



**ABERDEEN**  
INTERNATIONAL

**ABERDEEN INTERNATIONAL INC.**

**ANNUAL INFORMATION FORM**

**For the financial year ended January 31, 2019**

**65 Queen Street West, Suite 815  
Toronto, ON M5H 2M5  
Tel: (416) 861-5882  
Fax: (416) 861-8165  
[www.aberdeeninternational.ca](http://www.aberdeeninternational.ca)**

**April 30, 2019**

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## CAUTIONARY STATEMENTS

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This document may contain certain “forward-looking information”, within the meaning of applicable securities law, that are prospective and reflect management’s expectations regarding Aberdeen’s future results of operations, performance and business prospects and opportunities. Forward-looking information can often be identified by forward-looking words such as “anticipate”, “believe”, “expect”, “goal”, “plan”, “intend”, “estimate”, “may” and “will” or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. All information herein, other than statements of historical fact, is forward-looking information including, without limitation, information regarding the Company’s plan of business operations; mineral reserve and mineral resource estimates; mine and development plans, budgets and timetables; projections regarding future activities; dividend policies; valuation of investments; outcome of disputes; availability of financing on acceptable terms; ability to identify and execute investments; investment philosophy and business purposes; projected costs and expenditures; potential benefits of the business; anticipated return; potential mineralization and operation of investee properties; and projections of future revenue or gains of Aberdeen. Forward-looking information involves various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Important factors that could cause actual results to differ materially from Aberdeen’s expectations are described in Aberdeen’s documents filed from time to time with the applicable regulatory authorities and such factors include, but are not limited to, risks related to investment performance, minority investments, market fluctuations, fluctuations in commodity prices, uncertainties relating to the availability and costs of financing needed in the future, the strength of the global economy and financial system, foreign exchange fluctuations, competition, social, political and economic risks in the countries in which the Company’s investment interests are located, risks inherent to the mining industry, and other risks described herein including under the heading “Narrative Description of the Business – Risks of the Business” and “Other Disclosure relating to Ontario Securities Commission Requirements for Companies Operating in Emerging Markets”.

Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Aberdeen undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors that affect this information, except as required by law.

With regard to all information included herein relating to companies in Aberdeen’s investment portfolio, the Company has relied on information provided by the investee companies and on publicly available information disclosed by the respective companies.

## DEFINITIONS AND GLOSSARY OF TERMS

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In this annual information form, references to “Aberdeen” or the “Company” mean Aberdeen International Inc. and its subsidiaries on a consolidated basis and the following abbreviations and defined terms are used:

“AIF”	means this annual information form.
“Audit Committee”	means the audit committee of the Board.
“Board”	means the board of directors of Aberdeen.
“Common Shares”	means common shares in the capital of Aberdeen International Inc.
“Compensation Committee”	means the compensation committee of the Board.
“Corporate Governance and Nominating Committee”	means the corporate governance and nominating committee of the Board.
“NI 43-101”	means <i>National Instrument 43-101 – Standards of Disclosure for Mineral Projects</i> of the Canadian Securities Administrators.
“OBCA”	means the <i>Business Corporations Act (Ontario)</i> .
“TSX”	means the Toronto Stock Exchange

## CURRENCY PRESENTATION AND DATE OF INFORMATION

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This AIF contains references to United States dollars and Canadian dollars. All dollar amounts referenced herein, unless otherwise indicated, are expressed in Canadian dollars and United States dollars are referred to as “United States dollars” or “US\$”.

The following table sets out the exchange rates for Canadian dollars per United States dollar during the indicated periods based on the Bank of Canada noon spot rate of exchange.

	Twelve Months Ended January 31		
	2019	2018	2017
Closing	\$1.3144	\$1.2293	\$1.3030
High	\$1.3642	1.3743	1.4040
Low	\$1.2288	1.2128	1.2544

On April 30, 2019, the noon buying rate in United States Dollars reported by the Bank of Canada was US\$1.00 = \$1.3423.

All information in this AIF is given as of April 30, 2019, unless otherwise indicated.

## **CORPORATE STRUCTURE**

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The Company was incorporated on July 14, 1987 under the laws of the Province of British Columbia as Catalyst Ventures Corp. On February 21, 2000, the Company filed Articles of Amendment to consolidate its Common Shares on a six for one basis and to increase its authorized share capital to 100,000,000 post consolidation Common Shares. On February 23, 2000, the Company changed its name to International Catalyst Ventures Inc.

On May 1, 2000, shareholders of the Company approved the change of name of the Company to Space Ventures Inc. On September 2, 2000, the Company filed Articles of Continuance to continue to the Yukon Territory and to change its name to Spacenet International Inc. However, the Company did not receive requisite regulatory approval to such name change and therefore continued to operate under the name International Catalyst Ventures Inc. On November 23, 2001, the Company filed Articles of Amendment to consolidate its common shares on a three for one basis and changed its name to Aberdeen International Inc.

On July 4, 2006, the Company filed Articles of Continuance to continue from the Yukon Territory to the Province of Ontario. The Company is now governed by the OBCA and is a reporting issuer in the Provinces of Ontario, Alberta, British Columbia and the Yukon Territory.

The Company's head and registered office is located at Suite 815, P.O. Box 75, 65 Queen Street West, Toronto, Ontario M5H 2M5.

Aberdeen has one wholly-owned subsidiary, Aberdeen (Barbados) Inc., which is a Barbados company.

## **GENERAL DEVELOPMENT OF THE BUSINESS**

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### **Three Year History**

The following is a summary of the general development of the Company's business over the three most recently completed financial years.

*Financial Year Ended January 31, 2019*

#### Investment Portfolio

As at January 31, 2019, the Company's total investments decreased to \$24,716,564 from \$52,413,995 as at January 31, 2018. During the year ended January 31, 2019, the Company's shareholders' equity decreased to \$26,802,487 from \$52,574,549 as at January 31, 2018. The decrease in the value of the Company's investment portfolio and shareholders' equity during 2019 was due to gain realized from the sale of common shares of Lithium X Energy Corp ("LIX"), Halo Lab Inc. ("Halo") and Troilus Gold Corp. ("TLG"), other revenues and foreign exchange gain offset by investment losses realized from the sale of commons shares of Agua Resources Limited ("AGRL"), ARHT Media Inc. ("ART"), Black Irons Inc. ("BKI"), Desert Lion Energy Inc. ("DLI"), Emerita Gold Corp. ("EMO"), and Euro Sun Mining Inc. ("ESM"), operating, general and administration expenses and decreased fair market value in the remainder shares and warrants of the Company's entire portfolio due to overall decline in equity markets as it relates to the resource sector.

