-end is as follows:

		Carrying Amount		
		December 31 2013		December 31 2012
Cash and cash equivalents	**$**	**5,830**	$	1,727
Trade and other receivables		**6,895**		4,161
Note receivable		**-**		342
Prepaid expenses (note 15)		**160**		-
Prepaid deposits and expenses		**1,863**		546
Restricted trust units receivable		**428**		346
Total credit risk exposure	**$**	**15,176**	$	7,122

Trade and other receivables:

All of the Company's operations are conducted in Canada. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. Receivables are normally collected on the 15th day of the month following the month or quarter in which the management fee was earned. The Company's policy to mitigate credit risk associated with these balances is to establish marketing relationships with its counterparties. The Company historically has not experienced any collection issues with its counterparties.

The Company does not anticipate any default as it transacts with creditworthy counterparty and management does not expect any losses from non-performance by these counterparties. The maximum exposure to credit risk for receivables at the reporting date by type of counterparty was:

		Carrying Amount		
		December 31 2013		December 31 2012
Sub-advisory fee receivables	**$**	**1,457**	$	1,244
Management fee receivables		**3,304**		898
Administration fee receivables		**769**		300
Other receivables		**1,365**		1,719
Trade and other receivables	**$**	**6,895**	$	4,161

A significant amount of the Company's accounts receivable is due from related parties. As at December 31, 2013, 63% (2012 – 45%) of the Company's trade and other receivables is due from related parties (note 25).

The Company believes that the entire trade receivable balance is collectible. Accordingly, management has not provided for an allowance for doubtful accounts as at December 31, 2013 or December 31, 2012.

The Company has one other significant counterparty, a Canadian wealth management firm, which accounts for $791,000 (2012 - $806,000) of the trade receivables at December 31, 2013.

(tabular amounts are in thousands of Canadian dollars except share and per share information)

5. Financial Risk Management (continued)

As at December 31, 2013, the Company's trade and other receivables are aged as follows:

		December 31, 2013		December 31, 2012
Current	**$**	**6,776**	$	4,077
Past due		**119**		84
	$	**6,895**	$	4,161

b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. To achieve this objective, the Company prepares annual operational expenditure budgets which are regularly monitored and updated as considered necessary. The Company also attempts to match its payment cycle with collection of its revenue on the 15th of each month.

The following are the contractual maturities of financial liabilities, including estimated interest payments.

As at December 31, 2013			Carrying amount		Contractual cash flows		Less than one year		One - two years		Two - five years		More than five years
Financial liabilities:													
Trade and other payables		$	4,701	$	4,701	$	4,701	$	-	$	-	$	-
Term credit facility	-principal		-		-		-		-		-		-
	-interest		-		-		-		-		-		-
Revolving line of credit	-principal		305		305		305		-		-		-
Convertible debentures	-principal		36,428		40,220		-		-		40,220		-
	-interest		7,245		7,245		2,415		2,415		2,415		-
		$	**48,679**	**$**	**52,471**	**$**	**7,421**	**$**	**2,415**	**$**	**42,635**	**$**	**-**

As at December 31, 2012			Carrying amount		Contractual cash flows		Less than one year		One - two years		Two - five years		More than five years
Trade and other payables		$	1,862	$	1,862	$	1,862	$	-	$	-	$	-
Term credit facility	-principal		1,396		1,396		1,396		-		-		-
	-interest		32		32		32		-		-		-
Revolving line of credit	-principal		1,000		1,000		1,000		-		-		-
Convertible debentures	-principal		34,870		40,232		-		-		40,232		-
	-interest		9,660		9,660		2,415		2,415		4,830		-
		$	**48,820**	**$**	**54,182**	**$**	**6,705**	**$**	**2,415**	**$**	**45,062**	**$**	**-**

5. Financial Risk Management (continued)

c) 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 at fair value through profit or loss, therefore changes in fair market value on securities are recorded in net income or other comprehensive income.

Further risks related to market risks that are present in the Company are as follows:

i. Price risk:

The Company is exposed to equity securities price risk because of investments held by the Company.

As at December 31, 2013, had the fair values of the investments at fair value through profit or loss and at fair value through other comprehensive income increased or decreased by 5%, with all other variables held constant, net income would have increased or decreased by approximately $119,000 (2012 - $114,000), and other comprehensive income would have increased or decreased by approximately $389,000 (2012 - $330,000).

ii. Interest rate risk:

The Company's interest rate risk arises from short and long-term borrowings. The interest rates on the Company's credit facilities are variable, based on prime or bankers acceptances.

For the twelve months ended December 31, 2013, had the interest rate increased or decreased by 25 basis points, the Company would have increased or decreased net income by approximately $1,000 (2012 - $6,000).

d) Capital management

The Company has established a control environment that ensures market risks are reviewed regularly and that risk controls throughout the Company are operating in accordance with regulatory requirements. Exposure to interest rate risk, price risk, and other market risks are monitored and when a particular market risk is identified, portfolio managers are directed to mitigate the risk by reducing their exposure.

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, financial obligations, debt covenants, 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.

Capital of the Company is comprised of shareholders' equity, its revolving line of credit, term credit facility and convertible debentures. The Company's capital is primarily utilized in its ongoing business operations to support working capital requirements and long-term investments made by the Company, business expansion and other strategic objectives. There were no changes in the Company's approach to capital management during the year ended December 31, 2013.

