Condensed Interim Consolidated Financial Statements for the period ended March 31, 2012

Contents

NOTIFICATION OF CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the condensed unaudited interim Consolidated Financial Statements for the three months ended March 31, 2012.

Condensed Unaudited Consolidated Statements of Financial position

(in thousands of Canadian dollars)

As at,	Note		March 31, 2012		December 31, 2011
Assets					
Current assets					
Cash and cash equivalents		**$**	**3,949**	$	7,415
Investments at fair value through profit or loss	3, 20(d)		**2,120**		1,773
Trade and other receivables	4		**3,836**		3,745
Prepaid expenses			**246**		156
Notes receivable	20(c)		**342**		342
			10,493		13,431
Prepaid deposits			**222**		149
Investments at fair value through other comprehensive income	3		**4,998**		5,880
Intangible assets	10		**45,310**		45,310
Property and equipment			**685**		727
Deferred sales commissions	9		**537**		308
Total assets		**$**	**62,245**	$	65,805
Liabilities					
Current Liabilities					
Trade and other payables	4	**$**	**1,069**	$	1,084
Current income tax payable			**30**		551
Provisions	15		**424**		1,750
Juno debenture			**250**		250
Obligation to redeem Lawrence Partners Fund ("LPF") Shares			**440**		406
Short term portion of term credit facility	14		**2,796**		2,500
			5,009		6,541
Term credit facility	14		**-**		735
Convertible debentures	16		**33,248**		33,574
Deferred tax liabilities	8		**3,718**		3,503
			41,975		44,353
Shareholders' equity					
Share capital	11		**23,938**		23,702
Treasury stock	11		**(869)**		(869)
Convertible debentures equity component	16		**5,867**		5,856
Contributed surplus			**3,873**		3,345
Retained deficit			**(7,168)**		(5,983)
Accumulated other comprehensive loss			**(5,371)**		(4,599)
			20,270		21,452
Total liabilities & shareholders' equity		**$**	**62,245**	$	65,805

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

Condensed Unaudited Consolidated Statements of Net and Comprehensive Income

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

For the three month periods ended,	Note		**March 31, 2012**		March 31, 2011
Revenue					
Management fees		**$**	**6,159**	$	3,189
Expenses					
General and administrative			**3,774**		2,981
Product development			**121**		-
Share based payments	17		**633**		256
Depreciation of property & equipment			**52**		50
Amortization of deferred sales commissions	9		**93**		52
Trailer fees			**170**		23
Commissions			**39**		-
Total operating expenses			**4,882**		3,362
Net (gains) losses on investments	5		**(76)**		34
Finance expense	6		**1,050**		12
Net income before tax for the period			**303**		(219)
Income tax expense (recovery)					
Current taxes			**394**		15
Deferred taxes	8		**332**		22
Net income (loss) for the period		**$**	**(423)**	$	(256)
Other comprehensive (loss) income:					
Net change in fair value of investments through other comprehensive income	3		**(882)**		548
Deferred tax on net change in fair value of investments through other comprehensive income			**110**		(68)
Other comprehensive (loss) income for the period, net of tax			**(772)**		480
Total comprehensive (loss) income for the period		**$**	**(1,195)**	$	224
Net income per share					
Basic	12	**$**	**(0.006)**	$	(0.004)
Diluted	12	**$**	**(0.006)**	$	(0.004)

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

Condensed Unaudited Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars)

	Note		For the three months ended March 31, 2012		For the three months ended March 31, 2011
Number of common shares outstanding					
Outstanding at the beginning of period			**72,079**		70,264
Stock options exercised	17		**353**		135
Warrants exercised			**-**		959
Shares repurchased & cancelled during the period	11		**(31)**		-
Outstanding at end of period			**72,401**		71,358
Share capital					
Balance at beginning of period		**$**	**23,702**	$	22,402
Options exercised	17		**250**		85
Warrants exercised			**-**		568
Normal course issuer bid repurchases			**(10)**		-
Other			**(4)**		-
Balance at end of period		**$**	**23,938**	$	23,055
Treasury stock					
Balance at beginning of period		**$**	**(869)**	$	-
Balance at end of period		**$**	**(869)**	$	-
Convertible debentures equity component					
Balance at beginning of period		**$**	**5,856**	$	-
Change in future income tax			**11**		-
Balance at end of period		**$**	**5,867**	$	-
Contributed surplus					
Balance at beginning of period		**$**	**3,345**	$	2,148
Stock based compensation	17		**633**		256
Options exercised	17		**(105)**		(35)
Balance at end of period		**$**	**3,873**	$	2,369
Retained deficit					
Balance at beginning of period		**$**	**(5,983)**	$	(4,841)
Dividends paid	13		**(723)**		(714)
Normal course issuer bid repurchases			**(39)**		-
Net income for period			**(423)**		(256)
Balance at end of period		**$**	**(7,168)**	$	(5,811)
Accumulated other comprehensive loss					
Balance at beginning of period		**$**	**(4,599)**	$	(2,659)
Other comprehensive income (loss)			**(772)**		480
Balance at end of period		**$**	**(5,371)**	$	(2,179)
Total equity		**$**	**20,270**	$	17,434

