AstonHill ASSET MANAGEMENT

Aston Hill O&G Trust

Management Responsibility Statement

The accompanying financial statements of Aston Hill Oil & Gas Trust (the "Fund") have been prepared by Aston Hill Asset Management Inc. (the "Manager") and approved by the Board of Directors of the Manager. The Manager is responsible for the information and representations contained in these financial statements and the other sections of the annual report.

The Manager maintains appropriate procedures to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and include certain amounts that are based on estimates and judgments. The significant accounting policies applicable to the Fund are described in note 2 to the financial statements.

The Board of Directors of the Manager is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these financial statements.

The Manager, with the approval of its Board of Directors, has appointed the external firm of PricewaterhouseCoopers LLP as the auditors of the Fund. They have audited the financial statements of the Fund in accordance with Canadian generally accepted auditing standards to enable them to express to unitholders their opinion on the financial statements.

Michael J. Killeen
President
Aston Hill Asset Management Inc.

Larry W. Titley
Chief Financial Officer
Aston Hill Asset Management Inc.

March 25, 2013

Independent Auditor's Report

To the Unitholders of Aston Hill O&G Trust (the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statement of investment portfolio as at December 31, 2012, the statements of net assets as at December 31, 2012 and 2011 and the statements of operations and deficit, cash flows and changes in net assets for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2012 and 2011 and the results of its operations, its cash flows and the changes in its net assets for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Calgary, Alberta

March 25, 2013

Statements of Net Assets

As at December 31	2012	2011
Assets		
Investments, at fair value	**$ 36,029,594**	$ 49,616,008
Cash and short-term investments	**928,660**	314,486
Income receivable	**116,280**	182,643
Total assets	**37,074,534**	50,113,137
Liabilities		
Accounts payable and accrued liabilities	**23,622**	40,833
Loans payable (note 10)	**—**	3,497,842
Total liabilities	**23,622**	3,538,675
Unitholders' equity		
Unitholders' capital (note 4)	**38,792,932**	49,650,884
Contributed surplus (note 4)	**61,609,000**	60,070,220
Deficit	**(63,351,020)**	(63,146,642)
Net Assets representing unitholders' equity	**$ 37,050,912**	$ 46,574,462
Units outstanding (note 4)	**7,383,761**	8,322,634
Net Assets per unit (note 3)	**$ 5.02**	$ 5.60

Approved on behalf of the Manager, Aston Hill Asset Management Inc.

Michael J. Killeen
Director

Larry W. Titley
Director

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

Statements of Operations and Deficit

For the years ended December 31	2012	2011
Income		
Dividends	$ 2,061,475	$ 2,409,993
Securities lending income (note 9)	23,959	26,539
Interest income	109	117,829
	2,085,543	2,554,361
Expenses		
Management fees (note 7)	115,048	177,765
Audit fees	8,267	12,592
Custodial fees	—	20,983
Unitholder reporting costs	6,698	—
Other administrative expenses	19,115	20,620
Interest expenses and bank charges (note 10)	50,813	60,834
	199,941	292,794
Net investment income	1,885,602	2,261,567
Net realized loss on investments (note 8)	(1,244,409)	(4,486,249)
Transaction costs	(50,826)	(18,625)
Net change in unrealized (loss) gain on investments and short-term investments	(794,745)	441,399
Decrease in Net Assets from operations	(204,378)	(1,801,908)
Deficit, beginning of year	(63,146,642)	(61,344,734)
Deficit, end of year	$ (63,351,020)	$ (63,146,642)
(Decrease) in Net Assets from operations per unit[1]	$ (0.03)	$ (0.17)

[1] Based on the weighted average number of units outstanding for the year (note 4).