During the year ended January 31, 2019, the Company invested approximately \$4.9 million and disposed of investments for proceeds of approximately \$9.7 million.

## *Financial Year Ended January 31, 2018*

### Investment Portfolio

As at January 31, 2018, the Company's total investments were valued at \$52,413,995, as compared to \$34,618,172 as at January 31, 2017. The increase in the value of the Company's investment portfolio during 2018 was due to the net investment gain realized from the sale of LIX common shares, Potasio y Litio de Argentina S.A. ("PLASA") and other public and private investments, the increased share price of Fura Gems Inc. ("Fura"), increased fair market value of DLI common shares, increased fair market value of International Cobalt Inc., offset by the expiration of warrants of Trigon Metals Inc. and Fura, lower share prices Blue Sky Energy Inc., decreased fair market value of African Thunder Platinum Limited ("African Thunder") common shares, increased operating, general and administration expenses, increased transaction costs and foreign exchange loss.

The remaining portfolio investments increased slightly due to improvements in equity markets as it related to the resource sector.

Aberdeen exercised its pre-existing right and acquired from Routemaster Capital Inc. ("Routemaster") one-half (1.0% of the 2.0% royalty) of the net smelter returns royalty held by Routemaster in respect of the Sal de Los Angeles lithium project in Argentina. In consideration for this royalty, Aberdeen paid to Routemaster CAD\$1,000,000 in cash and CAD\$1,000,000 through the issue of 7,140,000 Aberdeen common shares. At a deemed price of \$0.14 per common share based on the trading price of Common Shares at the relevant time, the 7,140,000 Aberdeen common shares had an aggregate value of \$1,000,000.

During the financial year ended January 31, 2018, Aberdeen completed the sale to LIX of its remaining shareholdings of PLASA. In consideration for acquiring the 50% of PLASA held by Aberdeen, LIX paid to Aberdeen \$5,000,000 and issued 6,000,000 LIX common shares. The LIX common shares were subject to certain statutory hold periods and contractual trade restrictions. As additional, contingent consideration, LIX agreed to issue to Aberdeen an additional 3,000,000 LIX common shares if, during the three years following closing, the volume weighted average trading price of LIX common shares is \$3.00 or more for a period of 20 consecutive trading days. LIX was sold to a third party at a price of \$2.61 per Lithium X share.

In September 2017, African Thunder entered into an agreement to sell all of the issued and outstanding shares (the "SHM Shares") of Smokey Hills Platinum Mining (Mauritius) ("Smokey Hills"), which owns the Smokey Hills Platinum Project in South Africa, to the Sail Group of Companies (the "Sail Group"). The Sail Group is an international commodity trading company with a focus on chrome. The Sail Group has recently acquired two other chrome projects in the Bushveld complex that would be expected to complement the Smokey Hills assets. As consideration for the SHM Shares, African Thunder will receive USD\$24 million in shares of a newly-incorporated company ("Holdco") that will hold all of the Sail Group corporate entities. The Sail Group will cause Holdco shares to be listed for trading on a stock exchange. African Thunder has the right to cause Holdco to purchase from African Thunder all of the Holdco Shares for USD \$22,000,000 during the Option Period (as defined below). Holdco has the right to cause African Thunder to sell the Holdco Shares to Holdco for USD\$26,000,000 during the Option Period. Upon completion of the Transaction, Aberdeen expects African Thunder to distribute the Holdco shares to the African Thunder shareholders on a pro rata basis. The Option Period is a period of three calendar months commencing on the earlier of:

- 18 completed calendar months from the day of the last of the following to occur:

- the renewal application in respect of the mining right for the Smokey Hills Platinum Project is filed and accepted by the Minister of Mineral Resources pursuant to section 24 of the *Mineral and Petroleum Resources Development Act* (South Africa) ("MPRDA");
  - the issuance of a new integrated water licence for the Smokey Hills Platinum Project, for the Combined Group, by the Department of Water and Sanitation of the Republic of South Africa; and
  - the issuance of the environmental authorization to the Smokey Hills Platinum Project, for the Combined Group, by the Department of Environmental Affairs; or
- Six completed calendar months from the date on which Holdco completes the construction of a chrome processing plant at the Smokey Hills Platinum Project.

In addition to obtaining a listing of the Holdco Shares, closing of the Transaction is subject to several other regulatory conditions.

*Financial Year Ended January 31, 2017*

### The Investment Portfolio

As at January 31, 2017, the Company's investment portfolio consisted of eleven publicly-traded investments and twelve privately-held investments for a total fair value of \$32,959,142. During the year ended January 31, 2017, the Company invested approximately \$3.8 million in portfolio acquisitions and disposed of investments receiving proceeds of \$6.1 million for a realized gain of \$12.4 million. During the year ended January 31, 2017, the Company made new investments in Desert Lion Energy Corp. (private lithium), Blue Sky Energy Inc. (energy), QMX Gold Corporation (gold), Pitchblack Resources Inc. (gold, uranium and coal), Valencia Ventures Inc. (other), Trigon Metals (copper) and Fura (gems) through exercise of warrants, sold investments in Agua Resources Ltd. (agriculture), Arena Minerals Inc. (copper), Trigon Metals and LIX.

## **NARRATIVE DESCRIPTION OF THE BUSINESS**

### **General**

Aberdeen is a publicly traded global investment and merchant banking company focused on small capitalization companies in the resource sector. In general, the Company's investment philosophy is to acquire, both directly and indirectly through its wholly-owned subsidiaries, equity participation in:

- pre-IPO and/or early stage public resource companies with undeveloped or undervalued high-quality resources;
- companies in need of managerial, technical and financial resources to realize their full potential;
- companies undervalued in foreign capital markets; and
- companies operating in jurisdictions with low to moderate local political risk.

