



**Interim Consolidated Financial
Statements for the period ended
September 30, 2011**

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NOTIFICATION OF 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 unaudited interim Consolidated Financial Statements for the period ended September 30, 2011.

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars)

	Note	September 30 2011	December 31 2010
Assets			
Current assets			
Cash and cash equivalents	9	\$ 9,554	\$ 4,014
Investments at fair value through profit or loss	3	1,821	1,370
Trade and other receivables	4	3,661	1,457
Prepaid expenses		166	175
Notes receivable	24	-	303
		15,202	7,319
Prepaid deposits		111	111
Investments at fair value through other comprehensive income ("OCI")	3	8,480	7,834
Intangible assets	12	45,714	3,829
Property and equipment	11	784	716
Deferred sales commissions	5	154	311
Total assets		\$ 70,445	\$ 20,120
Liabilities			
Current Liabilities			
Trade and other payables	4	\$ 1,710	\$ 813
Current income tax payable		833	-
Obligation to redeem Lawrence Partners Fund ("LPF") shares	5	405	1,057
Note payable	5	272	-
Short term portion of term credit facility	16	2,000	-
Provisions	20	7	23
		5,227	1,893
Term credit facility	16	3,657	-
Juno debenture	18	250	250
Note payable	5	-	389
Convertible debentures	17	32,771	-
Deferred tax liabilities	10	3,824	401
		45,729	2,933
Shareholders' equity			
Share capital	13	23,377	22,402
Treasury stock	13	(869)	-
Convertible debentures equity component	17	5,889	-
Warrants	13	-	137
Contributed surplus		2,948	2,148
Retained deficit		(4,141)	(4,841)
Accumulated other comprehensive loss	25	(2,488)	(2,659)
		24,716	17,187
Total liabilities & shareholders' equity		\$ 70,445	\$ 20,120

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

UNAUDITED CONSOLIDATED INCOME STATEMENTS

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

	Note	Three months ended September 30		Nine months ended September 30	
		2011	2010	2011	2010
Revenue					
Management fees		\$ 5,366	\$ 2,645	\$ 12,093	\$ 6,311
		5,366	2,645	12,093	6,311
Expenses					
General and administrative		2,317	1,415	7,224	4,144
Product development		6	-	265	-
Share based payments	19	414	132	961	316
Depreciation of property & equipment	11	67	64	186	107
Amortization of deferred sales commissions	5	52	-	157	-
Net losses on investments	6	138	30	339	20
		2,372	1,004	2,961	1,724
Finance expense	7	724	11	768	22
Net income before tax for the period		1,648	993	2,193	1,702
Income tax expense (recovery)					
Current taxes		544	-	857	-
Deferred taxes (recovery)		20	(148)	(78)	358
Net income for the period		\$ 1,084	\$ 1,141	\$ 1,414	\$ 1,344
Net income per share					
Basic	14	\$ 0.015	\$ 0.017	\$ 0.020	\$ 0.020
Diluted	14	\$ 0.011	\$ 0.017	\$ 0.014	\$ 0.019

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

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of Canadian dollars)

	Note	Three months ended September 30		Nine months ended September 30	
		2011	2010	2011	2010
Net income for the period		\$ 1,084	\$ 1,141	\$ 1,414	\$ 1,344
Other comprehensive (loss) income:					
Net change in fair value of investments through other comprehensive income	3	(493)	(625)	195	(1,727)
Deferred tax on net change in fair value of investments		62	78	(24)	216
Other comprehensive (loss) income for the period, net of tax		(431)	(547)	171	(1,511)
Total comprehensive (loss) income for the period		\$ 653	\$ 594	\$ 1,585	\$ (167)

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

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands of Canadian dollars, except share information)

	Note	September 30 2011	September 30 2010
Number of common shares outstanding			
Outstanding at the beginning of period		70,264,461	65,060,355
Stock options exercised	19	148,333	754,979
Warrants exercised	13	959,000	1,447,535
Shares issued from treasury for acquisition		-	2,009,938
Shares repurchased and held in treasury		(546,517)	
Outstanding at the end of period		70,825,277	69,272,807
Share capital			
Balance at beginning of period		\$ 22,402	\$ 17,798
Options exercised	19	411	491
Warrants exercised	13	568	781
Shares issued for acquisition		-	2,593
Other		(4)	(2)
Balance at end of period		\$ 23,377	\$ 21,661
Treasury stock			
Balance at beginning of period		\$ -	\$ -
Shares acquired for deferred equity plans	13	(869)	-
Balance at end of period		\$ (869)	\$ -
Convertible debentures equity component			
Balance at beginning of period		\$ -	\$ -
Equity portion allocated from issuance during the period	17	5,889	-
Balance at end of period		\$ 5,889	\$ -
Warrants			
Balance at beginning of period		\$ 137	\$ 366
Warrants exercised	13	(137)	(176)
Balance at end of period		\$ -	\$ 190
Contributed surplus			
Balance at beginning of period		\$ 2,148	\$ 2,034
Stock based compensation	19	961	316
Options exercised	19	(161)	(243)
Balance at end of period		\$ 2,948	\$ 2,107
Retained deficit			
Balance at beginning of period		\$ (4,841)	\$ (5,098)
Dividends paid	15	(714)	-
Net income for the period		1,414	1,344
Balance at end of period		\$ (4,141)	\$ (3,754)
Accumulated other comprehensive loss			
Balance at beginning of period		\$ (2,659)	\$ (860)
Other comprehensive income (loss)		171	(1,511)
Balance at end of period		\$ (2,488)	\$ (2,371)
Total equity		\$ 24,716	\$ 17,833

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

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars)