Statements of Cash Flows

For the years ended December 31	2012	2011
Cash flows from operating activities:		
Decrease in Net Assets from operations	$ (204,378)	$ (1,801,908)
Adjustments to reconcile net cash provided by operations:		
Net realized loss on investments (note 8)	1,244,409	4,486,249
Net change in unrealized loss (gain) on investments	794,749	(441,351)
Decrease in income receivable	66,363	68,077
(Decrease) increase in accounts payable and accrued liabilities	(17,211)	10,386
Purchase of investments (note 8)	(15,632,673)	(32,296,668)
Proceeds from sale of investments (note 8)	27,179,929	30,590,192
Cash provided by operating activities	13,431,188	614,977
Cash flows from financing activities:		
(Decrease) increase in loans payable	(3,497,842)	3,497,842
Distributions paid to unitholders (note 6)	(4,619,172)	(5,686,017)
Proceeds from issuance of units	—	21,200,000
Amounts paid for redemption of units	(4,700,000)	(23,982,983)
Cash used in financing activities	(12,817,014)	(4,971,158)
Net increase (decrease) in cash and short-term investments	614,174	(4,356,181)
Cash and short-term investments, beginning of year	314,486	4,670,667
Cash and short-term investments, end of year	$ 928,660	$ 314,486
Supplemental information:		
Interest paid	$ 35,701	$ 23,310

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

Statements of Changes in Net Assets

For the years ended December 31	2012	2011
Net Assets, beginning of year	**$ 46,574,462**	$ 56,845,370
Operations:		
(Decrease) in Net Assets from operations	**(204,378)**	(1,801,908)
Unitholder distributions: (note 4)		
Return of capital	**(4,619,172)**	(5,686,017)
	(4,619,172)	(5,686,017)
Unitholder transactions: (note 4)		
Proceeds from issuance of units	**—**	21,200,000
Redemption of units	**(4,700,000)**	(23,982,983)
Total unitholder transactions	**(9,319,172)**	(8,469,000)
Net decrease in Net Assets	**(9,523,550)**	(10,270,908)
Net Assets, end of year	**$ 37,050,912**	$ 46,574,462

Statement of Investment Portfolio

As at December 31, 2012		Cost	Fair Value	% of Portfolio
	Oil and gas			
No. of Shares	**Equities**			
111,305	ARC Resources Ltd.	$ 2,827,815	$ 2,705,825	
49,200	Baytex Energy Corp.	2,025,344	2,109,204	
155,070	Bonavista Energy Corp.	4,366,895	2,290,384	
59,692	Bonterra Energy Corp.	2,157,625	2,711,806	
122,810	Canadian Oilsand Ltd.	2,814,145	2,475,850	
63,400	Cenovus Energy Inc.	2,023,717	2,110,586	
102,508	Computer Modelling Group Ltd.	1,416,316	2,182,395	
65,200	Crescent Point Energy Corp.	2,777,083	2,445,000	
102,870	Freehold Royalties Ltd.	2,062,307	2,290,915	
57,410	Imperial Oil Limited	2,319,781	2,453,129	
88,020	Canadian Natural Resources Inc.	2,481,107	2,520,893	
110,858	Peyto Exploration and Development Corp.	2,021,884	2,539,757	
82,000	Suncor Energy Inc.	2,563,623	2,682,220	
53,684	Vermilion Energy Inc.	1,970,203	2,781,905	
207,650	Zargon Oil & Gas Ltd.	4,453,241	1,729,725	
	Total Oil and gas	**$ 38,281,086**	**$ 36,029,594**	**100.0%**
	Embedded Broker Commission	(19,320)	—	
	Total	**$ 38,261,766**	**$ 36,029,594**	**100.0%**

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

Notes to the Financial Statements

December 31, 2012 and 2011

1. OPERATIONS

Aston Hill O&G Trust (the "Fund") is a closed-end investment trust created under the laws of the Province of Ontario on February 24, 2005, pursuant to a declaration of trust. Aston Hill Asset Management Inc. is the Trustee and the Manager (the "Manager") of the Fund and is responsible for managing the affairs of the Fund. RBC Investor Services Trust is the custodian of the Fund's assets and prepares the weekly valuations of the Fund. The Fund commenced operations on March 17, 2005. The Fund will be terminated on or about June 29, 2028, if not terminated earlier in accordance with the terms of the declaration of trust.

On July 27, 2011, by way of an assignment to an affiliate, BFML Management Limited (at the time, an affiliate of Brompton Funds Management Limited) was sold to Aston Hill Financial Inc. BFML Management Limited was then renamed Aston Hill Management Limited and became the Manager.

On December 30, 2011, Aston Hill Management Limited, along with six other subsidiaries of Aston Hill Financial Inc., amalgamated to form Aston Hill Asset Management Inc., the Manager of the Fund. Effective February 9, 2012, the Manager assumed responsibility for portfolio management of the Fund.