Aberdeen's primary investment objective is to realize exceptional earnings by investing in pre-IPO and/or early stage public resource companies with undeveloped or undervalued high quality resources. Aberdeen's investments are carried out according to an opportunistic and disciplined process to maximize returns while minimizing risk, taking advantage of investment opportunities identified from the industry contacts of the Board, the officers of the Company and the members of the Investment Committee. In practice, a significant percentage of companies in which Aberdeen invests are companies in which Mr. Stan Bharti holds a key role, and consequently, the investment practices and policies of the Company are subject to potential conflicts of interest. See "Cautionary Notes" and "Narrative Description of the Business – Risk Factors".

To achieve its objectives, the Company employs, when appropriate, the following strategies:

- Investments are focused mostly on the natural resource and natural resource related industries. The Company takes an active role in the strategic direction and policy making of many of the companies in which it invests.
- The Company obtains in-depth knowledge of the investee company and a working relationship with existing and/or proposed management.
- Transactions generally take the form of equity or debt, usually with equity rights attached. The Company may employ a wide range of investment instruments, including equity, bridge loans, secured loans, unsecured loans, convertible debentures, warrants and options, royalties, net profit interests and other hybrid instruments.
- Investments will be made in both public and private companies.
- The Company will seek investments where it has the ability to monitor the investment until its specific investment objective is realized.
- The Company will seek multiple exit strategies for optimal realization of value of structured transactions.

Notwithstanding the foregoing, from time to time, the Board may authorize any particular investment or series of investments that may not comply with these strategies.

While management does not view the Company's business as cyclical, the value of its assets in the natural resource sector may fluctuate with the market for securities in that sector, global commodity prices and the demand for natural resources. See "General Development of the Business – Risk Factors – Sensitivity to Macro-Economic Conditions".

#### *Investments*

The Company began operating as a global resource investment company and merchant bank in July 2007. At January 31, 2019, the Company's portfolio had investments in thirty-five companies with an estimated fair market value of \$24,716,564.

#### *Public Investments*

As at January 31, 2019, the Company's nineteen publicly-traded investments had a total fair value of \$12,779,879.



Public Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
EarthRenew Inc.*	(iii)	7,398,160 common shares	\$ 1,588,769	\$ 554,862	4.3%
Black Iron Inc.	(iii)	7,430,589 common shares	1,611,951	408,682	3.2%
Blue Sky Energy Inc.	(i,ii,iii)	4,156,680 common shares	2,319,166	2,078,340	16.3%
Euro Sun Mining Inc.	(iii)	774,075 common shares	1,083,702	251,574	2.0%
Fura Gems Inc.	(i,ii,iii)	14,538,094 common shares	3,566,234	6,396,761	50.0%
Halo Labs Inc.		625,000 warrants expire Dec 31, 2020	67,268	123,688	1.0%
Jourdan Resources Inc.	(ii)	8,333,333 common shares	500,000	410,000	3.2%
		8,333,333 warrants expire Jun 12, 2020			
Magnolia Colombia Limited	(iii)	1,000,000 common shares	100,000	70,300	0.6%
		1,000,000 warrants expire Dec 13, 2019			
Q-Gold Resources Ltd.	(i,ii)	2,500,000 common shares	250,000	730,750	5.7%
		2,500,000 warrants expire Jul 4, 2020			
QMX Gold Corporation		14,882,500 common shares	2,034,304	1,251,869	9.8%
		769,250 warrants expire Oct 5, 2019			
		2,500,000 warrants expire Feb 16, 2021			
Sulliden Mining Capital Inc.	(iii)	1,449,000 common shares	615,090	144,900	1.1%
Trigon Metals Inc.	(i,ii,iii)	4,245,740 common shares	1,610,401	255,387	2.0%
		500,000 warrants expire Jul 31, 2020			
		1,428,571 warrants expire Jan 12, 2020			
Total of 7 other investments	(iv)		1,411,172	102,766	0.8%
Total public investments			\$ 16,758,057	\$ 12,779,879	100.0%

\*Formerly 2292055 Ontario Ltd.

#### Notes

- (i) The Company has filed a Section 62-103 report pursuant to the *Securities Act (Ontario)* for this investment and has filed an early warning report on SEDAR.
- (ii) The Company owns, on a partially diluted basis, at least a 10% interest in the investee as at January 31, 2019.
- (iii) A director and/or officer of the Company is a director and/or officer of the investee corporation as at January 31, 2019.
- (iv) Total other investments held by the Company that are not individually listed as at January 31, 2019. Directors and officers may hold investments personally.

As at January 31, 2018, the Company's equity investment portfolio consisted of nineteen publicly-traded investments for a total fair value of \$34,110,299.

Public Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
ARHT Media Inc.		750,000 common shares 375,000 warrants expire Dec 21, 2019	\$ 300,000	\$ 471,075	1.4%
Black Iron Inc.	(iii)	10,980,589 common shares	2,382,068	1,152,962	3.4%
Blue Sky Energy Inc.	(i,ii,iii)	4,156,680 common shares	2,319,166	2,078,340	6.1%
Emerita Resources Corp.		5,000,000 common shares 2,500,000 warrants expire Dec 20, 2019	500,000	722,250	2.1%
Euro Sun Mining Inc.	(iii)	1,428,575 common shares	2,000,000	1,728,576	5.1%
Fura Gems Inc.	(i,ii,iii)	13,347,618 common shares 1,190,476 warrants expire May 5, 2019	3,244,805	13,390,808	39.3%
Lithium X Energy Corp.	(v)	3,000,000 common shares	6,510,000	7,470,000	21.9%
Magnolia Colombia Limited	(iii)	1,000,000 common shares 1,000,000 warrants expire Dec 13, 2019	100,000	308,800	0.9%
Panthera Resources PLC*	(iii)	331,899 common shares	79,482	115,720	0.3%
QMX Gold Corporation	(iii)	12,382,500 common shares 769,250 warrants expire Oct 5, 2019	1,784,304	3,623,015	10.6%
Sulliden Mining Capital Inc.	(iii)	1,449,000 common shares	615,090	601,335	1.8%
Trigon Metals Inc.	(i,ii,iii)	4,245,740 common shares 500,000 warrants expire Jul 31, 2020 1,428,571 warrants expire Jan 12, 2020	1,610,401	1,550,072	4.5%
Troilus Gold Corp.**		245,750 common shares	127,790	491,500	1.4%
Valencia Ventures Inc.	(iii)	1,700,000 common shares	136,000	374,000	1.1%
Total of 2 other investments	(iv)		629,601	31,846	0.1%
<b>Total public investments</b>			<b>\$ 22,338,707</b>	<b>\$ 34,110,299</b>	<b>100.0%</b>

\* Formerly Indo Gold Limited

\*\* Formerly Pitchblack Resources Ltd.