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

Condensed Unaudited Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

	Note	For the three months ended March 31, 2012	For the three months ended March 31, 2011
Operating Activities			
Net income (loss) for the period		$ **(423)**	$ (256)
Adjustments for non-cash items:			
Deferred income taxes	8	**332**	22
Interest expense	6	**571**	6
Non-cash change in provisons		**-**	(11)
Depreciation of property and equipment		**52**	102
Amortization of deferred sales commission		**93**	52
Accretion	6	**474**	-
Share based payments	17	**633**	256
Non-cash investment income		**-**	(14)
Gain (loss) on financial instruments	5	**(44)**	(93)
		1,688	64
Change in non-cash working capital	7	**(2,116)**	(931)
Net cash from operating activities		**(428)**	(867)
Investing Activities			
Net property and equipment expenditures		**(8)**	(30)
Acquisition of financial assets		**(850)**	(219)
Proceeds from sale of financial assets		**576**	-
Deferred sales commissions paid		**(322)**	-
Net cash used in investing activities		**(604)**	(249)
Financing Activities			
Proceeds from exercise of warrants		**-**	431
Proceeds from exercise of share options	17	**146**	50
Normal course issuear bid repurchases	11	**(49)**	-
Repayment of term credit facility	14	**(500)**	-
Interest paid		**(1,308)**	-
Dividends paid	13	**(723)**	(714)
Net cash from financing activities		**(2,434)**	(233)
Change in cash and cash equivalents		**(3,466)**	(1,349)
Cash and cash equivalents, beginning of period		**7,415**	4,014
Cash and cash equivalents, end of period		$ **3,949**	$ 2,665

Supplementary information

Income tax paid		$ **926**	$ 18

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

Notes to the Condensed Unaudited Consolidated Financial Statements

For the three months ended March 31, 2012 and 2011
(tabular amounts are in thousands of Canadian dollars except share and per share information)

1. Reporting Entity

Aston Hill Financial Inc. (the "Company" or "Aston Hill") is incorporated under the laws of the Province of Alberta, Canada and is a company domiciled in Canada. The condensed interim consolidated financial statements ("interim consolidated financial statements") of the Company as at and for the three month periods ended March 31, 2012 and 2011 comprise the Company and its wholly owned subsidiaries. The principal business of Aston Hill is the management, marketing, distribution and administration of mutual funds, closed-end funds, private equity funds, hedge funds, segregated institutional funds, as well as oil and gas property management and other fee-based investment products for Canadian investors.

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 consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 11, 2012.

2. Basis of Preparation

a) Basis of compliance:

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

The accounting policies followed in these interim consolidated financial statements are the same as those applied in the Company's annual consolidated financial statements for the year ended December 31, 2011. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect.

The accounting policies applied in these interim consolidated financial statements are based on IFRS effective for the year ending December 31, 2012, as issued and outstanding as of May 11, 2012 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, 2012 could result in restatement of these interim consolidated financial statements.

The interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2011.

b) Basis of measurement

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

I. Financial instruments are initially measured at fair value;

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

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

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

2. Basis of Preparation (continued)

V. Share based payments are initially recorded at fair value.

The methods used to measure fair values are discussed in note 3.

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.

The 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 are summarized as follows:

i. Acquisition and business combinations:

   The Company has made significant estimates and assumptions in determining the fair value of consideration received through business combinations. These estimates require judgement to assess credit risk of financial assets and the implicit value of intangible assets. Further details of business combinations completed are provided in the annual consolidated financial statements for the year ended December 31, 2011.

ii. Valuation of intangible assets:

   Intangible assets are reviewed for impairment annually or more frequently if changes in circumstances indicate that the carrying value may be impaired. The values associated with intangibles involve significant estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates, and asset lives. These significant estimates require considerable judgement regarding market growth rates, fund flow assumptions, expected margins and costs which could affect the Company's future results if current estimates of future performance and fair values change. Further details are provided in note 10.

iii. Measurement of share based payments:

   The cost of employee services received (share based payments expense) in exchange for awards of equity instruments recognized is estimated using a Black-Scholes option valuation model which requires the use of assumptions. Further details regarding the assumptions used in the option pricing model are provided in note 17.

