AstonHill
FINANCIAL

Management Discussion and Analysis
For the three and six month period ended June 30, 2014

Management's Discussion and Analysis

The following management discussion and analysis ("MD&A") dated August 6, 2014 presents the financial conditions, changes in financial condition and results of operations for Aston Hill Financial Inc. ("Aston Hill" or the "Company") and should be read in conjunction with the unaudited interim consolidated financial statements and accompanying notes of the Company for the three and six month periods ended June 30, 2014 as well as the audited consolidated financial statements for the year ended December 31, 2013. The historical information of the Company can be found on SEDAR under Aston Hill Financial Inc. Unless otherwise indicated, all dollar amounts in this MD&A are expressed in Canadian dollars.

Forward looking statements

This MD&A may contain forward-looking statements with respect to expected financial performance, strategy and business conditions. The words "believe," "will", "would," "aim", "may", "expect" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks and uncertainties. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. 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.

Non-IFRS Financial Measures

The Company uses 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. Management believes that these measures are useful to most shareholders, creditors, other stakeholders and investment analysts in analyzing Aston Hill's results. These non-IFRS financial measures should not be considered as an alternative to the Consolidated Net and Comprehensive Income (Loss) or any other measure of performance under IFRS.

Assets Under Management

Any reference to Assets Under Management ("AUM") includes both managed and sub-advised closed end and open end mutual funds, hedge funds, separately managed accounts, brokerage accounts, structured products, pooled assets, and oil and gas properties under administration.

EBITDA

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

Adjusted EBITDA

In addition to EBITDA as described above, Aston Hill further adjusts EBITDA ("adjusted EBITDA") by excluding share based compensation and net losses (profits) on investments in order to provide a more meaningful measure of its operations.

Pre-Tax Operating Earnings

Aston Hill uses pre-tax operating earnings to assess its underlying profitability before income taxes, excluding service fee revenue, non-cash management fees, performance fees and investment gains, investment losses, amortization of deferred sales commissions, depreciation of property and equipment and share based compensation.

Material Contracts

This MD&A refers from time to time to material contracts which can be found under Aston Hill Financial Inc. at SEDAR.com.

Overview

Aston Hill is a publicly traded corporation on the Toronto Stock Exchange (the "TSX") under the symbol "AHF" and is incorporated under the Business Corporations Act of Alberta. The primary business focus of the Company is the management of mutual funds. In addition, Aston Hill's services also include high net worth investment management, institutional investment management, portfolio advisory services, oil and gas administration and other fee based investment products in Canada. Management does not consider these different types of clients to be distinct reportable business segments for accounting purposes as Aston Hill operates as a single business line, under the same senior management team and with one fundamental business philosophy at this time.

During the second quarter of 2014, financial results were impacted by the following:

- AUM for closed end funds increased by $161.0 million and for mutual funds increased by $140.0 million. Gross mutual fund sales were $129.0 million ($101.0 million net of redemptions) in the second quarter. The remaining $39.0 million related to the investment performance in the quarter.
- AUM for sub-advisory funds decreased by $103.0 million.
- Managed fund (open and closed end) revenue as a percentage of total revenue was 76% compared to 50% in the same quarter in prior year.
- Advisory revenue as a percentage of total revenue was 22% compared to 41% in the same quarter in prior year.
- General and administrative expenses decreased by $0.3 million.
- The Company repurchased 394,000 common shares through its normal-course issuer bid for a total transaction cost of $211,000 excluding commission expenses.
- The Company sold its investment in Journey Energy Inc. ("Journey") for proceeds of $8.7 million which was recorded through other comprehensive income.

Financial Portfolio Management, Advisory and Brokerage

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.

AHAM manages the Aston Hill Group of Funds and has sub-advisory relationships with IA Clarington Investments Inc. (“IA Clarington”), First Asset Management Inc. (“First Asset”), Propel Capital (“Propel”), and BMO Nesbitt Burns (“BMO”). Nine licensed portfolio managers, including Ben Cheng, Barry A. Morrison, Jeffrey Burchell, Andrew Hamlin, Vivian Lo, John Kim and Steve Vanatta 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.

AHF Capital Partners (“AHFCP”) manages and provides sub-advisory services for five funds included in the Company’s AUM. AHFCP has one licensed portfolio manager, Alexander (Sandy) Liang in the Toronto office. AHFCP is 49% owned by RJT Capital Inc., a related party and makes up the non-controlling interest.

Aston Hill Capital Markets Inc. (“AHCM”) is a Canadian structured financial products company focused on creating and managing closed end investment funds. AHCM manages a group of closed end funds and has a sub-advisory relationship with BMO. AHCM is 20% owned by two directors of AHCM which makes up the non-controlling interest.

Aston Hill Securities Inc. (“AHS”) (formerly Citadel Securities Inc.) is a full service investment dealer, and a member of the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund. AHS provides professional, personalized trading and investment services to private investors.

Oil & Gas Property Management

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

The Company provides administrative services under an administration contract with Argent Energy Trust (“Argent”), a Canadian energy trust that is not a specified investment flow-through (“SIFT”) trust which expires August 12, 2015. Argent holds oil and gas assets in the United States and provides its unit holders with a monthly distribution.

Business Drivers

Aston Hill’s revenues are derived mainly from management fees, calculated as a percentage of daily average net asset value (“NAV”) for funds under management. Revenues on sub-advisory fees are calculated based on the daily average net asset value (“NAV”). The oil and gas administration fee is calculated based on a tiered set fee, based on enterprise value. The Company may also earn other income or incur losses from its cash balances and its investments, if any, which include newly seeded portfolios.

Aston Hill’s expenses include salaries and benefits (which contain a bonus component that may fluctuate based on the overall performance of the Company), product development, general and administrative expenses, share based compensation, depreciation of property and equipment, amortization of deferred sales commissions, amortization of intangibles, sub-advisory expense, commissions and trailer fees.

Net additions or net withdrawals of client capital, acquisitions, as well as investment performance are the main factors that impact AUM. Aston Hill’s goal is to attract and retain investors through its expertise in income and structured products, resource investments, and the oil and gas industry, as well as its commitment by its staff to provide excellent customer service. The wealth of knowledge accumulated by management and the investment team in this space has allowed for an expansion of revenue lines in the sub-advisory and administrative services sector.