#### Notes

- (ii) The Company has filed a Section 62-103 report pursuant to the *Securities Act (Ontario)* for this investment and has filed an early warning report on SEDAR.
- (ii) The Company owns, on a partially diluted basis, at least a 10% interest in the investee as at January 31, 2018.
- (iii) A director and/or officer of the Company is a director and/or officer of the investee corporation as at January 31, 2018.
- (iv) Total other investments held by the Company that are not individually listed as at January 31, 2018. Directors and officers may hold investments personally.
- (iv) 1,000,000 common shares of Lithium X Energy Corp. have been pledged to be paid to a director and officer as a bonus.

## Private Investments

As at January 31, 2019, the Company's thirteen privately-held investments had a total estimated fair value of \$8,977,285.

Private Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
African Thunder Platinum Limited	(i,ii,iii)	72,440,807 common shares	\$ 16,627,348	\$ 4,248,452	47.3%
		46,230,979 options			
		46,230,979 options			
		55,477,175 options			
		64,723,371 options			
Brazil Potash Corp.	(iii)	2,213,698 common shares	2,918,551	2,909,686	32.4%
International Cobalt Inc.	(i,ii)	66.67% of interest	980,000	557,648	6.2%
Vilhelmina Minerals Inc.	(i,ii)	1,237,500 common shares	1,237,500	1,237,500	13.8%
Total of 9 other investments	(iv)		2,810,622	23,999	0.3%
<b>Total private investments</b>			<b>\$ 24,574,021</b>	<b>\$ 8,977,285</b>	<b>100.0%</b>

### Notes

- (i) The Company owns 66.7% of the outstanding common shares International Cobalt Inc., 33.2% of the outstanding common shares Vilhelmina Minerals Inc. and 16.9% of the outstanding common shares and voting rights of African Thunder Platinum Limited. There are no contractual arrangements, financial support, or other restrictions with these companies. Refer to Note 2 of the Company's consolidated financial statements relating to the exemption to consolidating particular subsidiaries and the exemption from accounting for associates using the equity method for investment entities.
- (ii) The Company owns, on a partially diluted basis, at least a 10% interest in the investee as at January 31, 2019.
- (iii) A director and/or officer of the Company is a director and/or officer of the investee corporation as at January 31, 2019.
- (iv) Total other investments held by the Company that are not individually listed as at January 31, 2019. Directors and officers may hold investments personally.

As at January 31, 2018, the Company's 15 privately-held equity investments had a total fair value of \$16,133,095.

Private Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
2292055 Ontario Inc.	(iii)	4,189,667 common shares	\$ 1,256,900	\$ 1,256,900	7.8%
African Thunder Platinum Limited	(i,ii,iii)	72,440,807 common shares	16,627,348	4,582,739	28.5%
		46,230,979 options expire July 10, 2020			
		46,230,979 options expire July 10, 2020			
		55,477,175 options expire July 10, 2020			
		64,723,371 options expire July 10, 2020			
Brazil Potash Corp.	(iii)	213,698 common shares	273,973	985,121	6.1%
Desert Lion Energy Corp.		3,415,384 common shares	1,624,851	6,215,999	38.5%
		461,538 warrants expire Sep 8, 2019			
International Cobalt Inc.	(ii)	66.67% of interest	980,000	2,468,336	15.3%
Vilhelmina Minerals Inc.*		600,000 common shares	600,000	600,000	3.7%
Yukoterre Resources Inc.**		480,000 common shares	24,000	24,000	0.1%
Total of 8 other investments	(iv)		2,786,622	-	0.0%
<b>Total private investments</b>			<b>\$ 24,173,694</b>	<b>\$ 16,133,095</b>	<b>100.0%</b>

\*Formerly 2587357 Ontario Inc.

\*\*Formerly 2560344 Ontario Inc.

## Notes

- (i) The Company owns 66.7% of the outstanding common shares of International Cobalt Inc., 27.3% of the outstanding common shares of Vihelmina Minerals Inc. and 16.9% of the outstanding common shares and voting rights of African Thunder Platinum Limited. There are no contractual arrangements, financial support, or other restrictions with these companies. Refer to Note 2 of the Company annual consolidated financial statements relating to the exemption to consolidating particular subsidiaries and the exemption from accounting for associates using the equity method for investment entities.
- (ii) The Company owns, on a partially diluted basis, at least a 10% interest in the investee as at January 31, 2018.
- (iii) A director and/or officer of the Company is a director and/or officer of the investee corporation as at January 31, 2018.
- (iv) Total other investments held by the Company that are not individually listed as at January 31, 2018. Directors and officers may hold investments personally.

## *Loans*

		January 31, 2019	January 31, 2018
ARHT Media Inc.	Unsecured & convertible	\$ -	\$ 591,301
Blue Sky Energy Inc.	Unsecured & convertible	250,000	250,000
EarthRenew Inc.*	Unsecured & convertible	-	100,000
Irati Energy Corp.	Unsecured & convertible	200,000	-
Newdene Gold Inc.	Unsecured & convertible	500,000	-
Siwash Holdings Inc.**	Unsecured & convertible	1,314,400	1,229,300
Trigon Metals Inc.	Unsecured & convertible	695,000	-
		<u>\$ 2,959,400</u>	<u>\$ 2,170,601</u>

\*Formerly 2292055 Ontario Ltd.

\*\*Formerly KAZ Invest AB

## *Valuation Policy*

Aberdeen estimates the fair value of its investments based on the criteria below.

