ASTON HILL FINANCIAL INC.

Consolidated Financial Statements
For the three month period ended March 31, 2011 with comparative figures for 2010

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ASTON HILL FINANCIAL INC.

Unaudited Consolidated Statement of Financial Position

(in thousands of Canadian dollars)

	Note	March 31, 2011	December 31, 2010	January 1, 2010
Assets				
Cash and cash equivalents	11	$ 2,665	$ 4,014	$ 1,293
Investments at fair value through profit or loss	4	1,629	1,370	351
Trade and other receivables	5	1,800	1,179	964
Current income tax recoverable		278	278	-
Prepaid expenses		157	175	71
Notes receivable	5	343	303	710
Total current assets		**6,872**	**7,319**	**3,389**
Prepaid deposits		111	111	21
Investments at fair value through other Comprehensive income (“OCI”)	4	8,383	7,834	9,891
Intangible assets	13	3,829	3,829	84
Property and equipment	12	696	716	274
Deferred sales commissions	6	259	311	-
Deferred tax assets	10	-	-	960
Total non-current assets		**13,278**	**12,801**	**11,230**
Total assets		**$ 20,150**	**$ 20,120**	**$ 14,619**
Liabilities				
Trade and other payables	5	$ 532	$ 813	$ 129
Obligation to redeem Lawrence Partners Fund (“LPF”) shares	6	1,084	1,057	-
Note payable	6	347	-	-
Provisions	19	12	23	-
Total current liabilities		**1,975**	**1,893**	**129**
Debentures	17	250	250	250
Note payable	6	-	389	
Deferred tax liabilities	10	491	401	-
Total non-current liabilities		**741**	**1,040**	**250**
Total liabilities		**2,716**	**2,933**	**379**
Equity				
Share capital	14	23,055	22,402	17,798
Warrants	14	-	137	366
Contributed surplus		2,369	2,148	2,034
Retained deficit		(5,811)	(4,841)	(5,098)
Accumulated other comprehensive loss	24	(2,179)	(2,659)	(860)
Total equity		**17,434**	**17,187**	**14,240**
Total equity and liabilities		**$ 20,150**	**$ 20,120**	**$ 14,619**

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

ASTON HILL FINANCIAL INC.

Unaudited Consolidated Income Statement

For the three month period ended March 31, 2011, with comparative figures for 2010
(in thousands of Canadian dollars, except per share amounts)

	Note		2011		2010
Management Fees	3	$	3,189	$	1,637
Revenue			**3,189**		**1,637**
General and administrative expenses			2,981		1,649
Share based payments	18		256		86
Depreciation of property & equipment	12		50		22
Amortization of deferred sales commissions	6		52		-
Net losses (profits) on investments	7		57		(33)
			(207)		**(87)**
Finance expense	8		12		5
Net loss before tax for the period			**(219)**		**(92)**
Income tax expense (recovery):					
Current			15		-
Deferred			22		99
Net loss for the period		**$**	**(256)**	**$**	**(191)**
Loss per share:					
Basic	15	$	(0.004)	$	(0.003)
Diluted	15	$	(0.004)	$	(0.003)

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

ASTON HILL FINANCIAL INC.

Unaudited Consolidated Statement of Comprehensive Income

For the three month period ended March 31, 2011, with comparative figures for 2010
(in thousands of Canadian dollars)

	Note		2011		2010
Net loss for the period		**$**	**(256)**	**$**	**(191)**
Other comprehensive income (loss):					
Net change in fair value of investments through OCI	4		548		(1,101)
Deferred tax on net change in fair value of investments			(68)		138
Other comprehensive income (loss) for the period, net of tax			**480**		**(963)**
Total comprehensive income (loss) for the period		**$**	**224**	**$**	**(1,154)**

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

ASTON HILL FINANCIAL INC.

Unaudited Consolidated Statement of Changes in Equity

(in thousands of Canadian dollars, except share information)

	Note	Number of common shares	Share capital	Warrants	Contributed surplus	Retained deficit	Accumulated other comprehensive loss	Total equity
Balance at January 1, 2010		65,060,355	$ 17,798	$ 366	$ 2,034	$ (5,098)	$ (860)	$ 14,240
Stock based compensation	18	-	-	-	86	-	-	86
Options exercised	18	138,300	73	-	(28)	-	-	45
Warrants exercised	14	69,500	514	(201)	-	-	-	313
Profit (loss) for the period		-	-	-	-	(191)	-	(191)
Dividends paid	16	-	-	-	-	-	-	-
Other		-	(3)	-	-	-	-	(3)
Other comprehensive income		-	-	-	-	-	(963)	(963)
Balance at March 31, 2010		65,268,155	$ 18,382	$ 165	$ 2,092	$ (5,289)	$ (1,823)	$ 13,527
Balance at January 1, 2011		70,264,461	$ 22,402	$ 137	$ 2,148	$ (4,841)	$ (2,659)	$ 17,187
Stock based compensation	18	-	-	-	256	-	-	256
Options exercised	18	135,000	85	-	(35)	-	-	50
Warrants exercised	14	959,000	568	(137)	-	-	-	431
Profit (loss) for the period		-	-	-	-	(256)	-	(256)
Dividends paid	16	-	-	-	-	(714)	-	(714)
Other comprehensive income		-	-	-	-	-	480	480
Balance at March 31, 2011		**71,358,461**	**$ 23,055**	**$ -**	**$ 2,369**	**$ (5,811)**	**$ (2,179)**	**$ 17,434**

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

ASTON HILL FINANCIAL INC.