On August 15, 2013 the Company closed the acquisition of Connor, Clark and Lunn Capital Markets Inc. ("CC&LCM") and acquired 80% of the issued and outstanding common shares of CC&LCM for cash consideration of $16.4 million, as well as entered into a forward purchase contract to purchase the remaining 20% of CC&LCM for $4.1 million. CC&LCM was renamed Aston Hill Capital Markets Inc. (AHCM).

In order to finance the acquisition, on August 7, 2013, the Company completed a bought deal financing pursuant to an agreement with a syndicate of underwriters, to which it issued 13,600,000 subscription receipts at a price of $1.40 per share unit for gross proceeds of approximately $19.0 million (the "Offering"). The underwriters also partially exercised an over-allotment option, by purchasing 1.7 million additional share units at a price of $1.40 per share unit. After exercise of the over-allotment option, gross proceeds from the Offering were $21.4 million. The remaining proceeds were used for the repayment of debt as well as working capital and general corporate purposes.

Operating Highlights

Assets under Management, Advisory and Administration

Total AUM, which includes closed end and open end mutual funds, hedge funds, separately managed accounts, structured products, pooled assets, and oil and gas properties under administration is summarized below:

(in millions of Canadian dollars)		**June 30, 2014**		March 31, 2014		December 31, 2013		June 30, 2013
Assets Under Management, Advisory and Administration								
Financial Portfolio Management	**$**	**3,585**	$	3,267	$	3,372	$	2,220
Financial Portfolio Advisory		**3,709**		3,812		3,936		3,996
Assets Under Administration		**189**		298		466		502
Total Assets under Management, Advisory and Administration	**$**	**7,483**	$	7,377	$	7,774	$	6,718

For the three month period ended June 30, 2014:

- During the second quarter of 2014, the Company saw a total net increase in AUM of $106.0 million, which was attributable to the continued growth in its closed end fund and mutual fund business. This was offset by decreases in its sub-advisory and administration AUM.
- Financial Portfolio Management, comprised of the Company's core management business of mutual funds, closed end funds, and pensions, saw a net increase of $318.0 million from prior quarter. AUM for closed end funds increased by $161.0 million from prior quarter. Mutual fund gross sales totaled $130.0 million (net sales of $101.0 million) and a positive change in fund performance of $39.0 million in the second quarter of 2014. In addition, this quarter saw growth in its pension business with AUM increasing by $17.0 million.
- A $103.0 million decrease in Financial Portfolio Advisory is due to a drop in the IA Clarington AUM and a $109.0 million decrease in Assets Under Administration due to a decrease in Argent Energy Trust's share price from the prior quarter.
- AUM has seen tremendous growth since the same quarter in prior year with total AUM increasing by $765.0 million.

- Financial Portfolio Management AUM increased by $1,365.0 million from the same period in prior year. This was due to an increase in AUM for mutual funds and closed end funds of $477.0 million and $1,383.0 million respectively from prior year which was offset by a decrease of $495.0 million in pension management. The increase in closed end funds can mainly be attributed to the acquisition of AHCM in the third quarter of 2013. The AUM balance for AHCM at June 30, 2014 was $1,213.0 million.
- The growth in Financial Portfolio Management was offset by a $287.0 million decrease in Financial Portfolio Advisory and a $313.0 million decrease in Assets Under Administration due to Argent Energy Trust's share price dropping from $10.22 per share at June 30, 2013 to $2.98 per share at the end of June 30, 2014.

For the period ended June 30, 2014 and December 31, 2013:

- Since December 31, 2013, the Company saw a total net decrease in AUM of $291.0 million, which was attributable to decreases in pension management, sub-advisory management and Assets Under Administration offset by positive growth in its closed end fund and mutual fund AUM.
- AUM for Financial Portfolio Management saw a net increase of $213.0 million from December 31, 2013 due to an increase in AUM for mutual funds and closed end funds of 331.0 million and $215.0 million respectively during as at June 30, 2014. This was offset by a decrease of $333.0 million in pension management.
- The growth in Financial Portfolio Management was offset by a $227.0 million decrease in Financial Portfolio Advisory relating to the IA Clarington contract and a $277.0 million decrease in Assets Under Administration due to the adverse change to Argent Energy Trust's share price from December 31, 2013.

Breakdown of Managed and Sub-Advised Funds and Assets Under Administration

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 Advantage Bond Fund
Australian Banc Capital Securities Trust
Australian Banc Income Fund
Build America Investment Grade Bond
Canadian 50 Advantaged Preferred Share Fund
Canadian Banc Capital Securities Trust
Euro Bank Capital Securities Trust
Hbanc Capital Securities Trust
ING Diversified Floating Rate Senior Loan Fund
ING Floating Rate Senior Loan Fund
ING High Income Floating Rate Fund
Low Volatility Canadian Equities Income Fund
Macquarie Emerging Markets Infrastructure Income Fund
Macquarie Global Infrastructure Income Fund
North American Financials Capital Securities Trust
US Agency Mortgage Backed REIT Advantaged Fund

Mutual funds:

Aston Hill Growth & Income Fund & Class
Aston Hill Canadian Total Return Fund
Aston Hill Capital Growth Fund & Class
Aston Hill Strategic Yield Fund & Class
Aston Hill Strategic Yield II Fund & Class
Aston Hill Global Growth & Income Fund & Class
Aston Hill Global Resource & Infrastructure Fund & Class
Aston Hill Energy Growth Class

Hedge funds:

Aston Hill Opportunities Fund
AHF Credit Opportunities Fund

Financial Portfolio Advisory:

Closed end funds:

Star Yield Trust
First Asset Preferred Share Investment Trust
Strategic Income Allocation Fund
Coxe Global Agribusiness Income Fund
US Housing Recovery Fund

Mutual funds:

IA Clarington Tactical Income Fund & Class
IA Clarington Global Tactical Income Fund & Class
IA Clarington Tactical Bond Fund & Class
Renaissance Millennium High Income Fund
Redwood Income Strategies Class
Lonsdale Balanced Tactical Fund
Newport Yield Fund

Assets Under Administration:

Argent Energy Trust

Financial Highlights

(in thousands, except assets under management and per share amounts)		**As at June 30, 2014**		As at March 31, 2014		As at June 30, 2013	% change quarter-over-quarter	% change year-over-year
Assets under management (in billions)	**$**	**7.48**	$	7.38	$	6.72	1%	11%
Total assets		**97,138**		95,940		65,289	1%	49%
Shares outstanding		**89,351**		89,891		73,281	-1%	22%