### Publicly-traded investments:

Securities, including shares, options, and warrants that are traded on a recognized securities exchange and for which no sales restrictions apply are recorded at fair values based on quoted closing prices at the balance sheet date or the closing price on the last day the security traded if there were no trades at the balance sheet date.

Securities that are traded on a recognized securities exchange but that are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. Securities that are received as part of a private placement that are subject to a standard four month hold period are not discounted. In determining the discount for such investments, the Company considers the nature and length of the restriction, business risk of the investee company, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments.

Warrants or options of publicly-traded securities that do not have a quoted price are carried at an estimated fair value calculated using the Black-Scholes option pricing model based on the underlying security.

Performance shares are convertible into common shares when the investee companies meet certain milestones. These performance shares are recorded at fair value when the certainty of meeting these milestones is probable.

### Privately-held investments:

Securities in privately-held companies (other than options and warrants) are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the financial statements. Options and warrants of private companies are carried at their intrinsic value. With respect to valuation, the financial information of private companies in which the Company has investments may not always be available, or such information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these may not be realized or realizable. In addition to the events described below, which may affect a specific investment, the Company will take into account general market conditions when valuing the privately-held investments in its portfolio. The absence of these events or any significant change in general market conditions indicates generally that the fair value of the investment has not materially changed.

An upward adjustment is considered appropriate and supported by pervasive and objective evidence when a significant subsequent equity financing by an unrelated investor at a transaction price higher than the Company's carrying value occurs; or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a positive impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable. Such events include, without limitation:

- political changes in a country in which the investee company operates that, for example, reduce the corporate tax burden, permit mining where, or to an extent that, it was not previously allowed, or reduce or eliminate the need for permitting or approvals;
- receipt by the investee company of environmental, mining, aboriginal or similar approvals, which allow the investee company to proceed with its project(s);
- filing by the investee company of a National Instrument 43-101 technical report in respect of a previously non-compliant resource;
- release by the investee company of positive exploration results, which either proves or expands their resource prospects; and
- important positive management changes by the investee company that the Company's management believes will have a very positive impact on the investee company's ability to achieve its objectives and build value for shareholders.

Downward adjustments to carrying values are made when there is evidence of a decline in value as indicated by the assessment of the financial condition of the investment based on third party financing, operational results, forecasts, and other developments since acquisition, or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a negative impact on the investee company's prospects and therefore its fair value. The amount of the change to the fair value of the investment is based on management's judgment and any value estimated may not be realized or realizable. Such events include, without limitation:

- political changes in a country in which the investee company operates that increases the tax burden on companies, that prohibit mining where it was previously allowed, that increases the need for permitting or approvals, etc.;

- denial of the investee company's application for environmental, mining, aboriginal or similar approvals that prohibit the investee company from proceeding with its projects;
- the investee company releases negative exploration results;
- changes to the management of the investee company take place that the Company believes will have a negative impact on the investee company's ability to achieve its objectives and build value for shareholders;
- the investee company is placed into receivership or bankruptcy; and
- based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern.

The resulting values may differ from values that would be realized had a ready market existed. The amounts at which the Company's privately-held investments could be disposed of may differ from the carrying value assigned. Such differences could be material.

#### Other Investments:

Secured debentures are carried at cost. The recoverability of the secured debentures is assessed when events occur indicating impairment. Recoverability is based on factors such as failure to pay interest on time and failure to pay the principal. An impairment loss is recognized in the period when it is determined that the carrying amount of the assets will not be recoverable. At that time the carrying amount is written down to fair value. Secured debentures are financial instruments classified as loans and receivables.

Convertible debentures and convertible notes are carried at the higher of the value of the loan or the fair value of the common shares received from the conversion assuming the conversion can be done at the Company's option. Convertible debentures and convertible notes issued to private companies are carried at nominal value. Convertible debentures and convertible notes are financial instruments classified as held for trading.

The resulting values may differ from values that would be realized had a ready market existed. The amounts at which the Company's publicly-traded investments could be disposed of may differ from the carrying value based on market quotes, as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. The amounts at which the Company's privately-held investments could be disposed of may differ from the carrying value assigned.

#### **Competitive Conditions**

The Company competes with resource companies, mutual funds, investment funds, hedge funds, investment companies, management companies and other investment vehicles for investment opportunities. Many of these competitors have greater financial, technical and other resources than the Company. To compete, Aberdeen depends on the knowledge, experience and network of business contacts of the management and directors of the Company. In addition, Aberdeen has access to key experts in the mining and financial sectors who can provide further assistance in evaluating and monitoring companies and their progress. See "Risks of the Business – Available Opportunities and Competition for Investment".

#### **Employees**

The Company has two employees and approximately eight consultants. See "Risks of the Business – Qualified Personnel".

## **Risks of the Business**

Investing in resource companies involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Certain risk factors listed below are general risks related to investing in the resource industry or operating a mining project while others are specific to Aberdeen.

### *Portfolio Exposure*

Given the nature of Aberdeen's activities, the results of operations and financial condition of the Company are dependent upon the market value of the securities that comprise the Company's investment portfolio. Market value can be reflective of the actual or anticipated operating results of companies in the portfolio and/or the general market conditions that affect the resource sector. Various factors affecting the resource sector could have a negative impact on Aberdeen's portfolio of investments and thereby have an adverse effect on its business. Additionally, the Company's investments are mostly in small-cap businesses that may never mature or generate adequate returns or may require a number of years to do so. Junior exploration companies may never achieve commercial discoveries and production. This may create an irregular pattern in Aberdeen's investment gains and revenues (if any) and an investment in the Company's securities may only be suitable for investors who are prepared to hold their investment for a long period of time. Macro factors such as fluctuations in commodity prices and global political and economic conditions could have an adverse effect on the resource industry, thereby negatively affecting the Company's portfolio of investments. Company-specific risks, such as the risks associated with mining operations generally, could have an adverse effect on one or more of the investments in the portfolio at any point in time. Company-specific and industry-specific risks that materially adversely affect the Company's investment portfolio may have a materially adverse impact on operating results.