		Three months ended		Nine months ended	
		September 30		September 30	
	Note	2011	2010	2011	2010
Operating Activities					
Net income for the period		\$ 1,084	\$ 1,141	\$ 1,414	\$ 1,344
Adjustments for non-cash items:					
Deferred income taxes		20	(148)	(78)	358
Interest expense		428	-	467	-
Depreciation & amortization	11	119	64	343	142
Accretion of convertible debentures		314	-	314	-
Decrease in provisions	20	-	-	(16)	-
Share based payments	19	414	132	961	316
Non-cash management fees		(23)	(26)	(72)	(26)
Change in fair value of investments	6	(19)	(61)	(3,589)	24
Loss (gain) on sale of investments	6	(4)	23	3,594	(43)
Unrealized gain on liability to redeem LPF shares	6	(2)	-	6	-
Other non-cash losses	6	(18)	(10)	(46)	(10)
		2,313	1,115	3,298	2,105
Change in non-cash working capital	8	(621)	(292)	(403)	394
Net cash from operating activities		1,692	823	2,895	2,499
Investing Activities					
Net property and equipment expenditures	11	(52)	(34)	(232)	(52)
Acquisition of intangible assets	5	(28,000)	-	(28,000)	(108)
Acquisition of financial assets		(984)	-	(1,202)	(168)
Proceeds from sale of financial assets		743	105	743	273
Settlement of obligation to redeem LPF shares	25	(658)	-	(658)	-
Cash paid for Sword equity		-	-	(450)	-
Corporate acquisition, net of cash required	5	(10,202)	(955)	(10,202)	(955)
Change in non-cash working capital		658	35	-	-
Net cash used in investing activities		(38,495)	(849)	(40,001)	(1,010)
Financing Activities					
Proceeds from exercise of warrants	13	-	124	432	605
Proceeds from exercise of share options		193	124	249	257
Net proceeds from issuance of convertible debentures	17	38,014	-	38,014	-
Net proceeds from term credit facility		5,614	-	5,614	-
Purchase of treasury stock	13	(869)	-	(869)	-
Interest paid		(48)	-	(80)	-
Dividends paid		-	-	(714)	-
Net cash from financing activities		42,904	248	42,646	862
Change in cash and cash equivalents		6,101	222	5,540	2,351
Cash and cash equivalents, beginning of period		3,453	3,422	4,014	1,293
Cash and cash equivalents, end of period	9	\$ 9,554	\$ 3,644	\$ 9,554	\$ 3,644
Supplementary information					
Income tax paid		\$ 97	-	\$ 120	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the three and nine months ended September 30, 2011 and 2010 (unaudited)
(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 period ended September 30, 2011 and 2010 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 interim Consolidated Financial Statements were approved and authorized for issuance by the Board of Directors on November 22, 2011.

2. Basis of Preparation

a) Statement of compliance

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

These interim Consolidated Financial Statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 and IFRS 1. The accounting policies followed in these interim Consolidated Financial Statements are the same as those applied in the Company’s interim Consolidated Financial Statements for the period ended March 31, 2011. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect. Note 25 discloses the impact of the transition to IFRS on the Company’s reported financial position and financial performance as at and for the three and nine month period ended September 30, 2010, including the nature and effect of significant changes in accounting policies from those used in the Company’s consolidated financial statements for the year ended December 31, 2010.

The accounting policies applied in these interim Consolidated Financial Statements are based on IFRS effective for the year ending December 31, 2011, as issued and outstanding as of November 22, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim Consolidated Financial Statements, including the transition adjustments recognized on change-over to IFRS.

The interim Consolidated Financial Statements should be read in conjunction with the Company’s previous GAAP annual financial statements for the year ended December 31, 2010, and the Company’s interim Consolidated Financial Statements for the quarter ended March 31, 2011 prepared in accordance with IFRS applicable to interim financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2011 and 2010 (unaudited)
(tabular amounts are in thousands of Canadian dollars except share and per share information)

2. Basis of Preparation (continued)

b) Basis of measurement

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

- I. Financial instruments excluding 'other financial liabilities' are measured at fair value;
- II. Financial assets at fair value through profit or loss held for trading are measured at fair value with changes in fair value recorded in net income;
- III. Financial liabilities at fair value through profit or loss held for trading are measured at fair value with changes in fair value recorded in net income; and
- IV. Financial assets at fair value through other comprehensive income are measured at fair value with changes in fair value recorded in other comprehensive income.

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

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

- Note 5 - acquisition and business combinations
- Note 3 & 12 - valuation of intangible assets
- Note 3 - measurement of share based payments
- Note 3 - valuation of financial instruments

e) Significant accounting policies adopted during the period

Derivative financial instruments

During the three month period ended September 30, 2011, the Company has issued convertible debentures. The convertible portion of the debt is treated as a derivative equity instrument. Refer to notes 3 (f) and 17 for additional information regarding the accounting policies applied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the three and nine months ended September 30, 2011 and 2010 (unaudited)
(tabular amounts are in thousands of Canadian dollars except share and per share information)*

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) Property & equipment:

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

(b) Intangible assets:

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

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

The fair value of cash and cash equivalents, trade and other receivables, notes receivable and trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At September 30, 2011 and December 31, 2010, the fair value of these balances approximated their carrying value due to their short term to maturity.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the three and nine months ended September 30, 2011 and 2010 (unaudited)
(tabular amounts are in thousands of Canadian dollars except share and per share information)*

3. Determination of fair values (continued)

(f) Convertible debentures:

The convertible debentures are a hybrid financial instrument in which there are separately identified and valued debt and equity components. The instrument has a face value of \$40,250,000 and bears interest at a rate of 6%. The debt component of the convertible debentures represents a financial liability that is reported at amortized cost using the effective interest rate method. The fair value of the debt component is determined using the present value of cash flows at the market rate of interest. The equity component is identified as the conversion option of the instrument which is accounted for as a derivative and recorded at fair value with changes in fair value recorded in earnings. The fair value at recognition of the convertible debenture is 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.

(g) Juno debenture:

The Juno Canada Holdings Ltd. ("Juno") debenture has a face value of \$250,000 and an 8.4% coupon. The debenture represents a financial liability that is reported at amortized cost using the effective interest rate method. The difference between the face value of \$250,000 and the value determined is amortized and included in finance expense.

(h) 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 behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

The following tables provide fair value measurement information for financial assets and liabilities recorded at fair value as of September 30, 2011 and December 31, 2010. The carrying value of cash and cash equivalents, trade and other receivables, notes receivable, and trade and other payables included in the consolidated 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2011 and 2010 (unaudited)
(tabular amounts are in thousands of Canadian dollars except share and per share information)

3. Determination of fair values (continued)

September 30, 2011	Carrying Amount	Fair Value	Fair value measurements using		
			Level 1	Level 2	Level 3
Financial assets:					
Financial assets at fair value through profit or loss	\$ 1,821	\$ 1,821	\$ 1,384	\$ 437	\$ -
Financial assets at fair value through OCI	8,480	8,480	-	-	8,480
Financial liabilities:					
Obligation to redeem Lawrence partners fund shares	405	405	-	405	-
<hr/>					
December 31, 2010	Carrying Amount	Fair Value	Fair value measurements using		
			Level 1	Level 2	Level 3
Financial assets:					
Financial assets at fair value through profit or loss	\$ 1,370	\$ 1,370	\$ 281	\$ 1,089	\$ -
Financial assets at fair value through OCI	7,834	7,834	-	-	7,834
Financial liabilities:					
Obligation to redeem Lawrence partners fund shares	1,057	1,057	-	1,057	-

Level 1 Fair Value Measurements

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

Level 2 Fair Value Measurements

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

Level 3 Fair Value Measurements

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

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

The following tables reconcile the Company's Level 3 fair value measurements for the three and nine month periods ended September 30, 2011 and the comparative period:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2011 and 2010 (unaudited)
(tabular amounts are in thousands of Canadian dollars except share and per share information)

3. Determination of fair values (continued)

Balance at December 31, 2010	\$	7,834
Increase in fair value during the period		196
Purchase of additional interest in Sword Energy Inc.		450
Balance at September 30, 2011	\$	8,480
<hr/>		
Balance at January 1, 2010	\$	9,891
Decrease in fair value during the period		(1,726)
Balance at September 30, 2010	\$	8,165

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; and
- Market risk.