(tabular amounts are in thousands of Canadian dollars except share and per share information)

5. Financial Risk Management (continued)

The Company's capital consists of the following:

		December 31, 2013		December 31, 2012
Revolving line of credit	**$**	**305**	$	1,000
Term credit facility		**-**		1,396
Convertible debentures		**36,428**		34,870
Shareholders' equity		**40,068**		19,277
	$	**76,801**	$	56,543

Four of the Company's subsidiaries are subject to externally imposed capital requirements. AHAM, Aston Hill Capital Markets ("AHCM") and AHF Capital Partners Inc. ("AHFCP") are registered with the Canadian Securities Administrators as Investment Fund Managers. Aston Hill Securities Inc. ("Aston Hill Securities") is a broker dealer registered with the Investment Industry Regulatory Organization of Canada ("IIROC"). AHAM and AHFCP are each currently required to maintain minimum working capital of $100,000, plus $100,000 deductible under their respective bonding insurance policies. AHCM is required to maintain a minimum working capital of $100,000, plus $25,000 deductible under its bonding insurance policy. Aston Hill Securities is required to maintain a level of Risk-Adjusted Capital greater than $nil in accordance with such requirements as IIROC may from time to time prescribe. In the event of non-compliance, these subsidiaries are required to file additional financial information and to review their policies and procedures for compliance with securities law and to file a compliance report.

At December, 2013, and December 31, 2012, the Company and its subsidiaries are in compliance with all externally imposed capital requirements.

6. Business combinations

a) Connor, Clark and Lunn Capital Markets Inc. Acquisition:

On July 15, 2013, the Company entered into a share purchase agreement to acquire an 80% ownership interest in Connor, Clark and Lunn Capital Markets Inc. ("CC&LCM"). CC&LCM is a Canadian structured financial products investment firm which focuses on creating and managing closed end investment funds. CC&LCM was renamed Aston Hill Capital Markets Inc. (AHCM) upon closing of the acquisition.

On August 15, 2013, the Company closed this acquisition and acquired 80% of the issued and outstanding equity of CC&LCM for cash consideration of $16,400,000, as well as entered into a forward purchase contract to purchase the remaining 20% of CC&LCM for $4,100,000.

The fair values of CC&LCM's assets acquired and liabilities assumed are as follows:

Net Assets Acquired		
Working capital, net of cash acquired	$	146
Intangible assets - finite life		4,370
Intangible assets - indefinite life		17,714
Goodwill		3,946
Deferred income tax liability		(5,852)
Total net assets acquired	**$**	**20,324**

6. Business combinations (continued)

Intangible assets acquired primarily represent CC&LCM's fund management contracts. These contracts grant the Company the ability (and legal rights) to market, sell and manage those accounts.

These contracts represent an expected future economic benefit that will flow to Aston Hill as a result of this business combination. The value of these intangible assets has been calculated using the multi period excess earnings method.

The forward purchase contracts that were concurrently entered into as part of this business acquisition constitute put and call agreements in which Aston Hill holds the right to acquire, and the former shareholders of CC&LCM hold the right to sell, the remaining 20% ownership of CC&LCM that was not acquired in the business combination. The forward purchase contracts may be exercised by either party on or after their exercise dates or within 30 days following any take-over bid announcement for Aston Hill. The exercise date for the forward purchase contract relating to 17.06% of the 20% remaining non-controlling interest is August 16, 2016. The exercise date for the forward purchase contract for the remaining 2.94% of the non-controlling interest is August 16, 2018. In order to recognize the time value of money on these financial liabilities, the forward purchase contracts have been discounted at applicable risk free interest rates of 1.72% for the 2.94% non-controlling interest and 1.24% for the 17.06% non-controlling interest. The risk free rates of interest are based on Canada savings bonds with similar useful lives to the obligation being discounted.

The Consolidated Statements of Net and Comprehensive Income for the year ended December 31, 2013, include the results of operations of AHCM for the period following the close of the transaction on August 15, 2013. Revenue for the twelve months ended December 31, 2013, includes $4,102,000 of management fee revenue generated from the assets acquired since the closing date. If the assets had been acquired on January 1, 2013, revenue for the twelve months ended December 31, 2013, would have increased by $10,801,000. This pro-forma information is not necessarily indicative of the financial position or results of operations that would have resulted had the relevant transaction taken place at the beginning of the year. The Company incurred approximately $86,000 in legal and advisory fees related to this transaction, which have been recorded in general and administrative expenses on the Consolidated Statements of Net and Comprehensive Income for the year ended December 31, 2013.

b) Citadel Acquisition:

On November 14, 2012, the Company entered into a purchase and sale agreement to acquire a 100% ownership of Citadel Securities Inc. ("Citadel"). Citadel is a full service, employee owned investment dealer who provides investment advice to private and institutional investors.

On December 20, 2012, the Company closed this acquisition and acquired all of the issued and outstanding equity of Citadel for cash consideration of $250,000, net of working capital reimbursement of $583,000.

(tabular amounts are in thousands of Canadian dollars except share and per share information)

6. Business combinations (continued)

The fair values of Citadel's assets acquired and liabilities assumed are as follows:

Net Assets Acquired		
Working capital, net of cash acquired	$	405
Intangible assets - indefinite life		330
Deferred income tax liability		(80)
Total net assets acquired	**$**	**655**

Intangible assets acquired represent Citadel's registration with the Investment Industry Regulatory Organization of Canada ("IIROC"), and their investment dealer infrastructure. These intangible assets allow the Company to act as an investment dealer and create a new line of business for the Company.