For the three months ended		**As at June 30, 2014**		As at March 31, 2014		As at June 30, 2013	% change quarter-over-quarter	% change year-over-year
Total revenues	**$**	**12,151**	$	11,068	$	7,686	10%	58%
Total expenses excluding finance expense		**9,463**		9,551		6,228	-1%	52%
Total finance expense		**834**		1,264		1,052	-34%	-21%
Income (loss) before income taxes	**$**	**1,854**	$	253	$	406	633%	357%
Income tax expense (recovery)	**$**	**560**	$	260	$	81	115%	591%
Net (loss) income	**$**	**1,294**	$	(7)	$	325	18586%	298%
Net income to non-controlling interest		**267**		199		(4)	34%	6775%
Net (loss) income to controlling interest	**$**	**1,027**	$	(206)	$	329	599%	212%
Per share - Basic	**$**	**0.011**	$	(0.002)	$	0.004	650%	175%
Per share - Diluted	**$**	**0.011**	$	(0.002)	$	0.004	650%	175%
Cash dividends declared per share	**$**	**0.015**	$	0.015	$	0.0125	0%	20%
EBITDA	**$**	**3,403**	$	2,164	$	1,819	57%	87%
Weighted average shares outstanding		**89,555**		89,977		73,274	0%	22%

For the three month period ended June 30, 2014:

- Revenue increased by $1.1 million to $12.2 million in the second quarter of 2014 as compared to the prior quarter, mainly due to the growth in mutual fund AUM. Revenue increased by 10% versus the the 1% increase in AUM from prior quarter due to higher revenue margins being charged on mutual funds and closed end funds. The decrease in AUM in sub-advisory and Assets Under Administration did not have a significant impact on revenue.
- The increase in revenue from the second quarter of prior year of $4.5 million is mainly attributable to the acquisition of Aston Hill Capital Markets. Revenue attributable to AHCM for the second quarter of 2014 was $2.9 million. The remaining $1.6 million increase in revenue was due to internal growth in mutual fund and closed end fund AUM.
- EBITDA increased from prior quarter by $1.2 million (or 57%) despite an investment loss of $0.3 million recorded in the second quarter of 2014 due to the Company's investment in Argent Energy Trust. The positive change is mainly attributable to the $1.1 million increase in revenue. Change in EBITDA from the first quarter of prior year is discussed in the EBITDA section on pages 14 and 15.

- Total expenses decreased by $0.5 million (or 5%) from the prior quarter mostly due to a decrease in G&A of $0.3 million, a decrease in finance expense of $0.4 million in the first quarter and a decrease of $0.2 million in net losses on investments. This was mainly offset by an increase in trailer fees of $0.3 million.
- Net income to controlling interest for the period ended June 30, 2014 was $1.0 million and represented earnings per share, basic and diluted, of $0.011 and $0.011 respectively, compared to net earnings of $0.3 million for the period ended June 30, 2013 and represented earnings per share, basic and diluted of $0.004 and $0.004 respectively.

For the six months ended		**June 30, 2014**		June 30, 2013	% change year-over-year
Total revenues	**$**	**23,219**	$	14,962	55%
Total expenses excluding finance expense		**19,014**		11,777	61%
Total finance expense		**2,098**		2,091	0%
Income before income taxes	**$**	**2,107**	$	1,094	93%
Income tax expense		**820**		337	143%
Net income (loss)	**$**	**1,287**	$	757	70%
Net income to non-controlling interest		**466**		(4)	11750%
Net income (loss) to controlling interest	**$**	**821**	$	761	8%
Per share - Basic	**$**	**0.009**	$	0.010	-10%
Per share - Diluted	**$**	**0.009**	$	0.010	0%
Cash dividends recorded per share	**$**	**0.030**	$	0.025	20%
EBITDA	**$**	**5,567**	$	3,804	46%
Weighted average shares outstanding		**89,764**		73,110	23%

For the six month period ended June 30, 2014:

- Year to date revenue increased by $8.3 million to $23.2 million from the same period in the prior year due to the substantial growth in total AUM. Revenue increased by 55% versus the 11% increase in AUM from the prior year due to higher revenue margins being charged on mutual funds and closed end funds. The decrease in sub-advisory and Assets Under Administration AUM did not have a significant impact on revenue as it represents a smaller margin of total revenue at 27%. The growth in revenue is mainly due to the acquisition of AHCM in the third quarter of 2013. Revenue attributable to AHCM year to date was $5.6 million. The remaining $2.7 million increase in revenue was due to internal growth in mutual fund and closed end fund management.
- Year to date EBITDA increased from the same period in prior year by $1.8 million (or 46%) despite a loss of $0.8 million recorded for the six month period ended June 30, 2014 due to the Company's investment in Argent Energy Trust. Further discussion on the change in EBITDA is discussed in the EBITDA section on pages 14 and 15.
- Total expenses increased by $7.2 million (or 52%) from the prior year mostly due to an increase in G&A of $2.6 million, an increase of $2.1 million and $1.4 million in sub-advisory expense and trailer fees respectively. Net losses on investments also increased by $0.8 million and amortization of finite life intangible assets increased by $0.6 million. This was mainly offset by a decrease in share based compensation of $0.2 million and a decrease in product development of $0.2 million.

- Net income to controlling interest for the six month period ended June 30, 2014 was $0.8 million and represented earnings per share, basic and diluted, of $0.009 and $0.009 respectively, compared to net earnings of $0.8 million for the same period in prior year and represented earnings per share, basic and diluted of $0.010 and $0.010 respectively.

Market Outlook and Business Environment

Market Outlook

After three years of US outperformance, the commodity heavy Canadian markets finally took the reins in the first half of 2014, leading to a healthy gain of 11.2% for the TSX Composite Index while the S&P 500 index rose a more modest 6.05%. The growth was due to a relatively stronger earnings outlook for Canada's export based market assisted by lower Canadian dollar and stabilizing Chinese growth and growth in the Energy, Financials and Materials markets. Better earnings combined with better valuations led to a growing appetite for Canadian equities by both domestic and foreign investors. In the US, steadily improving macro-economic data continued to support a strengthening economy, albeit at lower levels than expected at the beginning of the year. Employment numbers are tracking well over 200,000 jobs being created a month; unemployment rates are coming down at a faster rate than expected given the slow economic growth. The US Treasury 10 year yield unexpectedly declined throughout 2014. This has helped support equity valuations and those in high yield as well. The expectation is that long bond rates will gradually rise and could end the year closer to the 3% range. Demand for income and search for yield remains a dominant theme with investors, especially in this low growth economic environment. This will bode well for investments in dividend paying cyclical equities and high yield bonds. Auto sales continue to look strong and the manufacturing sector continues to expand. On an international scale, investors are expected pay closer attention to global political unrest for the balance of the year and this could introduce a greater amount of volatility across investment asset classes. The International Monetary Fund has indicated that the world economy will advance 3.4 percent in 2014 with a growth of 4% in the next year. Aston Hill's team continues to focus on generating consistent risk adjusted returns for investors based on proactive adjustments to economic indicators.