2. Basis of Preparation (continued)

iv. Valuation of financial instruments:

The values associated with financial instruments involve significant estimates and assumptions based on the level of fair value method employed in determining its fair value. These estimates require judgements in determination of inputs to valuation models utilized in the assessment of fair value. Further details regarding the assumptions used in the valuation of financial instruments is provided in note 3.

3. 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.

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

Non-derivative financial assets and liabilities at fair value through profit or loss are classified as 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. Level 1 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. Level 2 fair values are determined using the net asset value per unit of each investment. Level 3 fair values are determined using inputs that are unobservable. With level 3 investments there is little if any market activity and inputs used in the determination of fair value require significant management judgement or estimation.

b) 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. Estimated fair value is determined on the basis of the expected realizable value of the investments if they were disposed of in an orderly fashion over a reasonable period of time. The Company uses estimation techniques to determine fair value which include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, multiple earnings analysis, and reserve based valuations.

c) Convertible debentures:

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

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

3. Determination of fair values (continued)

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

d) Share based payments:

The fair value of employee share based payments 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).

e) Summary of fair values:

The following tables provide fair value measurement information for financial assets and liabilities recorded at fair value as of March 31, 2012 and December 31, 2011. The carrying value of cash and cash equivalents, trade and other receivables, notes receivable, and trade and other payables included in the consolidated statement of financial position approximate fair value due to the short term nature of those instruments. These assets and liabilities are not included in the following tables, but are classified in the level 2 fair value hierarchy.

	Carrying	Fair	**Fair value measurements using**		
March 31, 2012	Amount	Value	Level 1	Level 2	Level 3
Financial assets:					
Financial assets at fair value through profit or loss	$ 2,120	$ 2,120	$ 813	$ 457	$ 850
Financial assets at fair value through OCI	4,998	4,998	-	-	4,998

	Carrying	Fair	**Fair value measurements using**		
December 31, 2011	Amount	Value	Level 1	Level 2	Level 3
Financial assets:					
Financial assets at fair value through profit or loss	$ 1,773	$ 1,773	$ 601	$ 1,172	$ -
Financial assets at fair value through OCI	5,880	5,880	-	-	5,880

Level 1 Fair Value Measurements

Level 1 fair value measurements are based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Fair Value Measurements

Level 2 fair value measurements are based on inputs other than quoted prices within level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 Fair Value Measurements

Level 3 fair values are determined using inputs that are unobservable. With level 3 investments there is little if any market activity and inputs used in the determination of fair value require significant management judgement or estimation. Details of Level 3 fair measurements are as follows:

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

3. Determination of fair values (continued)

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

The following table reconciles the Company's Level 3 fair value measurements for investments held through other comprehensive income for the three months ended March 31, 2012, and the year ended December 31, 2011:

Balance at January 1, 2011	$	7,834
Decrease in fair value during the period		(2,404)
Purchase of additional interest in Sword Energy Inc.		450
Balance at December 31, 2011	**$**	**5,880**
Decrease in fair value during the period		(882)
Balance at March 31, 2012	**$**	**4,998**

The following table reconciles the Company's Level 3 fair value measurements for investments held through profit or loss for the three months ended March 31, 2012:

Balance at December 31, 2011	$	-
Investments purchased during the period		850
Balance at March 31, 2012	**$**	**850**

4. 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;
- Price risk; and
- Interest rate 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.

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

4. Financial Risk Management (continued)

a) Credit risk:

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

The maximum exposure to credit risk as at March 31, 2012, and December 31, 2011 is as follows:

		Carrying Amount		
		March 31 2012		December 31 2011
Cash and cash equivalents	**$**	**3,949**	$	7,415
Trade and other receivables		**3,836**		3,745
Notes receivables		**342**		342
Prepaid deposits		**222**		149
Total credit risk exposure	**$**	**8,349**	$	11,651

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 mitigated credit risk associated with these balances by establishing marketing relationships with its customers. Credit risk is further mitigated through dealing with related parties for a significant portion of its receivables. These related parties primarily consist of funds under management for which the Company can readily monitor their ability to pay, and related companies for which long standing relationships exist. 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, 2012 and December 31, 2011. The maximum exposure to credit risk for receivables at the reporting date by type of customer was:

		Carrying Amount		
		March 31 2012		December 31 2011
Sub advisory fee receivables	**$**	**1,216**	$	1,403
Management fee receivables		**1,629**		1,300
Other receivables		**991**		1,042
Trade and other receivables	**$**	**3,836**	$	3,745

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

4. Financial Risk Management (continued)

A significant amount of the Company's accounts receivable is due from related parties. As at March 31, 2012, 37% (December 31, 2011 - 40%) of the Company's trade and other receivables is due from related parties (see note 20).