The Fund's investment objectives are to achieve a high level of monthly distributions and the opportunity for capital appreciation by investing in a diversified portfolio of dividend-paying equities and convertible debt of oil and gas producers, energy service companies and pipeline entities.

Through a forward agreement, Aston Hill Advantage Oil & Gas Income Fund is exposed to a portfolio of oil and gas securities held by the Fund.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and they include estimates and assumptions made by management that affect the reported amounts of assets and liabilities at the date of these financial statements and the reported amounts of income and expenses during the periods for which the financial statements report. Actual results could differ from these estimates.

a) Valuation of Investments

Investments are deemed held for trading in accordance with Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855. The Fund's investments are valued at estimated fair value. Investments held long that are publicly traded are valued at their bid price on the valuation date. Investments with no available bid price are valued at their closing price. Short-term investments and bonds are valued at the average bid quotations from recognized investment dealers. The cost of investments is based on their average cost.

b) Cash and Short-Term Investments

Cash and short-term investments consist of cash on hand and short-term debt investments with original maturities of three months or less. Cash and short-term investments are deemed held for trading and therefore are carried at fair value. Dividend income is recognized on the ex-dividend date.

c) Investment Transactions and Income Recognition

Investment transactions are recorded on the trade date, and any realized and unrealized gains or losses are recognized using the average cost of the investments, which excludes broker commissions. Interest income is recognized on an accrual basis and dividend income is recognized on the ex-dividend date.

d) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities are expensed and are recognized in the Statements of Operations and Deficit.

e) Income Taxes

The Fund qualifies as a unit trust and is a deemed financial institution under the Income Tax Act (Canada). Provided the Fund makes distributions in each year of its net income and net realized and unrealized capital gains, the Fund will not generally be liable for income tax. It is the intention of the Fund to distribute all of its net income and net realized and unrealized capital gains on an annual basis. Accordingly, no income tax provision has been recorded.

f) Foreign Exchange

The fair values of investments and other assets and liabilities that are denominated in foreign currencies are translated into Canadian dollars at the noon rate of exchange on each valuation date. Purchases and sales of investments and income derived from investments are translated at the rate of exchange prevailing on the date of such transactions.

g) Securities Lending

The Fund may enter into securities lending transactions. These transactions involve the temporary exchange of securities as collateral with a commitment to deliver the same securities on a future date. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on securities held as collateral. Income earned from these transactions is recognized on the accrual basis and included in the Statements of Operations and Deficit.

h) Other Assets and Liabilities

For the purposes of categorization in accordance with Section 3855, income receivable is designated as loans and receivables and recorded at amortized cost. Similarly, accounts payable and accrued liabilities and loans payable are designated as financial liabilities and reported at amortized cost. Amortized cost approximates fair value for these liabilities due to their short-term nature.

i) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of increases and decreases in net assets from operations during the reporting period. A significant area requiring the use of management judgments and estimates is the valuation of non-public investments. The resulting values may materially differ from values that would have been used had a readily available market existed for the investments and the prices at which the investments may be sold.

j) Transition to International Financial Reporting Standards

The Canadian Institute of Chartered Accountants ("CICA") Accounting Standards Board extended the deferral of the mandatory International Financial Reporting Standards ("IFRS") changeover date for investment companies to fiscal years beginning on or after January 1, 2014. The Fund, which is an investment company, will adopt IFRS commencing January 1, 2014.

In order to prepare for the transition to IFRS, the Manager has performed an assessment of the impact of the significant accounting differences between IFRS and Canadian GAAP including the impact to business processes and systems. Currently, the Manager does not expect any significant impact to Net Assets from the changeover to IFRS, with the main impact of IFRS on the Fund's financial statements being additional disclosures in the financial statements, the potential elimination of the difference between the Net Assets per unit and the Net Asset Value per unit at the financial statement reporting dates and a potential change in the presentation of unitholders' equity. Further updates on implementation progress and any changes to reporting impacts from the adoption of IFRS will be provided during the implementation period leading up to January 1, 2014. However, this present determination is subject to change resulting from the issuance of new standards or new interpretations of existing standards.