### *Concentration of Investments*

Other than as described herein, there are no restrictions on the proportion of the Company's funds and no limit on the amount of funds that may be allocated to any particular investment. The Company may participate in a limited number of investments and, as a consequence, its financial results may be substantially adversely affected by the unfavorable performance of a single investment. Completion of one or more investments may result in a highly concentrated investment in a particular company, commodity or geographic area, resulting in the performance of the Company depending significantly on the performance of such company, commodity or geographic area. As at January 31, 2019, Brazil Potash Corp., Fura and African Thunder represented approximately 11%, 23% and 15%, respectively of the Company's total assets, respectively. As a result, the valuation of these investments and the overall financial condition of the Company depends on the performance of these three investee companies.

### *Private Issuers and Illiquid Securities*

Aberdeen invests in securities of private issuers. Securities of private issuers may be subject to trading restrictions, including hold periods, and there may not be any market for such securities. These limitations may impair the Company's ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments. Investments in private issuers are subject to a relatively high degree of risk. There can be no assurance that a public market will develop for any of Aberdeen's private company investments, or that the Company will otherwise be able to realize a return on such investments.

The value attributed to securities of private issuers will be the cost thereof, subject to adjustment in limited circumstances, and therefore may not reflect the amount for which they can actually be sold. Because valuations, and in particular valuations of investments for which market quotations are not readily available, are inherently uncertain, may fluctuate within short periods of time and may be based on estimates, determinations of fair value may differ materially from the values that would have resulted if a ready market had existed for the investments.

Aberdeen also invests in illiquid securities of public issuers. A considerable period of time may elapse between the time a decision is made to sell such securities and the time the Company is able to do so, and the value of such securities could decline during such period. Illiquid investments are subject to various risks, particularly the risk that the Company will be unable to realize its investment objectives by sale or other disposition at attractive prices or otherwise be unable to complete any exit strategy. In some cases, the Company may be prohibited by contract or by law from selling such securities for a period of time or otherwise be restricted from disposing of such securities. Furthermore, the types of investments made may require a substantial length of time to liquidate.

The Company may also make direct investments in publicly-traded securities that have low trading volumes. Accordingly, it may be difficult to make trades in these securities without adversely affecting the price of such securities.

#### *Cash Flow and Revenue*

Aberdeen's revenue and cash flow is generated primarily from financing activities, proceeds from the disposition of investments and management fees from Ore Acquisition Partners, LP. The availability of these sources of income and the amounts generated from these sources depend upon various factors, many of which are outside of the Company's direct control. The Company's liquidity and operating results may be adversely affected if its access to the capital markets is hindered, whether as a result of a downturn in the market conditions generally or to matters specific to the Company, or if the value of its investments decline, resulting in losses upon disposition.

#### *Dependence on Management Personnel*

Aberdeen is dependent upon the efforts, skill and business contacts of key members of management, for among other things, the information and deal flow they generate during the normal course of their activities and the synergies that exist amongst their various fields of expertise and knowledge. Accordingly, the Company's success may depend upon the continued service of these individuals who are not obligated to remain consultants to Aberdeen. The loss of the services of any of these individuals could have a material adverse effect on the Company's revenues, net income and cash flows and could harm its ability to maintain or grow existing assets and raise additional funds in the future.

#### *Sensitivity to Macro-Economic Conditions*

Due to the Company's focus on the resource industry, the success of Aberdeen's investments is interconnected to the strength of the mining, agriculture and other commodity industries. The Company may be adversely affected by the falling share prices of the securities of investee companies; as the trading price for the Common Shares tend to reflect the estimated aggregate value of Aberdeen's portfolio of investments. The Company may also be adversely affected by fluctuations in commodity prices that may dictate the prices at which resource companies can sell their product. The participation and involvement of Aberdeen representatives with investee companies, the related demand on their time and the capital resources required of Aberdeen may



be expected to increase in the event of any weaknesses in the macro-economic conditions affecting resource companies, as it would be expected that the Company would be required to expend increased time and efforts reviewing strategic alternatives, advising investee companies and possibly assisting investee companies attract any funding required. The factors affecting current macro-economic conditions are beyond the control of the Company.

#### *Possible Volatility of Stock Price*

The market prices of the Common Shares have been and may continue to be subject to wide fluctuations in response to factors such as actual or anticipated variations in its results of operations, changes in financial estimates by securities analysts, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations may adversely affect the market price of the Common Shares. The purchase of Common Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Common Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company should not constitute a major portion of an investor's portfolio.

#### *Trading Price of Common Shares Relative to Net Asset Value*

Aberdeen is neither a mutual fund nor an investment fund and due to the nature of its business its investment strategy and the composition of its investment portfolio, the market price of its Common Shares, at any time, may vary significantly from the Company's estimated net asset value per Common Share. This risk is separate and distinct from the risk that the market price of the Common Shares may decrease.

#### *Available Opportunities and Competition for Investments*

The success of the Company's operations will depend upon: (i) the availability of appropriate investment opportunities; (ii) the Company's ability to identify, select, acquire, grow and exit those investments; and (iii) the Company's ability to generate funds for future investments. Aberdeen can expect to encounter competition from other entities having similar investment objectives, including institutional investors and strategic investors. These groups may compete for the same investments as Aberdeen, may be better capitalized, have more personnel, have a longer operating history and have different return targets. As a result, the Company may not be able to compete successfully for investments. In addition, competition for investments may lead to the price of such investments increasing that may further limit the Company's ability to generate desired returns. There can be no assurance that there will be a sufficient number of suitable investment opportunities available to invest in or that such investments can be made within a reasonable period of time. There can be no assurance that the Company will be able to identify suitable investment opportunities, acquire them at a reasonable cost or achieve an appropriate rate of return. Identifying attractive opportunities is difficult, highly competitive and involves a high degree of uncertainty. Potential returns from investments will be diminished to the extent that the Company is unable to find and make a sufficient number of attractive investments.