Business Outlook

During the second half of 2014, the Company's focus continues to be on its financial portfolio management operations. The Company has seen substantial growth in its open end and closed end funds in 2014 and hopes to continue this trend into 2015 as two new wholesalers were hired in the second quarter of 2014 to cover British Columbia and Quebec in order to access a wider Canadian market. Aston Hill also has plans to continue to launch new managed funds in the second half of 2014 that focus on steady returns.

Results of Operations

Overall Performance

For the three and six month period ended June 30, 2014, Aston Hill's revenue has increased substantially from the same period in the prior year due to its focus on its financial portfolio management operations. The acquisition of AHCM in the latter half of 2013 brought an increase in revenue from the management fees on the acquired closed end funds. Growth in AUM for managed open and closed end funds in the three months ended June 30, 2014 resulted in revenue growth from prior quarter. In addition, general and administrative expenses have increased due to salary expenses for additional employees for the sales team and increases in consulting, office, legal and shareholder reporting expenses.

Pre-Tax Operating Earnings

(in thousands of Canadian dollars, except per share amounts)										
		Quarter ended						**Year to date**		
		June 30, 2014		March 31, 2014		June 30, 2013		**June 30, 2014**		June 30, 2013
Income (loss) before income taxes	**$**	**1,854**	$	253	$	406	**$**	**2,107**	$	1,094
Add:										
Net losses (gains) on investments		**111**		284		(55)		**395**		(360)
Amortization of deferred sales commissions		**307**		259		244		**566**		425
Amortization of intangibles - finite life		**299**		300		-		**599**		-
Amortization of property and equipment		**109**		88		117		**197**		195
Share based payments expense		**351**		359		483		**710**		936
Pre-tax operating earnings	**$**	**3,031**	$	1,543	$	1,195	**$**	**4,574**	$	2,290
Per share		**0.034**	$	0.017	$	0.016	**$**	**0.051**	$	0.031

Pre-tax operating earnings, as set out in the table above, was $3.0 million for the quarter ended June 30, 2014, an increase of $1.5 million or 96% from prior quarter and a $1.8 million (or 154%) increase from the same period in the prior year. The change in pre-tax operating earnings can mainly be attributed to the increase in revenue of $1.1 million from prior quarter, and a decrease in finance expense of $0.4 million. The change from the same period in prior year is due an increase in revenue $4.5 million which was mainly offset by an increase in G&A and sub-advisory expenses of $2.3 million as well as the amortization expense of finite life intangible assets of $0.3 million.

Year to date pre-tax operating earnings increased by $2.3 million from the same period in prior year mainly due to the acquisition of AHCM in the third quarter of 2013. Revenue increased by $8.3 million while operating expenses increased by $6.0 million.

Summary of Quarterly Results

(in thousands of Canadian dollars, except per share amounts)								
Three months ended,	**June 31, 2014**	Mar 31, 2014	Dec 31, 2013	Sept 30, 2013	June 30, 2013	Mar 31, 2013	Dec 31, 2012	Sept 30, 2012
Revenues	**$ 12,151**	$ 11,068	$ 11,424	$ 9,176	$ 7,686	$ 7,276	$ 6,438	$ 6,195
Expenses								
General and administrative	**5,451**	5,718	6,538	5,337	4,440	4,347	4,191	3,341
Sub-advisory expense	**1,285**	1,253	1,229	142	-	200	538	256
Product Development	**143**	135	200	117	339	101	399	269
Share based compensation	**351**	359	128	430	483	454	384	564
Depreciation of property & equipment	**109**	88	133	70	117	77	155	171
Amortization of intangible assets - finite	**299**	300	480	-	-	-	-	-
Amortization of deferred sales commissions	**307**	259	178	277	244	181	123	104
Trailer fees	**1,360**	1,102	894	748	621	453	356	296
Commissions	**47**	53	45	54	39	41	47	35
Net losses (profits) on investments	**111**	284	172	(129)	(55)	(305)	152	(942)
Finance expense	**834**	1,264	1,152	1,041	1,052	1,040	949	1,052
Total expenses	**$ 10,297**	$ 10,815	$ 11,149	$ 8,087	$ 7,280	$ 6,589	$ 7,294	$ 5,146
Income (loss) before income taxes	**1,854**	253	275	1,089	406	687	(856)	1,049
Income taxes (recovery)	**560**	260	562	646	81	256	(109)	254
Net (loss) income for the period	**$ 1,294**	$ (7)	$ (287)	$ 443	$ 325	$ 431	$ (747)	$ 795
Net income (loss) to non-controlling interest	**267**	199	270	85	(4)	-	-	-
Net (loss) income to controlling interest	**$ 1,027**	$ (206)	$ (557)	$ 358	$ 329	$ 431	$ (747)	$ 795
Net income (loss) - per share - basic	**$ 0.011**	$ (0.002)	$ (0.007)	$ 0.004	$ 0.004	$ 0.006	$ (0.010)	$ 0.011
Net income (loss) - per share - diluted	**$ 0.011**	$ (0.002)	$ (0.007)	$ 0.004	$ 0.004	$ 0.006	$ (0.010)	$ 0.011

Revenue

(in thousands of Canadian dollars)					
	Quarter ended			Year to date	
	June 30, 2014	March 31, 2014	June 30, 2013	**June 30, 2014**	June 30, 2013
Managed	**$ 9,220**	**$ 7,890**	**$ 3,839**	**$ 17,110**	$ 7,319
Advisory	**2,654**	**2,639**	**3,123**	**5,293**	6,150
Administration	**277**	**539**	**724**	**816**	1,493
Total revenues	**$ 12,151**	**$ 11,068**	**$ 7,686**	**$ 23,219**	$ 14,962

	Quarter ended			Year to date	
	June 30, 2014	March 31, 2014	June 30, 2013	**June 30, 2014**	June 30, 2013
Managed	**76%**	**71%**	**50%**	**74%**	49%
Advisory	**22%**	**24%**	**41%**	**23%**	41%
Administration	**2%**	**5%**	**9%**	**4%**	10%
Total revenues	**100%**	**100%**	**100%**	**100%**	100%

Revenues were $12.2 million for the quarter ended June 30, 2014, an increase of 10% from the $11.1 million from prior quarter. The increase in AUM for closed end and mutual fund management resulted in a $1.3 million increase in revenues, which was offset by the net decrease in advisory and administration revenue of $0.2 million.

