Aston Hill Financial

Management Discussion and Analysis
For the three month period ended
June 30, 2012

This management discussion and analysis ("MD&A") dated August 10, 2012 for Aston Hill Financial Inc. ("Aston Hill" or the "Company") should be read in conjunction with the condensed unaudited interim Consolidated Financial Statements ("interim Consolidated Financial Statements") for the period ended June 30, 2012 as well as the audited consolidated financial statements for the year ended December 31, 2011 (the "Consolidated Financial Statements"). The historical financial information of the Company can be found on SEDAR under Aston Hill Financial Inc.

This MD&A and the interim Consolidated Financial Statements and comparative information have been prepared in Canadian dollars, except where another currency has been indicated, and in accordance with International Financial Reporting Standards ("IFRS"), which are also generally accepted accounting principles ("GAAP") for publicly accountable enterprises in Canada. Certain amounts in prior years have been reclassified to conform to the current year's presentation.

This MD&A contains forward-looking statements concerning anticipated future events, results, circumstances, performance or expectations with respect to Aston Hill and its products and services, including its business operations, strategy and financial performance and condition. When used in this MD&A, such statements use such words as "may", "will", "expect", "believe", and other similar terms. These statements are not historical facts but instead represent management beliefs regarding future events, many of which, by their nature are inherently uncertain and beyond management control. Although management believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, such statements involve risks and uncertainties. Factors that could cause actual results to differ materially from expectations include, among other things, general economic and market conditions, including interest rates, global financial markets, changes in government regulations, industry competition, technological developments and other factors described under "Risk Management" or discussed in other materials filed with applicable securities regulatory authorities from time to time. The material factors and assumptions applied in reaching the conclusions contained in these forward-looking statements include that the investment fund industry will remain stable and that interest rates will remain relatively stable. The reader is cautioned against undue reliance on these forward-looking statements.

This MD&A includes several non-IFRS financial measures that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. However, management believes that most shareholders, creditors, other stakeholders and investment analysts prefer to include the use of these financial measures in analyzing Aston Hill's results. These non-IFRS measures and reconciliations to IFRS, where necessary, are shown as *italicized* footnotes to the discussion throughout the document.

Financial Highlights

(in thousands except assets under management and, per share amounts)

	As at June 30 2012	As at March 31 2012	As at June 30 2011	% change quarter-over-quarter	% change year-over-year
Assets under management (in billions)	**5.62**	5.95	3.39	-5%	66%
Total assets	**62,000**	62,245	20,969	0%	196%
Shares outstanding	**72,933**	72,949	71,371	0%	2%

For the quarter ended		**June 30, 2012**		March 31 2012		June 30 2011	% change quarter-over-quarter	% change year-over-year
Total revenues	**$**	**5,779**	$	6,159	$	3,538	-6%	63%
Total expenses excluding finance expense		**5,098**		4,806		2,741	6%	86%
Total finance expense		**1,055**		1,050		32	0%	3197%
Income (loss) before income taxes	**$**	**(374)**	$	303	$	765	-223%	-149%
Income taxes expense (recovery)		**(166)**		726		155	-123%	-207%
Net income (loss)	**$**	**(208)**	$	(423)	$	610	51%	-134%
Per share - Basic	**$**	**(0.003)**	$	(0.006)	$	0.008	50%	-138%
Per share - Diluted	**$**	**(0.003)**	$	(0.006)	$	0.008	50%	-138%
Cash dividends recorded per share	**$**	**0.01**	$	0.01	$	-	40%	0%
EBITDA*	**$**	**886**	$	1,498	$	917	-41%	-3%
Average shares outstanding		**72,955**		72,042		71,362	1%	2%

**EBITDA (Earnings before interest, taxes, depreciation and amortization) is not a standardized earnings measure prescribed by IFRS; however, management believes that most of its shareholders, creditors, other stakeholders and investment analysts prefer to include the use of this performance measure in analyzing the Company's results. Aston Hill's method of calculating this measure may not be comparable to similar measures presented by other companies. EBITDA is a measure of operating performance, a facilitator for valuation and a proxy for cash flow.*

Overview

As of August 10, 2012 Aston Hill Financial Inc. ("Aston Hill" or the "Company") is a corporation listed on the Toronto Stock Exchange (the "TSX") under the symbol AHF. Previously, Aston Hill was listed on the TSX Venture Exchange. The Company is incorporated under the Business Corporations Act (Alberta). The principal business of Aston Hill is the management, marketing, distribution and administration of mutual funds, private equity funds, hedge funds, segregated institutional funds, as well as oil and gas property management and other fee-based investment products for Canadian investors. The Company's expertise is in income products, resource investments, and the oil and gas industry. Aston Hill operates through two distinct divisions, Financial Portfolio Management and Advisory, and Oil & Gas Property Management. The Financial Portfolio Management division provides the majority of Aston Hill's income which derives its revenue principally from the fees earned on the management and sub-advisory fees of several families of mutual, pooled and closed-end funds, structured products and discretionary accounts. The Oil & Gas Property Management division earns its revenues principally from the management and administration of Canadian oil and gas entities.

Aston Hill's assets under management, advisory and administration ("AUM") for the second quarter of 2012 decreased 5% from the first quarter of 2012 to $5,622 billion. This is primarily the result of the Company terminating its agreement with Journey Energy Inc. (formerly Sword Energy Inc.) ("Journey"), which represented $182 million in AUM as at March 31, 2012. The termination of this contract will allow management more freedom in pursuing expansion of Aston Hill's investment fund line up and fulfilling its administrative services agreement with Argent Energy Trust ("Argent"). Investment funds under management decreased $145 million, with $123 million of this decrease being related to sub-advised funds and $22 million being related to managed funds. The decrease in AUM on sub-advised and managed funds are primarily due to softening investment markets. Despite the decrease in AUM of managed funds, revenues on managed funds have remained stable due to increases in net subsciptions on the Company's proprietary mutual funds. For the three and six months ended June 30, 2012 the Company generated gross subscriptions within its proprietary mutual funds of $107.0 million and $148.4 million, respectively, and net subscriptions of $64.8 million and $96.8million, respectively.