#### *Share Prices of Investments*

Investments in securities of public companies are subject to volatility in the share prices of the companies. There can be no assurance that an active trading market for any of the subject shares

is sustainable. The trading prices of the subject shares could be subject to wide fluctuations in response to various factors beyond Aberdeen's control, including, quarterly variations in the subject companies' results of operations, changes in earnings, results of exploration and development activities, estimates by analysts, conditions in the resource industry and general market or economic conditions. In recent years equity markets have experienced extreme price and volume fluctuations. These fluctuations have had a substantial effect on market prices, often unrelated to the operating performance of the specific companies. Such market fluctuations could adversely affect the market price of the Company's investments.

#### *Additional Financing Requirements*

The Company anticipates ongoing requirements for funds to support its growth and may seek to obtain additional funds for these purposes through public or private equity, or debt financing. There are no assurances that additional funding will be available at all, on acceptable terms or at an acceptable level. Any additional equity financing may cause shareholders to experience dilution, and any debt financing would result in interest expense and possible restrictions on the Company's operations or ability to incur additional debt. Any limitations on the Company's ability to access the capital markets for additional funds could have a material adverse effect on its ability to grow its investment portfolio.

#### *No Guaranteed Return*

There is no guarantee that an investment in the Company's securities will earn any positive return in the short term or long term. The task of identifying investment opportunities, monitoring such investments and realizing a significant return is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize a return on such investments. In addition, past performance provides no assurance of future success.

#### *Management of Aberdeen's Growth*

Significant growth in the business, as a result of acquisitions or otherwise, could place a strain on the Company's managerial, operational and financial resources and information systems. Future operating results will depend on the ability of senior management to manage rapidly changing business conditions, and to implement and improve the Company's technical, administrative and financial controls and reporting systems. No assurance can be given that the Company will succeed in these efforts. The failure to effectively manage and improve these systems could increase costs, which could have a materially adverse effect on the Company's operating results and overall performance.

#### *Due Diligence*

The due diligence process undertaken by the Company in connection with investments may not reveal all facts that may be relevant in connection with an investment. Before making investments, the Company conducts due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, the Company may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Company relies on resources available, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that is carried out with respect to any investment opportunity may not reveal or

highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

### *Exchange Rate Fluctuations*

A significant portion of the Company's investment portfolio could be invested in US dollar denominated investments or other foreign currencies. Changes in the value of the foreign currencies in which the Company's investments are denominated could have a negative impact on the ultimate return on its investments and overall financial performance.

### *Non-controlling Interests*

The Company's investments include debt instruments and equity securities of companies that it does not control. Such instruments and securities may be acquired through trading activities or through purchases of securities from the issuer. These investments are subject to the risk that the company in which the investment is made may make business, financial or management decisions with which Aberdeen does not agree or that the majority stakeholders or the management of the investee Company may take risks or otherwise act in a manner that does not serve the Company's interests. If any of the foregoing was to occur, the value of the Company's investments could decrease and its financial condition, results of operations and cash flow could suffer as a result.

### *Commodity Prices*

Commodity price risk is the risk that the fair values or cash flows associated with the Company's investments will vary due to changes in the prices of a particular commodity, e.g. oil, natural gas liquids, natural gas, agricultural crops or livestock. The Company's investee companies may engage in various programs to mitigate exposure to commodity price risk.

The Company is exposed to commodity price risk in respect of several of its investments since their revenues are dependent on the market price of metallurgical and thermal coal, petroleum, natural gas or agricultural products. The price of these commodities is volatile and subject to fluctuations that may have a significant effect on the ability of the investee companies to meet their obligations, capital spending targets or commitments, and expected operational results which in turn impacts their fair values as recorded by the Company.

The value of Aberdeen's investment portfolio will be significantly affected by changes in the market price of platinum, palladium, gold, rhodium, lithium and other commodities. Platinum prices fluctuate substantially and are affected by numerous factors beyond the control of Aberdeen, including levels of supply and demand, inflation and the level of interest rates, the strength of the US dollar and geopolitical events. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments.

Platinum, by its nature, is subject to wide price fluctuations and material price declines will result in a decrease in revenue or, in the present case of a prolonged decline have factored into the suspension of production, and consequently a complete cessation of revenue from these projects. The platinum market tends to be cyclical, and a general downturn in overall commodity prices could result in a significant decrease in overall revenue. Any such price decline may result in a material and adverse effect on Aberdeen's valuation and cash demands.

Coloured gemstone prices fluctuate widely and are affected by numerous factors beyond the control of Fura, an investee company of Aberdeen, including worldwide economic trends, worldwide levels of gemstone discoveries and production, and the level of demand for, and discretionary spending on, luxury goods. Low or negative growth in the worldwide economy, prolonged credit market disruptions or activities creating disruptions in economic growth could result in decreased demand for gemstones, thereby negatively affecting the price of gemstones

### **Mining Operations; Operations in Developing Countries**

#### *Third Party Operations*

The value of Aberdeen's investments is based on progress and activities by third party property owners and operators. Aberdeen does not participate in the decision-making process, as the owners and operators have the power to determine the manner in which the subject properties are exploited, including decisions to expand, continue or reduce production from a property, decisions about the marketing of products extracted from the property and decisions to advance exploration efforts and conduct development of non-producing properties. The interests of third party owners and operators and those of Aberdeen on the relevant properties may not always be aligned. As an example, it will usually be in the interest of Aberdeen to advance development and production on properties as rapidly as possible in order to maximize near-term cash flow, while third party owners and operators may take a more cautious approach to development as they are at risk in relation to the cost of development and operations.

#### *Exploration, Development and Operating Risks*

The exploration for, development, mining and processing of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. Mining operations generally involve a high degree of risk. The mining operations of investee companies are subject to most of the hazards and risks encountered in the exploration, development and production of ore, including unusual and unexpected geology formations, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability.

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made by Fura towards the search and evaluation of mineral deposits will result in the discoveries or development of commercial quantities of coloured gemstones.

#### *Limited Access to Operations Information*

As a shareholder, Aberdeen has limited access to data on the operations of investees and limited access to the actual properties themselves. The limited access to data and disclosure regarding the operations of the properties in which Aberdeen has an interest may restrict Aberdeen's ability to enhance its performance that may result in a material and adverse effect on Aberdeen's profitability, results of operation and financial condition.