Unaudited Consolidated Statement of Cash Flows

For the three month period ended March 31, 2011, with comparative figures for 2010
(in thousands of Canadian dollars)

	Note		2011		2010
Cash flows from operating activities:					
Net loss for the period		$	(256)	$	(191)
Adjustments for:					
Deferred income tax			22		99
Interest expense			6		5
Amortization	12		102		22
Decrease in provision	19		(11)		-
Share based payments	18		256		86
Non-cash management fees			(25)		-
Change in fair value of Investments	7		(41)		53
Gain on sale of Investments	7		-		(66)
Unrealized gain on liability to redeem LPF shares	7		28		-
Other non-cash gains/losses	7		(17)		-
			64		8
Change in non-cash working capital	9		(931)		568
Net cash from (used in) operating activities			**(867)**		**576**
Cash flows from investing activities:					
Net property and equipment expenditures	12		(30)		(14)
Additions to intangible assets			-		(108)
Purchases of financial assets			(219)		(168)
Proceeds on sale of financial assets			-		169
Net cash from (used in) investing activities			**(249)**		**(121)**
Cash flows from financing activities:					
Proceeds from exercise of warrants	14		431		313
Proceeds from exercise of share options			50		44
Interest paid			-		(5)
Dividends paid			(714)		-
Net cash from (used in) financing activities			**(233)**		**352**
Change in cash and cash equivalents			**(1,349)**		**807**
Cash and cash equivalents beginning of the period			**4,014**		**1,293**
Cash and cash equivalents end of the period	**11**	**$**	**2,665**	**$**	**2,100**
Supplementary information					
Income tax paid			15		-

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

1. Reporting entity:

Aston Hill Financial Inc. (the "Company") is incorporated under the laws of the Province of Alberta, Canada and is a company domiciled in Canada. The financial statements of the Company as at and for the period ended March 31, 2011 and 2010 comprise the Company and its wholly owned subsidiaries. The Company is engaged in asset management specializing in income products, energy investments, oil and gas property management and private equity.

The head office, principal address and registered and records office of the Company are located at Suite 500, 321 - 6th Avenue SW, Calgary, Alberta, T2P 3H3.

These interim Consolidated Financial Statements were approved and authorized for issuance by the Board of Directors on June 8, 2011.

2. Basis of preparation:

(a) Statement of compliance:

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards, and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in these interim consolidated financial statements. In the financial statements, the term ("previous GAAP") refers to Canadian GAAP before the adoption of IFRS.

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34 and IFRS 1. Subject to certain transition elections disclosed in note 24, the Company has consistently applied the same accounting policies in its opening IFRS statement of financial position at January 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 24 discloses the impact of the transition to IFRS on the Company's reported financial position and financial performance including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended December 31, 2010.

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of June 8, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS. The condensed interim consolidated financial statements should be read in conjunction with the Company's previous GAAP annual financial statements for the year ended December 31, 2010.

2. Basis of preparation (continued):

(b) Basis of measurement:

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

(i) Financial instruments are measured at fair value;

(ii) Financial assets at fair value through profit or loss held for trading are measured at fair value with changes in fair value recorded in net income; and

(iii) Financial assets at fair value through other comprehensive income are measured at fair value with changes in fair value recorded in other comprehensive income.

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

(c) Functional and presentation currency:

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

(d) Use of estimates and judgments:

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

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Note 6– business combinations
- Note 4– valuation of intangibles
- Note 4 – measurement of share-based payments
- Note 4 – valuation of financial instruments

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these financial statements, and have been applied consistently by the Company and its subsidiaries.

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

3. Significant accounting policies (continued):

(a) Basis of consolidation:

(i) Subsidiaries:

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

(ii) Business combinations

All business combinations, including acquisitions of subsidiaries and assets that meet the definition of a business under IFRS, on or after January 1, 2010, are accounted for using the purchase method of accounting.

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

Goodwill is recorded as the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized immediately in the income statement.

(iii) Transactions eliminated on consolidation:

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

(b) Foreign currency:

Transactions in foreign currencies are translated to Canadian dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the period end exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognized in profit or loss.

3. Significant accounting policies (continued):

(c) Financial instruments:

Non-derivative financial instruments:

Non-derivative financial instruments comprise of cash and cash equivalents, financial assets at fair value through profit or loss, trade and other receivables, financial assets at fair value through other comprehensive income, trade and other payables, and debentures.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents:

Cash and cash equivalents are measured at fair value and comprise of cash on hand, term deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

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

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company has designated cash and cash equivalents, financial assets at fair value through profit or loss, and the obligation to redeem Lawrence Partners Fund Shares at fair value.

Financial assets at fair value through other comprehensive income:

Financial assets at fair value through other comprehensive income are non-derivative financial assets that are designated at fair value but are not held for trading. The Company has certain investments in equity securities that are held for other purposes than trading activities. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(g)(i)) are recognized in other comprehensive income and presented within equity in accumulated other comprehensive income. When an investment is derecognized, the realized gain or loss is not recycled through profit or loss but rather the cumulative gain or loss in other comprehensive income can be transferred to retained earnings. The Company recognizes any dividend revenue earned on these investments in profit or loss.

3. Significant accounting policies (continued):

Other:

Other financial instruments, such as trade and other receivables, trade and other payables, and debentures are measured at amortized cost using the effective interest method, less any impairment losses.

(d) Share capital:

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

(e) Property & equipment:

(i) Recognition and measurement:

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

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

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

(ii) Amortization:

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

The estimated useful lives for property & equipment for the current and comparative years are as follows:

Computer equipment	30% declining balance
Office equipment	20% declining balance
Furniture & fixtures	20% declining balance
Leasehold Improvements	straight line over the term of the lease

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

(f) Leased assets:

All of the Company's leases are operating leases, which are not recognized on the Company's balance sheet.

3. Significant accounting policies (continued):

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

(g) Impairment:

(i) Financial assets:

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables at a specific asset level. All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in profit or loss or credited against the allowance account.

(ii) Non-financial assets:

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, an impairment test is completed each year.

3. Significant accounting policies (continued):

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

The recoverable amount of an asset or a cash generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(h) Stock based compensation:

(i) Employee share purchase plan:

Employee share purchase plan benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided and the contributions are incurred.

(ii) Share based payments:

The grant date fair value of options granted to employees is recognized as share based payments expense, with a corresponding increase in contributed surplus over the vesting period. The grant date fair value is determined using the Black-Scholes option valuation model which requires the use of assumptions. Further detail regarding the assumptions used in the option pricing model is provided in Note 18.

(i) Provisions:

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

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the

3. Significant accounting policies (continued):

expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on associated assets.

(j) Revenue:

Management fees are based on the net asset value of the funds managed and are recognized on an accrual basis as the service is being performed. Performance fees are recognized when the performance period has ended and the performance calculation can be performed with reasonable certainty.

(k) Finance income and expenses:

Finance expense comprises interest expense on debentures. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized on the ex-dividend date. Oil and gas property investment income is recognized on an accrual basis and represents the Company's share of net operating income from a joint venture on a natural gas property. Foreign currency gains and losses, reported under finance income and expenses, are reported on a net basis.

(l) Income tax:

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Tax on income in interim periods is accrued using the tax rate that would be applicable to expected total annual earnings.

