Condensed Consolidated Interim Financial Statements for the three and nine months ended September 30, 2016

Contents

Consolidated Interim Statement of Financial Position

(unaudited) *(in thousands of Canadian Dollars)*	Notes		*As at* September 30, 2016		December 31, 2015
Assets					
Current assets					
Cash and cash equivalents		**$**	**2,219**	$	3,255
Trade and other receivables	18(a)		**2,526**		2,792
Current income tax receivable			**1,495**		1,012
Investments at fair value through profit or loss	18(c)		**164**		2,954
Prepaid expenses			**195**		316
Notes receivable	3		**320**		-
Receivable from subsidiary classified as held for sale	3		**-**		840
Disposal group assets held for sale	3		**-**		3,323
		$	**6,919**	$	14,492
Property and equipment			**673**		846
Prepaid deposits and expenses			**303**		133
Notes receivable	3		**1,117**		-
Intangible assets	4		**33,203**		54,909
Deferred sales commissions	5		**444**		1,730
Total assets		**$**	**42,659**	$	72,110
Liabilities					
Current Liabilities					
Trade and other payables	18(a)	**$**	**3,521**	$	3,443
Provisions	6		**1,697**		2,417
Forward purchase contract liability	9		**-**		1,187
Disposal group liabilities held for sale	3		**-**		1,197
		$	**5,218**	$	8,244
Convertible debentures	7		**27,708**		26,103
Forward purchase contract liability	9		**-**		181
Subordinated loan			**11**		11
Provisions	6		**1,715**		2,143
Deferred tax liabilities			**2,846**		9,233
		$	**37,498**	$	45,915
Non-controlling interest					
Non-controlling interest	2		**316**		317
Shareholders' equity					
Share capital	9	**$**	**51,206**	$	50,832
Treasury stock	9		**(943)**		(1,056)
Convertible debentures equity component			**2,334**		2,341
Contributed surplus			**12,733**		12,594
Accumulated deficit			**(60,485)**		(38,833)
		$	**4,845**	$	25,878
Total liabilities & shareholders' equity		**$**	**42,659**	$	72,110

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

Approved on behalf of the board of directors

"Signed"
Director - James Werry

"Signed"
Director - Catherine Best

Consolidated Interim Statement of Net & Comprehensive Income (Loss)

(unaudited) *(in thousands of Canadian Dollars, except per share information)*	Note	***Three months ended***		***Nine months ended***	
		September 30, 2016	September 30, 2015	**September 30, 2016**	September 30, 2015
Revenue					
Management fees and other	18(a)	**$ 5,436**	$ 8,218	**$ 16,973**	$ 28,275
Administration charges		**-**	74	**-**	374
Other income		**73**	216	**364**	367
		$ 5,509	$ 8,508	**$ 17,337**	$ 29,016
Expenses					
Salaries and wages		**$ 1,980**	$ 2,776	**$ 7,207**	$ 9,616
General and administrative		**2,310**	1,823	**6,103**	7,332
Restructuring costs	6	**-**	-	**-**	3,618
Trailer fees		**730**	1,258	**2,414**	4,167
Sub-advisory expense		**956**	1,045	**2,638**	3,110
Share based compensation	11	**40**	280	**212**	552
Amortization of deferred sales commissions	5	**381**	560	**1,519**	1,394
Amortization of intangible assets - finite life	4	**86**	250	**274**	750
Product development	18(a)	**506**	155	**1,657**	275
Depreciation of property and equipment		**67**	71	**199**	215
Total operating expenses		**$ 7,056**	$ 8,218	**$ 22,223**	$ 31,029
Net (gains) on investments	12, 18(c)	**$ (184)**	$ (863)	**$ (950)**	$ (2,385)
Loss on sale of subsidiary	3	**-**	-	**349**	-
Impairment loss	3, 4	**21,626**	-	**21,765**	-
Finance expense	13	**1,070**	1,116	**3,173**	3,234
Total expenses		**$ 29,568**	$ 8,471	**$ 46,560**	$ 31,878
Net loss before income taxes for the period		**$ (24,059)**	$ 37	**$ (29,223)**	$ (2,862)
Income tax (recovery) expense					
Current taxes		**(443)**	(23)	**(1,465)**	(92)
Deferred taxes		**(5,938)**	110	**(6,387)**	(836)
Total income tax (recovery) expense		**$ (6,381)**	$ 87	**$ (7,852)**	$ (928)
Net loss for the period		**$ (17,678)**	$ (50)	**$ (21,371)**	$ (1,934)
Net income to non-controlling interest	2	**62**	195	**300**	560
Net loss to controlling interest		**$ (17,740)**	$ (245)	**$ (21,671)**	$ (2,494)
Total comprehensive loss for the period		**$ (17,740)**	$ (245)	**$ (21,671)**	$ (2,494)
Net loss per share					
Basic	14	**$ (0.175)**	$ (0.003)	**$ (0.218)**	$ (0.028)
Diluted	14	**$ (0.175)**	$ (0.003)	**$ (0.218)**	$ (0.028)