The Company has one other significant customer, a Canadian wealth management firm, which accounts for $807,000 of the trade receivables at March 31, 2012 (December 31, 2011 - $858,000).

As at March 31, 2012 and December 31, 2011, the Company's trade and other receivables are aged as follows:

		March 31, 2012		December 31, 2011
Current	**$**	**3,836**	$	3,631
Past due		**-**		114
	$	**3,836**	$	3,745

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 at March 31, 2012 and December 31, 2011:

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

4. Financial Risk Management (continued)

As at March 31, 2012		Carrying amount	Contractual cash flows	Less than one year	One - two years	Two - five years	More than five years
Financial liabilities:							
Trade and other payables		$ 1,069	$ 1,069	$ 1,069	$ -	$ -	$ -
Current income tax payable		$ 30	$ 30	$ 30	$ -	$ -	$ -
Obligation to redeem							
LPF shares [(1)]		440	440	440	-	-	-
Term credit facility	-principal	2,796	3,000	3,000	-	-	-
	-interest	-	91	91	-	-	-
Juno debenture	-principal	250	250	250	-	-	-
	-interest	-	2	2	-	-	-
Convertible debentures	-principal	39,115	40,250	-	-	40,250	-
	-interest	-	11,214	2,665	4,837	3,712	-
		$ 43,700	**$ 56,346**	**$ 7,547**	**$ 4,837**	**$ 43,962**	**$ -**

As at December 31, 2011		Carrying amount	Contractual cash flows	Less than one year	One - two years	Two - five years	More than five years
Trade and other payables		$ 1,084	$ 1,084	$ 1,084	$ -	$ -	$ -
Current income tax payable		551	551	551	-	-	-
Obligation to redeem							
LPF shares [(1)]		406	406	406	-	-	-
Term credit facility	-principal	3,235	3,500	2,500	1,000	-	-
	-interest	-	102	98	4	-	-
Juno debenture	-principal	250	250	250	-	-	-
	-interest	-	8	8	-	-	-
Convertible debentures	-principal	39,430	40,250	-	-	40,250	-
	-interest	-	12,111	2,451	4,830	4,830	-
		$ 44,956	**$ 58,262**	**$ 7,348**	**$ 5,834**	**$ 45,080**	**$ -**

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

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.

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

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

4. Financial Risk Management (continued)

i. Price risk:

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

As at March 31, 2012, had the fair values of the investments increased or decreased by 5%, with all other variables held constant, net income would have increased or decreased by approximately $106,000 (March 31, 2011 - $81,000), and other comprehensive income would have increased or decreased by approximately $250,000 (March 31, 2011 – 419,000).

ii. Interest rate risk:

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

As at March 31, 2012, had the interest rate increased or decreased by 25 basis points, the Company would have increased or decreased net income by approximately $2,000 (March 31, 2011 -$nil).

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

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, financial obligations, debt covenants, working capital needs and business expansion. The Company's capital management practices are focused on preserving the quality of its financial position by maintaining a solid capital base.

Capital of the Company is comprised of shareholder's equity, its term credit facility and convertible debentures. The Company's capital is primarily utilized in its ongoing business operations to support working capital requirements and long-term investments made by the Company, business expansion and other strategic objectives. There were no changes in the Company's approach to capital management during the period. The Company's capital consists of the following:

		March 31, 2012		December 31, 2011
Term credit facility	**$**	**2,796**	$	3,235
Convertible debentures		**33,248**		33,574
Shareholder's equity		**20,270**		21,452
	$	**56,314**	$	58,261

One of the Company's subsidiaries is subject to externally imposed capital requirements. This subsidiary is registered with the Canadian Securities Administrators as an Investment Fund Manager ("IFM"). This subsidiary is currently required to maintain minimum working capital of $100,000, plus $100,000 deductible under their bonding insurance policy. In the event of non-compliance, this subsidiary is required to file additional financial information and to review its policies and procedures for compliance with securities law and to file a compliance report.

At March 31, 2012, the Company is in compliance with all externally imposed restrictions on capital.