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

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets

3. Significant accounting policies (continued):

are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(m) Earnings per share:

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

(n) New standards and interpretations adopted:

March 31, 2011 is the Company's first reporting period under IFRS. Accounting standards effective for periods beginning on or after January 1, 2011 have been adopted as part of the transition to IFRS.

The Company has elected to early adopt, on January 1, 2011 IFRS, “Financial Instruments”, which was mandatory for adoption on January 1, 2013. This IFRS is the result of the first phase of the IASB’s project to replace IAS 39, “Financial Instruments: Recognition and Measurement”. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. The adoption of this standard has had a material impact on the classification of the Company’s financial assets. The impact of this early adoption is described in detail in note 24.

(o) New standards and interpretations not yet adopted:

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company*: IFRS 10, Consolidated Financial Statements* (IFRS 10), *IFRS 11, Joint Arrangements* (IFRS 11), *IFRS 12, Disclosure of Interests in Other Entities* (IFRS 12), IAS 27, *Separate Financial Statements* (IAS 27), IFRS 13, *Fair Value Measurement* (IFRS 13) and amended IAS 28, *Investments in Associates and Joint Ventures* (IAS 28). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

The following is a brief summary of the new standards:

<u>IFRS 10 – Consolidation</u>

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as

3. Significant accounting policies (continued):

to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation—Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*.

IFRS 11 - Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures*, and SIC-13, *Jointly Controlled Entities—Non-monetary Contributions by Venturers*.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 - Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements.

Amendments to Other Standards

In addition, there have been amendments to existing standards, including IAS 27, *Separate Financial Statements* (IAS 27), and IAS 28, *Investments in Associates and Joint Ventures* (IAS 28). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

4. Determination of fair values:

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Regular way purchases and sales of financial assets are accounted for on a trade-date basis. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4. Determination of fair values (continued):

(a) Property & equipment:

The fair value of property & equipment recognized in a business combination is based on market values. The market value of property and equipment is the estimated amount for which property and equipment could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of other items of property and equipment is based on the quoted market prices for similar items.

(b) Intangible assets:

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use of the assets.

(c) Cash and cash equivalents, trade and other receivables, notes receivable and trade and other payables:

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. At March 31, 2011 and December 31, 2010, the fair value of these balances approximated their carrying value due to their short term to maturity.

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

Financial assets and liabilities at fair value through profit or loss are classified as held-for-trading and are reported at fair value through profit and loss. The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or ask prices, as appropriate, in the most advantageous active market for that instrument to which the Company has immediate access. Where bid and ask prices are unavailable, the Company uses the closing price of the most recent transaction for that instrument.

(e) Financial assets at fair value through other comprehensive income:

The Company's investment in Sword Energy Inc. is a financial asset reported at fair value through other comprehensive income. The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or ask prices, as appropriate, in the most advantageous active market for that instrument to which the Company has immediate access. Where bid and ask prices are unavailable, the Company uses the closing price of the most recent transaction for that instrument. In the absence of an active market, estimated fair value is determined on the basis of the expected realizable value of the investments if they were disposed of in an orderly fashion over a reasonable period of time. The Company uses estimation techniques to determine fair value which include using recent arm's length market transactions between knowledgeable,

4. Determination of fair values (continued):

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 option pricing models.

(f) Debenture:

The Juno debenture with face value of $250,000 and 8.4% coupon is a financial liability that is reported at amortized cost using the effective interest rate method.

(g) Stock options:

The fair value of employee stock options 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 behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

The following tables provide fair value measurement information for financial assets and liabilities as of March 31, 2011 and December 31, 2010. The carrying value of cash and cash equivalents, trade and other receivables, notes receivable, and trade and other payables included in the consolidated balance sheet approximate fair value due to the short term nature of those instruments. These assets and liabilities are not included in the following tables.

			Fair value measurements using		
March 31, 2011	Carrying amount	Fair value	Quoted prices in active markets (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
Financial assets:					
Financial assets at fair value through profit or loss	$ 1,629	$ 1,629	$ 512	$ 1,117	$ -
Financial assets at fair value through OCI	8,383	8,383	-	-	8,383
Financial liabilities:					
Obligation to redeem Lawrence partners fund shares	1,084	1,084	-	1,084	-

4. Determination of fair values (continued):

December 31, 2010	Carrying amount	Fair value	Fair value measurements using: Quoted prices in active markets (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
Financial assets:					
Financial assets at fair value through profit or loss	$ 1,370	$ 1,370	$ 281	$ 1,089	$ -
Financial assets at fair value through OCI	7,834	7,834	-	-	7,834
Financial liabilities:					
Obligation to redeem Lawrence partners fund shares	1,057	1,057	-	1,057	-

Level 1 Fair Value Measurements

Level 1 fair value measurements are based on unadjusted quoted market prices.

Level 2 Fair Value Measurements

Level 2 fair value measurements are based on inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.

Level 3 Fair Value Measurements

Level 3 fair value measurements are based on unobservable information. The level 3 fair value measurements pertain to the Company's valuation of its equity instruments at fair value through other comprehensive income. Details of Level 3 fair measurements are as follows:

- Fair value is determined based on prevailing market rates for instruments with similar characteristics or internal and external valuation models, such as discounted cash flow analysis, net asset value, or the multiple earnings valuation approach. These valuation methods use observable market based inputs and assumptions.

The following tables reconcile the Company's Level 3 fair value measurements for the three month period ended March 31, 2011 and the comparable period:

	Fair value measurements using level 3 inputs
Balance at December 31, 2010	$ 7,834
Increase in fair value during the period	549
Balance at March 31, 2011	**$ 8,383**

	Fair value measurements using level 3 inputs
Balance at January 1, 2010	$ 9,891
Decrease in fair value during the period	(1,101)
Balance at March 31, 2010	**$ 8,790**

5. Financial risk management:

Overview:

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

- Credit risk;
- Liquidity risk; and
- Market risk.

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

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

(a) Credit risk:

Credit risk is the potential for financial loss to the Company if a counterparty in a transaction fails to meet its obligations. The Company's cash and cash equivalents, accounts receivable, notes receivable, and financial assets at fair value through profit or loss are exposed to credit risk. The Company monitors its credit risk management policies continuously to evaluate their effectiveness and feels that the credit worthiness of its counterparties is satisfactory at this time. Cash and cash equivalents primarily consist of highly liquid temporary deposits with Canadian chartered bank, and from time to time, guaranteed investment certificates. The Company mitigates credit risk on these financial instruments by adhering to its Investment Policy that outlines credit risk parameters and concentration limits.