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

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(unaudited) *(in thousands of Canadian Dollars, except share data)*	Note		***Period ended***				
			September 30, 2016		December 31, 2015		September 30, 2015
Number of common shares outstanding							
Outstanding at the beginning of period			**98,849**		88,988		88,988
Shares issued	9		**5,083**		13,302		8,413
Stock options exercised and treasury stock granted	11		**333**		544		544
Dividend reinvestment plan	10		**-**		373		263
Shares repurchased & cancelled	9		**(260)**		(1,654)		(902)
Shares repurchased & held in treasury	11		**(21)**		(2,704)		(832)
Outstanding at end of period			**103,984**		98,849		96,474
Share capital							
Balance at beginning of period		**$**	**50,832**		46,741		46,741
Shares issued			**509**		5,009		3,203
Share issue costs, net of deferred tax	9		**(1)**		(59)		(28)
Normal course issuer bid repurchases	9		**(134)**		(859)		(491)
Balance at end of period		**$**	**51,206**	$	50,832	$	49,425
Treasury stock							
Balance at beginning of period		**$**	**(1,056)**	$	(820)	$	(820)
Treasury stock granted	11		**119**		715		714
Shares repurchased & held in treasury	11		**(6)**		(951)		(304)
Balance at end of period		**$**	**(943)**	$	(1,056)	$	(410)
Convertible debentures equity component							
Balance at beginning of period		**$**	**2,341**	$	4,306	$	4,306
Partial redemption			**-**		(642)		-
Extinguishment			**-**		(3,639)		-
Recognition			**-**		2,364		-
Normal course issuer bid repurchases	9		**(7)**		(48)		(24)
Balance at end of period		**$**	**2,334**	$	2,341	$	4,282
Contributed surplus							
Balance at beginning of period		**$**	**12,594**	$	6,724	$	6,724
Warrants issued			**-**		1,167		737
RSU granted for restructuring costs			**-**		79		79
Share based compensation expensed	11		**158**		769		538
Share based compensation exercised	11		**(85)**		(731)		(731)
Partial redemption - convertible debentures			**-**		642		-
Extinguishment - convertible debentures			**-**		3,639		-
Normal course issuer bid repurchases	9		**66**		305		169
Balance at end of period		**$**	**12,733**	$	12,594	$	7,516
Accumulated deficit							
Balance at beginning of period		**$**	**(38,833)**	$	(21,059)	$	(21,059)
Dividends paid	10		**-**		(2,832)		(2,257)
Normal course issuer bid repurchases			**-**		(6)		(6)
Net (loss) for period			**(21,671)**		(14,976)		(2,494)
Other			**19**		40		29
Balance at end of period		**$**	**(60,485)**	$	(38,833)	$	(25,787)
Total equity		**$**	**4,845**	$	25,878	$	35,026

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

Consolidated Interim Statement of Cash Flows

(unaudited) *(in thousands of Canadian dollars)*	Note		***Nine months ended*** **September 30, 2016**		September 30, 2015
Operating Activities					
Net loss for the period		**$**	**(21,371)**	$	(1,934)
Adjustments for non-cash items:					
Deferred income taxes			**(6,387)**		(836)
Interest expense	7, 13		**2,477**		2,014
Depreciation of property and equipment			**199**		215
Amortization of intangible assets - finite life	4		**274**		750
Amortization of deferred sales commissions	5		**1,519**		1,394
Accretion expense	7, 13		**751**		1,222
Accretion income	3, 13		**(73)**		-
Share based compensation	11		**212**		552
Net loss on financial instruments			**47**		310
Change in fair value of forward purchase contract			**(859)**		(2,024)
Loss on sale of subsidiary	3		**349**		-
Impairment loss	3, 4		**21,765**		-
Restructuring cost through contributed surplus			**-**		79
Other non-cash gains/losses			**7**		47
Current income tax (recovery) expense			**(1,465)**		(92)
		$	**(2,555)**	$	1,697
Change in non-cash working capital	15		**(359)**		1,051
		$	**(2,914)**	$	2,748
Income taxes recovered (paid)			**982**		(1,056)
Net cash from operating activities		**$**	**(1,932)**	$	1,692
Investing Activities					
Property and equipment expenditures		**$**	**(37)**	$	(129)
Proceeds from sale of property and equipment			**11**		-
Acquisition of investments at fair value through profit or loss			**(261)**		(2,490)
Proceeds from sale of investments at fair value through profit or loss			**3,012**		895
Deferred sales commissions paid	5		**(233)**		(671)
Cash transferred on sale of subsidiary	3		**(367)**		-
Net cash from investing activities		**$**	**2,125**	$	(2,395)
Financing Activities					
Proceeds from issuance of units			**-**		3,786
Proceeds from unit subscription received in advance			**-**		500
Share issue costs			**-**		(28)
Payment of non-controlling interest			**(393)**		(604)
Normal course issuer bid repurchases			**(127)**		(497)
Shares repurchased and held in treasury			**(6)**		(304)
Interest paid			**(2,149)**		(2,465)
Dividends paid in cash	10		**-**		(2,102)
Net cash (used in) from financing activities		**$**	**(2,675)**	$	(1,714)
Change in cash and cash equivalents		**$**	**(2,482)**	$	(2,417)
Cash and cash equivalents, beginning of period			**3,255**		12,209
Cash and cash equivalents of subsidiary classified as held for sale at beginning of period			**1,446**		-
Cash and cash equivalents, end of period		**$**	**2,219**	$	9,792

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

(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 unaudited condensed consolidated interim financial statements (“condensed consolidated interim financial statements”) of the Company as at September 30, 2016 and December 31, 2015, and for the three and nine months ended September 30, 2016 and 2015 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, 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 and principal address of the Company is Suite 2110, 77 King Street West, Toronto, Ontario, M5K 1G8. The registered and records office of the Company is Suite 500, 321 - 6th Avenue SW, Calgary, Alberta, T2P 3H3.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors on November 14, 2016.