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

5. Net losses (profits) on investments

		March 31, 2012		March 31, 2011
Loss (gain) on sale of				
financial assets through profit and loss	**$**	**(44)**	$	-
Decrease (increase) in fair value of				
financial assets through profit and loss		**(35)**		(41)
Oil & gas property investment (income) loss		**-**		(1)
Interest and dividend income		**(15)**		(11)
Revaluation of the obligation to redeem LPF shares		**33**		28
Other gains		**(15)**		59
Total net (gains) losses on investments	**$**	**(76)**	$	34

6. Finance expense

		March 31, 2012		March 31, 2011
Interest on convertible debentures	**$**	**502**	$	-
Interest on term credit facility		**41**		-
Other interest expense		**28**		6
Total interest expense		**571**		6
Accretion of convertible debenture discount		**413**		-
Accretion of debt issuance costs		**61**		-
Foreign exchange gain		**5**		6
Net finance expense	**$**	**1,050**	$	12

7. Supplemental cash flow information

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

		March 31, 2012		March 31, 2011
Source/(use) of cash:				
Trade and other receivables	**$**	**(90)**	$	(621)
Prepaid expenses and deposits		**(90)**		17
Prepaid deposits		**(73)**		
Notes receivable		**-**		(40)
Trade and other payables		**(15)**		(287)
Current income tax payable		**(521)**		-
Provisions		**(1,327)**		-
	$	**(2,116)**	$	(931)

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

8. Deferred income taxes

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

		March 31, 2012		December 31 2011
Deferred tax assets:				
Obligation to redeem LPF shares	**$**	**58**	$	57
Financial assets at fair value through OCI		**771**		661
Property and equipment		**65**		65
Oil and gas properties		**7**		7
Transaction costs		**18**		18
Share issue costs		**33**		37
Financing costs		**139**		69
Capital loss carryforwards		**98**		10
Non-capital losses		**4**		101
		1,193		1,025
Less deferred tax liabilities:				
Financial asset at fair value through profit or loss		**(13)**		(9)
Intangible asset		**(4,756)**		(4,442)
Deferred sales commissions		**(142)**		(77)
Net deferred tax assets (liabilities)	**$**	**(3,718)**	$	(3,503)

b) At March 31, 2012, the Company had approximately $391,000 (December 31, 2011 - $406,000) of non-capital loss carryover balances. In addition, the Company has capital cost pools, financing costs and share issue costs of $22,281,000 (December 31, 2011 - $22,844,000) to deduct against future taxable income.

The non-capital losses of the Company and its subsidiaries expire according to the following schedule:

2015	$	351
2026		8
2027		23
2028		-
2029		3
2030		6
	$	391

The non-capital losses expire up to 2030. 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.

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

9. Deferred sales commissions

		Aston Hill mutual fund commissions		Lawrence Enterprise Fund commissions		Total
Gross balance at December 31, 2011	$	256	$	452	$	708
Sales commissions paid		322		-	$	322
Balance at March 31, 2012	**$**	**578**	**$**	**452**	**$**	**1,030**
Amortization:						
Balance at December 31, 2011	$	53	$	347	$	400
Amortization		44		49		93
Balance at March 31, 2012	**$**	**97**	**$**	**396**	**$**	**493**
Carrying amounts:						
December 31, 2011	$	203	$	105	$	308
March 31, 2012	**$**	**481**	**$**	**56**	**$**	**537**

Commissions paid on sales of deferred sales charge mutual funds represent commissions paid by the Company to brokers and dealers, and are recorded on the trade date of the sale of the applicable mutual fund product. Deferred sales commissions are amortized over the expected investment period of 36 months on a straight-line basis from the date recorded. When redemptions occur, the actual investment period is shorter than expected, and the unamortized deferred sales commission related to the original investment in the mutual funds is charged to net income and included in the amortization of deferred sales commissions.

In conjunction with the acquisition of Navina Asset Management Inc. in 2010, the Company acquired deferred sales commissions that were incurred on the issue and sale of Series III and IV shares of Lawrence Enterprise Fund Inc, a fund under management. The commissions are deferred and amortized on a straight-line basis over 96 months. The Company expects these deferred sales commissions to be fully amortized during fiscal 2012.

10. Intangible assets

		Management contracts
Carrying amounts:		
At December 31, 2011	$	45,310
At March 31, 2012	**$**	**45,310**

Intangible assets consist of fund management contracts acquired through a purchase of management contracts from Brompton, and the assumption of management contracts in acquiring the businesses of Navina and Morrison Williams. The management contracts provide the Company with the ability and legal right to promote and manage these funds. Other than the contracts acquired through business combinations and asset purchases, 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.