Revenue increased by $4.5 and $8.3 million for the three and six months ended June 30, 2014 from the same periods in the prior year. This can mainly be attributed to the acquisition of AHCM in the latter half of 2013. AHCM revenue for the three and six months ended June 30, 2014 was $2.9 million and $5.6 million respectively. The remaining increase in revenue is due to internal growth in closed end and mutual fund management AUM.

Managed revenue as a percentage of total revenue increased from 50% for the second quarter in 2013 to 76% in the second quarter of 2014. Advisory and administration revenue as a percentage of total revenue dropped from 50% in 2013 to 24% in the same period in 2014.

Year to date managed revenue increased to 74% of total revenue compared to the 49% in prior year. Advisory and administration revenue dropped to 27% compared to the 51% earned in the same period in prior year.

Expenses

For the quarter ended June 30, 2014 compared to the prior quarter:

- Expenses decreased $0.5 million in the current quarter ended June 30, 2014 from the prior quarter with $0.3 million attributable to lower G&A costs and $0.4 million attributable to the decrease in finance costs in the first quarter of 2014. In addition, net loss on investments was $0.2 million lower in the current quarter as the price drop for Argent Energy Trust shares in the period was less substantial. This decrease in expenses was offset by higher trailer fees in the quarter of $0.3 million and a total increase of $0.1 million in amortization of deferred sales commissions and depreciation of property & equipment.

For the three and six month period as at June 30, 2014 compared to the same period in the prior year:

- For the three months and six months ended June 30, 2014, there was an increase of $3.0 million and $7.2 million respectively in total expenses from the same period in prior year.
- G&A expenses increased by $1.2 million in the three month period as the result of a $0.8 million increase in salary and consulting expenses, $0.1 million in rent, $0.2 million in office expense and $0.1 million in marketing expenses.
- G&A expenses increased by $2.6 million in the six month period as a result of a $1.8 million increase in salary and consulting fee expenses, $0.3 million in office expenses, $0.2 million in marketing and shareholder reporting fees, $0.2 million in audit and legal fees and $0.1 million in rent.
- The increase in three and six months ended June 30, 2014 G&A expenses is mainly attributable to the addition of AHCM employees after the acquisition in the third quarter of 2013 and the addition of sales employees in the second quarter of 2014. In addition, the Company leased additional office space in the beginning of 2014 which resulted in the increase in rent expense from the same quarter in 2014. Audit and legal fees increased due to legal fees for the Redwood merger in the second quarter of 2014, as well as an increase in audit fees compared to prior year.
- Sub-advisory expenses increased by $1.1 million and $2.1 million for the three and six months ended June 30, 2014 due to the acquisition of AHCM. In addition, trailer fees increased by $0.7 million for the three months ended and $1.4 million in the six months ended June 30, 2014 due to an increase in net subscriptions of mutual funds in the first half of 2014 compared to the same periods in prior year. Product development expenses decreased by $0.2 million and $0.2 million in the three and six months ended June 30, 2014 compared to the same period in the prior year.

- Amortization expense on finite life intangible assets for the three and six months ended June 30, 2014 was $0.3 million and $0.6 million. Finite life intangible assets were acquired through the acquisition of AHCM in the third quarter of 2013, therefore no amortization of intangible assets was recorded in the first half of 2013. Amortization of deferred sales commissions increased by $0.1 million from the prior year due to additional low load fund subscriptions in the first half of 2014.
- Share based compensation expenses decreased by $0.1 million for the three months and $0.2 million for the six months ended June 30, 2014 from the same period in the prior year due to the prior year expense being inclusive of a one time share based compensation issued in 2011 related to corporate acquisitions. In addition, the Company's share price volatility has been decreasing which has been reducing the Black-Scholes valuation of share based compensation.
- Net losses on investments increased by $0.2 million and $0.8 million for the three and six month period due to the adverse change in Argent Energy Trust's share price compared to the same periods in the prior year.
- Finance expense decreased by $0.4 million in the three months ended June 30, 2014, while the six month period resulted in relatively consistent finance costs from the same period in the prior year.
- For the three and six month periods ended June 30, 2014, the Company expensed $0.1 million (June 30, 2013 - $0.3 million) and $0.2 million (June 30, 2013 - $0.4 million), respectively, in product development. 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.

EBITDA

(in thousands of Canadian dollars, except per share amounts)					
	Quarter ended			**Year to date**	
	June 30, 2014	March 31, 2014	June 30, 2013	**June 30, 2014**	June 30, 2013
Net Income (loss) for the period	**$ 1,294**	$ (7)	$ 325	**$ 1,287**	$ 757
Add (deduct):					
Finance expense	**834**	1,264	1,052	**2,098**	2,091
Current Income tax expense	**612**	13	(36)	**625**	87
Future income tax expense	**(52)**	247	117	**195**	250
Amortization of intangible assets - finite	**299**	300	-	**599**	-
Amortization of deferred sales commissions	**307**	259	244	**566**	425
Depreciation of property and equipment	**109**	88	117	**197**	194
EBITDA	**$ 3,403**	$ 2,164	$ 1,819	**$ 5,567**	$ 3,804
Per diluted share	**$ 0.037**	$ 0.024	$ 0.024	**$ 0.061**	$ 0.051
EBITDA margin (as a % of revenue)	**28%**	20%	24%	**24%**	25%

For the three months ended June 30, 2014:

EBITDA for the quarter ended June 30, 2014 was $3.4 million ($0.037 per share) compared with EBITDA of $2.2 million ($0.024 per share) for the quarter ended March 31, 2014 and $1.8 million ($.024 per share) for the quarter ended June 30, 2013. The 57% increase from the prior quarter is primarily due to the increase in revenue of $1.1 million. The increase of 87% in EBITDA from the same quarter in the prior year is mainly attributable to the increase in revenue of $4.5 million netted against the increase in G&A and sub-advisory expense of $2.3 million.