2. Basis of Preparation

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting.*

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Company’s annual consolidated financial statements for the year ended December 31, 2015, except as described in the notes to the condensed consolidated interim financial statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2015.

Subsidiaries

Except for the sale of Aston Hill Securities Inc., which was sold on March 31, 2016 (refer to Note 3) and the exercise of the put-call rights by the Company and the minority owners of Aston Hill Capital Markets Inc. (“AHCM”, refer to footnote 1 below), there have been no other changes to the Company’s subsidiaries, or the Company’s proportion of ownership of subsidiaries, since December 31, 2015. As at September 30, 2016, one of the Company’s subsidiaries, AHF Capital Partners Inc. (“AHF CP”), has non-controlling interests; and for the nine months ended September 30, 2015, two of the Company’s subsidiaries, AHF CP and AHCM had non-controlling interests that were material to the Company.

Name	Non-controlling interest ownership	Non-controlling interest profit (loss)	Accumulated non-controlling interest profit (loss)
Aston Hill Capital Markets Inc.[(1)]	0.00%	**300**	-
AHF Capital Partners Inc.	49.00%	-	**316**

[(1)] On August 15, 2016, the minority owners of AHCM and Aston Hill exercised their put-call rights and Aston Hill acquired the outstanding interest in AHCM by issuing 5,082,514 common shares to the minority interest holders of AHCM. Prior to August 15, 2016, the minority owners of AHCM held 20% of the equity interest in AHCM. The non-controlling interest profit of $300,000 reflects the profit to the minority owners of AHCM from January 1, 2016 to August 15, 2016.

2. Basis of Preparation (continued)

The following shows the summarized financial information of the subsidiaries that have material non-controlling interests to the Company:

	Aston Hill Capital Markets Inc.		AHF Capital Partners Inc.	
(in thousands of Canadian dollars)	**September 30, 2016**	December 31, 2015	**September 30, 2016**	December 31, 2015
Current assets	**$ 1,240**	$ 1,616	**$ 546**	$ 492
Non-current assets	**-**	-	**1**	1
Current liabilities	**1,015**	1,391	**335**	280
Non-current liabilities	**80**	80	**23**	23
Shareholder's equity	**145**	145	**189**	190

	Aston Hill Capital Markets Inc.		AHF Capital Partners Inc.	
for the three months ended *(in thousands of Canadian dollars)*	**September 30, 2016**	September 30, 2015	**September 30, 2016**	September 30, 2015
Revenue	**$ 1,458**	2,212	**$ 409**	329
Net and comprehensive income before tax	**-**	-	**-**	56
Net and comprehensive (loss) income after tax	**-**	-	**-**	42

	Aston Hill Capital Markets Inc.		AHF Capital Partners Inc.	
for the nine months ended *(in thousands of Canadian dollars)*	**September 30, 2016**	September 30, 2015	**September 30, 2016**	September 30, 2015
Revenue	**$ 4,508**	7,064	**$ 915**	1,391
Net and comprehensive income before tax	**-**	-	**-**	56
Net and comprehensive (loss) income after tax	**-**	-	**(1)**	41

3. Sale of Aston Hill Securities Inc.

In November 2015, the Company committed to a plan to sell the brokerage segment of the business. The associated assets and liabilities were consequently presented as held for sale in the 2015 financial statements. A sale agreement was signed on March 11, 2016, and the sale was completed on March 31, 2016.

(a) Details of the sale of the subsidiary

The loss on sale of the subsidiary recorded on March 31, 2016, was calculated as follows:

Consideration receivable:		
Notes receivable	$	1,030
Total consideration		1,030
Carrying amount of net assets sold		(1,207)
Loss on transfer of loan receivable		(172)
Loss on sale of subsidiary before income tax	**$**	**(349)**

On March 31, 2016, the Company recorded two notes receivable as a result of the sale of the subsidiary. The first note, which is included in the table as consideration receivable above, is receivable from the acquirer over a term of ten years, and was initially recorded at its fair value of $1,030,000.

Aston Hill previously had an intercompany loan receivable from Aston Hill Securities Inc. (“AHS”), with a face value of $840,000. As the loan was between related parties, non-interest bearing and with no fixed term repayments, fair value was not readily determinable as at December 31, 2015, and the receivable was recorded at its face value. In the Company’s annual consolidated financial statements for the year ended December 31, 2015, the loan from Aston Hill to AHS was presented as a receivable from subsidiary classified as held for sale, and included within disposal group liabilities held for sale, in the consolidated statement of financial position.

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

3. Sale of Aston Hill Securities Inc. (continued)

In conjunction with the sale, the second note receivable from the acquirer was measured at its fair value of $668,000 which, compared to the previous carrying amount of the note receivable from the subsidiary, of $840,000, resulted in a loss of $172,000.

The fair value of both notes receivable were calculated by discounting the cash flows of the notes, receivable over terms of ten and five years, respectively, at an appropriate risk-adjusted discount rate. For the three and nine months ended September 30, 2016, accretion income of $36,000 and $73,000 on the notes receivable was recorded within finance expense in the condensed consolidated statement of net and comprehensive income. In the three months ended September 30, 2016, the Company recorded an impairment loss of $333,000 in respect of these notes receivable, as the risk-adjusted discount rate was revised to reflect updated counterparty risk factors as at September 30, 2016, that reflect risks that are incremental to previous risk assessments conducted by the Company.