Aston Hill's revenues for the second quarter of 2012 decreased $380,000 from the first quarter of 2012 and increased $2,241,000 from one year ago. The decrease in revenue quarter over quarter is a result of decreased assets under management. The primary decrease is related to the termination of the management contract with Journey Energy Inc., which related to a reduction of $257,000 in revenues over the prior quarter. The remaining $123,000 decrease in revenues was due to the decreases in AUM for sub-advised funds. Revenues for managed investments funds remained unchanged over the prior quarter due to increases in the Company's proprietary funds which have higher associated percentage fees than funds that were not created by third parties to the Company. The increase in revenues year over year is the result of the acquisitions completed in 2011, and organic growth of the Company's existing assets under management.

The $109,000 increase in General & Administrative ("G&A") quarter over quarter is the result of increases in marketing, rent, and audit and legal which was offset by decreases in salaries and benefits. The year to year increase in G&A of $1,956,000 is primarily the result of the acquisitions completed in the third quarter of 2011 as well as the quarterly provision for short-term incentive payments which the Company commenced recording on a quarterly basis in the fourth quarter of 2011.

On July 27, 2011 Aston Hill acquired the business of Morrison Williams Investment Management LP and its wholly-owned subsidiary, Morrison Williams Capital Advisors Inc. (together referred to as "Morrison Williams") for total cash consideration of $11.5 million. The acquisition of Morrison Williams represented approximately $1.6 billion in assets under management. Morrison Williams is a portfolio management firm focused primarily on managing money for non-taxable institutional investors such as pension funds and, for high net worth individuals and other taxable investors.

Concurrently, Aston Hill purchased all of the issued and outstanding shares of BFML Management Limited ("BFML"), which was then renamed Aston Hill Management Limited ("Aston Hill Management" or "AHML"), for total cash consideration of $28 million. AHML holds all of the management agreements for seven investment funds listed on the Toronto Stock Exchange previously managed by BFML which represented approximately $800 million in assets under management at the time of acquisition.

To finance the acquisitions, the Company completed a bought deal financing of 6.00% extendible convertible unsecured subordinated debentures ("Convertible Debentures") for net proceeds of approximately $38 million. The Convertible Debentures originally traded on the TSX Venture Exchange under the symbol AHF.DB, but as of May 7, 2011, trade under the same symbol on the TSX. The Convertible Debentures bear interest at a rate of 6.0% per annum, payable semi-annually on July 31 and January 31, and are convertible at the option of the holder into common shares of Aston Hill ("AH Shares") at a conversion price of $2.55 per common share. Aston Hill also entered into a definitive agreement with a Canadian chartered bank and opened a non-revolving term credit facility (the "Non-Revolving Facility") in the amount of $6 million and revolving term facility (the "Revolving Facility") in the amount of $4 million. The Company used the net proceeds from the Convertible Debentures, and the full $6 million Non-Revolving Facility to finance the acquisitions.

As at June 30, 2012 the balance drawn on the Non-Revolving Facility was $2.5 million. Subsequently, on July 31, 2012 Aston Hill repaid $0.5 million on the Non-Revolving Facility leaving the balance drawn at $2.0 million as of August 10, 2012.

Financial Portfolio Management and Advisory

Aston Hill Asset Management Inc. ("AHAM"), is a Toronto-based registered Investment Fund Manager ("IFM") specializing in the development, sales, and management of closed-end mutual funds, open-end mutual funds and hedge funds.

On December 30, 2011, five subsidiary companies wholly owned by Aston Hill amalgamated with AHAM. The significant companies amalgamated were:

- Aston Hill Investments Inc. ("AHI"), formerly Catapult Financial Management Inc. ("Catapult Financial"), an Alberta company and IFM that provided management and advisory services to private energy and flow-through share limited partnerships. As well, AHI was the portfolio advisor for IA Clarington, Redwood Funds, First Asset, and BMO.
- Aston Hill Management Limited was the IFM for the seven TSX-listed funds that were acquired on July 27, 2011. AHAM currently utilizes Manulife Asset Management and Highstreet Asset Management Inc. as the portfolio sub-advisors on four of these seven funds.

On December 29, 2011, AHAM acquired the net assets of Morrison Williams Investment Management LP, an IFM led by its former managing partners, Barry A. Morrison and K. Leslie Williams. Morrison Williams was founded in 1992 and is the sub-advisor of the Renaissance Millennium High Income Fund. Morrison Williams specializes in offering a specialized, disciplined and service-oriented approach to the discretionary management of investment funds, in particular, to pooled pension and high net-worth funds.

AHAM manages the Aston Hill Group of Funds and has sub-advisory relationships with IA Clarington Investments Inc. ("IA Clarington"), Redwood Asset Management Inc. ("Redwood Funds"), First Asset Management Inc. ("First Asset"), and BMO Nesbitt Burns ("BMO"). Ten licensed portfolio managers including Ben Cheng, Barry A. Morrison, K. Leslie Williams, Alexander (Sandy) Liang, Jeffrey Burchell, Andrew Hamlin, Vivian Lo, and Robert Gill in the Toronto office; and Joanne Hruska and Carol Pretty in the Calgary office are responsible for the Financial Portfolio Management and Advisory division of Aston Hill.

Oil & Gas Property Management

Aston Hill identifies potential oil and natural gas exploration and development opportunities in both the private and public sectors within its oil and gas management division. The mandate is to identify, acquire and manage oil and gas properties on behalf of both institutional and retail investors.