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

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

(a) Credit risk:

Credit risk is the potential for financial loss to the Company if a counterparty in a transaction fails to meet its obligations. The Company's cash and cash equivalents, trade and other receivables, notes receivable, investments at fair value through profit or loss, investments at fair value through OCI, 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 credit worthiness 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2011 and 2010 (unaudited)
(tabular amounts are in thousands of Canadian dollars except share and per share information)

4. Financial Risk Management (continued)

The maximum exposure to credit risk at the period end is as follows:

	Carrying Amount	
	September 30 2011	December 31 2010
Cash and cash equivalents	\$ 9,554	\$ 4,014
Trade and other receivables	3,661	1,457
Notes receivables	-	303
Investments at fair value through profit or loss	1,821	1,370
Investments at fair value through OCI	8,480	7,834
Prepaid deposits	111	111
	\$ 23,627	\$ 15,089

Trade and other receivables:

All of the Company's operations are conducted in Canada. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Receivables are normally collected on the 15th day of the month following the month or quarter in which the management fee was earned. The Company's policy to mitigate credit risk associated with these balances is to establish marketing relationships with its customers. The Company historically has not experienced any collection issues with its customers.

The Company does not anticipate any default as it transacts with creditworthy customers and management does not expect any losses from non-performance by these customers. As such a provision for doubtful accounts has not been recorded at September 30, 2011 and December 31, 2010. The maximum exposure to credit risk for receivables at the reporting date by type of customer was:

	Carrying Amount	
	September 30 2011	December 31 2010
Sub advisory fee receivables	\$ 994	\$ 897
Management fee receivables	2,253	273
Other receivables	414	9
	\$ 3,661	\$ 1,179

A significant amount of the Company's accounts receivable is due from related parties. As at September 30, 2011, 47% (December 31, 2010 - 23%) of the Company's trade and other receivables is due from related parties (see Note 24). The Company believes that the entire trade receivable balance is collectible. Accordingly, management has not provided for an allowance for doubtful accounts as at September 30, 2011.

The Company has one other significant customer, a Canadian wealth management firm, which accounts for \$823,000 of the trade receivables at September 30, 2011 (December 31, 2010 - \$706,000).

As at September 30, 2011 and December 31, 2010, the Company's trade and other receivables are aged as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2011 and 2010 (unaudited)
(tabular amounts are in thousands of Canadian dollars except share and per share information)

4. Financial Risk Management (continued)

	September 30		December 31	
	2011		2010	
Current (less than 90 days)	\$	3,586	\$	1,179
Past due (more than 90 days)		75		-
	\$	3,661	\$	1,179

(b) Liquidity risk:

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

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

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements at September 30, 2011:

	Carrying amount	Contractual cash flows	Less than one year	One - two years	Two - five years	More than five year
Financial liabilities:						
Trade and other payables	\$ 1,710	\$ 1,710	\$ 1,710	\$ -	\$ -	\$ -
Current income tax payable	833	833	833	-	-	-
Obligation to redeem LPF shares ⁽¹⁾	405	405	405	-	-	-
Term credit facility						
-principal	5,657	6,000	4,000	2,000	-	-
-interest		320	200	120	-	-
Juno debentures						
-principal	250	250	250	-	-	-
-interest	-	24	24	-	-	-
Convertible debentures						
-principal	32,771	40,250	-	-	40,250	-
-interest	-	12,111	2,451	4,830	4,830	-
Office commitments	-	1,823	106	661	379	677
	\$ 41,626	\$ 63,726	\$ 9,979	\$ 7,611	\$ 45,459	\$ 677

⁽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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the three and nine months ended September 30, 2011 and 2010 (unaudited)
(tabular amounts are in thousands of Canadian dollars except share and per share information)*

4. Financial Risk Management (continued)

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

(d) Capital management:

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

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

Five of the Company's subsidiaries are subject to externally imposed capital requirements. Each of these subsidiaries is registered with securities commissions in Canada as an Investment Fund Manager ("IFM"). Three of these subsidiaries are currently required to maintain minimum working capital of \$100,000, plus \$100,000 deductible under their bonding insurance policy. Two of these subsidiaries are currently required to maintain a working capital of \$25,000, plus \$100,000 deductible under their bonding insurance policy. In the event of non-compliance, these subsidiaries are required to file additional financial information and to review their policies and procedures for compliance with securities law and to file a compliance report.

At September 30, 2011, the Company is in compliance with all externally imposed restrictions on capital.

5. Acquisition and Business Combinations

(a) Investment Funds Asset Acquisition

Pursuant to an asset purchase agreement dated July 5, 2011, Aston Hill acquired the management agreements in relation to seven TSX-listed closed-end investment funds from Brompton Corp. ("Brompton"). The Company effected the acquisition by purchasing all of the issued and outstanding shares of BFML Management Limited ("BFML"), which was concurrently renamed Aston Hill Management Limited ("AHML"). AHML holds all of the management agreements acquired. The purchase closed on July 27, 2011 for cash consideration of \$28,000,000. The \$28,000,000 in assets acquired are recorded as intangible assets on the statement of financial position.

The Company incurred approximately \$327,000 in legal and advisory fees related to this transaction which have been recorded in general and administrative expenses in the consolidated income statement for the period ended September 30, 2011.

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5. Acquisition and Business Combinations (continued)

The interim consolidated income statement includes the results of operations for the period following the close of the transaction on July 27, 2011. Revenue for the three and nine month periods ended September 30, 2011 includes \$887,000 of management fee revenue generated from the assets acquired since the closing date. Net income for the three and nine month period ended September 30, 2011 from this acquisition is approximately \$651,000. If the assets had been acquired on January 1, 2011, approximately an additional \$3,100,000 of management fee revenue and \$2,278,500 of net income would have been included in the interim consolidated income statement for the nine month period ended September 30, 2011. This pro-forma financial information is not necessarily indicative of the financial position or results of operations that would have resulted had the relevant transaction taken place at the beginning of the year.

(b) Morrison Williams Business Combination:

On July 5, 2011, the Company entered into two purchase and sale agreements to acquire a 100% ownership interest of Morrison Williams Investment Management LP and its wholly owned subsidiary Morrison Williams Capital Advisors Inc. (together referred to as "Morrison Williams"). Morrison Williams is a portfolio management firm focused primarily on managing money for non-taxable institutional investors, high net worth individuals, and other taxable investors.