EBITDA as a percentage of total revenues (EBITDA margin) for the second quarter of 2014 was 28%, compared to 20% from the prior quarter and 24% from the same quarter last year. The increase in EBITDA margin year-over-year is the result of an increase in revenue from mutual funds.

For the six months ended June 30, 2014:

EBITDA for the six months ended June 30, 2014 was $5.6 million ($0.061 per share) compared with EBITDA of $3.8 million ($0.051 per share) for the six months ended June 30, 2013. The 46% increase from the same period in the prior year is primarily due to the increase in revenue of $8.3 million netted against the increase in G&A and sub-advisory expense of $4.7 million, an increase in trailer fees of $1.4 million and an increase in net losses on investments of $0.8 million and a decrease of $0.2 million in both product development and stock based compensation.

EBITDA as a percentage of total revenues (EBITDA margin) for the six month period as of June 30, 2014 was 24%, compared to 25% from the same period in prior year. The decrease in EBITDA margin year-over-year is the result of the increase in G&A and trailer fees in the first quarter of 2014 which affects the year to date percentage.

For the three and six month periods ended June 30, 2014, Aston Hill reported net income before income taxes of $1.9 million and $2.1 million compared to $0.4 million and $0.8 million in the same period in prior year. The increase in the three month and six month periods are due to the increase in revenue due to the acquisition of AHCM, mainly offset by an increase in G&A expenses, an increase in sub-advisory expense, amortization of intangible assets, an increase in trailer fees and net losses on investments.

For the three and six months ended June 30, 2014, Aston Hill reports a net earnings after tax to controlling interest of $1.0 million ($0.011 earnings per share) and $0.8 million ($0.009 earnings per share) respectively compared to earnings of $0.3 million ($0.004 earnings per share) and earnings of $0.8 million ($0.010) in the same periods in prior year.

Adjusted EBITDA

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

	Quarter ended			Year to date	
	June 30, 2014	March 31, 2014	June 30, 2013	**June 30, 2014**	June 30, 2013
EBITDA	**$ 3,403**	$ 2,164	$ 1,819	**$ 5,567**	$ 3,804
Add (deduct):					
Net losses (gains) on investments	**111**	284	(55)	**395**	(360)
Stock based compensation	**351**	359	483	**710**	937
Adjusted EBITDA	**$ 3,865**	$ 2,807	$ 2,247	**$ 6,672**	$ 4,381
Per diluted share	**$ 0.042**	$ 0.031	$ 0.030	**$ 0.073**	$ 0.058
Adjusted EBITDA margin (as a % of revenue)	**32%**	25%	29%	**29%**	29%

For the three months ended June 30, 2014:

Adjusted EBITDA for the quarter ended June 30, 2014 was $3.9 million ($0.042 per share) compared with adjusted EBITDA of $2.8 million ($0.031 per share) for the quarter ended March 31, 2014 and $2.2 million ($.030 per share) for the quarter ended June 30, 2013. The 38% increase from the prior quarter is primarily due to the increase in revenue of $1.1 million. The increase of 72% in adjusted EBITDA from the same quarter in the prior year is mainly attributable to the increase in revenue of $4.5 million netted against the increase in expenses of $2.8 million.

Adjusted EBITDA as a percentage of total revenues (adjusted EBITDA margin) for the second quarter of 2014 was 32%, compared to 25% from the prior quarter and 29% from the same quarter last year. The increase in adjusted EBITDA margin year-over-year is the result of an increase in revenue.

For the six months ended June 30, 2014:

Adjusted EBITDA for the six months ended June 30, 2014 was $6.7 million ($0.073 per share) compared with adjusted EBITDA of $4.4 million ($0.058 per share) for the six months ended June 30, 2013. The 52% increase from the same period in the prior year is primarily due to the increase in revenue of $8.3 million netted against the increase in expenses of $5.9 million.

Adjusted EBITDA as a percentage of total revenues (adjusted EBITDA margin) for the six month period as of June 30, 2014 was 30%, compared to 29% from the same period in the prior year. The decrease in adjusted EBITDA margin year-over-year is the result of the increase in G&A and trailer fees in the first quarter of 2014 which affects the year to date percentage.

Liquidity and Capital Resources

Financial Position at (stated in thousands of Canadian dollars	**June 30, 2014**	March 31, 2014	December 31, 2013
Working capital	**12,983**	5,718	6,973
Total assets	**97,138**	95,940	100,167
Long term debt (convertible debentures)	**37,224**	36,428	36,428

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.

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

At June 30, 2014, the Company and its subsidiaries were in compliance with all externally imposed capital requirements.

Year to date additions to property and equipment amounted to $124,000 (June 30, 2013 - $68,000). Aston Hill's policies and procedures related to the management of capital are described in the audited Consolidated Financial Statements for the year ended December 31, 2013 in note 5.

For the six month period ended June 30, 2014, the Company paid $2.7 million of dividends compared to $1.8 million in the same period in prior year.

Financing costs paid on convertible debentures remained relatively consistent year over year for the first six months year to date at $1.2 million and $1.2 million respectively as the balance of convertible debentures did not change significantly.

Aston Hill paid deferred sales commissions of $1.4 million in the six months ended June 30, 2014 compared to $1.0 million in the same period in prior year. This is a result of incremental sales on the Aston Hill mutual funds under the low-load, deferred sales charge option. This option was created in 2011 as a sales incentive on specified series of units or shares in specified funds.

Aston Hill has mitigated liquidity risk by renewing the $6.0 million revolving line of credit as of July 29, 2013. As at June 30, 2014, the Company has $6.0 million of the revolving line of credit available.