3. RECONCILIATION OF NET ASSETS TO NET ASSET VALUE

In accordance with National Instrument ("NI") 81-106, a reconciliation is required between the Net Assets for financial reporting purposes (the "Net Assets") and the Net Asset Value for reporting other than in the financial statements (the "Net Asset Value"). The reconciliation is as follows:

As at December 31	**2012**		2011	
	Total	**Per Unit**	Total	Per Unit
Net Asset Value	**$ 37,138,475**	**$ 5.03**	$ 46,670,020	$ 5.61
Section 3855 adjustment[1]	**(87,563)**	**(0.01)**	(95,558)	(0.01)
Net Assets	**$ 37,050,912**	**$ 5.02**	$ 46,574,462	$ 5.60

[1] The Section 3855 adjustment relates to the valuation of investments at bid price for Net Assets and at closing price for Net Asset Value.

Notes to the Financial Statements (continued)

December 31, 2012 and 2011

4. UNITS OF THE FUND

Authorized

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal, undivided interest in the Net Assets of the Fund. Each unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Fund. On termination of the Fund, unitholders are entitled to receive their pro rata share of the assets of the Fund. Units may be tendered for redemption at any time for a redemption price per unit equal to the Net Asset Value per unit as at the redemption date. Redemption of tendered units will be settled on or before the tenth business day following such redemption date.

Issued

		2012		2011
	Number of Units	**Amount**	Number of Units	Amount
Units, beginning of year	**8,322,634**	**$ 49,650,884**	9,446,518	$ 63,345,774
Issuance of units	**—**	**—**	3,266,513	21,200,000
Redemption of units	**(938,873)**	**(6,238,780)**	(4,390,397)	(29,208,873)
Return of capital	**—**	**(4,619,172)**	—	(5,686,017)
Units, end of year	**7,383,761**	**$ 38,792,932**	8,322,634	$ 49,650,884

During the year ended December 31, 2012, 938,873 (2011 – 4,390,397) units were redeemed at an average price of $5.01 (2011 – $5.46) per unit.

As at December 31, 2012, the Fund had accumulated contributed surplus of $61,609,000 (2011 – $60,070,220). Contributed surplus is recorded when units of the Fund are redeemed at prices per unit which are below the average cost per unit of unitholders' capital

The weighted average number of units outstanding during the year ended December 31, 2012 was 8,078,937 (2011 – 10,539,133).

5. CAPITAL MANAGEMENT

The Fund's objectives in managing its capital are to provide unitholders with monthly distributions and to provide the opportunity for capital appreciation. The Fund's capital includes unitholders' capital and loans payable. The Fund manages its capital taking into consideration the risk characteristics of its holdings. In order to manage its capital structure, the Fund may adjust the amount of distributions paid to unitholders, return capital to unitholders or increase or decrease its level of borrowing.

6. DISTRIBUTIONS PAYABLE TO UNITHOLDERS

The Fund will make distributions to unitholders if, as and when declared by the Manager. For the year ended December 31, 2012, the Fund declared total distributions of $0.5746 (2011 – $0.5538) per unit, which amounted to $4,619,172 (2011 – $5,686,017). The unit distributions were immediately consolidated so that the number of units outstanding equaled the number of units outstanding immediately prior to the distribution.

7. MANAGEMENT FEES

Pursuant to a management agreement, the Fund, together with Aston Hill Advantage Oil & Gas Income Fund, pays a management fee equal to 0.90% per annum of the Net Asset Value of Aston Hill Advantage Oil & Gas Income Fund, plus applicable tax. The portion of the fees paid by the Fund is equal to 0.25% per annum.

The Fund is responsible for all other operating expenses incurred in connection with its operation and administration, such as custodian, valuation, Trustee, reporting, audit and legal fees.

8. INVESTMENT TRANSACTIONS

Investment transactions for the years ended December 31 were as follows:

	2012	2011
Proceeds from sale of investments	**$ 27,179,929**	$ 30,590,192
Less cost of investments sold:		
Investments at cost, beginning of year	**51,053,431**	53,833,204
Investments purchased during the year	**15,632,673**	32,296,668
Investments at cost, end of year	**(38,261,766)**	(51,053,431)
Cost of investments sold during the year	**28,424,338**	35,076,441
Net realized (loss) on investments	**$ (1,244,409)**	$ (4,486,249)

The brokerage commissions paid to dealers included $50,826 (2011 – $18,625) that was available for payment to third party vendors, of which $426 (2011 – $733) was soft dollars.