On July 27, 2011 the Company acquired all of the issued and outstanding equity of Morrison Williams for cash consideration of \$11,500,000.

Transactions recognized separately from the acquisition include the grant of 500,000 stock options for common shares of Aston Hill (under its pre-existing stock option plan) and issuance of \$500,000 worth of common shares of Aston Hill in trust for the purposes of an employee benefit plan to specified officers and employees of Morrison Williams. These two transactions were made as a retention incentive to Morrison Williams' employees. For additional details regarding these share based payments, refer to note 13 and 19.

In addition to the stock options and common shares issued at closing, Aston Hill agreed to provide a subsequent issuance of 500,000 stock options in Aston Hill (under its pre-existing stock option plan) to employees of Morrison Williams at the one year anniversary of closing. The cost of this liability cannot be determined as the future strike price, forfeiture rate, stock volatility and other inputs cannot be reasonably estimated at this time.

The preliminary fair values of the net assets of Morrison Williams acquired and liabilities assumed are as follows:

Net assets Acquired	
Working capital, net of cash acquired of \$1,298	\$ 1,065
Property & equipment	21
Intangible assets	13,885
Deferred income tax liability	(3,471)
Total net assets acquired	\$ 11,500

100% of the recorded receivables of \$574,000 are expected to be collected.

Intangible assets acquired represent the investment contracts managed by Morrison Williams. These contracts grant Aston Hill the ability (and legal rights) to market, sell and manage these accounts. These contracts represent an expected future economic benefit that will flow to Aston Hill as a result of this business combination. The value of this intangible asset has been calculated as the excess of the value paid to purchase Morrison Williams less the fair value of the other assets acquired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the three and nine months ended September 30, 2011 and 2010 (unaudited)
(tabular amounts are in thousands of Canadian dollars except share and per share information)*

5. Acquisition and Business Combinations (continued)

The interim consolidated income statement includes the results of operations for the period following the close of the transaction on July 27, 2011. Revenue for the three and nine month periods ended September 30, 2011 includes \$897,000 of management fee revenue generated from the assets acquired since the closing date. Net income for the three and nine month period ended September 30, 2011 from this acquisition is approximately \$320,000. If the assets had been acquired on January 1, 2011, approximately an additional \$2,998,000 of management fee revenue and \$734,000 of net income would have been included in the interim consolidated income statement for the nine month period ended September 30, 2011. This pro-forma financial information is not necessarily indicative of the financial position or results of operations that would have resulted had the relevant transaction taken place at the beginning of the year.

As a provision of sale, the sellers have agreed to indemnify Aston Hill of obligations specifically defined in the purchase and sale agreement. The sellers have agreed to indemnify Aston Hill from any expenses, liabilities or professional fees relating to any taxes incurred after the closing date of the business combination that relate to any period preceding the closing date of the business combination. In addition, the seller has agreed to indemnify Aston Hill from any expenses, liabilities, tax provisions or professional fees incurred in respect to the assumption of any rights or obligations as are required to establish Aston Hill as the sponsor and administrator of any Morrison Williams' pension plans that were previously established in favor of the sellers.

Any obligation arising from the indemnifications granted in the purchase and sale agreement of Morrison Williams is not readily determinable.

(c) Navina Business Combination:

On June 6, 2010, the Company entered into a share purchase agreement with Navina Asset Management Inc. ("Navina") and its shareholders. Navina is a Toronto-based asset management firm specializing in the development, sales and management of closed-end mutual funds, open-ended mutual funds and hedge funds. On August 6, 2010 the Company closed its transaction with Navina. The Company acquired all of the issued and outstanding common shares of Navina for total consideration of \$4,277,000. Of this, \$1,684,000 was paid in cash and the remaining portion through issuance of 2,009,938 common shares of the Company at the closing date.

The total consideration transferred was also subject to further contingent consideration of up to \$1,800,000 in cash and common shares if the Assets under Management ("AUM") of the acquired funds exceeded a specified threshold on August 6, 2011. At the closing date of the acquisition, the Company has determined that the contingent consideration is not more likely than not to be rewarded. The Company made this determination based on all available information at the closing date. As at August 6, 2011 the Company has determined that no additional consideration will be awarded.

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

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5. Acquisition and Business Combinations (continued)

Net assets Acquired

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

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

⁽¹⁾ Intangible assets

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

⁽²⁾ Deferred sales commissions

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

⁽³⁾ Obligation to redeem Lawrence Partners Fund shares

Pursuant to the share purchase agreement, the Company has agreed that it will cause Navina to redeem its 31,105 "re-invest" shares in the Lawrence Partners Fund on the date they become redeemable and to pay an amount equal to the proceeds of the redemption to the previous shareholders of Navina. During the nine months ended September 30, 2011 the Company redeemed 19,214 of its 31,105 shares held in Lawrence Partners Fund Inc. The fair value of the remaining obligation as at September 30, 2011 is \$405,000.

⁽⁴⁾ Note payable

Navina has issued a Promissory Note payable ("the Note") to reimburse the Aston Hill Global High Income Fund (formerly Navina/Lazard U.S. High Yield Bond Fund) (the "Fund") for the expenses of its initial public offering which amounted to \$791,000 and consisted of agents' fees and other offering expenses. The payments are made in quarterly installments equal to one quarter of 1.00% of the Fund's net asset value over a period of eight years beginning on September 30, 2009. The Note bears interest from the date of issue at the prime rate of interest. The Note is reduced proportionately if units of the Fund are redeemed or retracted. On the maturity date, any unpaid principal amount of the Note will be due and payable. As at September 30, 2011 the balance of the Note is \$272,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2011 and 2010 (unaudited)
(tabular amounts are in thousands of Canadian dollars except share and per share information)

6. Net losses (profits) on investments

	Three months ended		Nine months ended	
	September 30		September 30	
	2011	2010	2011	2010
Loss (gain) on sale of financial assets	\$ (4)	\$ 23	\$ 3,594	\$ (44)
Decrease (increase) in fair value of				
financial assets through profit and loss	(19)	(61)	(3,589)	24
Dealer commissions and trailer fees	208	29	428	31
Oil & gas property investment (income) loss	(1)	57	(4)	52
Interest and dividend income	(26)	(8)	(50)	(33)
Decrease (increase) in fair value of				
obligation to redeem LPF shares	(2)	-	6	-
Other gains	(18)	(10)	(46)	(10)
Total net losses on investments	\$ 138	\$ 30	\$ 339	\$ 20

7. Finance expense

	Three months ended		Nine months ended	
	September 30		September 30	
	2011	2010	2011	2010
Interest on convertible debentures	\$ 375	\$ -	\$ 375	\$ -
Interest on term credit facility	44	-	44	-
Accretion of convertible debenture discount	196	-	196	-
Accretion of debt issuance costs	118	-	118	-
Other interest expense	9	11	48	22
Foreign exchange loss/(gain)	(18)	-	(13)	-
Net finance expense	\$ 724	\$ 11	\$ 768	\$ 22