The value of these intangible assets have been calculated as the excess of the value paid to purchase Citadel less the fair value of the other assets acquired.

The Consolidated Statements of Net and Comprehensive Income include the results of operations of Citadel for the period following the close of the transaction on December 20, 2012. Revenue for the year ended December 31, 2012 includes $2,000 of revenue generated from the assets acquired since the closing date. Net loss before income taxes for the year ended December 31, 2012 from this acquisition is approximately $12,000. If the assets had been acquired on January 1, 2012, approximately $547,000 of additional revenue and $125,000 of additional net loss before income taxes would have been included in the Consolidated Statements of Net and Comprehensive Income for the year ended December 31, 2012. This pro-forma financial information is not necessarily indicative of the financial position or results of operations that would have resulted had the relevant transaction taken place at the beginning of the year. The Company incurred approximately $28,000 in legal and advisory fees, filing and consulting fees related to this transaction which have been recorded in general and administrative expenses on the Consolidated Statements of Net and Comprehensive Income for the year ended December 31, 2012.

7. Net (gains) on investments

For the year ended,		**December 31, 2013**		December 31, 2012
Gain on sale of				
financial assets through profit and loss	**$**	**(47)**	$	(66)
Decrease (increase) in fair value of				
financial assets through profit and loss		**227**		(563)
Oil & gas property investment (income) loss		**4**		-
Interest and dividend income		**(376)**		(96)
Return of capital		**-**		(100)
Other gains		**(125)**		(33)
Total net (gains) on investments	**$**	**(317)**	$	(858)

(tabular amounts are in thousands of Canadian dollars except share and per share information)

8. Finance expense

For the year ended,

		December 31, 2013		December 31, 2012
Interest on convertible debentures	**$**	**2,332**	$	2,108
Interest on term credit facility		**22**		103
Interest on revolving line of credit		**59**		-
Other interest expense		**112**		76
Total interest expense		**2,525**		2,287
Accretion of convertible debenture discount (i)		**1,651**		1,652
Accretion of debt issuance costs		**104**		161
Accretion of forward purchase contract		**5**		-
Net finance expense	**$**	**4,285**	$	4,106

(i) Accretion of convertible debentures includes accretion of debt issuance costs and accretion of the equity component of the convertible debentures into debt.

9. Supplemental cash flow information

Changes in non-cash working capital from operating activities is comprised of:

		December 31, 2013		December 31, 2012
Source/(use) of cash:				
Trade and other receivables	**$**	**(2,734)**	$	(375)
Restricted trust units receivable		**(82)**		(346)
Prepaid expenses and deposits (note 15)		**98**		(1,220)
Note receivable		**342**		(73)
Working capital acquired on CC&L CM acquisition		**146**		-
Trade and other payables		**2,839**		621
Provisions		**552**		956
	$	**1,161**	$	(437)

10. Income taxes

a) The income tax provision on the statement of net income differs from the expected income provision as follows:

		December 31, 2013		December 31, 2012
Expected expense (recovery) at a statutory rate of 25.92% (2012 - 25.95%)	**$**	**637**	$	32
Add (deduct) effects of:				
Impact of permanent differences		**664**		879
Revision of opening tax pool balances		**205**		(426)
Effect of change in future tax rate		**-**		224
Other		**39**		(4)
	$	**1,545**	$	705

(tabular amounts are in thousands of Canadian dollars except share and per share information)

10. Income taxes (continued)

The Company's applicable tax rate is the Canadian combined rate in the provinces of Ontario, Alberta and Nova Scotia. The statutory rate has remained consistent for 2013 at 25.92% with the federal income tax rate at 15% and the provincial rate for Ontario at 11.5%, Alberta at 10% and Nova Scotia at 16% (the effect of the Nova Scotia tax rate was minimal).

Total tax expense consists of the following:

	December 31, 2013	December 31, 2012
Current taxes	**$ 936**	$ 278
Deferred taxes	**609**	427
	$ 1,545	$ 705

b) The components of the Company's deferred tax asset (liability) are a result of the origination and reversal of temporary differences and are comprised of the following:

	December 31, 2013	December 31, 2012
Deferred tax assets:		
Financial asset at fair value through profit or loss	**$ 17**	$ -
Financial assets at fair value through OCI	**503**	659
Property and equipment	**46**	75
Oil and gas properties	**7**	7
Share issue costs	**235**	10
Capital loss carryforwards	**476**	537
Non-capital losses	**8**	3
	1,292	1,291
Less deferred tax liabilities:		
Financial asset at fair value through profit or loss	**(19)**	(90)
Intangible assets	**(11,158)**	(4,932)
Deferred sales commissions	**(589)**	(297)
Net deferred tax (liabilities)	**$ (10,474)**	$ (4,028)

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have been recognized in respect of these items because it is probable that future taxable profit will be available against which the Company can utilize the benefits.

The recognition of the tax assets related to financial assets through OCI and capital loss carry forwards are supported by the value of internally generated and externally purchased segments of business for which the Company could segment and partition in sale in order to create gains for which the tax pool losses could be utilized.