The carrying amounts of assets and liabilities sold as at the date of sale (March 31, 2016) were:

Cash	$	367
Accounts receivable		207
Prepaid expenses		183
Prepaid deposits and expenses		1,448
Total assets	$	2,205
Trade and other payables	$	(134)
Current income tax payable		(24)
Loan payable		(840)
Total liabilities	$	(998)
Net assets	$	1,207

(b) Assets and liabilities of the disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to Aston Hill Securities Inc. as at December 31, 2015:

		December 31, 2015
Cash		1,446
Accounts receivable		219
Prepaid expenses		207
Prepaid deposits and expenses		1,451
Assets held for sale	$	3,323

		December 31, 2015
Trade and other payables		(333)
Current income tax payable		(24)
Loan payable		(840)
Liabilities held for sale	$	(1,197)

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

4. Intangible assets

Carrying Amounts	Management contracts - finite life	Other finite life [i]	Management contracts - indefinite life	IIROC registration - indefinite life [i]	Goodwill	Total
At December 31, 2014	$ 2,701	$ 49	$ 64,758	$ 329	$ 3,946	$ 71,783
Amortization	(996)	(5)	-	-	-	(1,001)
Impairment	-	-	(11,554)	-	(3,946)	(15,500)
Impairment loss on intangible assets						-
on reclassification to held for sale	-	(44)	-	(329)	-	(373)
At December 31, 2015	$ 1,705	$ -	$ 53,204	$ -	$ -	$ 54,909
Amortization	(274)	-	-	-	-	(274)
Impairment	(139)	-	(21,293)	-	-	(21,432)
At September 30, 2016	**$ 1,292**	**$ -**	**$ 31,911**	**$ -**	**$ -**	**$ 33,203**

[i] Included in assets of Aston Hill Securities sold on March 31, 2016.

Intangible assets consist of fund management contracts acquired through various business acquisitions.

An impairment loss of $139,000 was recorded in the quarter ended March 31, 2016, in relation to the termination of one of the Company's closed-end funds.

On September 9, 2016, the Company announced that it has entered into an agreement to combine with Front Street Capital 2004 ("Front Street Capital") (see also Note 20). The nature of the transaction, and that it would result in the Company issuing a number of common shares in excess of the current number of outstanding shares at the current market price, has caused the Company to view the transaction as an indicator of impairment. Therefore, the Company has conducted an impairment test on its Asset Management cash generating unit ("CGU") as at September 30, 2016.

To determine whether an impairment loss should be recognized, the carrying value of the assets and liabilities of the CGU is compared to its recoverable amount, which is the higher of its fair value less costs to sell ("FVLCTS") and its value in use ("VIU"). FVLCTS is the best estimate obtainable from the sale of a CGU in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. Accordingly, the Company determined the recoverability of its asset management CGU based on an analysis using the underlying enterprise value over total assets under management from recent transactions for similar assets within the same industry as well as its current enterprise value as indicated by the public capital markets. The Company has reviewed this analysis in the context of all relevant factors of each transaction separately as well as the proposed transaction between the Company and Front Street Capital, and has concluded that the enterprise value of the Company as at September 30, 2016, which, net of finite life intangible assets, indicates an implied trading multiple of 1.96% of managed assets under management, is the most appropriate estimate of the recoverable value of its Asset Management CGU.

A discounted cash flow analysis which was based on projected cash flows expected over the next five years and thereafter based on an assumed terminal growth rate all discounted to present value at the Company's weighted average cost of capital was further used to support the conclusion of recoverable value reached. Future cash flow projections are based on assets under management of which key drivers are assumptions about gross sales, redemptions and market growth. The terminal growth rate was selected taking into consideration the assets under management ("AUM") composition, and long-term expected market returns, net of management expenses.

The recoverable amount calculated under the FVLCTS method exceeded the recoverable amount using the value in use method and therefore was used to calculate the amount of the impairment recognized. Using the Company's enterprise value as the recoverable amount, the carrying amount exceeded the recoverable amount by $21,293,000 ($16,650,000 net of tax), resulting in the Company recognizing an impairment loss of this amount on its intangible assets. As the Company determined that all other assets except indefinite life intangible assets equaled or exceeded their carrying amount, the impairment loss was fully allocated to indefinite life intangible assets.

Sensitivity to the enterprise value used was assessed by using the range of available comparable transaction multiples available of 2.0% to 3.5%. If the 3.5% EV/AUM multiple at the higher end of the range was applied, there would be no resulting impairment loss. If the EV/AUM multiple at the lower end of the range, being 2.0%, was applied, the resulting impairment loss, net of deferred taxes, would have been $21,443,000 ($15,761,000 net of tax). The break-even multiple is 2.98%.

For the periods ended September 30, 2016, December 31, 2015 and September 30, 2015
(tabular amounts are in thousands of Canadian dollars except share and per share information)
(unaudited)

5. Deferred sales commissions

		September 30, 2016		December 31, 2015
Gross balance, beginning of period	**$**	**7,036**	$	6,238
Deferred sales commissions paid		**233**		798
Gross balance, end of period	**$**	**7,269**	$	7,036
Accumulated amortization, beginning of period	**$**	**5,306**	$	2,958
Amortization of deferred sales commissions		**1,519**		2,348
Accumulated amortization, end of period	**$**	**6,825**	$	5,306
Carrying amount	**$**	**444**	$	1,730

6. Provisions

		Short term incentives		**Restructuring**		**Termination Benefits**		**Total**
Balance at December 31, 2014	$	3,210	$	-	$	-	$	3,210
Provisions recorded during the period		1,614		4,327		-		5,941
Provisions utilized during the period		(3,210)		(1,267)		-		(4,477)
Provisions reversed during the period		-		(35)		-		(35)
Provisions booked to contributed surplus		-		(79)		-		(79)
Balance at December 31, 2015	$	1,614	$	2,946	$	-	$	4,560
Provisions recorded during the period		900		219		350		1,469
Provisions utilized during the period		(1,614)		(653)		(350)		(2,617)
Balance at September 30, 2016	**$**	**900**	**$**	**2,512**	**$**	**-**	**$**	**3,412**
Current		900		797		-		1,697
Non-current		-		1,715		-		1,715

Short term incentives

Relates to the Company's annual obligation to award short term incentive payments to Aston Hill employees. Management estimates and provides for the obligation to award short term incentive payments to Aston Hill employees on a quarterly basis.