The Company is acting as the promoter for Argent, a Canadian energy trust that is not a specified investment flow-through ("SIFT") trust. The final prospectus for the Trust was filed on August 1, 2012. The Trust will hold oil and gas assets in the United States and is intending to provide its unitholders with a monthly distribution targeting approximately 10.5% in annual yield. On successful closing of the financing for the Trust, Aston Hill will provide administrative services on an on-going basis for an annual fee of $700,000 plus reimbursement of direct administrative costs.

The Company's management agreement with Sword was terminated on April 20, 2012. The termination resulted in a reduction in assets under management of approximately $182 million.

Until April 20, 2012 Aston Hill received management fees for providing Sword with management consulting services. Aston Hill's ownership interest in Sword continues to be 2.75%.

Business Outlook

The Company's primary focus for the remainder of 2012 continues to be on integration of its operations in the Financial Portfolio Management division. Aston Hill is focused on two primary objectives in this space. The first is to continue to make key strides in the performance, management, and marketing of the Aston Hill branded investment funds, in conjunction with delivering results to our IA Clarington and other sub-advisory mandates. The second primary objective is to continue to provide our pension and high net-worth clients with superior yields and investment returns through the Company's disciplined, service-orientated approach. Aston Hill is approaching the implementation phase of its new asset and investment order management system to meet the business needs of Aston Hill's group of companies and its primary stakeholders. Aston Hill is also actively pursuing other institutional and private equity investors as opportunities arise in both the Oil and Gas Property Management and the Financial Portfolio Management divisions.

Assets under Management & Advisory

Total AUM, which includes closed-end and open-ended mutual funds, hedge funds, separately managed accounts, structured products, pooled assets, and oil and gas properties, was $5.62 billion at June 30, 2012, an increase of 66% from $3.39 billion at June 30, 2011. The following tables summarize the AUM and various investment profiles managed by Aston Hill:

Assets Under Management

(in millions of Canadian dollars)

	June 30 2012	March 31 2012	December 31 2011	June 30 2011
Assets under Management and Advisory				
Financial Portfolio Management	**$ 2,047**	$ 2,069	$ 2,002	$ 157
Oil and natural gas properties	**-**	182	214	327
Assets Under Management	**2,047**	2,251	2,216	484
Financial Portfolio Advisory	**3,575**	3,698	3,451	2,909
Total Assets under Management and Advisory	**$ 5,622**	$ 5,949	$ 5,667	$ 3,393

Breakdown of Managed and Advised Reporting Issuers:

Financial Portfolio Management:

Closed-end funds:
- Aston Hill Advantage VIP Income Fund
- Aston Hill VIP Income Fund
- Aston Hill Advantage Oil & Gas Income Fund
- Aston Hill Oil & Gas Income Fund
- Aston Hill Global Uranium Fund
- Aston Hill Senior Gold Producers Income Corp.
- Aston Hill Advantage Bond Fund
- Aston Hill Global Agribusiness Fund

Mutual funds:
- Aston Hill Growth & Income Fund & Corporate Class
- Aston Hill Capital Growth Fund & Corporate Class
- Aston Hill Opportunites Fund
- Aston Hill Strategic Yied Fund & Corporate Class
- Aston Hill Money Market Fund & Corporate Class
- Aston Hill Global Resource Fund & Corporate Class
- Lawrence Enterprise Fund Inc.

Financial Portfolio Advisory:

Closed-end funds:
- IA Clarington Aston Hill Tactical Yield Fund
- BMO Star Yield Managers Class
- First Asset Preferred Share Investment Trust
- Strategic Income Allocation Fund

Mutual funds:
- IA Clarington Tactical Income Fund & Class
- IA Clarington Global Tactical Income Fund & Class
- IA Clarington Tactical Bond Fund & Class
- IA Clarington Energy Class
- Renaissance Millennium High Income Fund
- Ark Aston Hill Monthly Income Class
- Ark Aston Hill Energy Class
- Ark Catapult Energy Class Fund

Results of Operations

Summary of Quarterly Results

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

Three months ended,	**June 30 2012**	March 31 2012	December 31 2011	September 30 2011
Revenues	**$ 5,779**	$ 6,159	$ 6,086	$ 5,366
Expenses				
General and administrative	**3,883**	3,774	3,982	2,317
Product Development	**132**	121	397	6
Share based payments	**631**	633	535	414
Depreciation of property & equipment	**94**	52	69	67
Amortization of deferred sales commissions	**111**	93	101	52
Trailer fees	**204**	170	67	118
Commissions	**35**	39	-	-
Net losses (profits) on investments	**8**	(76)	(546)	40
Finance expense	**1,055**	1,050	1,074	724
Total expenses	**6,153**	5,856	5,679	3,738
Income (loss) before income taxes	**(374)**	303	407	1,628
Income taxes	**(166)**	726	476	564
Net income (loss) for the period	**$ (208)**	$ (423)	$ (69)	$ 1,064
Net income (loss) - per share - basic	**$ (0.003)**	$ (0.006)	$ (0.001)	$ 0.015
Net income (loss) - per share - diluted	**$ (0.003)**	$ (0.006)	$ (0.001)	$ 0.015