For the years ended December 31, 2013 and 2012

(tabular amounts are in thousands of Canadian dollars except share and per share information)

11. Deferred sales commissions

	Aston Hill mutual fund deferred sales commissions			
		2013		2012
Gross balance, beginning of year	$	1,952	$	708
Deferred sales commissions paid		2,092		1,244
Gross balance, end of year	**$**	**4,044**	$	1,952
Accumulated amortization, beginning of year	$	831	$	400
Amortization of deferred sales commissions		880		431
Accumulated amortization, end of year	**$**	**1,711**	$	831
Carrying amounts	**$**	**2,333**	$	1,121

Deferred sales commissions represent commissions paid by the Company to brokers and dealers on deferred sales charge mutual funds, and are recorded on the settlement date of the sale of the applicable mutual fund product. Deferred sales commissions were amortized over the expected investment period of 48 months on a straight-line basis from the date recorded. For further discussion on the use of estimates and the accounting policy, please refer to note 2 and note 3.

12. Property and equipment

		Computer equipment & software		Leasehold Improvements		Furniture fixtures & others		Total
Balance at December 31, 2011	$	383	$	794	$	477	$	1,654
Additions		126		919		389		1,434
Acquired in business combination		-		-		1		1
Disposals		(3)		(3)		-		(6)
Balance at December 31, 2012		506		1,710		867		3,083
Additions		99		7		45		151
Acquired in business combination		-		-		1		1
Disposals		-		(284)		-		(284)
Balance at December 31, 2013	**$**	**605**	**$**	**1,433**	**$**	**913**	**$**	**2,951**
Depreciation:								
Balance at December 31, 2011	$	280	$	432	$	215	$	927
Depreciation for the year		78		264		130		472
Balance at December 31, 2012		358		696		345		1,399
Depreciation for the year		100		183		114		397
Balance at December 31, 2013	**$**	**458**	**$**	**879**	**$**	**459**	**$**	**1,796**
Carrying amounts:								
December 31, 2012	$	148	$	1,014	$	522	$	1,684
December 31, 2013	**$**	**147**	**$**	**554**	**$**	**454**	**$**	**1,155**

For the years ended December 31, 2013 and 2012

(tabular amounts are in thousands of Canadian dollars except share and per share information)

13. Intangible assets

	Internally generated	Externally acquired	Total intangible assets
Carrying amounts:			
At December 31, 2011	192	45,118	$ 45,310
Acquired in business combination	-	329	329
Disposition of intangible assets	-	(100)	(100)
At December 31, 2012	192	45,347	45,539
Acquired indefinite life intangible assets	-	17,714	17,714
Acquired finite life intangible assets	-	4,427	4,427
Amortization of finite life intangible assets	-	(480)	(480)
At December 31, 2013	**192**	**67,008**	**$ 67,200**

Intangible assets consist of fund management contracts, the IIROC registration and the investment dealer network acquired through various business acquisitions in prior years and internally generated management contracts which include an extended sub-advisory agreement to facilitate a long-term business arrangement with another Canadian wealth management company.

During the year ended December 31, 2013, the Company acquired indefinite life and finite life intangible assets of $17,714,000 and $4,427,000, respectively.

For the year ended December 31, 2013, amortization has been recognized for the finite life intangible assets, which have estimated useful lives ranging from one to eight years.

For the purposes of assessing impairment, please refer to the Company's policy disclosed in note 3(e). Indefinite life intangible assets must be tested for impairment annually. The Company performed this test at the CGU level.

The recoverable amount of the CGU as at December 31, 2013 and 2012 has been determined from a value in use calculation, using five-year forecasts and a terminal value for the period thereafter. The key assumptions used in the forecast calculation include assumptions on market appreciation, net sales of funds and operating margins. The terminal value has been calculated using a capitalization factor that includes the Company's weighted average cost of capital, future growth rate, market competition, the Company's management capabilities, profitability and stability, and overall financial strength of Aston Hill. A discount rate of 4.95% per annum (December 31, 2012 – 5.40%) has been applied to the recoverable amount calculation.

The calculation of the recoverable amount exceeds the carrying amount of the intangible assets as at December 31, 2013 and 2012. Recent equity market performance provides additional evidence that the recoverable amount of indefinite life intangibles is in excess of the carrying amount.

On December 14, 2012, the Company sold its management contract relating to the management of the Lawrence Enterprise Fund for $100,000 cash and a recurring payment based on the gross fees to their new manager for the life of the fund.

14. Goodwill

Due to the acquisition of CC&LCM, goodwill of $3,946,000 was recognized during the year ended December 31, 2013. This is in accordance with IAS 12.66 which stipulates that any deferred tax assets or liabilities arising from temporary differences in a business combination must be recognized as goodwill or a bargain purchase gain. The intangible asset was acquired through a corporate share purchase transaction and there were deferred tax liabilities that were recognized reflecting the difference between accounting deductions (impairment or amortization) and tax deductions (no tax deductions will be realized on this asset under current tax regulations). The original purchase model was developed on a net of tax basis. The deferred taxes realized on acquisition have been reflected as goodwill in the year ended December 31, 2013. For the purposes of assessing impairment, please refer to the Company's policy disclosed in note 3(e).

15. Share capital, treasury stock, and warrants

At December 31, 2013 and December 31, 2012, the Company was authorized to issue an unlimited number of common shares. All common shares issued and outstanding are fully paid and have no par value.

On August 15, 2013, the Company issued 15,300,000 shares at a price of $1.40 per share in a public offering as part of a bought deal financing to acquire CC&LCM. Gross proceeds of this public offering totaled $21,420,000.