Restructuring provision

The onerous lease provision is calculated based on the remaining lease payments, net of estimated sublet recoveries, discounted over the remaining lease term. The Company entered into a new sublease contract which commences on December 1, 2016. As a result, at September 30, 2016, the Company has revised the estimate of net lease payments to reflect the actual sublease rate per this contract, until it's expiry on November 30, 2018. Thereafter, the sublease rate is based on external market evidence reflecting sublease rates for long term contracts and is the Company's best estimate, based on the current market for commercial real estate in Calgary and given current economic conditions. The expense of $219,000 arising from the increase in the onerous lease provision estimate, is included within general and administrative expenses in the statement of net and comprehensive income.

The termination and related post-employment benefits have been discounted to reflect the timing of the payments.

Termination benefits

Represents the Company's estimate of benefits payable arising from the termination of several employees.

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

7. Convertible debentures

The balance of debentures outstanding and changes in the liability component during the nine month period ended September 30, 2016, and the twelve month period ending December 31, 2015, was as follows:

		6.00% extendible convertible subordinate debentures maturing July 31, 2016		6.50% extendible convertible subordinate debentures maturing January 31, 2019		Total
Liability component:						
Balance at December 31, 2014	$	38,087	$	-	$	38,087
Recognition at fair value		-		25,778		25,778
Accretion of discount		1,450		125		1,575
Interest paid		(2,510)		-		(2,510)
Interest expense		2,305		387		2,692
Normal course issuer bid repurchases		(141)		(187)		(328)
Partial redemption		(5,874)		-		(5,874)
Derecognition of carrying amount		(33,317)		-		(33,317)
Balance at December 31, 2015	**$**	**-**	**$**	**26,103**	**$**	**26,103**
Accretion of discount		-		751		751
Interest paid		-		(1,559)		(1,559)
Interest expense		-		2,471		2,471
Normal course issuer bid repurchases		-		(58)		(58)
Balance at September 30, 2016	**$**	**-**	**$**	**27,708**	**$**	**27,708**

8. Credit facilities

The Company's Revolving Facility was cancelled by the Company, effective March 31, 2016.

9. Share capital, dividend reinvestment plan and warrants

At September 30, 2016 and September 30, 2015, 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. The holders of common shares are entitled to receive dividends as declared by the Company and are entitled to one vote per share.

During the three and nine months ended September 30, 2016, share issue costs net of deferred tax totaled $nil and $1,000 (September 30, 2015 - $27,000 and $28,000).

On October 15, 2015, the Company renewed its notice of intention to make a normal course issuer bid ("NCIB") for a portion of its common shares and its extendible convertible unsecured subordinated debentures. Aston Hill may acquire up to 6,377,576 common shares and $3,980,000 principal amount of convertible debentures in the 12-month period commencing October 20, 2015 and ending on October 19, 2016, which represented 10% of the public float of outstanding common shares and convertible debentures, respectively, as of October 6, 2015. The Company has purchased 921,000 common shares and $320,000 principal amount of the convertible debentures under the renewed NCIB.

Under the Company's last NCIB which terminated on October 19, 2015, the Company purchased 1,334,000 common shares and $155,000 principal amount of the convertible debentures.

During the nine months ended September 30, 2016, 260,000 (September 30, 2015 – 902,000) common shares were purchased under the Company's NCIB for a total of $68,000 (September 30, 2015 - $334,000) net of share issue costs. The weighted average cost of capital purchased in the period ended September 30, 2016, of $134,000 (September 30, 2015 - $476,000) was recorded as a reduction of share capital. During the nine months ended September 30, 2016, $66,000 was recorded to contributed surplus (September 30, 2015 - $12,000 recorded as a reduction to retained earnings and $153,000 recorded to contributed surplus).

The Company has not renewed its NCIB during 2016 as the pending transaction, more fully described in note 20, will influence the overall capital structure of the Company. Once this transaction is completed, the Company may again look to implement an NCIB.

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

9. Share capital, dividend reinvestment plan and warrants (continued)

On October 3, 2015, the Company completed a non-brokered private placement consisting of the issue of 13,302,222 units at a purchase price of $0.45 per unit, for total gross proceeds of $5,986,000. Each unit consisted of one common share and one-quarter of a common share purchase warrant. Each full warrant entitled the holder to purchase one additional common share at a price of $0.60 per common share with a term to expiry of twelve months. As of October 3, 2016, all 13,302,222 one-quarter warrants, that had been exercisable as 3,325,555 full warrants, expired.

On August 15, 2016, the minority owners of AHCM and Aston Hill exercised their put-call rights and Aston Hill acquired the outstanding interest in AHCM by issuing 5,082,514 common shares to the minority interest holders of AHCM. Immediately prior to the exercise of the put-call rights, the fair value of the forward purchase contract liability was $509,000. The forward purchase contract liability was derecognized as a result of the common shares being issued to the minority interest owners.