	June 30 2011	March 31 2011	December 31 2010	September 30 2010
Revenue	$ 3,538	$ 3,189	$ 3,035	$ 2,645
Expenses				
General and administrative	1,927	2,981	2,580	1,415
Product Development	259	-	-	-
Share based payments	290	256	181	132
Depreciation of property & equipment	67	50	69	64
Amortization of deferred sales commissions	53	52	141	-
Trailer fees	121	23	20	29
Commissions	-	-	-	-
Net losses (profits) on investments	24	34	(39)	1
Finance expense	32	12	(3)	11
Total expenses	2,773	3,408	2,949	1,652
Income (loss) before income taxes	765	(219)	86	993
Income taxes	155	37	357	(148)
Net income (loss) for the period	$ 610	$ (256)	$ (271)	$ 1,141
Net income (loss) - per share	$ 0.008	$ (0.004)	$ (0.004)	$ 0.017
Net income (loss) - per share diluted	$ 0.008	$ (0.004)	$ (0.004)	$ 0.017

For the quarter ended June 30, 2012, Aston Hill reported a loss in net income before income taxes of $374,000 a decrease of 149% from the $765,000 for the quarter ended June 30, 2011 and a decrease of 223% from the $303,000 in net income reported for the quarter ended March 31, 2011. For the quarter ended June 30, 2012, Aston Hill reported a net loss of $208,000 ($0.003 per share) a decrease of $818,000 from the net income of $610,000 ($0.008 per share) for the quarter ended June 30, 2011 and an increase of $215,000 from the net loss of $423,000 ($0.006 per share) for the quarter ended March 31, 2012.

Finance expense of $1,055,000 was recorded for the quarter ended June 30, 2012 compared with $1,050,000 for the quarter ended March 31, 2012 and $32,000 for the quarter June 30, 2011. The increase in finance expense from the prior-year period is the result of the interest and accretion expense on the Convertible Debentures and Non-Revolving Facility used to finance the acquisitions completed in July 2011. Aston Hill's higher average debt and borrowing costs are further discussed under "Liquidity and Capital Resources."

Pre-Tax Operating Earnings

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

	Quarter ended June 30, 2012	Quarter ended March 31, 2012	Quarter ended June 30, 2011	**6 months ended June 30, 2012**	6 months ended June 30, 2011
Income (loss) before income taxes	**$ (374)**	$ 303	$ 765	**$ (73)**	$ 547
Less:					
Service fee revenue	**(48)**	(49)	(45)	**(97)**	(97)
Add:					
Net losses (profits) on investments	**8**	(76)	24	**(69)**	(19)
Amortization of deferred sales commissions	**111**	93	53	**204**	104
Share based payments expense	**631**	633	290	**1,264**	546
Pre-tax operating earnings	**$ 328**	$ 904	$ 1,087	**$ 1,229**	$ 1,081
Per share	**$ 0.004**	$ 0.012	$ 0.015	**$ 0.017**	$ 0.015

Aston Hill uses pre-tax operating earnings to assess its underlying profitability. Aston Hill defines pre-tax operating earnings as income before income taxes less service fee revenue, non-cash management fees, performance fees and investment gains, plus investment losses, amortization of deferred sales commissions and share-based payments expense.

Pre-tax operating earnings, as set out in the table above, was $328,000 in the second quarter of 2012, a decrease of 64% from the first quarter of 2012 and 70% from the second quarter of the prior year. These changes year-over-year reflect the financings related to the acquisitions completed in the third quarter of 2011, and increased G&A costs. The decrease from the prior quarter is the result of the higher G&A costs, the termination of the Journey management contract, and decreases in AUM of sub-advised funds.

As illustrated in the following table, EBITDA for the quarter ended June 30, 2012 was $886,000 ($0.012 per share) compared with EBITDA of $917,000 ($0.012 EBITDA per share) for the quarter ended June 30, 2011 and $1,498,000 ($0.021 per share) for the quarter ended March 31, 2012. The 41% decrease from the prior quarter is primarily the result of an increase in G&A expense of $109,000, and decreases in revenue of $380,000. The 13% year-over-year decrease in quarterly EBITDA was due to increases in G&A due to the acquisitions completed in the third quarter of 2011, and increases in salaries and benefits due to an increase in staff.

EBITDA

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

	Quarter ended June 30, 2012	Quarter ended March 31, 2012	Quarter ended June 30, 2011	**6 Months Ended June 30, 2012**	6 months ended June 30, 2011
Net Income (loss) for the period	**$ (208)**	$ (423)	$ 610	**$ (632)**	$ 355
Add (deduct):					
Finance expense	**1,055**	1,050	32	**2,105**	44
Current Income tax expense	**550**	394	275	**943**	290
Future income tax expense (recovery)	**(716)**	332	(120)	**(384)**	(98)
Amortization of deferred sales commissions	**111**	93	53	**204**	104
Depreciation of property and equipment	**94**	52	67	**147**	119
EBITDA	**$ 886**	$ 1,498	917	**$ 2,383**	$ 814
Per diluted share	**$ 0.012**	$ 0.021	$ 0.012	**$ 0.033**	$ 0.011
EBITDA margin (as a % of revenue)	**15%**	27%	26%	**13%**	7%

Aston Hill uses EBITDA (earnings before interest, taxes, depreciation and amortization) to assess its underlying profitability prior to the impact of financing expenses, income taxes, the amortization of deferred sales commissions, and property and equipment. EBITDA permits comparisons of companies within the industry, before any distortion caused by different financing methods and levels of taxation. EBITDA is used as a measure of operating performance and facilitates valuation and is a substitute for cash flow.

EBITDA as a percentage of total revenues (EBITDA margin) for the second quarter of 2012 was 15%, down 11% from 26% in the same quarter last year and down 12% from 27% in the prior quarter. The decrease in EBITDA as a percentage of revenues from the quarter one year ago is the result of the increases in G&A expenses due to the acquisitions completed in the third quarter of 2011, and due to increases in the number of staff members.

The Company expensed $132,000 (June 30, 2011 - $259,000) in product development in the second quarter of 2012. Based on the early stage of development of some of the Company's investment funds, the Company feels it is in its best interest to bear the burden of some of these fund expenses to maintain the management expense ratio of each of its primary funds at an acceptable level.