Credit risk arises principally from the Company's receivables. The maximum exposure to credit risk at the period end is as follows:

	Carrying amount	
	March 31, 2011	December 31, 2010
Cash and cash equivalents	$ 2,665	$ 4,014
Trade and other receivables	1,800	1,179
Notes receivable	343	303
Financial assets at fair value through profit or loss	1,629	1,370
	$ 6,437	$ 6,866

5. Financial risk management (continued):

Trade and other receivables:

All of the Company's operations are conducted in Canada. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Receivables are normally collected on the 15th day of the month following the month or quarter in which the management fee was earned. The Company's policy to mitigate credit risk associated with these balances is to establish marketing relationships with its customers. The Company historically has not experienced any collection issues with its customers.

The Company does not anticipate any default as it transacts with creditworthy customers and management does not expect any losses from non-performance by these customers. As such a provision for doubtful accounts has not been recorded at March 31, 2011 and 2010.

The maximum exposure to credit risk for loans and receivables at the reporting date by type of customer was:

	Carrying amount	
	March 31, 2011	December 31, 2010
Sub advisory fee receivables	$ 1,085	$ 897
Management fee receivables	672	273
Other receivables	43	9
Total trade and other receivables	$ 1,800	$ 1,179

A significant amount of the Company's accounts receivable is due from related parties. As at March 31, 2011, 39% (2010 - 23%) of the Company's trade receivables is due from related parties (see Note 23). The Company believes that the entire trade receivable balance is collectible. Accordingly, management has not provided for an allowance for doubtful accounts as at March 31, 2011.

The Company has one other significant customer, a Canadian wealth management firm, which accounts for $822,000 of the trade receivables at March 31, 2011 (March 31, 2010 - $841,000).

As at March 31, 2011 and December 31, 2010, the Company's trade and other receivables are aged as follows:

	March 31, 2011	December 31, 2010
Current (less than 90 days)	$ 1,746	$ 1,179
Past due (more than 90 days)	54	-
Total	$ 1,800	$ 1,179

5. Financial risk management (continued):

(b) Liquidity risk:

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

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

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements at March 31, 2011:

	Carrying amount	Contractual cash flows	Less than one year	One - two years	Two - five years	More than five years
Non-derivative financial liabilities:						
Trade and other payables	$ 532	$ 532	$ 532	$ -	$ -	$ -
Obligation to redeem LPF shares[1]	1,084	1,084	1,084	-	-	-
Debentures	250	250	-	250	-	-
Expected interest payments	-	20	15	5		
Office commitments	-	2,064	347	661	379	677
	$ 1,866	$ 3,950	$ 1,978	$ 916	$ 379	$ 677

[1] The Company's obligation to redeem LPF shares to the previous shareholders of Navina will be settled from the cash proceeds upon disposition of the Company's shares held in LPF.

(c) Market risk:

Market risk is the potential for loss to the Company from changes in the values of its financial instruments due to changes in interest rates, foreign exchange rates or equity prices. The Company's financial instruments are generally denominated in Canadian dollars and do not have significant exposure to changes in foreign exchange rates.

The Company's securities holdings are classified at fair value through profit or loss and at fair value through other comprehensive income, therefore changes in fair market value on securities are recorded in income or other comprehensive income as changes in fair value.

(d) Capital management:

The Company's capital management objective is to maximize shareholder returns while ensuring that the Company is capitalized in a manner which appropriately supports regulatory requirements, working capital needs and business expansion. The Company's capital management practices are focused on preserving the quality of its financial position by maintaining a solid capital base and a strong balance sheet.

5. Financial risk management (continued):

Capital of the Company currently consists of its common share capital, warrants, contributed surplus, retained deficit, and accumulated other comprehensive loss. From time to time, the Company may finance long-term investments through bank indebtedness. The Company's capital is primarily utilized in its ongoing business operations to support working capital requirements and long-term investments made by the Company, business expansion and other strategic objectives. There were no changes in the Company's approach to capital management during the period.

Two of the Company's subsidiaries are subject to externally imposed capital requirements. Each of the these two subsidiaries are registered with securities commissions in Canada as an Investment Fund Manager ("IFM") which is currently required to maintain minimum working capital of $100,000, plus $100,000 deductible under its bonding insurance policy. The subsidiaries were in compliance with the requirements as at March 31, 2011. In the event of non-compliance, the IFM is subject to file additional financial information periodically and to review their policies and procedures for compliance with securities law and to file a compliance report. The Company is subject to no other externally imposed capital requirements.

6. Business Combination:

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

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

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

Net Assets Acquired	
Working Capital, net of cash acquired of $729	1,044
Financial assets at fair value through profit or loss	1,755
Property & equipment	505
Intangible assets[1]	3,636
Deferred sales commission [2]	452
Obligation to redeem Lawrence Partner Fund shares[3]	(1,697)
Note payable[4]	(490)
Deferred income tax liability	(928)
Total net assets acquired	**4,277**

6. Business Combination (continued):

The value of the shares issued was based on the $1.29 bid share price of the Company on the closing date. The fair value of acquired receivables was $100,000 representing the gross receivables acquired. The Company incurred approximately $143,000 in legal and advisory fees related to this transaction which have been recorded as transaction costs in the consolidated statement of operations for the year ended December 31, 2010.

[1]*Intangible assets*

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

[2]*Deferred sales commissions*

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

[3]*Obligation to redeem Lawrence Partners Fund shares*

Pursuant to the share purchase agreement, the Company has agreed that it will cause Navina to redeem its 31,105 "re-invest" shares in the Lawrence Partners Fund on the date they become redeemable and to pay an amount equal to the proceeds of the redemption to the previous Shareholders of Navina. At December 31, 2010 the Company has determined that the units are redeemable June 30, 2011. The fair market value of the obligation at March 31, 2011 is $1,084,000.

[4]*Note payable*

Navina has issued a Promissory Note payable ("the Note") to reimburse the Navina/Lazard US High Yield Bond Fund (the "Fund") for the expenses of its initial public offering which amounted to $791,000 and consisted of agents' fees and other offering expenses. As at August 6, 2010 the balance of the note payable to the fund is $490,000. The payments are made in quarterly instalments equal to one quarter of 1.00% of the Fund's net asset value over a period of eight years beginning on September 30, 2009. The Note bears interest from the date of issue at the prime rate of interest. The Note is reduced proportionately if Fund Units are redeemed or retracted. On the maturity date, any unpaid principal amount of the Note will be due and payable. As at March 31, 2011 the balance of the note payable is $347,000.