8. Supplemental cash flow information

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

	Three months ended		Nine months ended	
	September 30		September 30	
	2011	2010	2011	2010
Source/(use) of cash:				
Trade and other receivables	\$ (1,327)	\$ (308)	\$ (1,908)	\$ (403)
Prepaid expenses and deposits	59	(78)	58	(68)
Notes receivable	-	-	303	710
Trade and other payables	(194)	94	124	155
Current income tax payable	841	-	1,020	-
	\$ (621)	\$ (292)	\$ (403)	\$ 394

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2011 and 2010 (unaudited)
(tabular amounts are in thousands of Canadian dollars except share and per share information)

9. Cash and cash equivalents

	September 30 2011	December 31 2010
Bank balances	\$ 4,294	\$ 3,955
Short term deposits	5,250	-
Restricted cash balances	10	59
Cash and cash equivalents	\$ 9,554	\$ 4,014

10. Deferred income taxes

	September 30 2011	December 31 2010
Deferred tax assets:		
Financial asset at fair value through profit or loss	\$ -	\$ 4
Financial assets at fair value through OCI	172	197
Property and equipment	42	59
Oil & gas properties	7	7
Transaction costs	18	18
Share issue costs	41	57
Net capital losses	5	6
Non-capital losses	149	109
	434	457
Less deferred tax liabilities:		
Intangible asset	(4,163)	(691)
Financing costs	(57)	-
Obligation to redeem LPF shares	-	(90)
Deferred sales commissions	(38)	(77)
Net deferred tax liabilities	\$ (3,824)	\$ (401)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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11. Property and equipment

	Computer equipment & software	Leasehold Improvements	Furniture fixtures & others	Total
Cost or deemed cost:				
Balance at December 31, 2010	\$ 280	\$ 662	\$ 447	\$ 1,389
Additions	92	132	9	233
Acquired in business combination	2	-	19	21
Balance at September 30, 2011	\$ 374	\$ 794	\$ 475	\$ 1,643
Depreciation:				
Balance at December 31, 2010	\$ 219	\$ 297	\$ 157	\$ 673
Depreciation for the year	43	101	42	186
Balance at September 30, 2011	\$ 262	\$ 398	\$ 199	\$ 859
Carrying amounts:				
At December 31, 2010	\$ 61	\$ 365	\$ 290	\$ 716
At September 30, 2011	\$ 112	\$ 396	\$ 276	\$ 784

12. Intangible assets

	Management contracts
Cost:	
Balance at December 31, 2010	\$ 3,829
Acquired in asset acquisition during the period	28,000
Acquired in business combination during the period	13,885
Balance at September 30, 2011	\$ 45,714
Carrying amounts:	
At December 31, 2010	\$ 3,829
At September 30, 2011	\$ 45,714

Intangible assets consist of fund management contracts acquired through a purchase of management contracts from Brompton, a business acquisition from the purchase of Navina Asset Management Inc., and the business acquisition of 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. The Company's intangible assets are not subject to amortization as the useful lives are determined to be indefinite.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2011 and 2010 (unaudited)
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12. Intangible assets (continued)

These assets will be tested for impairment on an annual basis or more often if events or circumstances indicate there may be impairment. The impairment of intangible assets, and any eventual reversal thereof, is recognized as additional amortization expense in the income statement. As at September 30, 2011 no amortization or impairment has been recognized on these intangible assets.

13. Share capital, treasury stock & warrants

At September 30, 2011 and December 31, 2010, the Company was authorized to issue an unlimited number of common shares. All common shares issued and outstanding are fully paid and have no par value.

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

During the three month period ended September 30, 2011, the Company, through its MW Employee Share Purchase Plan, and through the Aston Hill Key Employee Purchase Plan, purchased 546,517 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 19. These shares are considered treasury stock at the end of the quarter.

On August 14, 2009, the Company closed a brokered private placement by issuing 5,117,301 units. Each unit placed consisted of one common share and one-half of a common share purchase warrant. Each warrant entitled the holder thereof to purchase one additional common share at a price of \$0.45 per common share until February 14, 2011. Prior to the February 14, 2011 expiry of the warrants, all were exercised by the respective holders. During the nine month period ended September 30, 2011 cash proceeds of \$432,000 were received on the exercise of the remaining 959,000 warrants and \$137,000 was reclassified from the fair value of unexercised warrants to share capital.

14. Earnings per share

Basic earnings per share are calculated as follows:

	Three months ended		Nine months ended	
	September 30 2011	September 30 2010	September 30 2011	September 30 2010
Net income for the period	\$ 1,084	\$ 1,141	\$ 1,414	\$ 1,344
Weighted average number of common shares (basis)				
Issued common shares at beginning of the period	71,371,794	66,603,370	70,264,461	65,060,355
Effect of share options exercised	231,918	197,533	200,236	281,072
Effect of warrants exercised	-	84,186	868,144	810,709
Effect of common shares issued	-	1,201,593	-	404,933
Effect of treasury stock reacquired	(141,433)	-	(47,144)	-
Weighted average number of common shares - basic	71,462,279	68,086,682	71,285,697	66,557,069
Basic earnings per share	\$ 0.015	\$ 0.017	\$ 0.020	\$ 0.020

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14. Earnings per share (continued)

Diluted earnings per share are calculated as follows:

	Three months ended		Nine months ended	
	September 30 2011	September 30 2010	September 30 2011	September 30 2010
Net income for the period	\$ 1,084	\$ 1,141	\$ 1,414	\$ 1,344
Weighted average number of common shares (basis)				
Weighted average number of common shares - basic	71,462,279	68,086,682	71,285,697	66,557,069
Effect of outstanding options	2,547,826	420,589	2,719,235	2,511,179
Effect of outstanding warrants	-	337,813	-	1,221,270
Effect of convertible debentures ¹	25,942,364	-	24,735,311	-
Weighted average number of common shares - diluted	99,952,469	68,845,084	98,740,243	70,289,518
Diluted earnings per share	\$ 0.011	\$ 0.017	\$ 0.014	\$ 0.019

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.

¹Aston 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.

15. Dividends

The following dividends have been charged directly to retained deficit during the nine month period ended:

	September 30 2011	September 30 2010
Special dividend paid of \$0.01 per common share	\$ 714	\$ -
Total dividends paid	\$ 714	\$ -

The 2011 special dividend was paid on March 31, 2011.