10. Dividends

On March 21, 2016, the Company announced the suspension of its quarterly dividend. For the nine months ended September 30, 2016, dividends paid of $nil (twelve months ended December 31, 2015 – $2,832,000) were charged directly to accumulated deficit. The regular dividends for the twelve months ended December 31, 2015 were paid on February 24, 2015, May 26, 2015, August 26, 2015, and December 7, 2015.

Dividend Reinvestment Plan

The Company's Dividend Reinvestment Plan ("DRIP") allows eligible shareholders to elect to reinvest all, or a portion, of the dividends declared by the Company in additional Common Shares at a discount of five percent. During the nine months ended September 30, 2016, the Company issued nil (September 30, 2015 – 263,000) commons shares from treasury in accordance with the DRIP in lieu of making cash dividend payments of $nil (September 30, 2015 – $155,000).

11. Share based compensation and treasury stock

Share Option Plans

During the nine months ended September 30, 2016, the Company granted 27,853,000 options with a weighted average fair value of $0.08 per share. During the nine months ended September 30, 2015, the Company granted 2,813,000 options with a weighted average fair value of $0.11 per share. The fair value of the options granted during the nine months ended September 30, 2016 and September 30, 2015 were estimated at the grant date using an option pricing model with the following weighted average assumptions:

	September 30, 2016	September 30, 2015
Risk free interest rate (%)	**0.60**	0.82
Expected life of the options (years)	**4.69**	3.01
Expected share price volatility (%)	**76.34**	53.69
Expected forfeiture rate (%)	**16.91**	11.93
Expected dividend yield (%)	**0.28**	8.00

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

11. Share based compensation and treasury stock (continued)

A summary of the status of the Company's share option plans as at September 30, 2016 and September 30, 2015 and the changes during the periods then ended, are as follows:

	September 30, 2016		September 30, 2015	
	Number of Options ('000s)	**Weighted Average Exercise Price**	Number of Options ('000s)	Weighted Average Exercise Price
Outstanding, beginning of period	**4,584**	**$ 0.93**	6,555	$ 1.33
Granted	**27,853**	**0.12**	2,813	0.50
Exercised	**-**	**-**	-	-
Forfeited	**(2,586)**	**0.35**	(307)	1.20
Expired	**(1,309)**	**1.46**	(105)	1.18
Outstanding, end of period	**28,542**	**$ 0.17**	7,986	$ 1.44
Exercisable, end of period	**1,441**	**$ 1.05**	3,420	$ 1.44

For the three and nine months ended September 30, 2016, the share option plan resulted in $70,000 (September 30, 2015 – $62,000) and $192,000 (September 30, 2015 - $220,000), of total share based compensation.

Included within the 27,853,000 options granted during the period, are 24,000,000 options that have been granted to an executive that are contingent on the completion of the transaction (see also Note 20).

Deferred Equity Plan

During the nine months ended September 30, 2016, the Company granted 1,895,000 (September 30, 2015 – 3,735,000) deferred shares with no exercise price.

A summary of the status of the Company's deferred equity plan as at September 30, 2016, and September 30, 2015 and the changes during the periods ended, are as follows:

	September 30, 2016	September 30, 2015
	Number of Deferred shares ('000s)	Number of Deferred shares ('000s)
Outstanding, beginning of period	**3,720**	1,030
Granted	**1,895**	3,735
Vested and exercised	**(417)**	(520)
Forfeited / cancelled	**(2,448)**	(325)
Outstanding, end of period	**2,750**	3,920
Exercisable, end of period	**750**	-

A forfeiture rate of 17.56% 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 1.16 years (September 30, 2015 – 2.48 years).

For the three and nine months ended September 30, 2016, the deferred equity plan resulted in a recovery of $30,000 (September 30, 2015 - $191,000 expense) and a recovery of $46,000 (September 30, 2015 – expense of $279,000) of the total share based compensation charge.

As at September 30, 2016, there are 2,000,000 (September 30, 2015 – 3,920,000) deferred shares that remain unvested.

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

11. Share based compensation and treasury stock (continued)

Employee Benefit Trust (Treasury Stock)

During the nine months ended September 30, 2016, the Company released 333,000 common shares from the Aston Hill Financial Employee Benefit Plan Trust for $119,000 as exercised compensation. In addition, the Company purchased 21,000 common shares for consideration of $6,000 through the Aston Hill Financial Employee Benefit Plan Trust. As at September 30, 2016, 2,459,000 shares are held in the Aston Hill Financial Employee Benefit Plan Trust (December 31, 2015 – 2,772,000), of which 233,000 were transferred subsequent to September 30, 2016 in respect of exercised compensation which vested in the nine month period ended September 30, 2016.

Deferred Share Unit Plan for Outside Directors

In 2012 the Company implemented a Deferred Share Unit Plan (“DSUP”) for specified eligible directors. Under the 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 2016 and 2015 with the amount paid by the Company for units under this plan being expensed as incurred. DSUP units are held in treasury until redeemed by the plan’s participant. For the three and nine month periods ended September 30, 2016, the DSUP made up $nil (September 30, 2015 - $12,000) and $12,000 (September 30, 2015 - $38,000) of the total share based compensation expense. As at September 30, 2016, 254,000 DSUP units (September 30, 2015 – 114,000) are outstanding.