On September 23, 2013, based on the employment contract, 1,304,844 common shares were issued for $1,600,000 to an employee as a recruitment bonus based on ten years of service to the Company in return for a promissory note. The $1,600,000 promissory note is non-interest bearing with the current portion ($160,000) included in prepaid expenses and the non-current portion ($1,393,000) included in prepaid deposits and expenses. The promissory note will be amortized to general and administrative expenses on a quarterly basis over 10 years. For the year ended December 31, 2013 general and administrative expenses included $46,000 of related amortization.

$1,368,000 of share issue costs were incurred to complete the two offerings above.

The holders of common shares are entitled to receive dividends as declared by the Company and are entitled to one vote per share.

On July 30, 2013, 138,000 shares were released from treasury as exercised compensation under the Company's MW Employee Share Purchase Plan. The fair value of these shares of $236,000 was recognized as a reduction of contributed surplus and a reduction of shares held in treasury. On August 2, 2013, the remaining forfeited MW Employee Share Purchase Plan shares were transferred to the Aston Hill Financial Employee Benefit Plan Trust.

During the year ended December 31, 2011, the Company, through its MW Employee Share Purchase Plan, and through the Aston Hill Key Employee Purchase Plan, purchased 547,000 common shares for consideration of $869,000. These shares are reserved for re-distribution to members of the plans in accordance with the vesting terms disclosed in note 22. These shares are considered treasury stock at the end of the year.

During the year ended December 31, 2013, 186,000 common shares have been purchased under the Company's Normal Course Issuer Bid ("NCIB") for a total of $240,000. The weighted average cost of capital of these shares of $99,000 was recorded as a reduction of share capital, and the remaining difference of $141,000 was recorded as a direct reduction to retained earnings.

(tabular amounts are in thousands of Canadian dollars except share and per share information)

15. Share capital, treasury stock and warrants (continued)

During the year ended December 31, 2013, $13,000 (December 31, 2012 - $18,000) par value of convertible debentures has been repurchased under the NCIB for a total of $13,000 (December 31, 2012 - $19,000). Out of the amount paid, $10,000 (December 31, 2012 - $16,000) was recorded as a reduction to the liability component of the convertible debentures and $2,000 (December 31, 2012 - $2,000) was recorded as a reduction to the equity component of the convertible debentures. The remainder, which was nominal for the year ended December 31, 2013 (December 31, 2012 - $1,000) was recorded as a direct reduction of contributed surplus.

On October 16, 2013, the Company announced its intention to conduct an NCIB through the facilities of the Toronto Stock Exchange (the “TSX”). Under the terms of the NCIB, the Company is authorized to acquire up to an aggregate of 5,412,324 common shares and $4,014,000 principal amount of Convertible Debentures, which represents 10% of common shares and convertible debentures outstanding as of October 3, 2013. Any common shares or convertible debentures purchased under the NCIB will be cancelled upon their purchase.

Under the Company’s last NCIB which terminated on December 21, 2012, the Company purchased 563,000 common shares and $18,000 principal amount of the Convertible debentures.

When common shares are repurchased, the amount of consideration paid, net of the excess of the purchase price of the common shares over their average carrying value, is recognized as a reduction of share capital. The excess of the average carrying value over the purchase price is recorded as contributed surplus. Common share transactions are recognized on a settlement date basis.

When convertible debentures are repurchased, the fair value of the obligation settled is recorded as a reduction of convertible debentures and convertible debentures equity component. Any difference between the principal value and fair value of the liability portion of the obligation settled on repurchase is recorded to net income, and any difference between the principal value and fair value of the equity portion of the obligation settled on repurchase is recorded to contributed surplus.

16. Earnings per share

Basic earnings per share are calculated as follows:

For the year ended,				
		December 31, 2013		December 31, 2012
Net income (loss) for the period	**$**	**561**	$	(583)
Issued common shares at beginning of the period		**72,400**		72,079
Effect of share options exercised		**824**		483
Effect of public offering		**6,031**		-
Effect of treasury stock transaction		**55**		62
Effect of normal course issuer bid transactions		**(29)**		(231)
Weighted average number of common shares - basic		**79,281**		72,393
Basic earnings per share	**$**	**0.007**	$	(0.008)

(tabular amounts are in thousands of Canadian dollars except share and per share information)

16. Earnings per share (continued)

Diluted earnings per share are calculated as follows:

For the year ended,				
		December 31, 2013		December 31, 2012
Net income (loss) for the period	**$**	**561**	$	(583)
Weighted average number of common shares - basic		**79,281**		72,393
Effect of outstanding options		**1,637**		-
Weighted average number of common shares - diluted		**80,918**		72,393
Diluted earnings per share	**$**	**0.007**	$	(0.008)

For the twelve months ended December 31, 2013, the effect of 31,132,000 (December 31, 2012 – 31,117,000) shares issuable resulting from the Company's convertible debenture is excluded from diluted earnings per share as the effect is anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

Aston Hill may, at its option, elect to satisfy its obligation to pay the principal amount of the convertible debentures which are to be redeemed or the principal amount of the convertible debentures which are due on the final maturity date, as the case may be, by issuing freely tradable common shares to the holders of the convertible debentures. The number of Common Shares to be issued is determined by dividing the aggregate principal amount of the outstanding convertible debentures which are to be redeemed or which have matured by 95% of the current market price of the common shares on the redemption date or the final maturity date, as the case may be. The Company is required to presume that the principal balance of the convertible debentures will be settled in common shares, and the resulting potential common shares shall be included in diluted earnings per share if the effect is dilutive.