9. SECURITIES LENDING

The Fund has entered into a securities lending program with its custodian, RBC Investor Services Trust. The aggregate market value of all securities loaned by the Fund cannot exceed 50% of the assets of the Fund. The Fund will receive collateral of at least 102% of the value of the securities on loan. Collateral will generally be comprised of cash and obligations of, or guaranteed by, the Government of Canada or a province thereof, or the United States Government or its agencies, or a permitted supranational agency as defined in NI 81-102. The market values of the securities on loan and the related collateral at December 31, 2012 were $16.8 million (2011 – $23.1 million) and $17.5 million (2011 – $24.0 million), respectively.

10. LOANS PAYABLE

Pursuant to an agreement with a Canadian chartered bank, the Fund has a 364-day renewable revolving credit facility. The revolving credit facility provides for maximum borrowings of $9.0 million at either the prime rate of interest or the bankers' acceptance rate plus a fixed percentage. There was nil (2011 – $3.5 million) outstanding under this facility at December 31, 2012.

The credit facility is secured by a first-priority security interest over all of the Fund's assets.

During the year ended December 31, 2012, the minimum and maximum amounts of borrowings were nil (2011 – nil) and $3.8 million (2011 – $4.0 million), respectively.

11. FINANCIAL RISK MANAGEMENT

The Fund's investment activities expose it to a variety of financial risks. The Statement of Investment Portfolio presents the securities held by the Fund as at December 31, 2012, and groups the securities by asset type and market segment. The following comparative summary represents the asset types and market segments held by the Fund as at December 31, 2011.

As at December 31, 2011:

Investment Sector	% of Portfolio
Equities	
Oil and gas	100%
Total	100%

The Manager attempts to minimize the potential adverse effects of these risks on the Fund's performance by employing a professional, experienced portfolio manager, by diversifying the investment portfolio within the constraints of the investment objectives, and by using financial instruments to hedge certain risk exposures. To assist in managing risks, the Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and restrictions, internal guidelines, and securities regulations.

The investment portfolio is comprised of only Canadian equity securities. Significant risks that are relevant to the Fund are discussed below.

a) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Portfolio Manager has attempted to moderate this risk through the careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk of loss resulting from financial instruments is equivalent to their fair value.

The Fund is exposed to other price risk from its investment in equity securities. As at December 31, 2012, had the prices on the respective stock exchanges for these securities increased or decreased by 10%, with all other variables held constant, Net Assets would have increased or decreased by approximately $3.6 million or 9.7% of Net Assets (2011 – approximately $5.0 million or 10.7% of Net Assets). In practice, the actual trading results may differ and the difference could be material.

Notes to the Financial Statements (continued)

December 31, 2012 and 2011

b) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments. The Fund is exposed to interest rate risk on its variable interest rate, 364-day revolving credit facility. Fluctuations in interest rates have a direct impact on the interest payments the Fund makes on its loan.

As at December 31, 2012, the Fund had nil (2011 – $3.5 million) outstanding on its credit facility.

As at December 31, 2012, had interest rates increased or decreased by 1%, the Net Assets of the Fund would have increased or decreased by approximately nil (2011 – $35,000).

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates.

							As at December 31, 2012
Currency (000s)		**Financial Instruments Exposure**		**Derivatives Exposure**		**Total Currency Exposure**	**% of Net Assets**
US dollar	$	—	$	—	$	—	—
Total	**$**	**—**	**$**	**—**	**$**	**—**	**—**

							As at December 31, 2011
Currency (000s)		Financial Instruments Exposure		Derivatives Exposure		Total Currency Exposure	% of Net Assets
US dollar	$	2,797	$	—	$	2,797	6.0%
Total	$	2,797	$	—	$	2,797	6.0%

As at December 31, 2012, had the Canadian dollar strengthened or weakened by 10% in relation to all other foreign currencies held in the Fund, with all other variables held constant, Net Assets of the Fund would have decreased or increased, respectively, by approximately nil (2011 – $279,700). In practice, actual results may vary from this analysis and the difference may be material.

d) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. As at December 31, 2012, the Fund did not have significant credit risk exposure. The carrying amount of income receivable represents the maximum credit risk exposure at December 31, 2012 and 2011.