7. Net losses (profits) on investments:

	March 31, 2011	March 31, 2010
Gain on sale of financial assets	$ -	$ (67)
Change in fair value of financial assets through profit & loss	(41)	53
Dealer commissions and trailer fees	99	-
Oil & gas property investment income	(1)	(2)
Interest and dividend income	(11)	(17)
Change in fair value of obligation to redeem LPF shares	28	-
Other gains and losses	(17)	-
Total net losses (profits) on investments	$ 57	$ (33)

8. Finance expenses:

	March 31, 2011	March 31, 2010
Financial expenses:		
Interest on debenture	6	5
Foreign exchange loss	6	-
	12	5
Net finance expense recognized in profit or loss	$ 12	$ 5

9. Supplemented cash flow information:

Changes in non-cash working capital is comprised of:

	March 31, 2011	March 31, 2010
Source/(use) of cash:		
Trade and other receivables	$ (621)	(127)
Current tax recoverable	-	-
Deposit and prepaid expenses	17	(26)
Notes receivable	(40)	709
Trade and other payables	(287)	12
	$ (931)	$ 568

10. Deferred income taxes:

Deferred tax assets and liabilities are attributable to the following:

	March 31, 2011	December 31, 2010
Deferred tax assets:		
Financial asset at fair value through profit or loss	$ -	$ 4
Financial assets at fair value through OCI	128	197
Property and equipment	45	59
Oil & gas properties	6	7
Transaction costs	17	18
Share issue costs	53	57
Net capital losses	5	6
Non-capital losses	98	109
	352	457
Less deferred tax liabilities:		
Financial asset at fair value through profit or loss	(1)	-
Intangible assets	(691)	(691)
Obligation to redeem LPF shares	(86)	(90)
Deferred sales commissions	(65)	(77)
Net deferred tax liability	$ (491)	$ (401)

The tax losses expire up to 2029. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have been recognized in respect of these items because it is probable that future taxable profit will be available against which the Company can utilize the benefits.

11. Cash and cash equivalents:

	March 31, 2011	December 31, 2010
Bank balances	$ 2,648	$ 3,955
Restricted bank balances	17	59
Cash and cash equivalents	$ 2,665	$ 4,014

12. Property and equipment:

	Computer Equipment & software	Leasehold improvements	Furniture fixtures & other	Total
Cost or deemed cost:				
Balance at January 1, 2010	$ 220	$ 362	$ 188	$ 770
Acquired through business combination	10	269	226	505
Additions	50	31	33	114
Balance at December 31, 2010	280	662	447	1,389
Additions	25	2	4	31
Disposals	-	-	(1)	(1)
Balance at March 31, 2011	$ 305	$ 664	$ 450	$ 1,419

12. Property and equipment (continued):

	Computer Equipment & software	Leasehold improvements	Furniture fixtures & other	Total
Depreciation and impairment losses:				
Balance at January 1, 2010	$ 178	$ 203	$ 115	$ 496
Depreciation for the year	41	94	42	177
Balance at December 31, 2010	219	297	157	673
Depreciation for the period	8	29	13	50
Reversal of impairment loss	-	-	-	-
Disposals	-	-	-	-
Balance at March 31, 2011	$ 227	$ 326	$ 170	$ 723
Carrying amounts:				
At January 1, 2010	$ 42	$ 159	$ 73	$ 274
At December 31, 2010	$ 61	$ 365	$ 290	$ 716
At January 1, 2011	$ 61	$ 365	$ 290	$ 716
At March 31, 2011	$ 78	$ 338	$ 280	$ 696

(a) Amortization and impairment charge*:*

The depreciation and impairment of property and equipment, and any eventual reversal thereof, are recognized in amortization expense in the income statement. As at March 31, 2011, no impairment of property and equipment has been recognized.

13. Intangible assets:

	Management Contracts
Cost:	
Balance at January 1, 2010	$ 84
Acquisitions	3,636
Additions	109
Balance at December 31, 2010	3,829
Acquisitions	-
Additions	-
Balance at March 31, 2011	$ 3,829
Carrying amounts:	
At January 1, 2010	$ 84
At December 31, 2010	$ 3,829
At January 1, 2011	$ 3,829
At March 31, 2011	$ 3,829

Management contracts acquired consist of a number of contracts and mutual fund codes acquired through the acquisition of Navina Asset Management Inc. on Aug 6, 2010. The management contracts and fund codes provide the Company with the ability and legal right to promote and manage these mutual funds. These assets are not subject to amortization as the useful lives are

13. Intangible assets (continued):

determined to be indefinite. Other than the contracts acquired on August 6, 2010, the Company also has management contracts which include an extended sub-advisory agreement to facilitate a long-term business arrangement with another Canadian wealth management company. These assets are not subject to amortization as the useful lives are determined to be indefinite. These assets will be tested for impairment on an annual basis or more often if events or circumstances indicate there may be impairment. The impairment of intangible assets, and any eventual reversal thereof, is recognized as additional amortization expense in the income statement. As at March 31, 2011 no amortization or impairment has been recognized on these intangible assets.

The Company has one CGU for the purpose of assessing the carrying value of the allocated intangible assets. These intangible assets would be impaired if the carrying value of a CGU including the allocated intangible assets exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell or value in use.

As at December 31, 2010, the Company had fund management contracts and development costs within its asset management CGU of $3,828,689. The recoverable amount of indefinite life intangibles for the asset management operating segment as at December 31, 2010 has been determined from a value in use calculation, using 10 year forecasts. The key assumptions used in the forecast calculation include assumptions on net sales of funds and operating margins. The Company's weighted average cost of capital has been applied to the recoverable calculation. The resultant value in use calculation has been compared to the carrying amount of indefinite life intangibles to determine if any impairment arises for the asset management operating segment. The calculation of the recoverable amount significantly exceeded the carrying amount of indefinite life management contracts and development costs as at December 31, 2010. Recent equity market performance provides additional evidence that the recoverable amount of indefinite life intangibles is in excess of the carrying amount.

14. Share capital and warrants:

At March 31, 2011 and 2010, the Company was authorized to issue an unlimited number of common shares. All common shares issued and outstanding are fully paid and have no par value.