Revenues

Revenues from management fees were $5,779,000 for the quarter ended June 30, 2012, an increase of 63% from the $3,538,000 earned during the quarter ended June 30, 2011 and down 6% from $6,159,000 for the quarter ended March 31, 2012. The changes year-over-year were mainly attributable to the acquisitions completed in July 2011 and the corresponding increase in AUM, which was up 66% from the quarter ended June 30, 2011. The decrease in revenues over prior quarter was mainly attributable to a decrease in AUM of 5% resulting from the termination of the Journey management contract, and a decrease in AUM of sub-advised funds.

Expenses

General & administrative ("G&A") expenses were $3,883,000 for the quarter ended June 30, 2012, an increase from $1,927,000 for the second quarter of 2011 and an increase from the $3,774,000 incurred in prior quarter. The $109,000 increase in G&A quarter over quarter is the result of increases in marketing, rent, and audit and legal which were offset by decreases in salaries and benefits as well as sub-advisory expenses. The year to year increase in G&A of $1,956,000 is primarily the result of the acquisitions completed in the third quarter of 2011 as well as the quarterly provision for short-term incentive payments which the Company commenced recording on a quarterly basis in the fourth quarter of 2011.

As a percentage of assets under management, G&A expenses were 0.065% for the quarter ended June 30, 2012, up from 0.057% for the quarter ended June 30, 2011 and 0.067% for the quarter ended March 31, 2012. The increase is a result of the decrease in AUM in the quarter ended June 30, 2012 resulting from the termination of the Journey management contract, and decreases in the sub-advisory assets.

Share based payment expenses were $631,000 for the quarter ended June 30, 2012 compared with an expense of $290,000 in the quarter ended one year ago and $633,000 in the prior quarter. The increase in share based payments over the prior year is the result of options granted at a higher Black-Scholes valuation in the last three years under the Company's pre-existing stock option plan, as well as a result of the implementation of two additional share based payment plans in the second half of 2011, and a new share based payment plan for eligible directors introduced in the second quarter of 2012. The additional share based payment plans in 2011 were a result of the acquisition of Morrison Williams and the additions of key members of management to Aston Hill. The share based payments plan implemented during 2011 for key employees was introduced to attract key talent and to remain competitive within the asset management market. The plan for eligible directors was created as a high value alternative to compensating directors at an equal cost to their currently existing director's fees.

Liquidity and Capital Resources

Aston Hill generated $1,204,000 of operating cash flow in the quarter ended June 30, 2012 up $256,000 compared with $948,000 in the same quarter last year. Aston Hill measures its operating cash flow before the change in working capital and the actual cash amount paid for interest and income taxes, as these items can distort cash flow generated during the period. Working capital is affected by seasonality, interest on the Convertible Debentures is paid semi-annually, and tax installments paid can differ materially from the current tax expense accrual. Aston Hill's main uses of capital are the repayment of principal owing on its Non-Revolving Facility, interest payments on its Convertible Debentures, investments in marketable securities, funding of sales commissions, payment of periodic dividends on its shares, and for funding capital expenditures. At current levels of cash flow, Aston Hill produces sufficient cash to meet its obligations and to make principal repayments on its Non-Revolving Facility.

Aston Hill paid sales commissions and trailer fees of $204,000 in the quarter ended June 30, 2012. This compares to $121,000 in the same quarter of 2011. This is a result of incremental sales on the Aston Hill mutual funds.

The fair value of marketable securities at June 30, 2012 was $1,864,000. Marketable securities are comprised of seed capital investments in its newly created Corporate Class funds, and other strategic investments. During the quarter, Aston Hill invested $99,000 in additional marketable securities and recorded a net unrealized loss and realized loss on its marketable securities of $21,000 and $38,000 respectively.

As at June 30, 2012, the Company's long-term investment in Sword had an estimated fair value of $6,010,000 (December 31, 2011 - $5,880,000). The Company recorded an unrealized change in the fair value of long-term investments for the three month period ended June 30, 2012 of $nil. The fair value of the investment in Sword is recalculated quarterly based on internal and external reserve evaluations and estimates as well as conventional valuation methods for valuing privately held interests in accordance with generally accepted accounting principles. The fair value is affected significantly by a volatile oil and natural gas pricing environment; therefore, changes in the fair value from the Sword investment may fluctuate materially from quarter to quarter.

Summary Balance Sheet Data as at June 30, 2012 and December 31, 2011

(in thousands of Canadian dollars)

		June 30 2012		March 31 2012		December 31 2011
Current Assets	**$**	**8,781**	$	10,493	$	13,431
Non current assets		**53,219**		51,752		52,374
Total Assets	**$**	**62,000**	$	62,245	$	65,805
Current liabilities	**$**	**5,011**	$	5,009	$	6,541
Non current liabilities		**37,299**		36,966		37,812
Total Liabilities	**$**	**42,310**	$	41,975	$	44,353
Shareholders' Equity		**19,690**		20,270		21,452
Total Liabilities & Shareholders' Equity	**$**	**62,000**	$	62,245	$	65,805

The balance sheet for Aston Hill at June 30, 2012 reflects total assets of $62,000,000, a decrease of $3,805,000 from $65,805,000 at December 31, 2011. This change can be attributed to a decrease in current assets of $4,650,000 mitigated by an increase in long-term assets of $845,000. The decrease in current assets is due to a $4,663,000 decrease in cash which is a result of repayment of financing. Aston Hill's cash and cash equivalents decreased by $1,199,000 in the second quarter of 2012 primarily due to the payment of dividends, principal repayment on the Non-Revolving Credit Facility, and the investment of additional funds in Journey which was mitigated by the Company's net cash from operating activities.