All transactions in securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the Fund has received payment. The trade will fail if either party fails to meet its obligation.

The Fund has entered into a securities lending program with its custodian; see note 9. Credit risk associated with these transactions is considered minimal as all counterparties have sufficient, approved credit and the value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned.

e) Liquidity Risk

Liquidity risk is the risk the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Unitholder redemption requests are the main liquidity risk for the Fund. The Fund invests majority of its assets in investments that are traded in an active market and can be readily disposed of. There can be no assurance that an active trading market for the investments will exist at all times, or that the prices at which the securities trade accurately reflect their values. Thin trading in a security could make it difficult to liquidate holdings quickly. The Statement of Investment Portfolio of the Fund identifies securities for which market quotations could not be obtained and may be illiquid, if applicable. The Fund is exposed to liquidity risk through its redemptions. The Fund meets its liquidity needs by investing in a portfolio of marketable and liquid securities.

The Fund also has a 364-day revolving credit facility, which can be used to fund redemptions or finance investments; see note 10. The credit facility contains several financial covenants that require the Fund to meet certain financial ratios and financial condition tests. The Fund is within its financial covenants with respect to the credit facilities. The Manager monitors the use of the credit facility on a regular basis.

All of the Fund's financial liabilities at December 31, 2012 and 2011 had maturities of less than one year.

12. FAIR VALUE DISCLOSURES

The Fund's assets and liabilities recorded at fair value have been categorized in accordance with CICA Handbook Section 3862, "Financial Instruments – Disclosure."

Section 3862 requires the Fund to classify its investments and derivative assets/liabilities into three categories based on the nature of the inputs used to determine their fair value. The categories and the nature of the inputs used in each category are as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgement or estimation.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Short-term notes included in cash and short-term investments are classified as level 2.

Assets at fair value as at December 31, 2012	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	$ 36,029,594	$ —	$ —	$ 36,029,594
Total	**$ 36,029,594**	**$ —**	**$ —**	**$ 36,029,594**

Assets at fair value as at December 31, 2011	Level 1	Level 2	Level 3	Total
Equities	$ 49,616,008	$ —	$ —	$ 49,616,008
Total	$ 49,616,008	$ —	$ —	$ 49,616,008

There were no transfers of financial assets between the levels during the years ended December 31, 2012 and 2011.

13. INCOME TAXES

The Fund had accumulated capital losses as at December 31, 2012 of $40,828,559 (2011 – $40,828,559) and non-capital losses of $2,571,167 (2011 – $2,412,245). The capital losses can be carried forward for an indefinite period.

14. COMPARATIVE FIGURES

Certain prior year numbers have been reclassified to conform to current year presentation.

Corporate Information

Independent Review Committee

John Crow
Chairman

Robert Falconer

C. Scott Browning

Directors and Senior Officers of the Manager

Eric Tremblay
Director and Chief Executive Officer

Ben Cheng[1]
Chief Investment Officer

Michael J. Killeen
Director and President

Larry W. Titley
Director and Chief Financial Officer

Portfolio Management

Jeffrey Burchell
Vice President and Portfolio Manager

Andrew Hamlin
Vice President and Portfolio Manager

Joanne Hruska
Vice President and Portfolio Manager

Sandy Liang
Vice President and Portfolio Manager

Vivian Lo
Vice President and Portfolio Manager

Robert Gill
Vice President and Portfolio Manager

Steve Vannatta
Portfolio Manager

Manager

Aston Hill Asset Management Inc.

Trustee and transfer Agent

Computershare Trust Company of Canada

Custodian

RBC Investor Services Trust

Auditors

PricewaterhouseCoopers LLP

Website

www.astonhill.ca

[1] Mr. Cheng acts as a portfolio manager exclusively to investment funds managed by IA Clarington Investments Inc., and to two other investment funds, not including the fund in this document. See www.astonhill.ca for details.

AstonHill ASSET MANAGEMENT

Mailing Address
77 King Street West
Suite 2110, PO Box 92
Toronto-Dominion Centre
Toronto, ON M5K 1G8

General Inquiries: 1-800-513-3868
Website: www.astonhill.ca