16. Credit facilities

Effective July 27, 2011, the Company entered into a new Non-Revolving Term Credit Facility ("Term Facility") with one time borrowing limit of \$6,000,000 and a new 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 of September 30, 2011 the Company had \$6,000,000 outstanding under its Term Credit Facility and \$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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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16. Credit facilities (continued)

Total Debt/EBITDA	Bankers acceptances	Prime	Standby Fee ⁽¹⁾
Less than or equal to 1:1	+3.00%	+2.00%	0.75%
Greater than 1:1	+3.25%	+2.25%	0.8125%

⁽¹⁾ The standby fee is only applicable on the Revolving Facility.

The applicable margin is calculated based on Aston Hill's total debt ratio on a consolidated basis, excluding the Convertible Debentures, the Juno Debenture and any other subordinated debt. The margin is recalculated every fiscal quarter. As at September 30, 2011 the Company's borrowing on the Term Credit Facility was based on a 30 day bankers' acceptance at 1.2% plus the margin of 3.00% for an effective interest rate of 4.2%.

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 Investments 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 not fall below \$4.6 billion.

17. Convertible debentures

The convertible unsecured subordinated debentures bear interest at an annual rate of 6.00%, payable semi-annually, in arrears, on January 31st and July 31st of each year, and are 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		(2,236)
Net proceeds	\$	38,014

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17. 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 September 30, 2011 and changes in the liability and equity components during the period ended September 30, 2011 are as follows:

Liability component:

Balance at January 1, 2011	\$	-
Issuance of convertible debentures		34,015
Issuance costs		(1,890)
Accretion of the discount		271
Accrued interest		375
Balance at September 30, 2011	\$	32,771

Equity component:

Balance at January 1, 2011	\$	-
Issuance of convertible debentures		6,235
Issuance costs		(346)
Balance at September 30, 2011	\$	5,889

There were no conversions of convertible debentures during the three and nine months ended September 30, 2011.

18. Juno debenture

As at September 30, 2011, Juno has a \$250,000 debenture bearing interest at 8.4% per annum and maturing May 11, 2012. The debenture is collateralized by the Wisevest Income Fund units which as at September 30, 2011 had a fair market value of \$212,000. The effective interest rate of the debenture is 8.45%. As at September 30, 2011, the fair value of the debenture was \$250,000 (December 31, 2010 - \$250,000).

19. Share based payments

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

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19. Share based payments (continued)

On closing of the business combination with Morrison Williams, the Company set up the MW Employee Benefit Plan ("MW Employee Benefit Plan") for the designated officers and employees of Morrison Williams Investment Management LP. \$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.

During the three month period ended September 30, 2011 the Company implemented a Key Employee Share Benefit Plan ("Key Employee Plan"). Under this share benefit plan, each participant in the plan is entitled to receive, and shall be granted, 10% of their participant entitlement if the participant remains an officer or employee of Aston Hill on each of the first ten anniversary dates from the date of their employment. The shares vest to the employee immediately upon grant, and any termination of employment with Aston Hill results in the forfeiture of the participant's entitlement in the employee benefit plan.

The three share based payment plans noted above are collectively referred to as the Company's Share Option Plan ("Share Option Plan"). During the first nine months of 2011, the Company granted 2,103,517 options with a weighted average fair value of \$1.25 per share. During the first nine months of 2010, the Company granted 1,741,000 options with a weighted average fair value of \$0.91 per share. The fair value of the options granted during 2011 and 2010 were estimated at the grant date using an option pricing model with the following weighted average assumptions:

	September 30	December 31
	2011	2010
Risk free interest rate (%)	1.91	1.96
Expected life of the options (years)	3.79	3.62
Expected share price volatility (%)	105.84	128.84
Expected forfeiture rate (%)	9.73	11.31
Expected dividend yield (%)	-	-

A summary of the status of the Company's share option plans as at September 30, 2011 and December 31, 2010 and the changes during the periods then ended, is as follows:

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19. Share based payments (continued)

	September 30, 2011		December 31, 2010	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	4,682,684	\$ 0.55	4,350,000	\$ 0.34
Granted	2,103,517	1.25	1,741,000	0.91
Exercised	(812,833)	0.31	(1,299,983)	0.35
Forfeited	(74,998)	0.47	(108,333)	0.41
Outstanding, end of period	5,898,370	\$ 0.83	4,682,684	\$ 0.55
Exercisable, end of period	2,305,873	\$ 0.47	2,016,701	\$ 0.33

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	996,517	\$ 0.13	3.12	450,000
\$0.29 - \$0.68	1,635,519	0.37	1.84	1,322,196
\$0.69 - \$1.08	1,223,334	0.76	3.37	413,343
\$1.09 - \$1.45	486,000	1.29	3.96	120,334
\$1.46 - \$1.74	1,057,000	1.58	4.35	-
\$1.75 - \$1.90	500,000	1.90	4.82	-
	5,898,370	\$ 0.83	3.25	2,305,873

A forfeiture rate of 9.73% (2010 – 11.31%) was used when recording stock based compensation. This estimate is adjusted to the actual forfeiture rate. Stock based compensation expense for the three and nine months ended September 30, 2011 of \$414,000 (2010 - \$132,000) and \$961,000 (2010 - \$316,000) respectively was expensed during the period.

20. Provisions

	Onerous contracts
Balance at January 1, 2011	\$ 23
Provisions made during the year	-
Provisions used during the year	(16)
Balance at September 30, 2011	\$ 7

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

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21. Commitments

Non-cancellable operating lease rentals are payable as follows:

	September 30		December 31
	2011		2010
Less than one year	106	\$	387
Between one and five years	1,040		1,049
More than five years	677		689
	\$	1,823	\$ 2,125

The Company is also required to pay its proportionate share of operating and property tax costs for the rented premises. During the three and nine months ended September 30, 2011 the Company recorded \$179,000 (2010 - \$104,000) and \$464,000 (2010 - \$252,000) respectively in office lease expenses. These amounts are included in general and administrative expenses in the income statement.

22. 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.