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

On August 14, 2009, the Company closed a brokered private placement by issuing 5,117,301 common shares. Each unit placed consisted of one common share and one-half of a common share purchase warrant. Each warrant entitled the holder thereof to purchase one additional common share at a price of $0.45 per common share until February 14, 2011. Prior to the February 14, 2011 expiry of the warrants, all were exercised by the respective holders. During the three month period ended March 31, 2011 cash proceeds of $431,500 was received on the exercise of remaining 959,000 warrants and $136,819 was reclassified from the fair value of unexercised warrants to share capital.

15. Earnings per share:

Basic earnings per share are calculated as follows:

	March 31, 2011	March 31, 2010
Net income (loss) for the period	$ (256)	$ (191)
Weighted average number of common shares (basis) (in thousands of shares):		
Issued common shares at January 1	70,264,461	65,060,355
Effect of share options exercised	81,796	38,681
Effect of warrants exercised	683,404	231,833
Weighted average number of common shares - basic	71,029,661	65,330,869
Basic earnings per share	$ (0.004)	$ (0.003)

Diluted earnings per share are calculated as follows:

	March 31, 2011	March 31, 2010
Net income for the year	$ (256)	$ (191)
Weighted average number of common shares (diluted) in thousands of shares:		
Weighted average number of common share - basic	71,029,661	65,330,869
Effect of outstanding warrants	-	-
Effect of outstanding options	-	-
Weighted average number of common shares - diluted	71,029,661	65,330,869
Diluted earnings per share	$ (0.004)	$ (0.003)

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding. Excluded from diluted earnings per share is the effect of 2,786,644 options (March 31, 2010 - 2,474,885) and 82,911 warrants (March 31, 2010 – 1,155,516) as the effect is anti-dilutive.

16. Dividends:

The following dividends have been charged directly to retained earnings during the period:

	2011	2010
Special dividend paid of $0.01 per common share	$ 714	$ -
Special dividend paid of $0.02 per common share	-	1,402
Total dividends paid	$ 714	$ 1,402

The 2011 special dividend was paid on March 31, 2011. The 2010 special dividend was paid on November 5, 2010.

17. Debentures:

As at March 31, 2011, the Company's wholly owned subsidiary, Juno Canada Holdings Ltd. ("Juno"), has a $250,000 debenture bearing interest at 8.4% per annum and maturing May 11, 2012. The debenture is fully collateralized by the Wisevest Income Fund units which as at March 31, 2011 had a fair market value of $296,000. The Company accounts for the debenture at amortized cost using the effective interest rate method. The difference between the face value of the $250,000 and the value determined is amortized and included in financing expense. The effective interest rate of the debenture is 8.45%. As at March 31, 2011, the fair value of the debentures was $249,958 (December 31, 2010 - $249,998).

18. Share based payments:

The Company has a stock option plan for employees, directors, officers and consultants. Stock options can be issued up to a maximum number of Common shares equal to 10% of the issued and outstanding Common shares of the Company. The exercise price of options granted is not less than the market price of the Common shares at the time granted and is determined by the Board of Directors. Options granted have a term of 5 years and vest over 3 years.

During the first three months of 2011, the Company granted 942,000 options with a weighted average fair value of $1.16 per share. During the first three months of 2010, the Company granted 1,255,000 options with a weighted average fair value of $0.59 per share. The fair value of the options granted during 2011 and 2010 were estimated at the grant date using an option pricing model with the following weighted average assumptions:

	March 31, 2011	December 31, 2010
Risk-free interest rate	2.13%	1.96%
Expected life of the options	3.61 years	3.62 years
Expected share price volatility	115.12%	128.84%
Expected forfeiture rate	10.17%	11.31%
Expected dividend yield	-	-

A summary of the status of the Company's share option plans as at March 31, 2011 and December 31, 2010 and the changes during the periods then ended, is as follows:

	March 31, 2011		December 31, 2010	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	**4,682,684**	**$ 0.55**	4,350,000	$ 0.34
Granted	**942,000**	**$ 1.57**	1,741,000	$ 0.91
Exercised	**(135,000)**	**$ 0.37**	(1,299,983)	$ 0.35
Forfeited	**-**	**$ -**	(108,333)	$ 0.41
Cancelled	**-**	**$ -**	-	$ -
Outstanding, end of period	**5,489,684**	**$ 0.73**	**4,682,684**	**$ 0.55**
Exercisable, end of period	**2,608,381**	**$ 0.40**	2,016,701	$ 0.33

18. Share based payments (continued):

Range of exercise prices	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Number Vested
$0.28 to $0.68	2,811,684	$ 0.34	1.66	2,195,038
$0.69 to $1.08	1,250,000	$ 0.76	3.87	413,343
$1.09 to $1.45	486,000	$ 1.29	4.46	-
$1.46 to $1.74	942,000	$ 1.57	4.83	-
	5,489,684	$ 0.73	2.96	2,608,381

The weighted average share price at the date of exercise for share options exercised in 2011 was $1.70 (2010 - $1.27).

A forfeiture rate of 10.17% (2010 – 11.31%) is used when recording stock based compensation. This estimate is adjusted to the actual forfeiture rate. Stock based compensation cost of $ 256,000 (March 31, 2010 - $ 86,000) was expensed during the period.

19. Provisions:

	Onerous Contracts
Balance at January 1, 2011	$ 23
Provisions made during the year	-
Provisions used during the year	(11)
Balance at March 31, 2011	$ 12

(a) Onerous contracts:

In 2010, the Company entered into a non-cancellable lease for office space which, due to changes in its activities, the Company had ceased to use by December 31, 2010. The lease expires in 2012. The obligation for the discounted future payments, net of expected rental income, has been provided for.

20. Operating leases:

Non-cancellable operating lease rentals are payable as follows:

	March 31, 2011	December 31, 2010
Less than one year	$ 347	$ 387
Between one and five years	1,039	1,049
More than five years	678	689
	$ 2,064	$ 2,125

The Company is also required to pay their proportionate share of operating and property tax costs for the rented premises. During the three months ended March 31, 2011 the Company recorded $161,591 (March 31, 2010 - $71,030) in office lease expenses. These amounts are included general and administrative expenses in the income statement.

21. Contingencies:

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

In the ordinary course of business, the Company and its subsidiaries enter into contracts which contain indemnification provisions, such as letter agreements, service agreements and purchase and sale agreements. In such contracts, the Company may indemnify counterparties to the contracts if certain events occur. In some cases the Company requires indemnities from its service providers, related to the Company's indemnification obligations to 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 and as such no provision has been recorded for the indemnification terms.