17. Dividends

The following dividends have been charged directly to retained deficit during the year ended:

		December 31, 2013		December 31, 2012
Regular dividends paid	**$**	**4,287**	$	3,073

Regular dividends were paid on November 21, 2013, August 14, 2013, May 13, 2013, March 8, 2013, December 7, 2012, August 21, 2012, May 22, 2012, and March 9, 2012.

(tabular amounts are in thousands of Canadian dollars except share and per share information)

18. Credit facilities

Term credit facility		
Balance at Jan 1, 2012	$	3,235
Repayments		(2,000)
Accretion		161
Balance at December 31, 2012	$	1,396
Repayments		(1,500)
Accretion		104
Balance at December 31, 2013	**$**	**-**

Revolving line of credit		
Balance at Jan 1, 2012	$	-
Drawdown of facility		1,000
Balance at December 31, 2012	$	1,000
Repayments		(1,000)
Drawdown of facility		305
Balance at December 31, 2013	**$**	**305**

Effective July 27, 2011, the Company entered into a new Non-Revolving Term Credit Facility ("Term Facility") with one time borrowing limit of $6,000,000 and a new Revolving Credit Facility ("Revolving Facility") with a borrowing limit of $4,000,000, (together referred to as the "Credit Facilities") with a Canadian chartered bank. The Credit Facilities are available by way of bankers' acceptances or prime rate loans which bear interest at the rates specified in the table below.

On July 29, 2013, the Company repaid and terminated the Term Facility, and renewed the Revolving Facility for two years. The Revolving Facility as of July 29, 2013, has a borrowing limit of $6,000,000.

Total Debt/EBITDA	**Bankers acceptances**	**Prime**	Standby Fee[(1)]
Less than or equal to 1:1	+2.00%	+1.00%	0.50%
Greater than 1:1	+2.25%	+1.25%	0.625%

[(1)] The standby fee is only applicable on the Revolving Facility.

The applicable margin calculation is based on the total debt ratio excluding debentures and other subordinated debt according to the financial statement balances on the financial statements of Aston Hill. The margin is recalculated every fiscal quarter. During the year, the Company's borrowing on the Term Facility was based on a 60 day bankers' acceptance at 1.3% plus the margin of 3.0% for an effective interest rate of 4.3% before the Company terminated the Term Facility on July 29, 2013 (2012 – 4.3%).

As at December 31, 2013, the Company had $nil (2012 - $1,500,000) outstanding for the Term Facility and $305,000 outstanding on the Revolving Facility.

The Credit Facilities are secured by a general security agreement of the Company, an unlimited guarantee by Aston Hill, a limited guarantee from AHAM, an assignment of all service and management contracts, an assignment of a key executive's key man life insurance policy and a pledge of the share capital of AHAM and all of the equity securities held.

(tabular amounts are in thousands of Canadian dollars except share and per share information)

18. Credit facilities (continued)

The Credit Facilities contain a number of financial covenants that require the Company to meet certain financial ratios and financial condition tests. As at December 31, 2013, and December 31, 2012, the Company is within its financial covenants with respect to its Credit Facilities, which require that the funded debt to annualized earnings before interest, taxes, depreciation and amortization ratio as calculated on the Aston Hill financial statements remain below 1.2 to 1 and that Aston Hill's assets under management not fall below $4.6 billion.

On January 8, 2014, the Company repaid the $305,000 outstanding as at December 31, 2013 on the revolving credit facility.

19. Provisions

		Constructive Obligations
Outstanding, December 31, 2012	$	2,706
Provisions recorded during the period		3,258
Provisions settled during the period		(2,706)
Outstanding, December 31, 2013	**$**	**3,258**

The provisions for constructive obligations relate to the Company's annual obligation to award short term incentive payments to Aston Hill employees. Effective January 1, 2012 management estimates and provides for the obligation to award short term incentive payments to Aston Hill employees on a quarterly basis.

20. Juno Debenture

The Juno Debenture matured and was settled in full on May 11, 2012. As at January 1, 2012, the Juno Debenture had a $250,000 fair value bearing interest at 8.45% per annum.

21. Convertible debentures

The instrument was issued on July 27, 2011 and has a face value of $40,232,000. The instrument bears interest at an annual rate of 6.00%, payable semi-annually, in arrears, on January 31st and July 31st of each year, and is convertible at the option of the holder into shares of Aston Hill at $2.55 per common share. The instrument matures on July 31, 2016.

The convertible debentures are redeemable at the option of the Company prior to the maturity dates during a specified redemption period beginning on or after July 31, 2014 and ending on July 31, 2015 at a price equal to their principal amount of $1,000 per debenture plus accrued and unpaid interest. The Company may only exercise their right to redemption provided that the current market price for the common shares is at least 125% of the conversion price.

(tabular amounts are in thousands of Canadian dollars except share and per share information)

21. Convertible debentures (continued)

The balance of debentures outstanding and changes in the liability component during the year ended December 31, 2013 was as follows:

Liability component:		
Balance at January 1, 2012	$	33,574
Accretion of discount		1,652
Interest paid		(2,448)
Interest accrued		2,108
Normal course isuer bid repurchases	$	(16)
Balance at December 31, 2012	$	34,870
Accretion of discount		1,651
Interest paid		(2,414)
Interest accrued		2,332
Normal course isuer bid repurchases	$	(11)
Balance at December 31, 2013	**$**	**36,428**

$13,000 (December 31, 2012 - $18,000) principal amount of convertible debentures were repurchased during the year ended December 31, 2013.