Accounts receivable decreased to $3,578,000 at June 30, 2012 from $3,745,000 at December 31, 2011. The decrease relates to incremental management fees receivable from decreased AUM.

Total liabilities decreased to $42,310,000 at June 30, 2012 from $44,353,000 at December 31, 2011. The primary contributor to this change was the decrease in current income tax payable, $1,000,000 in principal repayments on the Non-Revolving Credit Facility, and a decrease in the provision for the employee short-term incentive plan. At June 30, 2012 the Convertible Debentures debt component had a carrying value of $34,180,000 and the Non-Revolving Facility has a carrying value of $2,357,000. The Company also recorded a decrease in deferred income tax assets of $345,000 during the second quarter of 2012.

Any amounts borrowed on the Revolving Facility are due and payable within two years from July 27, 2012. The limit on the Revolving Facility at March 31, 2012 was $4,000,000, and had an outstanding balance of $nil.

Aston Hill's annualized debt-to-EBITDA ratio excluding the Convertible Debentures and the Juno Debenture as at June 30, 2012 was 0.34 to 1. Aston Hill expects that the amount of excess cash flow generated will pay down debt and the ratio of debt to EBITDA will trend lower. Aston Hill is within its financial covenants with respect to its credit facility, which requires that the debt-to-EBITDA ratio remain below 1.2 to 1, and assets under management not fall below $4.6 billion.

Shareholders' equity decreased by $580,000 during the three months ended June 30, 2012. The decrease is a result of the $725,000 in dividends paid, change in accumulated other comprehensive income of $126,000 and increase a net loss of $208,000 offset by increases in contributed surplus of $542,000.

Risk Management

The disclosures below provide an analysis of the risk factors affecting Aston Hill's business operations.

Market Risk

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

- Interest rate risk is the risk of gain or loss due to the volatility of interest rates.

- Foreign exchange rate risk is the risk of gain or loss due to volatility of foreign exchange rates.
- Equity risk is the risk of gain or loss due to the changes in prices and volatility of individual equity instruments and equity indexes.

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

Aston Hill's financial performance is indirectly exposed to market risk. Any decline in financial markets or lack of sustained growth in such markets may result in a corresponding decline in performance and may adversely affect Aston Hill's assets under management and management fee revenue, which would reduce cash flow to the Company and ultimately impact its ability to manage its capital. Aston Hill has established a control environment that ensures market risks are reviewed regularly and that risk controls throughout Aston Hill are operating in accordance with regulatory requirements. Exposure to interest rate risk, foreign currency risk and equity risk is monitored and when a particular market risk is identified, portfolio managers of the funds are directed to mitigate the risk by reducing their exposure.

The Company's financial assets and liabilities are comprised of cash and cash equivalents, trade and other receivables, marketable securities, notes receivable, long term equity investments, trade and other payables, credit facilities, debentures, and other financial liabilities held for trading.

The fair values of cash and cash equivalents, trade and other receivables, notes receivable, and trade and other payables approximate their carrying amount due to the short-term maturity of those instruments.

The Company's securities holdings are classified at fair value through profit or loss and at fair value through other comprehensive income, therefore unrealized gains and losses on securities are recorded in income or other comprehensive income as changes in fair value. As at June 30, 2012, the impact of a 5% increase or decrease in the value of the Company's held for trading portfolio would have been an approximate $93,000 (June 30, 2011 - $45,000) unrealized gain/loss recorded in income. As at June 30, 2012, the impact of a 5% increase or decrease in the value of financial assets at fair value through other comprehensive income would have been an approximate $300,000 (June 30, 2011 - $449,000) unrealized gain/loss recorded in other comprehensive income. Due to the current financial market conditions, there is additional market risk that may affect the short term and long term value of these financial assets and liabilities.

Credit Risk

Credit risk is the potential for financial loss to the Company if a third party to a transaction fails to meet its obligations. Aston Hill is exposed to the risk that third parties that owe it money, securities or other assets will not perform their obligations. These parties include trading counterparties, customers, exchanges, and other financial intermediaries, as well as issuers whose securities are held by Aston Hill. These parties may default on their obligations due to liquidity issues, bankruptcy, operational failure or other reasons. Aston Hill does not have a significant exposure to any individual counterparty and the risk is mitigated by regularly monitoring credit performance.

The Company's cash and cash equivalents, trade and other receivables, notes receivable, and marketable securities, are subject to credit risk.

Cash and cash equivalents primarily consist of highly liquid temporary deposits with a Canadian chartered bank, or bankers' acceptances. The Company mitigates credit risk on these financial instruments by adhering to its investment policy that outlines credit risk parameters and concentration limits. The Company's maximum credit exposure is $6,784,000, which is the sum of its cash and cash equivalents, trade and other receivables, notes receivable, and prepaid deposits, as reported on the statement of financial position as at June 30, 2012.

Concentration risk

Significant amounts of the Company's accounts receivable are due from related parties. As at June 30, 2012, 36% (December 31, 2011 - 40%) of accounts receivable are due from related parties. The Company believes that the entire accounts receivable balance is collectible. Accordingly, management has not provided for an allowance for doubtful accounts as at March 31, 2012.

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

Investment Performance of the Funds

If the funds managed by Aston Hill are unable to achieve investment returns that are competitive with or superior to those achieved by other comparable investment products offered by Aston Hill's competitors, such funds may not attract assets through gross sales or may experience redemptions, which may have a negative impact on Aston Hill's assets under management. This would have a negative impact on Aston Hill's revenue and profitability.

Dependence on Senior Management

The success of Aston Hill and its strategic focus is dependent to a significant degree upon the contributions of senior management. The loss of any of these individuals, or an inability to attract, retain and motivate sufficient numbers of qualified senior management personnel on the part of Aston Hill, could adversely affect Aston Hill's business. To partially mitigate this risk, Aston Hill has purchased "key man" insurance with respect to two of its officers and will continue to do so for the indefinite future.