22. Significant subsidiaries:

The Company has the following significant wholly owned subsidiaries, all of which are incorporated in Canada:

i. Aston Hill Investments Inc. ("AHI") (Formerly Catapult Financial Management Inc.)

ii. Aston Hill Asset Management Inc. ("AHAM") (Formerly Navina Asset Management Inc.)

iii. Juno Canada Holdings Inc.

23. Related Party Transactions:

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

a) The Company manages a private oil and gas company and on behalf of the majority shareholders is paid a quarterly management fee in accordance with an executed management agreement. Accounts receivable includes $339,774 (December 31, 2010 - $nil) as at March 31, 2011 in respect of these management fees. For the three month period ended March 31, 2011 $323,594 was recorded as revenue (March 31, 2010 - $403,367).

b) Accounts receivable at March 31, 2011 includes management fees receivable from Catapult Energy 2008 FTS Limited Partnership ("2008 FTS") of $nil (December 31, 2010 - $47,418). During the three month period ended March 31, 2011, $nil (March 31, 2010 - $45,160) was recorded as revenue in respect of these management fees.

c) Accounts receivable at March 31, 2011 includes management fees and interest receivable from Aston Hill Energy 2010 Short Term FT Limited Partnership ("2010 ST FT") of $34,964 (December 31, 2010 - $4,101). During the three month period ended March 31, 2011 $25,058 (March 31, 2010 - $3,906) was recorded as revenue in respect of these management fees.

23. Related Party Transactions (continued):

d) Notes receivable as at March 31, 2011 from 2010 ST FT of $343,000 (December 31, 2010 - $303,000) are promissory notes due from 2010 ST FT. The notes are receivable on demand and accrue interest at a rate of 6% annually. Interest is calculated daily on the remaining balance and is receivable on a monthly basis on the last day of each month. Aston Hill Energy 2010 GP Inc., is a wholly owned subsidiary of the Company, and is the General Partner of 2010 ST FT.

e) The Company's wholly owned subsidiary AHAM receives management fees and pays for expenses incurred by its various funds under management. These expenses are then charged back to the funds and are recovered under non-interest bearing, normal credit terms. Management fees and other amounts due from funds under management and included in accounts receivable at March 31, 2011 is $281,583 (December 31, 2010 - $268,602). Related management fees of $500,389 (March 31, 2010 - $nil) were recorded as revenue during the three month period ended March 31, 2011.

f) The note payable as described in note 6 for the Navina/Lazard US High Yield Bond is one of the Company's funds under management and is a related party transaction.

g) As at March 31, 2011 $1,116,350 (December 31, 2010 - $1,088,675) of the financial assets at fair value through profit or loss is related to holdings of two of the Company's funds under management. For the three month period ended March 31, 2011 $27,674 (March 31, 2010 - $nil) in changes in fair market value of these investments was recognized and recorded in net income and represents related party transactions.

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

24. Transition to IFRS:

At the date of IFRS transition – January 1, 2010:

	Notes	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets				
Current assets:				
Cash and cash equivalents		$ 1,293	$ -	$ 1,293
Financial assets at fair value through profit or loss	a	98	253	351
Trade and other receivables		964	-	964
Prepaid expenses		71	-	71
Notes receivable		710	-	710
Current portion of deferred tax assets	c	240	(240)	-
		3,376	13	3,389
Non-current assets:				
Prepaid deposits		21	-	21
Investments at fair value through OCI	a	10,197	(306)	9,891
Intangible assets		84	-	84
Property and equipment		274	-	274
Deferred income tax assets	c	724	236	960
		11,300	(70)	11,230
		$ 14,676	$ (57)	$ 14,619
Liabilities and Equity				
Current liabilities:				
Trade and other payables		$ 129	$ -	$ 129
		129	-	129
Non-current liabilities:				
Debentures		250	-	250
		250	-	250
Equity:				
Share capital	b	17,829	(31)	17,798
Warrants		366	-	366
Contributed Surplus	b	1,980	54	2,034
Retained Deficit	a,b,c	(5,878)	780	(5,098)
Accumulated other comprehensive loss	a,c	-	(860)	(860)
		14,297	(57)	14,240
		$ 14,676	$ (57)	$ 14,619

24. Transition to IFRS (continued):

At the end of the last reporting year under Canadian GAAP – December 31, 2010:

	Notes	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets				
Current assets:				
Cash and cash equivalents		$ 4,014	$ -	$ 4,014
Financial assets at fair value through profit or loss	a	1,089	281	1,370
Trade and other receivables		1,179	-	1,179
Current income tax recoverable		272	6	278
Prepaid expenses		175	-	175
Notes receivable		303	-	303
Current portion of deferred tax assets	c	17	(17)	-
		7,049	270	7,319
Non-current assets:				
Prepaid deposits		111	-	111
Investments at fair value through OCI	a	8,169	(335)	7,834
Intangible assets		3,829	-	3,829
Property and equipment		716	-	716
Deferred sales commissions		311	-	311
		13,136	(335)	12,801
		$ 20,185	$ (65)	$ 20,120
Liabilities and Equity				
Current liabilities:				
Trade and other payables		$ 813	$ -	$ 813
Obligation to redeem LPF shares		1,057	-	1,057
Provisions		-	23	23
		1,870	23	1,893
Non-current liabilities:				
Note payable		389	-	389
Debentures		250	-	250
Deferred tax liabilities	c	430	(29)	401
		1,069	(29)	1,040
Equity:				
Share capital	b,c	22,280	122	22,402
Warrants		137	-	137
Contributed surplus	b	2,155	(7)	2,148
Retained deficit	a,b,c	(6,752)	1,911	(4,841)
Accumulated other comprehensive loss	a,c	(574)	(2,085)	(2,659)
		17,245	(59)	17,187
		$ 20,185	$ (65)	$ 20,120

24. Transition to IFRS (continued):

At the end of the reporting period under Canadian GAAP – March 31, 2010:

	Notes	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets				
Current assets:				
Cash and cash equivalents		$ 2,099	$ -	$ 2,099
Financial assets at fair value through profit or loss	a	111	253	364
Trade and other receivables		1,091	-	1,091
Prepaid expenses		97	-	97
Current portion of deferred tax assets	c	290	(290)	-
		3,688	(37)	3,651
Non-current assets:				
Prepaid deposits		21	-	21
Investments at fair value through OCI	a	9,096	(307)	8,789
Intangible assets		193	-	193
Property and equipment		267	-	267
Deferred income tax assets	c	870	125	995
		10,447	(182)	10,265
		$ 14,135	$ (219)	$ 13,916
Liabilities and Equity				
Current liabilities:				
Trade and other payables		$ 141	$ -	$ 141
		141	-	141
Non-current liabilities:				
Debentures		250	-	250
		250	-	250
Equity:				
Share capital	b,c	18,416	(35)	18,381
Warrants		165	-	165
Contributed Surplus	b	2,043	48	2,091
Retained Deficit	a,b,c	(6,880)	1,591	(5,289)
Accumulated other comprehensive loss	a,c		(1,823)	(1,823)
		13,744	(219)	13,526
		$ 14,135	$ (219)	$ 13,916