12. Net (gains) on investments

	Three months ended		***Nine months ended***	
	September 30, 2016	September 30, 2015	**September 30, 2016**	September 30, 2015
(Increase) decrease in fair value of financial assets through profit or loss [(i)]	**$ (4)**	$ 195	**$ (67)**	$ 310
Other losses (gains)	**(1)**	(27)	**115**	(25)
Change in fair value of forward purchase contract	**(177)**	(836)	**(859)**	(2,024)
Interest and dividend income	**(2)**	(195)	**(139)**	(646)
Total net (gains) on investments	**$ (184)**	$ (863)	**$ (950)**	$ (2,385)

(i) The Company’s investments in financial assets through profit or loss as shown on the statement of financial position consists of seed capital, or secondary investment, in the open end and closed end funds managed by the Company.

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

13. Finance expense

	Three months ended		*Nine months ended*	
For the period ended,	**September 30, 2016**	September 30, 2015	**September 30, 2016**	September 30, 2015
Interest on convertible debentures	**$ 853**	$ 677	**$ 2,472**	$ 1,959
Other interest expense	**-**	26	**5**	55
Total interest expense	**853**	703	**2,477**	2,014
Accretion of convertible debenture discount (i)	**251**	413	**751**	1,239
Accretion of notes receivable discount	**(36)**	-	**(73)**	(17)
Other	**2**	-	**18**	(2)
Net finance expense	**$ 1,070**	$ 1,116	**$ 3,173**	$ 3,234

(i) Accretion of convertible debentures includes accretion of the discount originally attributed to the equity component of the convertible debentures into debt (three and nine months ended September 30, 2015 – accretion of the equity component of the convertible debentures and accretion of debt issuance costs).

14. Net loss per share

Basic and diluted loss per share for the periods ended September 30, 2016 and September 30, 2015 are calculated as follows:

	Three months ended		*Nine months ended*	
For the period ended,	**September 30, 2016**	September 30, 2015	**September 30, 2016**	September 30, 2015
Net loss to controlling interest for the period	**$ (17,740)**	$ (245)	**$ (21,671)**	$ (2,494)
Issued common shares at beginning of the period	**98,744**	89,539	**98,849**	88,988
Effect of treasury stock transactions	**13**	(131)	**93**	357
Effect of normal course issuer bid transactions	**-**	(44)	**(233)**	(119)
Effect of share issuance	**2,541**	2,305	**853**	777
Effect of dividend reinvestment plan	**-**	34	**-**	133
Weighted average number of common shares - basic	**101,298**	91,703	**99,562**	90,136
Basic and diluted net loss per share	**$ (0.175)**	$ (0.003)	**$ (0.218)**	$ (0.028)

For the three and nine months ended September 30, 2016, the effect of 285,932,000 (September 30, 2015 – 104,602,000) and 246,247,000 (September 30, 2015 – 68,490,000) shares issuable resulting from the Company's convertible debentures are excluded from diluted loss per share as the effect is anti-dilutive. In addition, the effect of 2,750,000 (September 30, 2015 – 3,920,000) shares from unexercised deferred share unit plan options and 254,000 (September 30, 2015 – 114,000) shares for the deferred share unit plan for outside directors are excluded as the effect is anti-dilutive. In addition, the effect of 28,542,000 (September 30, 2015 – 7,986,000) shares from the Company's share option plan are excluded as the effect is anti-dilutive.

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

15. Supplemental cash flow information

Changes in non-cash working capital from operating activities comprise:

	September 30, 2016	September 30, 2015
Source/(use) of cash:		
Trade and other receivables	**$ 274**	$ 1,492
Restricted trust units receivable	**-**	68
Prepaid expenses and deposits	**(82)**	64
Trade and other payables	**597**	(917)
Provisions	**(1,148)**	344
	$ (359)	$ 1,051

16. 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.

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

The fair value of cash and cash equivalents, trade and other receivables, and trade and other payables are approximated to be their carrying value due to their short term nature.

b) Notes receivable:

The fair value of the notes receivable were calculated by discounting the cash flows of the notes receivable, over terms of ten and five years, respectively, at an appropriate risk-adjusted discount rate.

c) 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 and willing parties who are under no compulsion to act. The investments held at fair value through profit or loss are valued at each reporting period using the closing price of the reporting period. Any unrealized gains or losses are included in net losses (gains) on investments in net income in the period.

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 for a debenture without a conversion feature, which resulted in an adjustment to fair value being recognized in equity. The fair value of the liability portion of the 6.5% extendible convertible unsecured debentures due January 31, 2019 ("the amended debentures") at initial recognition was determined using a discount rate of 16%, based on the effective yield on the 6.0% extendible convertible unsecured debentures due July 31, 2016 ("the original debentures") for the period prior to the amendments, and adjusted downward to incorporate that the amended debentures have a longer time to maturity than the original debentures and therefore less risk of default, slightly offset by the higher coupon rate on the amended debentures.

The fair value at recognition of the equity component of the convertible debentures was determined using the residual method in which the difference between the fair value of the convertible instrument and the fair value of a notional non-convertible debenture with similar terms, is allocated as the fair value of the equity component.