Competition

Aston Hill competes with a large number of mutual fund companies and other providers of investment products, investment management firms, and other financial institutions. Many of these competitors have greater capital and other resources, and offer more comprehensive lines of products and services than Aston Hill. The trend toward greater consolidation within the investment management industry has increased the strength of a number of Aston Hill's competitors.

Aston Hill success is largely dependent on its ability to compete in the current Canadian wealth management environment. The Company's success will be based upon a number of factors including the range of products offered, brand recognition, investment performance, business reputation, financing strength, management and sales relationships, quality of service, level of fees charged and level of commissions and other compensation paid.

Aston Hill's competitors seek to expand market share by offering different products and services than those offered by Aston Hill. There can be no assurance that Aston Hill will maintain its current standing, and that may adversely affect the business, financial condition or operating results of Aston Hill.

Risks of Significant Redemptions of Aston Hill's Assets under Management

The Company's revenues depend largely on the value and composition of its investment fund assets under management. The level of assets under management is influenced by sales, redemption rates, and investment performance. Sales and redemptions may fluctuate depending on market and economic conditions, investment performance, and other factors. Increased competition and market volatility has contributed to redemptions and diminished sales for participants in the Canadian wealth management industry.

Sufficiency of Insurance

Aston Hill and its subsidiaries maintain various types of insurance which may include financial institution bonds, errors and omissions insurance, directors', trustees' and officers' liability insurance, and general commercial liability insurance. There can be no assurance that claims will not exceed the limits of available insurance coverage that any insurer will remain solvent or willing to continue providing insurance coverage with sufficient limits or at a reasonable cost or that any insurer will not dispute coverage of certain claims due to ambiguities in the policies. A judgment against any member of Aston Hill in excess of available coverage could have a material adverse effect on the Company in terms of damages awarded and the impact on the reputation of Aston Hill.

General Business Risk and Liability

Given the nature of Aston Hill's business, it may from time to time be subject to claims or complaints from investors or others in the normal course of business. The legal risks facing Aston Hill, its directors, officers, employees or agents in this respect include potential liability for violations of securities laws, breach of fiduciary duty and misuse of investors' funds. Some violations of securities laws and breach of fiduciary duty could result in civil liability, fines, sanctions, or the suspension or revocation of Aston Hill's subsidiaries' right to carry on their existing business. Aston Hill may incur significant costs in connection with such potential liabilities.

Regulation of Aston Hill

Certain subsidiaries of Aston Hill are heavily regulated in all jurisdictions where they carry on business. Laws and regulations applied generally grant government agencies and self-regulatory bodies broad administrative discretion over the activities of Aston Hill, including the power to limit or restrict business activities as well as impose additional disclosure requirements on Aston Hill products and services. Possible sanctions include the revocation or imposition of conditions on licenses to operate certain businesses, the suspension or expulsion from a particular market or jurisdiction of any of Aston Hill's business segments or its key personnel or financial advisors, and the imposition of fines and censures. To the extent that existing or future regulations affect the sale or offering of Aston Hill's product or services in any way, the Company's assets under management and its revenues may be adversely affected.

Liquidity Risk & the impact of Credit Facilities & Convertible Debentures

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

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

(in thousands of Canadian dollars)

As at June 30, 2012		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		$ 1,142	$ 1,142	$ 1,142	$ -	$ -	$ -
Current income tax payable		373	373	373	-	-	-
Obligation to redeem							
LPF shares (1)		406	406	406	-	-	-
Term credit facility	-principal	2,357	2,500	2,500	-	-	-
	-interest	-	41	41	-	-	-
Convertible debentures	-principal	40,056	40,232	-	-	40,232	-
	-interest	-	7,989	2,373	5,356	260	-
		$ 44,334	**$ 52,683**	**$ 6,835**	**$ 5,356**	**$ 40,492**	**$ -**

(1) The Company's obligation to redeem LPF shares to the previous shareholders of Aston Hill Asset Management Inc. (formerly Navina Asset Management Inc.) will be settled from the cash proceeds upon disposition of the Company's shares held in LPF.

The ability of Aston Hill to settle its obligations and generate a return for its shareholders is subject to applicable laws and contractual restrictions contained in the instruments governing any indebtedness of Aston Hill and its subsidiaries. The degree to which Aston Hill is leveraged could have important consequences to shareholders, including:

- Aston Hill's ability to obtain additional financing for working capital;
- limitations of future acquisitions;
- Inability to refinance indebtedness;

- Dedicating a significant portion of Aston Hill's cash flow from operations to the payment of the principal and interest on its indebtedness, and thereby reducing the funds available for future operations.

The Credit Facilities contain a number of financial covenants that require Aston Hill to meet certain financial ratios and financial condition tests. A failure to comply with the obligations in Aston Hill's credit facility could result in a default which, if not cured or waived, could result in acceleration of the relevant indebtedness. Further, the Credit Facilities are secured by an unlimited guarantee of Aston Hill, a limited guarantee from each of Aston Hill's material subsidiaries, an assignment of all service and management contracts, an assignment of a key executive's key man life insurance policy, a pledge of the share capital of each of Aston Hill's subsidiaries, and of all of the equity securities held by Aston Hill and its group of companies.

Prevailing interest rates will affect the market value of the Convertible Debentures. The price or market value of the Convertible Debentures will decline as prevailing interest rates for comparable securities rise. The Convertible Debentures are direct, unsecured, and subordinated obligations of Aston Hill and are not secured by any mortgage, pledge, hypothec or other charge and will rank equally with one another and with all other existing and future unsecured indebtedness of Aston Hill. Therefore, there can be no assurance that future borrowings or equity financing will be available to Aston Hill or available on acceptable terms in an amount sufficient to fund Aston Hill's needs.