24. Transition to IFRS (continued):

Reconciliation of consolidated comprehensive income (loss) for the year ended December 31, 2010:

	Notes	Canadian GAAP	Effect of transition to IFRS	IFRS
Management fees		$ 9,346	$ -	$ 9,346
Revenue		9,346	-	9,346
General & administrative expenses		5,915	23	5,938
Stock based compensation	b	539	(41)	498
Amortization of property & equipment		177	-	177
Amortization of deferred sales commissions		141	-	141
Net losses (profits) on investments	a	1,390	(1,388)	2
Operating income (loss)		1,184	(1,406)	2,590
Finance expense		19	-	19
Net income (loss) before tax for the period		1,165	1,406	2,571
Income tax expense (recovery)				
Current		94	(7)	87
Deferred	c	541	283	824
Net income (loss) for the period		**$ 530**	**$ 1,130**	**$ 1,660**
Other comprehensive income (loss)				
Net change in fair value of investments through OCI	a	(667)	(1,389)	(2,056)
Deferred tax on net change in fair value of Investments through OCI	c	92	165	257
Other comprehensive income for the period, net of tax		**(575)**	**(1,224)**	**(1,799)**
Total comprehensive income for the period		**$ (45)**	**$ (94)**	**$ (139)**

For the three months ended March 31, 2011, with comparative figures for 2010
(tabular amounts are in thousands of Canadian dollars except share and per share information)

24. Transition to IFRS (continued)

Reconciliation of consolidated comprehensive income (loss) for the three month period ended March 31, 2010:

	Notes	Canadian GAAP	Effect of transition to IFRS	IFRS
Management fees		$ 1,637	$ -	$ 1,637
Revenue		1,637	-	1,637
General & administrative expenses		1,649	-	1,649
Stock based compensation	b	90	(4)	86
Amortization of property & equipment		22	-	22
Net losses (profits) on investments	a	1,069	(1,102)	(33)
Operating income (loss)		(1,193)	(1,106)	(87)
Finance expense		5	-	5
Net income (loss) before tax for the period		(1,198)	(1,106)	(92)
Income tax expense (recovery)				
Current		-	-	-
Deferred	c	(196)	295	99
Net income (loss) for the period		**$ (1,002)**	**$ (811)**	**$ (191)**
Other comprehensive income (loss)				
Net change in fair value of investments through OCI	a	-	(1,101)	(1,101)
Deferred tax on net change in fair value of investments through OCI	c	-	138	138
Other comprehensive income (loss) for the period, net of tax		**-**	**(963)**	**(963)**
Total comprehensive income for the period		**$ (1,002)**	**$ (152)**	**$ (1,154)**

24. Transition to IFRS (continued):

Notes to reconciliations

a. Financial instruments

The Company on its first-time adoption of IFRS has early adopted IFRS 9 and has designated its equity investment in Sword Energy Inc. at "fair value through other comprehensive income". Under previous GAAP this investment was designated as "long term held for trading" and changes in fair value were recognized in net income. Under IFRS, changes in fair value will be recorded in Other Comprehensive Income, net of tax. On transition to IFRS, this has resulted in \$860,000 decrease in the retained deficit and \$860,000 increase in accumulated other comprehensive losses.

For the three months ended March 31, 2010, this change in designation resulted in \$1,101,000 increase in net income and a corresponding increase in other comprehensive losses. For the twelve months ended December 31, 2010, this change in designation has resulted in \$1,389,000 increase in net income, and a corresponding increase in other comprehensive losses.

Under previous GAAP, the Company had designed certain investments as “available for sale”. As a result of the early adoption of IFRS 9 these investments are now designated as “held for trading”. Under the previous GAAP treatment, changes in fair value were recognized in other comprehensive income, net of tax. Under IFRS, changes in fair value will be recorded in net income.

For the twelve months ended December 31, 2010 this change in designation has resulted in a decrease in net income of \$667,000 and a corresponding increase in other comprehensive income.

Lastly, on transition to IFRS the Company has evaluated its marketable securities held within the Wisevest Income Fund, and has reclassified the marketable securities held within the fund from "Long term held for trading" under previous GAAP treatment, to "financial assets at fair value through profit or loss". For the twelve months ended December 31, 2010 this has not resulted in any changes to net income. However, this change has resulted in a reclassification from non-current to current assets on the Statement of Financial Position.

b. Share based payments

In accordance with IFRS 2 Share based payments, forfeitures must be estimated at the time of grant and revised based on actual forfeitures incurred. Under previous GAAP, Canadian companies were able to record forfeitures only as incurred and were not required to estimate. In addition, under IFRS each tranche (vesting period) of each grant must be valued individually using separate valuation assumptions. Under previous GAAP, a valuation was determined on a grant by grant basis, and was not disaggregated to the tranche level. On transition to IFRS, these differences have resulted in an increase to retained deficit of \$54,000 and a corresponding increase in contributed surplus. For the twelve months ended December 31, 2010 this has resulted in a decrease in stock based compensation expense of \$42,000 and a corresponding decrease in contributed surplus.

24. Transition to IFRS (continued):

c. Income taxes

In accordance with IAS 12 all deferred income tax assets or liabilities are to be presented as long-term. As such, on transition to IFRS $240,000 has been reclassified from short-term future income tax asset to long-term. Upon transition to IFRS, the Company recognized a $4,000 decrease in the deferred income tax balance with a corresponding increase to the retained deficit. For the twelve months ended December 31, 2010, the application of the IFRS adjustments as discussed in a) through b) above resulted in a $12,000 decrease to the Company's deferred income tax liability and a corresponding increase to the Company's IFRS comparative period earnings.

d. Statement of cash flows

Overall, the transition to IFRS did not have a material impact on the classification and presentation of the statement of cash flows.

e. Other exemptions

The remaining IFRS 1 exemptions were not applicable or material to the preparation of the Company's Consolidated Statement of Financial Position at the date of transition to IFRS on January 1, 2010.