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

16. Determination of fair values (continued)

e) Share based compensation:

The fair value of employee share based compensation related to share options is measured using a Black-Scholes option pricing model. Measurement inputs include the 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) Summary of fair values:

The following tables provide fair value measurement information for financial assets and liabilities in accordance with the fair value hierarchy as of September 30, 2016, and December 31, 2015. In addition, the financial assets and liabilities are classified as: i. fair value through profit or loss; ii. other financial assets; and iii. financial liabilities:

			Fair value measurements using		
September 30, 2016	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets:					
Fair value through profit or loss					
Investments at fair value through profit or loss	$ 164	$ 164	$ -	$ 164	$ -
Other financial assets					
Cash and cash equivalents	2,219	2,219	2,219	-	-
Trade and other receivables	2,526	2,526	-	2,526	-
Notes receivable	1,437	1,437	-	1,437	-
Total financial assets	$ 6,346	$ 6,346	$ 2,219	$ 4,127	$ -
Financial liabilities:					
Trade and other payables	$ (3,521)	$ (3,521)	$ -	$ (3,521)	$ -
Provisions	(3,412)	(3,412)	-	(1,419)	(1,993)
Convertible debentures(i)	(27,708)	(19,892)	(19,892)	-	-
Total financial liabilities	$ (34,641)	$ (26,825)	$ (19,892)	$ (4,940)	$ (1,993)

			Fair value measurements using		
December 31, 2015	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets:					
Fair value through profit or loss					
Investments at fair value through profit or loss	$ 2,954	$ 2,954	$ 1,269	$ 1,685	$ -
Other financial assets					
Cash and cash equivalents	3,255	3,255	3,255	-	-
Trade and other receivables	2,792	2,792	-	2,792	-
Receivable from subsidiary classified as held for sale	840	840	-	840	-
Disposal group assets held for sale	1,665	1,665	1,446	219	-
Total financial assets	$ 11,506	$ 11,506	$ 5,970	$ 5,536	$ -
Financial liabilities:					
Trade and other payables	$ (3,443)	$ (3,443)	$ -	$ (3,443)	$ -
Provisions	(4,560)	(4,560)	-	(2,582)	(1,978)
Forward purchase contract liability	(1,368)	(1,368)	-	(1,368)	-
Disposal group liabilities classified as held for sale	(1,173)	(1,173)	-	(1,173)	-
Convertible debentures(i)	(26,103)	(23,650)	(23,650)	-	-
Total financial liabilities	$ (36,647)	$ (34,194)	$ (23,650)	$ (8,566)	$ (1,978)

(i) Convertible debentures carrying amount determined by amortized cost; fair value measured by the quoted price of the outstanding convertible debentures.

16. 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 1 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.

The Company will transfer between levels in the fair value hierarchy only when the instrument no longer satisfies the definition of the fair value category it was recognized in. During the period ended September 30, 2016 and the year ended December 31, 2015 there were no transfers between levels.

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.

17. 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.

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.

18. Related party transactions

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

a) The funds under management are considered to be related parties to the Company's subsidiaries who manage them. As such, the managers of the funds receive management fees and pay for expenses incurred by its various funds under management in accordance with the terms outlined in the applicable prospectus. 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.

Trade and other receivables as at September 30, 2016 includes $1,717,000 (December 31, 2015 - $2,206,000) in management fees, and other amounts due from funds under management. Trade and other payables as at September 30, 2016 includes $1,200,000 (December 31, 2015 - $879,000) in amounts due to funds under management.

18. Related party transactions (continued)

For the three and nine months ended September 30, 2016, $5,003,000 (September 30, 2015 - $7,060,000) and $15,284,000 (September 30, 2015 - $23,040,000) of revenue from management and other fees was from funds under management by the Company's subsidiaries. In addition, for the three and nine months ended September 30, 2016, the Company absorbed $506,000 (September 30, 2015 - $155,000) and $1,657,000 (September 30, 2015 - $275,000) of expenses incurred by funds under management.

b) RJT Capital Inc. ("RJT") is a company which owns 49% of the outstanding shares of AHF CP, a subsidiary of the Company. RJT is paid a consulting fee for management services performed for AHF CP.

In addition, payments of expenses are centralized and paid out of Aston Hill, as such RJT reimburses AHF for any expenses paid on behalf of the subsidiary which were paid by the Company. As at September 30, 2016, $nil (December 31, 2015 - $6,800) of trade and other receivables relate to RJT for operating expenses incurred on behalf of the subsidiary which were paid by the Company. As at September 30, 2016, $219,000 (December 31, 2015 - $142,000) of trade and other payables related to the consulting fee payable to RJT. Total three and nine month consulting fees incurred to date as of September 30, 2016 amount to $347,000 (September 30, 2015 – $165,000) and $780,000 (September 30, 2015 – $1,037,000).

c) As at September 30, 2016, $164,000 (December 31, 2015 - $2,800,000) of the financial assets at fair value through profit or loss are related to seed capital provided by the Company to provide capital to new funds that are managed by the Company. As these funds are managed by the Company's subsidiaries, they are considered to be related parties. For the three and nine months ended September 30, 2016, a net loss of $5,000 (September 30, 2015 – net loss of $172,000) and a net loss of $73,000 (September 30, 2015 – net loss of $188,000) related to these funds under management was recorded within net gains on investments.

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.

19. Financial Risk Management – Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages this risk by ensuring, 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 Company's continued ability to access capital markets to raise funds is dependent on market conditions that are subject to change.

20. Subsequent Event

On September 9, 2016, the Company and Front Street Capital 2004 ("Front Street") announced that they had entered into an agreement to combine their respective companies and on November 10, 2016 announced amendments to the terms of the agreement ("the transaction"). Special meetings for the holders of common shares and holders of the debentures will be held on November 22, 2016 to vote on the transaction. If the transaction is approved, completion of the transaction is expected to occur before the end of 2016.