10. Intangible assets (continued)

The Company has one Cash Generating Unit ("CGU") for the purpose of assessing the recoverable amount of the intangible assets. The recoverable amount has been estimated on the basis of the expected net future cash flows generated from the value in use of the Company's assets grouped in this CGU. The intangible 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, 2012, no amortization or impairment has been recognized on these intangible assets.

The recoverable amount of indefinite life intangibles for the three months ending March 31, 2012 was not calculated as no changes in circumstances were identified in the period which indicate that the indefinite life intangibles are impaired.

As at December 31, 2011, the recoverable amount of the indefinite life intangibles was determined from a value in use calculation, using five-year forecasts and a terminal value for the period thereafter. The key assumptions used in the forecast calculation include assumptions on market appreciation, net sales of funds and operating margins. The terminal value was calculated using a capitalization factor that included the Company's weighted average cost of capital, future growth rate, market competition, the Company's management capabilities, profitability and stability, and overall financial strength of Aston Hill. A discount rate of 8.01% per annum was applied to the recoverable amount calculation. The calculation of the recoverable amount exceeded the carrying amount of indefinite life management contracts as at December 31, 2011.

11. Share capital, treasury stock & warrants

At March 31, 2012, and December 31, 2011, the Company was authorized to issue an unlimited number of common shares. All common shares issued and outstanding are fully paid and have no par value.

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

During the year ended December 31, 2011, the Company, through its MW Employee Share Purchase Plan, and through the Aston Hill Key Employee Purchase Plan, purchased 547,000 common shares for consideration of $869,000. These shares are reserved for re-distribution to members of the plans in accordance with the vesting terms disclosed in note 17. These shares are considered treasury stock as at March 31, 2012.

During the three months ended March 31, 2012, 30,600 common shares have been purchased under the Normal Course Issuer Bid ("NCIB") for a total of $49,000. The weighted average cost of capital of these shares of $10,000 was recorded as a reduction of share capital, and the remaining difference of $39,000 was recorded as a direct reduction to retained earnings.

As at March 31, 2012, no convertible debentures have been repurchased under the NCIB.

On December 20, 2011, the Company announced its intention to conduct a NCIB through the facilities of the Toronto Stock Exchange (the "TSX"). Under the terms of the NCIB, the Company is authorized to acquire an aggregate of 3,700,000 of its common shares and $3,900,000 principal amount of convertible debentures which represented 9.5% of common shares, and 9.8% of convertible debentures outstanding at December 31, 2011. The NCIB commenced on December 22, 2011 and will terminate on December 21, 2012, or on the date all common shares and convertible

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

11. Share capital, treasury stock & warrants (continued)

debentures subject to the NCIB are purchased. Any common shares or convertible debentures purchased under the NCIB will be cancelled upon their purchase.

When common shares are repurchased, the amount of consideration paid, net of the excess of the purchase price of the common shares over their average carrying value, is recognized as a reduction of share capital. The excess of the average purchase price over the carrying value is recorded as a direct change to retained earnings. Common share transactions are recognized on a trade date basis.

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

12. Earnings per share

Basic earnings per share are calculated as follows:

		March 31 2012		March 31 2011
Net income for the period	**$**	**(423)**	$	(256)
Issued common shares at beginning of the period		**72,626**		70,264
Effect of share options exercised		**189**		82
Effect of warrants exercised		**-**		683
Effect of NCIB transactions		**(20)**		-
Weighted average number of common shares - basic		**72,795**		71,029
Basic earnings per share	**$**	**(0.006)**	$	(0.004)

Diluted earnings per share are calculated as follows:

		March 31 2011		March 31 2011
Net income for the period	**$**	**(423)**	$	(256)
Weighted average number of common shares				
Weighted average number of common shares - basic		**72,795**		71,029
Effect of outstanding options		**-**		-
Weighted average number of common shares - diluted		**72,795**		71,029
Diluted earnings per share	**$**	**(0.006)**	$	(0.004)

Excluded from diluted earnings per share is the effect of 2,770,000 (March 31, 2011 - 2,447,000) stock options and deferred shares as the effect is anti-dilutive.

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

12. Earnings per share (continued)

As at March 31, 2012 the effect of 27,825,000 shares issuable (March 31, 2011 - $nil)) resulting from the Company's convertible debentures are excluded from diluted earnings per share as the effect is anti-dilutive.