22. Share based compensation

Share Option Plans

During the year ended December 31, 2013, the Company granted 1,841,000 options with a weighted average fair value of $1.34 per share. During the year ended December 31, 2012, the Company granted 1,965,000 options with a weighted average fair value of $1.43 per share. The fair value of the options granted during the years ended December 31, 2013 and December 31, 2012 were estimated at the grant date using an option pricing model with the following weighted average assumptions:

	December 31, 2013	December 31, 2012
Risk free interest rate (%)	**1.32**	1.18
Expected life of the options (years)	**3.49**	3.51
Expected share price volatility (%)	**60.26**	94.86
Expected forfeiture rate (%)	**9.13**	9.01
Expected dividend yield (%)	**3.65**	2.79

Volatility was determined based on historical share transaction data. Estimated forfeiture rate is adjusted to actual when forfeitures occur.

22. Share based compensation (continued)

A summary of the status of the Company's share option plans as at December 31, 2013 and December 31, 2012 and the changes during the years then ended, are as follows:

	December 31, 2013		December 31, 2012	
	Number of Options ('000s)	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	**5,965**	**$ 1.16**	5,484	$ 0.90
Granted	**1,841**	**1.34**	1,965	1.43
Exercised	**(1,323)**	**0.45**	(894)	0.39
Forfeited	**(597)**	**1.50**	(493)	0.71
Expired	**(20)**	**1.55**	(96)	1.58
Outstanding, end of period	**5,866**	**$ 1.34**	5,966	$ 1.16
Exercisable, end of period	**2,611**	**$ 1.25**	2,421	$ 0.86

December 31, 2013

Range of exercise prices	**Number of Options Outstanding ('000s)**	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Life (Years)**	**Number of Options Vested**
$0.29 - $0.68	**162**	**$ 0.32**	**0.23**	**162**
$0.69 - $1.08	**643**	**0.76**	**1.11**	**643**
$1.09 - $1.45	**2,814**	**1.31**	**3.69**	**670**
$1.46 - $1.74	**1,882**	**1.55**	**2.66**	**892**
$1.75 - $1.90	**365**	**1.90**	**2.57**	**243**
	5,866	**$ 1.25**	**2.91**	**2,610**

December 31, 2012

Range of exercise prices	Number of Options Outstanding ('000s)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Number of Options Vested
$0.00 - $0.28	144	$ -	0.59	-
$0.29 - $0.68	956	0.36	0.90	955
$0.69 - $1.08	1,040	0.76	2.11	668
$1.09 - $1.45	1,221	1.29	3.83	337
$1.46 - $1.74	2,120	1.55	3.62	299
$1.75 - $1.90	485	1.90	3.46	162
	5,966	$ 1.16	2.88	2,421

For the twelve months ended December 31, 2013, the share option plan comprised $1,043,000 (December 31, 2012 - $1,914,000) of the total share based compensation expense.

22. Share based compensation (continued)

Deferred Equity Plan

During the year ended December 31, 2013, the Company granted 275,000 (December 31, 2012 – 670,000) deferred shares with no exercise price.

A summary of the status of the Company's deferred equity plan as at December 31, 2013, and December 31, 2012 and the changes during the years then ended, are as follows:

	December 31, 2013		
	Number of Deferred shares ('000s)	**Weighted Average Exercise Price**	**Number of Deferred shares Vested**
Outstanding, beginning and end of period	**670**	**$ -**	**-**
Granted	**275**	**$ -**	**-**
Outstanding, end of period	**945**	**$ -**	**-**
Exercisable, end of period	**-**	**$ -**	**-**

	December 31, 2012		
	Number of Deferred shares ('000s)	Weighted Average Exercise Price	Number of Deferred shares Vested
Outstanding, beginning of period	25	$ -	-
Granted	670	$ -	-
Forfeited	(25)	$ -	-
Outstanding, end of period	670	$ -	-
Exercisable, end of period	-	$ -	-

A forfeiture rate of 3.58% was used when recording the Deferred Equity Plan portion of stock based compensation. This estimate is adjusted to the actual forfeiture rate. The ending units under the deferred equity plan have a remaining expected life of 1.35 years (December 31, 2012 - 2.06).

For the twelve months ended December 31, 2013, the deferred equity plan comprised $420,000 (December 31, 2012 - $283,000) of the total share based compensation expense.

As at December 31, 2013, there are 945,000 (December 31, 2012 – 670,000) deferred shares that remain unvested.

(tabular amounts are in thousands of Canadian dollars except share and per share information)

22. Share based compensation (continued)

Deferred Share Unit Plan for Outside Directors

During the year ended December 31, 2012, the Company implemented a Deferred Share Unit Plan ("DSUP") for specified eligible directors. Under this DSUP, eligible directors may convert their annual director's fees to units in the DSUP at a price equal to their annual director's fees divided by the current market price of common shares in the Company upon the grant date, being the date shares are purchased by the Company for this plan. These shares vest upon grant and are redeemable upon the effective termination date of the participant's term of service.