23. Significant subsidiaries

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

- I. Aston Hill Investments Inc. ("AHI") (Formerly Catapult Financial Management Inc.)
- II. Aston Hill Asset Management Inc. ("AHAM") (Formerly Navina Asset Management Inc.)
- III. Aston Hill Management Limited ("AHML")
- IV. Morrison Williams Investment Management LP ("MWLP")
- V. Morrison Williams Capital Advisors Inc. ("CAI")
- VI. Juno Canada Holdings Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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24. Related party transactions

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

- a) The Company manages a private oil and gas company and on behalf of the majority shareholders is paid a quarterly management fee in accordance with an executed management agreement. Accounts receivable includes \$385,000 (December 31, 2010 - \$nil) as at September 30, 2011 in respect of these management fees. For the three and nine month period ended September 30, 2011 \$347,000 (2010 - \$364,000) and \$1,006,000 (2010 - \$1,143,000) respectively was recorded as revenue.
- b) Notes receivable as at September 30, 2011 from Aston Hill Energy 2010 Short Term FT Limited Partnership ("the Fund") of \$nil (December 31, 2010 - \$303,000) are promissory notes due from the Fund. The notes are receivable on demand and accrue interest at a rate of 6% annually. Interest is calculated daily on the remaining balance and is receivable on a monthly basis on the last day of each month. Aston Hill Energy 2010 GP Inc., is a wholly owned subsidiary of the Company, and is the General Partner of the Fund. The notes were fully repaid on June 22, 2011.
- c) The Company's wholly owned subsidiaries receive management 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 and other amounts due from funds under management and included in accounts receivable at September 30, 2011 is \$1,723,000 (December 31, 2010 - \$273,000). During the three and nine month period ended September 30, 2011 \$2,055,000 (2010 - \$872,000) and \$4,865,000 (2010 - \$1,939,000) respectively was recorded as revenue in respect of these management fees.
- d) The note payable as described in note 5 for the Aston Hill Global High Income Fund is payable to one of the Company's funds under management and as such, is a related party transaction.
- e) As at September 30, 2011 \$437,000 (December 31, 2010 - \$1,089,000) of the financial assets at fair value through profit or loss is related to holdings of two of the Company's funds under management. For the nine month period ended September 30, 2011 \$3,604,000 (2010 - \$90,000) in changes in fair market value of these investments was recognized and recorded in net income. In addition, during the nine month period ended September 30, 2011 the Company redeemed 19,214 of its 31,105 units held in Lawrence Partners Fund Inc. On the redemption, the Company recorded realized losses of \$3,597,000. Lawrence Partners Fund Inc. is one of the Company's assets under management and as such, these represent related party transactions.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

25. Transition to IFRS

At the end of the reporting period under Canadian GAAP – September 30, 2010:

	Notes	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets				
Current assets				
Cash and cash equivalents		\$ 3,644	\$ -	\$ 3,644
Financial assets at fair value through profit or loss	a	-	2,021	2,021
Investments classified as available for sale	a	1,755	(1,755)	-
Trade and other receivables		1,606	-	1,606
Income tax receivable	d	-	365	365
Prepaid expenses		26	-	26
Current portion of deferred tax assets	c	278	(278)	-
		7,309	353	7,662
Prepaid deposits		142	-	142
Investments at fair value through OCI	a	8,476	(313)	8,163
Intangible assets	d	3,484	345	3,829
Property and equipment		723	-	723
Deferred sales commissions		417	-	417
Deferred income tax assets	c	307	(307)	-
		\$ 20,858	\$ 78	\$ 20,936
Liabilities and Equity				
Current liabilities				
Trade and other payables		\$ 581	\$ -	\$ 581
Obligation to redeem LPF shares		1,699	-	1,699
Note payable		452	-	452
Debentures		250	-	250
Deferred income tax liability	a,b,c,d	-	121	121
		2,982	121	3,103
Equity				
Share capital	b,c	21,694	(33)	21,661
Warrants		190	-	190
Contributed surplus	c	2,105	2	2,107
Deficit	a,b,c	(6,119)	2,365	(3,754)
Accumulated other comprehensive income	a,c	6	(2,377)	(2,371)
		17,876	(43)	17,833
		\$ 20,858	\$ 78	\$ 20,936

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For the three and nine months ended September 30, 2011 and 2010 (unaudited)
(tabular amounts are in thousands of Canadian dollars except share and per share information)

25. Transition to IFRS (continued)

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

	Notes	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets				
Current assets				
Cash and cash equivalents		\$ 4,014	\$ -	\$ 4,014
Financial assets at fair value through profit or loss	a	1,089	281	1,370
Trade and other receivables		1,179	-	1,179
Current income tax recoverable		272	6	278
Prepaid expenses		175	-	175
Notes receivable		303	-	303
Current portion of deferred tax assets	c	17	(17)	-
		7,049	270	7,319
Prepaid deposits		111	-	111
Investments at fair value through OCI	a	8,169	(335)	7,834
Intangible assets		3,829	-	3,829
Property and equipment		716	-	716
Deferred sales commissions		311	-	311
		\$ 20,185	\$ (65)	\$ 20,120
Liabilities and Equity				
Current liabilities				
Trade and other payables		\$ 813	\$ -	\$ 813
Obligation to redeem LPF shares		1,057	-	1,057
Provisions		-	23	23
		1,870	23	1,893
Note payable		389	-	389
Debentures		250	-	250
Deferred tax liabilities		430	(29)	401
		2,939	(6)	2,933
Equity				
Share capital	b,c	22,280	122	22,402
Warrants		137	-	137
Contributed surplus	b	2,155	(7)	2,148
Deficit	a,b,c	(6,752)	1,911	(4,841)
Accumulated other comprehensive loss	a,c	(574)	(2,085)	(2,659)
		17,246	(59)	17,187
		\$ 20,185	\$ (65)	\$ 20,120

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2011 and 2010 (unaudited)
(tabular amounts are in thousands of Canadian dollars except share and per share information)

25. Transition to IFRS (continued)

Reconciliation of consolidated comprehensive income (loss) for the three month period ended September 30, 2010:

	Notes	Canadian GAAP	Effect of transition to IFRS	IFRS
Revenue				
Management fees		\$ 2,645	\$ -	2,645
		2,645	-	2,645
Expenses				
General and administrative		1,415	-	1,415
Stock based compensation	b	122	10	132
Amortization of property & equipment		64	-	64
Net losses (profits) on investments	a	662	(632)	30
Operating income (loss)		382	622	1,004
Finance expense		11	-	11
Net income before tax for the period		371	622	993
Income tax expense (recovery)				
Current		-	-	-
Deferred	c	73	(221)	(148)
Net income for the period		298	843	1,141
Other comprehensive loss				
Net change in fair value of investments through OCI	a	6	(631)	(625)
Deferred tax on net change in fair value of investments through OCI	c	-	78	78
Other comprehensive loss for the period, net of tax		6	(553)	(547)
Total comprehensive loss for the period		\$ 304	\$ 290	\$ 594

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2011 and 2010 (unaudited)
(tabular amounts are in thousands of Canadian dollars except share and per share information)

25. Transition to IFRS (continued)

Reconciliation of consolidated comprehensive income (loss) for the nine month period ended September 30, 2010:

	Notes	Canadian GAAP	Effect of transition to IFRS	IFRS
Revenue				
Management fees		\$ 6,311	\$ -	\$ 6,311
		6,311	-	6,311
Expenses				
General and administrative		4,144	-	4,144
Stock based compensation	b	359	(42)	317
Amortization of property & equipment		107	-	107
Net losses (profits) on investments	a	1,754	(1,734)	20
Operating income (loss)		(53)	1,776	1,723
Finance expense		22	-	22
Net income before tax for the period		(75)	1,776	1,701
Income tax expense (recovery)				
Current		-	-	-
Deferred	c	167	190	357
Net income for the period		(242)	1,586	1,344
Other comprehensive loss				
Net change in fair value of investments through OCI	a	6	(1,733)	(1,727)
Deferred tax on net change in fair value of investments through OCI	c	-	216	216
Other comprehensive loss for the period, net of tax		6	(1,517)	(1,511)
Total comprehensive loss for the period		\$ (236)	\$ 69	\$ (167)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2011 and 2010 (unaudited)
(tabular amounts are in thousands of Canadian dollars except share and per share information)

25. Transition to IFRS (continued)

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

	Notes	Canadian GAAP	Effect of transition to IFRS	IFRS
Revenue				
Management fees		\$ 9,346	\$ -	9,346
		9,346	-	9,346
Expenses				
General and administrative		5,915	23	5,938
Stock based compensation	b	539	(41)	498
Amortization of property & equipment		177	-	177
Amortization of deferred sales commissions		141	-	141
Net losses (profits) on investments	a	1,390	(1,388)	2
Operating income (loss)		8,162	(1,406)	6,756
Finance expense		19	-	19
Net income before tax for the period		1,165	1,406	2,571
Income tax expense (recovery)				
Current		94	(7)	87
Deferred	c	541	283	824
Net income for the period		530	1,130	1,660
Other comprehensive loss				
Net change in fair value of investments through OCI	a	(667)	(1,389)	(2,056)
Deferred tax on net change in fair value of investments through OCI	c	92	165	257
Other comprehensive loss for the period, net of tax		(575)	(1,224)	(1,799)
Total comprehensive loss for the period		\$ (45)	\$ (94)	(139)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the three and nine months ended September 30, 2011 and 2010 (unaudited)
(tabular amounts are in thousands of Canadian dollars except share and per share information)*

25. Transition to IFRS (continued)

Notes to the Reconciliation

a) Financial instruments

On its first-time adoption of IFRS, the Company has early adopted IFRS 9 and has designated its equity investment in Sword Energy Inc. at "fair value through OCI". Under previous GAAP this investment was designated as "long term investment held for trading" and changes in fair value were recognized in net income. Under IFRS, changes in fair value will be recorded in Other Comprehensive Income, net of tax. As at September 30, 2010, this has resulted in \$2,365,000 decrease in the retained deficit and \$2,365,000 increase in accumulated other comprehensive losses. For the three month period ended September 30, 2010, this change in designation has resulted in an increase in net income of \$627,000 and a corresponding increase on other comprehensive losses. For the nine month period ended September 30, 2010, this change in designation has resulted in an increase in net income of \$1,727,000 and a corresponding increase on other comprehensive losses.

On transition to IFRS the Company has evaluated its marketable securities held within the Wisevest Income Fund, and has reclassified the marketable securities held within the fund from "Long term held for trading" under previous GAAP treatment, to "financial assets at fair value through profit or loss". For the nine months ended September 30, 2010 this has not resulted in any changes to net income. However, this change has resulted in a reclassification from non-current to current assets on the Statement of Financial Position in the amount of \$313,000.

Under previous GAAP, one of the Company's wholly owned subsidiary AHAM had its marketable securities designated as available for sale. On transition to IFRS the Company has reclassified the marketable securities held by this subsidiary from available for sale to 'financial assets at fair value through profit or loss'. As at September 30, 2010, this has resulted in a reclassification on the statement of financial position of \$1,755,000. For the three and nine month periods ended September 30, 2010, this change in designation has resulted in an increase in net income of \$5,000 and a corresponding increase in other comprehensive losses.

b) Share based payments

In accordance with IFRS 2 Share based payments, forfeitures must be estimated at the time of grant and revised based on actual forfeitures incurred. Under previous GAAP, Canadian companies were able to record forfeitures only as incurred and were not required to estimate. In addition, under IFRS each tranche (vesting period) of each grant must be valued individually using separate valuation assumptions. Under previous GAAP, a valuation was determined on a grant by grant basis, and was not disaggregated to the tranche level. As at September 30, 2010 these differences have resulted in an increase to retained deficit of \$6,000 and a corresponding increase in contributed surplus. For the three months ended September 30, 2010 this has resulted in an increase in stock based compensation expense of \$10,000 and a corresponding increase in contributed surplus. For the nine months ended September 30, 2010 this has resulted in a decrease in stock based compensation expense of \$42,000 and a corresponding decrease in contributed surplus. For the twelve months ended December 31, 2010 this has resulted in a decrease in stock based compensation expense of \$41,000 and a corresponding decrease in contributed surplus.

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25. Transition to IFRS (continued)

c) Income taxes

In accordance with IAS 12 all deferred income tax assets or liabilities are to be presented as long-term. As such, as at September 30, 2010 \$278,000 has been reclassified from short-term future income tax asset to long-term. For the nine months ended September 30, 2010, the application of the IFRS adjustments as discussed in a) and b) above resulted in an \$11,000 decrease to the Company's deferred income tax asset and a corresponding decrease to the Company's IFRS comparative period earnings. For the twelve months ended December 31, 2010, the application of the IFRS adjustments as discussed in a) and b) above resulted in a \$12,000 decrease to the Company's deferred income tax liability and a corresponding increase to the Company's IFRS comparative period earnings.

d) Restatement of previous GAAP

Aston Hill acquired Navina Asset Management Inc. on August 6, 2010. Subsequent to preliminary fair values of the net assets of Navina acquired as disclosed in the September 30, 2010, it became known to the Company that Navina had amended its December 31, 2008 corporate tax return. The result of the amended tax return was a refund owing to Navina of \$365,000. This income tax receivable was not initially presented on the September 30, 2010 financial statements. Upon subsequent review, since the tax recovery was part of the business combination, the amount should have been booked as income tax receivable, with an offsetting decrease in the intangible assets as at August 6, 2010. Secondly, no deferred income tax liability was initially recorded on the intangible assets acquired in the business combination. Subsequent to the third quarter of 2010, it became known that intangible assets acquired in a business combination are not eligible capital expenditures, for the determination of Cumulative Eligible Capital ("CEC") in accordance with the Income Tax Act. As such, these two changes in tax estimates resulted in an increase in the fair market value of the intangible assets acquired of \$345,000 and an increase in deferred income tax liabilities of \$717,000. The changes did not have any impact on Consolidated Comprehensive Income in the three and nine month periods ended September 31, 2010.

e) Statement of cash flows

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

26. Subsequent events

On October 31, 2011 the Company made an early principal repayment on its Term Credit Facility in the amount of \$2.5 million. The remaining balance drawn on the Term Credit Facility as at October 31, 2011 was \$3.5 million.

During October 2011, 556,665 stock options were exercised for gross proceeds to the Company of \$175,000.