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

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

13. Dividends

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

		March 31, 2012		December 31, 2011
Regular dividend paid of $0.01 per common share	**$**	**723**	$	721
Special dividend paid of $0.01 per common share	**$**	**-**	$	714
Total dividends paid	**$**	**723**	$	1,435

Regular dividends were paid on March 9, 2012 and December 22, 2011. The special dividend was paid on March 31, 2011.

14. Credit facilities

		March 31, 2012
Opening balance	$	3,235
Repayments		(500)
Accretion		61
Ending balance	**$**	**2,796**

Effective July 27, 2011, the Company entered into a Non-Revolving Term Credit Facility ("Term Facility") with a one-time borrowing limit of $6,000,000 and a Revolving Credit Facility ("Revolving Facility") with a borrowing limit of $4,000,000, (together referred to as the "Credit Facilities") with a Canadian chartered bank. As at March 31, 2012 the Company had $3,000,000 (December 31, 2011 - $3,500,000) outstanding under its Term Credit Facility and $nil (December 31, 2012 - $nil) outstanding on the Revolving Facility. The Credit Facilities are available by way of bankers' acceptances or prime rate loans which bear interest at the rates specified in the table below.

As at March 31, 2012 the Company's borrowing on the Term Credit Facility were at an effective interest rate of 4.3%.

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

14. Credit facilities (continued)

The Term Facility matures over a two year period ending July 26, 2013. Principal installments of $500,000 are due quarterly for the first year following the closing date and $1 million quarterly during the second year following the closing date.

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

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

15. Provisions

		Constructive Obligations
Outstanding, December 31, 2011	$	1,750
Provisions recorded during the period		424
Provisions settled during the period		(1,750)
Outstanding, March 31, 2012	**$**	**424**

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

16. Convertible debentures

The instrument has a face value of $40,250,000 and bears interest at an annual rate of 6.00%, payable semi-annually, in arrears, on January 31st and July 31st of each year, and is convertible at the option of the holder into shares of Aston Hill at $2.55 per common share.

The details of the convertible debentures including fair values initially assigned and issuance costs are as follows:

Trading symbol		AHF.DB
Interest rate		6.00%
Issue date		July 27, 2011
Maturity date		July 31, 2016
Conversion price	$	2.55
Liability component	$	34,015
Equity component		6,235
Gross convertible debenture		40,250
Issuance costs		(2,398)
Net proceeds	$	37,852

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

16. Convertible debentures (continued)

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

The balance of debentures outstanding at March 31, 2012 and changes in the liability and equity components during the three months ended March 31, 2012 are as follows:

Liability component:		
Balance at December 31, 2011	$	33,574
Accretion of discount		413
Interest accrued		502
Interest paid		(1,241)
Balance at March 31, 2012	**$**	**33,248**
Equity component:		
Balance at December 31, 2011	$	5,856
Future income tax		11
Balance at March 31, 2012	**$**	**5,867**

There were no conversions of convertible debentures during the three months ended March 31, 2012.

17. Share based payments

Share Option Plans

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 date granted and is determined by the Board of Directors. Options granted have a term of 5 years and vest over 3 years.

On closing of the business combination with Morrison Williams, the Company set up the MW Employee Benefit Plan for the designated officers and employees of Morrison Williams Investment Management LP. At that time, $500,000 was transferred into the plan for the purposes of buying common shares in Aston Hill. Each participant in the employee benefit plan is entitled to receive, and shall be granted, 50% of their participant entitlement if the participant remains an officer or employee of Morrison Williams Investment Management LP on the first anniversary of the closing of the Morrison Williams acquisition, and the remaining balance of 50% is granted entitlement on the second anniversary of the closing of the Morrison Williams acquisition. The shares vest to the employee immediately upon grant, and any termination of employment with Morrison Williams Investment Management LP results in the forfeiture of the participant's entitlement in the employee benefit plan.

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

17. Share based payments (continued)

During the three months ended March 31, 2012, the Company granted 1,349,000 options with a weighted average fair value of $1.52 per share. During the year ended December 31, 2011, the Company granted 2,303,000 options with a weighted average fair value of $1.26 per share. The fair value of the options granted during the three months ended March 31, 2012 and year ended December 31, 2011 were estimated at the grant date using an option pricing model with the following weighted average assumptions:

	March 31 2012	December 31 2011
Risk free interest rate (%)	**1.20**	1.85
Expected life of the options (years)	**3.66**	3.78
Expected share price volatility (%)	**106.61**	106.05
Expected forfeiture rate (%)	**9.16**	9.70
Expected dividend yield (%)	**2.60**	0.18

A summary of the status of the Company's share option plans as at March 31, 2012 and December 31, 2011 and the changes during the periods then ended, is as follows:

	March 31, 2012		December 31, 2011	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	**5,484**	**$ 0.90**	4,683	$ 0.55
Granted	**1,349**	**1.52**	2,303	1.26
Exercised	**(353)**	**0.41**	(1,402)	0.32
Forfeited	**-**	**-**	(75)	0.47
Expired	**-**	**-**	(25)	1.55
Outstanding, end of period	**6,480**	**$ 1.06**	5,484	$ 0.90
Exercisable, end of period	**2,445**	**$ 0.70**	1,820	$ 0.54

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

17. Share based payments (continued)

Range of exercise prices	Number of Options Outstanding		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Number of Options Vested
$0.00 - $0.28	547	$	-	5.04	-
$0.29 - $0.68	1,239		0.37	1.53	1,239
$0.69 - $1.08	1,127		0.76	2.87	738
$1.09 - $1.45	686		1.32	3.80	162
$1.46 - $1.74	2,381		1.55	4.40	306
$1.75 - $1.90	500		1.90	4.32	-
	6,480	**$**	**1.06**	**3.57**	**2,445**

A forfeiture rate of 9.16% (March 31, 2011 – 10.17%) was used when recording stock based compensation. This estimate is adjusted to the actual forfeiture rate. The share option plans made up $574,000 (March 31, 2011 - $256,000) of the total share based payments expense for the three months ended March 31, 2012.

Deferred Equity Plan

During the year ended December 31, 2011 the Company implemented a deferred equity plan for executives and key employees of the Company. Under this plan each participant is entitled to receive, and shall be granted, their full common share entitlement if the participant remains an officer or employee of Aston Hill for a period of three years from the date of the grant. Any termination of employment with Aston Hill results in the forfeiture of the participant's entitlement in the deferred equity plan.

During the three months ended March 31, 2012, the Company granted 670,000 (2011 – nil) deferred shares with no exercise price and a weighted average remaining contractual life of 2.81 years. The fair value of the deferred shares granted during the three months ended March 31, 2012 were estimated at the grant date using an option pricing model with the following weighted average assumptions:

	March 31 2012
Risk free interest rate (%)	**1.10**
Expected life of the options (years)	**3.00**
Expected share price volatility (%)	**91.14**
Expected forfeiture rate (%)	**-**
Expected dividend yield (%)	**2.63**

A forfeiture rate of nil% was used when recording the deferred equity portion of stock based compensation. This estimate is adjusted to the actual forfeiture rate.

The deferred equity plan made up $59,000 (March 31, 2011 - $nil) of the total share based payments expense for the three months ended March 31, 2012.

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

18. Commitments

Non-cancellable operating lease rentals are payable as follows:

		March 31 2012		December 31 2011
Less than one year		**284**		331
Between one and five years		**1,617**		883
More than five years		**458**		503
	$	**2,359**	$	1,717

The Company is also required to pay its proportionate share of operating and property tax costs for the rented premises. During the three months ended March 31, 2012 the Company recorded $228,000 (2010 - $162,000) in office lease expenses. These amounts are included in general and administrative expenses in the income statement.

19. 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.

20. 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 wholly owned subsidiaries receive management fees and sub-advisory fees and pay for expenses incurred by its various funds under management. These expenses are then charged back to the funds and are recovered under non-interest bearing, normal credit terms. Management fees, sub-advisory fees and other amounts due from funds under management and included in accounts receivable at March 31, 2012 is $1,407,000 (December 31, 2011 - $1,480,000). For the three months ended March 31, 2012 $2,484,000 (March 31, 2011 - $500,000) was recorded as revenue in respect of these management fees. In addition, during the three months ended March 31, 2012, the Company absorbed $121,000 (March 31, 2011 - $nil) of expenses incurred by funds under management.

20. Related party transactions (continued)

b) 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 $319,000 (December 31, 2011 - $346,000) as at March 31, 2012 in respect of these management fees. For the three months ended March 31, 2012 $304,000 (March 31, 2011 - $324,000) was recorded as revenue.

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

d) As at March 31, 2012, $907,000 (December 31, 2011 - $1,173,000) of the financial assets at fair value through profit or loss are related to holdings in the Company's funds under management. For the three months ended March 31, 2012, $32,000 (March 31, 2011 - $28,000) of the net gains on investments recorded during the period were related to these investments.

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

21. Subsequent events

On April 20, 2012 the Company's management agreement with Sword Energy Inc. was substantively terminated. The termination results in a reduction in assets under management of approximately $182 million. Management estimates that the impact of the termination to the Company's net income after tax will be approximately $155,000.