All units in the DSUP vested on the grant dates in 2013 and 2012 with the amount paid by the Company for units under this plan expensed as incurred. DSUP units are held in treasury until redeemed by the plan's participant. For the year ended December 31, 2013, the DSUP made up $32,000 (December 31, 2012 - $15,000) of the total share based compensation expense.

23. Commitments

Non-cancellable operating lease rentals are payable as follows:

		December 31, 2013		December 31, 2012
Less than one year	**$**	**1,836**	$	603
Between one and five years		**2,775**		1,420
More than five years		**1,407**		278
	$	**6,018**	$	2,301

The Company is also required to pay its proportionate share of operating and property tax costs for the rented premises. During the year ended December 31, 2013, the Company recorded $1,098,000 (December 31, 2012 - $898,000) in office lease expenses. These amounts are included in general and administrative expenses in the Consolidated Statements of Net and Comprehensive Income.

24. Contingencies

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 counterparties.

24. Contingencies (continued)

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 and as such no provision has been recorded for the indemnification terms.

The Company is involved with legal actions, which have occurred in the ordinary course of operations. Management is of the opinion that losses, if any, arising from such legal actions would not have a material effect on these financial statements.

25. Related party transactions

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

a) The Company's subsidiaries receive management fees and sub-advisory fees and pay for expenses incurred by its various funds under management. These expenses are then charged back to the funds and are recovered under non-interest bearing, normal credit terms in accordance with the prospectus of the funds. Management fees, sub-advisory fees and other amounts due from funds under management and included in accounts receivable at December 31, 2013 are $3,559,000 (December 31, 2012 - $381,000). Other amounts due to funds under management recorded in accounts payable as at December 31, 2013, was $196,000 (December 31, 2012 - $358,000). For the year ended December 31, 2013, $21,200,000 (December 31, 2012 - $12,793,000) was recorded as revenue in respect of these management and other fees. In addition, for the year ended December 31, 2013, the Company absorbed $757,000 (December 31, 2012 - $921,000), respectively, of expenses incurred by funds under management.

b) The Company has an Administrative Services Contract (the "Contract") with Argent in which the Company has recorded administration charges for the year ended December 31, 2013 of $2,866,000 (December 31, 2012 - $745,000). For the year ended December 31, 2013, the Company recorded $2,545,000 (December 31, 2012 - $1,725,000) in salary & overhead recoveries for shared overhead costs that have been reimbursed by Argent. Eric Tremblay, Chairman and Director of Aston Hill is also a Director and the Executive Chairman of Argent.

c) On August 10, 2012, 210,000 restricted trust units receivable were granted with a par value of $10.00 per unit to the Company for services rendered under the Contract (note 25(b)). 70,000 restricted trust units vest per year. On August 10, 2013, the Company was paid $784,000 to settle the first vested tranche of restricted trust units receivable. As at December 31, 2013, the closing price for Argent per unit on the TSX was $7.77 (December 31, 2012 - $9.21) with a receivable balance of $428,000 at December 31, 2013 (December 31, 2012 - $346,000) and a revenue balance of $866,000 (December 31, 2012 - $346,000).

d) During the twelve months ended December 31, 2013, $342,000 of promissory notes due from funds under management were received in full. As at December 31, 2013, $nil (December 31, 2012 - $342,000) in promissory notes due from funds under management were outstanding. The notes at December 31, 2012 were receivable on demand and accrued interest at a rate of prime plus 1% annually.

(tabular amounts are in thousands of Canadian dollars except share and per share information)

25. Related party transactions (continued)

e) As at December 31, 2013, $11,000 (December 31, 2012 - $7,000) of trade and other receivables and $104,000 (December 31, 2012 - $nil) of trade and other payables related to amounts related to RJT Capital Inc., a company which owns 49% of the outstanding shares of a subsidiary of the Company.

f) The aggregate compensation expense of key management(i) was as follows:

	December 31, 2013	December 31, 2012
Wages and salaries	**$ 4,260**	$ 3,586
Benefits and other personnel costs	**320**	264
Share based compensation (ii)	**683**	960
Total remuneration	**$ 5,263**	$ 4,810

i) Key management includes the Company's directors and officers.

ii) Represents the amortization of stock based compensation associated with options granted to directors and executive officers as recorded in the financial statements.

g) Until termination of a management agreement on April 20, 2012, the Company managed a private oil and gas company. In conjunction with this management agreement, the Company was paid a quarterly management fee. For the year ended December 31, 2013 $nil (2012 - $365,000) was recorded as revenue.

h) As at December 31, 2013, $1,038,000 (2012 - $603,000) of the financial assets at fair value through profit or loss is related to holdings in the Company's funds under management. For the year ended December 31, 2013, $83,000 (2012 - $5,000) of the net gains on investments recorded during the year was related to these funds under management.

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.

26. Subsequent events

On February 3, 2014, the Company announced the quarterly cash dividend in the amount of $0.015 per Common Share which was paid on February 26, 2014 to all Aston Hill shareholders of record on February 17, 2014.

On January 2, 2014, Aston Hill Asset Management Inc. and Redwood Asset Management Inc. ("Redwood") announced that the change of manager of Redwood Energy Growth Class (the "Fund") from Redwood to Aston Hill (the "Change of Manager") was completed on January 1, 2014. The name of the Fund was changed to "AH Energy Growth Class". The Fund represents the sole outstanding class of mutual fund shares of Aston Hill Resource Corp. (formerly Ark Resource Corp.).