Commitment of Key Personnel

The success of Aston Hill is also dependent upon the skills and expertise of its human resources including the management and investment personnel and its personnel with skills related to marketing, risk management, credit, information technology, accounting, administrative operations and legal affairs. These individuals play an important role in developing, implementing, operating, managing and distributing Aston Hill's products and services. Accordingly, the recruitment of competent personnel, continuous training and transfer of knowledge are key activities that are essential to Aston Hill's performance. In addition, the growth in assets under management in the industry and the reliance on investment performance to sell financial products has increased the demand for experienced and high-performing portfolio managers. Compensation packages for these managers may increase at a rate well in excess of inflation and well above the rates of increases observed in other industries and the rest of the labour market. Aston Hill believes that it has the resources necessary for the operation of Aston Hill's business. The loss of these individuals or an inability to attract, retain and motivate a sufficient number of qualified personnel could adversely affect Aston Hill's business.

Capital Requirements

Certain subsidiaries of Aston Hill are subject to minimum regulatory capital requirements. This requires Aston Hill to keep sufficient cash and other liquid assets on hand to maintain capital requirements rather than using them in connection with its business. Failure to maintain required regulatory capital by Aston Hill may subject it to fines, suspension or revocation of registration by the relevant securities regulator. A significant operating loss by a registrant subsidiary or an unusually large charge against regulatory capital could adversely affect the ability of Aston Hill to expand or even maintain its present level of business, which could have a material adverse effect on Aston Hill's business, results of operations, and financial position.

Related Party Transactions

The Company had the following related party transactions:

a) The Company's wholly owned 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. Management fees, sub-advisory fees and other amounts due from funds under management and included in accounts receivable at June 30, 2012 is $1,270,000 (December 31, 2011 - $1,480,000). For the three and six months ended June 30, 2012 $2,282,000 (June 30, 2011 - $503,000) and $4,774,000 (June 30, 2011 - $951,000) was recorded as revenue in respect of these management fees. In addition, during the three and six months ended June 30, 2012, the Company absorbed $132,000 (June 30, 2011 - $nil) and $253,000 (June 30, 2011 - $nil) of expenses incurred by funds under management.

b) Until termination of a management agreement on April 20, 2012, the Company managed a private oil and gas company and on behalf of the majority shareholders was paid a quarterly management fee in accordance with an executed management agreement. Accounts receivable includes $nil (December 31, 2011 - $346,000) as at June 30, 2012 in respect of these management fees. For the three and six months ended June 30, 2012 $304,000 (June 30, 2011 - $335,000) and $351,000 (June 30, 2011 - $659,000) was recorded as revenue.

c) Notes receivable as at June 30, 2012 of $342,000 (December 31, 2011 - $342,000) are promissory notes due from funds under management. The notes are receivable on demand and accrue interest at a rate of prime plus 1% annually. Interest is calculated daily on the remaining balance and is receivable on a monthly basis on the last day of each month.

d) As at June 30, 2012, $300,000 (December 31, 2011 - $1,173,000) of the financial assets at fair value through profit or loss are related to holdings in the Company's funds under management. For the three and six months ended June 30, 2012, $32,000 (June 30, 2011 - $3,578,000) and $2,000 (June 30, 2011 - $3,606,000) of the net gains on investments recorded during the period were related to these 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.

Commitments and Guarantees

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

(in thousands of Canadian dollars)

		June 30 2012		December 31 2011
Less than one year	**$**	**411**	$	331
Between one and five years		**1,432**		883
More than five years		**368**		503
	$	**2,211**	$	1,717

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

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

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

Significant Accounting Policies & Estimates

The June 30, 2012 Interim Consolidated Financial Statements have been prepared in accordance with IFRS. The accounting policies followed in these interim Consolidated Financial Statements is the same as those applied in the Company's annual Consolidated Financial Statements for the period ended December 31, 2012. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect.

The Company carries significant intangible assets on its balance sheet. Aston Hill uses valuation models that use estimates of sales and redemptions of investment products as the primary determinants of fair value. Aston Hill uses a valuation approach based on a multiple of assets under management. Aston Hill has reassessed these variables in light of the current economic climate. Estimates of sales and redemptions are very likely to change as economic conditions either improve or deteriorate.

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

The Chief Executive Officer and the Chief Financial Officer have designed or caused the design of the Internal Controls over Financial Reporting ("ICFR") and Disclosure Controls and Procedures ("DC&P"). There has been no material weaknesses identified relating to the design of the ICFR and DC&P for the quarter ended June 30, 2012

Throughout the quarter ended June 30, 2012 management has continued with the implementation of additional internal control procedures and accounting expertise through the utilization of third party consultants.

It should be noted that while the Officers believe that the Company's controls provide a reasonable level of assurance with regard to their effectiveness, they do not expect that the DC&P or ICFR will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable but not absolute assurance that the objectives of the control system are met.

Outstanding Share Data

Capital	Authorized		Outstanding as at August 10, 2012	Common Shares Underlying Convertible Securities
Common shares [1]	Unlimited		72,920,880	Not applicable
Stock options	Not applicable		6,237,116	6,237,116
Convertible debentures (face value) 6.00% maturing 2016	Not applicable	$	34,180,034	15,777,255

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

Subsequent events

The Company has a services agreement in place with Argent. The initial public offering for Argent closed on August 10, 2012 for proceeds of $212.3 million. As a result of this closing, and in accordance with the services agreement, the Company has agreed to provide administrative services on an on-going basis for an initial annual fee of $700,000 plus reimbursement of direct administrative costs. A tiered annual fee arrangement has been contracted based on increases in Argent's enterprise value.

Other information

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

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