The following table outlines the future cash outflows that Aston Hill has committed to:

Commitments

(in thousands of Canadian dollars)								
As at June 30, 2014								
		Total	2014	2015	2016	2017	2018	Thereafter
Financial liabilities:								
Trade and other payables		$ 4,355	$ 4,355	$ -	$ -	$ -	$ -	$ -
Convertible debentures	-principal	40,202	-	-	40,202	-	-	-
	-interest	6,030	1,206	2,412	2,412	-	-	-
Operating leases		5,100	918	844	798	566	567	1,407
		$ 55,687	**$ 6,479**	**$ 3,256**	**$ 43,412**	**$ 566**	**$ 567**	**$ 1,407**

Summary Balance Sheet Data

(in thousands of Canadian dollars)		
	June 30, 2014	December 31, 2013
Current assets	**$ 19,263**	$ 15,777
Non current assets	**77,875**	84,390
Total Assets	**$ 97,138**	$ 100,167
Current liabilities	**$ 6,280**	$ 8,804
Non current liabilities	**51,867**	50,832
Total Liabilities	**$ 58,147**	$ 59,636
Non-controlling interest	**97**	463
Shareholders' equity	**38,894**	40,068
Total Liabilities & Shareholders' Equity	**$ 97,138**	$ 100,167

The balance sheet for Aston Hill at June 30, 2014 reflects total assets of $97.1 million, a decrease of $3.0 million from $100.2 million at December 31, 2013. The decrease from prior year can mainly be attributed to the payment of the provision in the first quarter.

Accounts receivable decreased $0.7 million to $6.2 million as at June 30, 2014 from $6.9 million at December 31, 2013. The change is due to a drop in the management fee receivable from pension management of $0.3 million as well as a drop in the administration fee charged to Argent of $0.4 million.

Total liabilities decreased $1.5 million to $58.1 million at June 30, 2014 from $59.6 million at December 31, 2013. The primary contributor to this decrease was the payment of the provisions at December 31, 2013 in the first quarter of 2014 of $3.3 million which was partially offset by the first and second quarter accrual of the 2014 provision which totaled $1.7 million.

The revolving line of credit was renewed for a two year term on July 29, 2013, and the credit limit was extended from $4.0 million to $6.0 million.

Aston Hill's annualized debt-to-EBITDA ratio excluding convertible debentures as at June 30, 2014 was 0.0 to 1.0. 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 1.0, and AUM not fall below $4.6 billion.

Shareholders' equity decreased by $1.2 million during the six month period ended June 30, 2014 mainly as a result of dividends paid of $2.7 million. This was offset by net income for the period of $0.8 million and $0.7 million in other equity transactions.

Controls and Procedures

Disclosure controls and procedures ("DC&P") are designed to provide reasonable assurance that all information required to be disclosed by the Company is recorded, processed, summarized and reported within required time periods and that all relevant information is gathered and reported to senior management, including the Chief Executive Officer and the Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure.

Management of the Company has ensured that internal controls over DC&P have been designed to provide reasonable assurance that material information relating to the Company is made known to the Chief Executive Officer and the Chief Financial Officer by others, and information required to be disclosed by the Company in its interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Internal controls over financial reporting ("ICFR") have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There have been no changes in ICFR in the most recent quarter that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Management of the Company has evaluated the design of its DC&P and ICFR (as defined under National Instrument 52-109) as of June 30, 2014, under the supervision of the Chief Executive Officer and the Chief Financial Officer. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the DC&P and ICFR were properly designed as of June 30, 2014.

Risk Management

For a full understanding of the risks that impact Aston Hill, the following discussion should be read in conjunction with our 2013 annual financial statements.

Aston Hill is exposed to a number of risks through the pursuit of our strategic objectives as listed below:

- Exposure to the securities market
- Credit risk
- Concentration risk
- Investment performance of the funds
- Competitive pressures
- Rapid growth or decline in our AUM
- Sufficiency of insurance
- Changes to the investment management industry regulations
- Dependence on senior management
- Commitment of key personnel
- Employee errors or misconduct
- Capital requirements
- Litigation risks
- General business risk and liability
- Failure by the Company to implement effective information security policies, procedures and capabilities
- Failure by the Company to implement effective and efficient technologies
- Failure to develop effective business resiliency plans and information technology recovery plans
- Failure to comply with government regulations

The foregoing risk factors are mitigated to the extent possible and practical from a cost and perceived benefit perspective by senior management's direct involvement in the day-to-day operation of the business. Senior management meets on a regular basis to address any concerns with the risks discussed above as well as managing any new risks which may arise through business. Financial information as well as in depth analysis are reviewed by management on a monthly and quarterly basis and therefore mitigate risks in employee and reporting errors. Aston Hill maintains appropriate internal controls and procedures to safeguard assets, control expenses and ensure that financial reporting is accurate and reliable.

Some of these risks impact the investment industry as a whole, and others are unique to our operations. Actively managing these risks improves our ability to effectively execute our business strategy. Our risks have not changed substantially since December 31, 2013. A more in-depth discussion of material risk factors affecting the Company can be found in our annual financial statements for the year ended December 31, 2013.

Related Party Transactions

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

a) The Company's subsidiaries receive management fees and sub-advisory fees and pay for expenses incurred by its various funds under management. These expenses are then charged back to the funds and are recovered under non-interest bearing, normal credit terms in accordance with the prospectus of the funds. Management fees, sub-advisory fees and other amounts due from funds under management and included in accounts receivable at June 30, 2014 are $4.6 million (December 31, 2013 - $3.6 million). Other amounts due to funds under management recorded in accounts payable as at June 30, 2014, are $ nil (December 31, 2013 - $0.2 million). For the three and six month periods ended June 30, 2014, $8.7 million (June 30, 2013 - $3.8 million) and $16.0 million (June 30, 2013 - $7.3 million), respectively, was recorded as revenue in respect of these management and other fees. In addition, for the three and six month periods ended June 30, 2014, the Company absorbed $0.1 million (June 30, 2013 - $0.3 million) and $0.3 million (June 30, 2013 - $0.4 million), respectively, of expenses incurred by funds under management.

b) As of May 21, 2014, Argent is no longer considered to be a related party, however all income statement transactions incurred up to this date are considered to be related party transactions. The transactions discussed below are prorated for the 2 months in the second quarter in which Argent is considered a related party. The Administrative Services Contract (the "Contract") with Argent is still in effect until August 12, 2015. The Company has recorded administration revenue for the three and six month periods ended June 30, 2014 of $0.2 million (June 30, 2013 - $0.5 million) and $0.7 million (June 30, 2013 - $1.0 million), respectively. For the three and six month periods ended June 30, 2014, the Company recorded $0.1 million (June 30, 2013 - $0.3 million) and $0.3 million (June 30, 2013 - $0.7 million) in salary & overhead recoveries for shared overhead costs that have been reimbursed by Argent.

c) As of May 21, 2014, Argent is no longer considered to be a related party, however all income statement transactions incurred up to this date are considered to be related party transactions for the six months ended June 30, 2014. On August 10, 2012, 210,000 restricted trust units receivable were granted with a par value of $10.00 per unit to the Company for services rendered under the Contract (note 19(b)). 70,000 restricted trust units vest per year. On August 10, 2013, the Company was paid $0.8 million to settle the first vested tranche of restricted trust units receivable. As at June 30, 2014, the closing price for Argent per unit on the TSX was $2.98 (December 31, 2013 - $7.77) with a related party receivable balance of $nil at June 30, 2014 (December 31, 2013 - $0.4 million). For the three and six month periods ended June 30, 2014, a loss of $15,000 was recorded (June 30, 2013 – gain of $0.2 million) and a gain of $24,000 (June 30, 2013 – gain of $0.5 million), was recorded as year to date revenue.

d) As at June 30, 2014, $nil (December 31, 2013 - $11,000) of trade and other receivables and $0.1 million (December 31, 2013 - $0.1 million) of trade and other payables related to transactions with RJT Capital Inc., a company which owns 49% of the outstanding shares of a subsidiary of the Company.

e) As at June 30, 2014, $1.3 million (December 31, 2013 - $1.0 million) of the financial assets at fair value through profit or loss is related to holdings in the Company's funds under management. For the three and six month periods ended June 30, 2014, $0.2 million (June 30, 2013 - $9,000) and $0.2 million (June 30, 2013 - $9,000), respectively, of the net gains on investments recorded during the year was related to these funds under management.

All related party transactions are in the normal course of operations and have been measured at the agreed to exchange amounts, which is the amount of consideration established and agreed to by the related parties.

Subsequent Event

On August 6, 2014, the Company acquired a portion of the advisory fees on two funds for $975,000.

Significant Accounting Policies & Estimates

The unaudited Interim Consolidated Financial Statements for the year ended June 30, 2014 have been prepared in accordance with IFRS. The accounting policies followed are the same as those applied in the Company's audited consolidated financial statements for the period ended December 31, 2013 except as described in changes in accounting policies below. For a discussion of all significant accounting policies, please refer to note 2 of the December 31, 2013 Consolidated Financial Statements. Also included in the notes to the unaudited Interim Consolidated Financial Statements is note 3 which includes a discussion on the determination of the fair values of the Company's financial assets and liabilities.

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 assessed 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.

Changes in accounting policies

On January 1, 2014, the company adopted the limited scope amendments in relation to IAS 36 which entails additional disclosure of the fair value hierarchy and removed the disclosure of recoverable amounts of a unit or group of units for which there has been no impairment or reversal of impairment.

The Company has assessed that there is no significant impact to the results of the financial statements other than disclosures upon adoption of the limited scope amendments in relation to IAS 36.

IFRS 2, Share based Payments, amended its definitions of 'vesting conditions' and 'market conditions' and added the definitions of 'performance condition' and 'service condition'. A performance condition is a vesting condition that requires a counterparty to complete a specified period of service and meet a specified performance target. A service condition is a vesting condition that requires the counterparty to complete a specified period of service. This amendment will be become effective July 1, 2014 and will be applied prospectively.

Financial Instruments

As of June 30, 2014, Aston Hill's financial instruments include cash, investments at fair value through profit or loss, accounts receivable, restricted trust units, accounts payable and accrued liabilities, investments at fair value through other comprehensive income, share based compensation and convertible debentures.

The fair value of cash and cash equivalents, trade and other receivables, notes receivable and trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. As at June 30, 2014, the fair value of these balances approximated their carrying value due to their short term nature.

Restricted trust units receivable are fair valued at each reporting period by using the fair value models calculated by Aston Hill. As at June 30, 2014, the restricted trust units receivable were fair valued to be $0.4 million (December 31, 2013 - $0.4 million). The valuation model to fair value restricted trust units receivable uses the quoted price from the TSX for the Argent shares at each period end. It is considered to be a level 2 fair value measurement as it is actively traded on the TSX venture exchange with quoted prices but is not an identical asset.

In addition, the Company holds investments at fair value through profit or loss which consist of an investment in Argent Energy Trust, which is classified as a level 1 investment as the quoted market price is used to fair value an identical asset at each period end. The remaining marketable securities consist of investments in funds which have been classified as a level 2 investments. As at June 30, 2014, the Company's investments at fair value through profit or loss totaled $1.8 million (2013 - $2.4 million). During the three and six month period ended June 30, 2014, the Company recorded net unrealized loss on its marketable securities of $0.1 and $0.4 million respectively, compared to the $0.1 and $0.4 million gain in the same periods in prior year.

The fair value of the Company's investment in Journey Energy Inc. (formerly Sword Energy Inc.) is a financial asset recorded at fair value through other comprehensive income. Aston Hill used estimation techniques to determine fair value which included recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, multiple earnings analysis and reserve based valuations. The fair value was affected significantly by a volatile oil and natural gas pricing environment; therefore, the fair value of the Journey investment may have fluctuated materially from quarter to quarter. The Company sold its equity investment in Journey on June 19, 2014. The Company previously owned 1,415,595 common shares or approximately 2.7% of the total outstanding common shares of Journey. At the time of the sale, the fair market value of the investment was $8,670,000. As such, the Company recognized a gain in fair value through other comprehensive income of $884,000 from prior period. Upon the sale of the equity investment, the total accumulated other comprehensive income and the change in fair value during the period was transferred into retained earnings, consistent with IFRS 9.

The fair value of the convertible debentures at initial recognition was determined based on discounted cash flows assuming no future conversions and continuation of current interest and principal payments as well as taking into consideration the current public trading activity of such debentures. The Company applied a discount rate of 10% considering current available market information, assumed credit adjustments and various terms to maturity. The equity component of the debentures was calculated as the residual between the face value of the instrument and the fair value of the debt.

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

Outstanding Share Data

Capital	Authorized		Outstanding as at August 6, 2014	Common Shares Underlying Convertible Securities
Common shares [(1)]	Unlimited		89,254,603	Not applicable
Stock options	Not applicable		7,125,842	7,125,842
Convertible debentures (face value) 6.00% maturing 2016	Not applicable	$	40,202,000	15,765,490

(1) The common shares are presented net of 627,305 common shares held in treasury. 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.

Additional Information

Reference is made in this Management Discussion & Analysis to the Company's Consolidated Financial Statements 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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