As an example, the Company relies on production projections prepared by African Thunder and its respective advisors for investment valuation purposes. Differences between estimated and actual future production could result in an adverse effect on Aberdeen's results of operations and financial condition.

For information regarding its public company investees, Aberdeen relies on publicly available information. Please see "Cautionary Notes".

#### *Impact of Adverse Developments Related to Subject Properties*

The investments that Aberdeen holds are significant to the business and valuation of Aberdeen. Any adverse development affecting the operation of, production from or recoverability of reserves from the African Thunder properties, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage, hiring suitable personnel and engineering contractors, or securing supply agreements on commercially suitable terms, may have a material adverse effect on Aberdeen's profitability, financial condition and results of operations. In addition, Aberdeen has no control over operational decisions made by the third-party owners and operators of these projects. Any adverse decision made by the owners and operators, including for example, alterations to mine plans or production schedules, may affect the timing and amount of royalty revenue that Aberdeen receives and may have a material adverse effect on Aberdeen's profitability, financial condition and results of operation.

#### *Environmental Risks and Hazards*

All phases of mining operations and development are subject to environmental regulation in the various jurisdictions in which they operate. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect operations. Environmental hazards may exist on the properties that are unknown to the owners at present and that have been caused by previous or existing owners or operators of the properties. African Thunder may become liable for such environmental hazards caused by previous owners or operators of the properties. Placing the project into care and maintenance likely also raises additional and further environmental risks, hazards and applicable regulation.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

African Thunder's activities are subject to extensive federal, provincial/state and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are also increasingly stringent. The cost of compliance with changes

in governmental regulations has the potential to reduce the profitability of operations. Further, any failure by African Thunder to comply fully with all applicable laws and regulations could have significant adverse effects on African Thunder, including the suspension or cessation of operations.

#### *Government Regulation, Permits and Licences*

Activities of investee companies, particularly those of African Thunder, are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substance and other matters. Exploration, development and mining activities are also subject to various laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards and land reclamation. These laws also place limitations on the generation, transportation, storage and disposal of solid and hazardous waste. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development, mining and milling or that more stringent implementation thereof could have a substantial adverse impact on operations.

Government approvals, licences and permits are currently, and will in the future be, required in connection with operations. To the extent such approvals are required and not obtained, operations may be curtailed or prohibited from proceeding as planned, which could have a direct or indirect impact on the business and financial condition of the Company. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Mining Operations and reduce levels of production or require abandonment or delays in operations at subject projects.

#### *Permitting*

Mining activities are subject to receiving and maintaining permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of such permits for the existing operations, additional permits for any possible future changes to operations or additional permits associated with new legislation. Prior to any development on any of the properties, permits from appropriate governmental authorities may be required. There can be no assurance that the owners or operators of the mineral projects will continue to hold all permits necessary to develop or continue operating at any particular property.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed. Parties engaged in mining activities may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, may have a material adverse impact on the owners or operators of mineral projects, resulting in increased capital expenditures or production costs, reduced levels of production at producing properties or abandonment or delays in development of properties.

### *Dependence on Good Relations with Employees*

There is intense competition for geologists and persons with mining expertise. The ability of African Thunder or Fura to hire and retain geologists and persons with mining expertise is key to its future success. Further, relations with employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant South African or Colombian governmental authorities. Changes in such legislation or otherwise in African Thunder's or Fura's relationships with their employees may result in strikes, lockouts or other work stoppages, any of which could have a material adverse effect on the Mining Operations. To the extent these factors affect commencement or subsequent curtailment of products at African Thunder or Fura, such decision could have a material adverse effect on the business and financial condition of the Company. Moreover, placing the Smokey Hills project on care and maintenance has made employee retention much more difficult and has likely strained relations with all employees and the local communities.

### *Uninsured Risks*

The mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. Where African Thunder and Fura consider it practical to do so, it maintains insurance in amounts that it believes to be reasonable. Such insurance, however, contains exclusions and limitations on coverage. Accordingly, African Thunder's or Fura's insurance policies may not provide coverage for all losses related to their business (and specifically do not cover environmental liabilities and losses). The occurrence of losses, liabilities or damage not covered by such insurance policies could have a material adverse effect on African Thunder's profitability, results of operations and financial condition. To the extent that these factors cause African Thunder or Fura to cease or curtail production, as applicable, such decision could have a material adverse effect on the business and financial condition of the Company.

### *Land Title*

There can be no assurances that there are no title defects affecting the mineral projects held by investee companies. As an example, Fura may not have conducted surveys of the claims in which they hold direct or indirect interests; therefore, the precise area and location of such claims may be in doubt. It is possible that mining activities may be subject to prior unregistered liens, agreements, transfers or claims and title may be affected by, among other things, undetected defects. As a further example, Fura may not be able to operate its mine as permitted or to enforce its rights with respect to its mineral projects. To the extent these factors cause investee companies to decide to cease or curtail production at one or more of its projects, such decision could have a material adverse effect on the business and financial condition of the Company.

### *South Africa Country Risks*

African Thunder is subject to risks normally associated with the conduct of business in South Africa. Risks may include, among others, problems relating to power supply, labour disputes, delays or invalidation of governmental orders and permits, corruption, uncertain political and economic environments, civil disturbances and crime, arbitrary changes in laws or policies, foreign taxation and exchange controls, opposition to mining from environmental or other non-governmental organizations or changes in the political attitude towards mining, limitations on foreign ownership, limitations on repatriation of earnings, infrastructure limitations and increased financing costs. HIV is prevalent in Southern Africa. Employees of African Thunder may have or could contract this potentially deadly virus. The prevalence of HIV could cause substantial lost employee working-

hours and may make finding skilled labour more difficult. These risks may limit or disrupt African Thunder's business activities. African Thunder must remain compliant with the Mining Charter and the Black Economic Empowerment ("BEE") participation requirements. However, no assurance can be given that African Thunder will be able to meet the objectives of the Mining Charter going forward, including the 26% historically disadvantaged South Africans ownership objective. There is also no guarantee that the interests of African Thunder will be wholly aligned with the interests of its (direct or indirect) BEE shareholders.

### *Colombian Country Risks*

Fura's core emerald project is located in Colombia and as such, is subject to certain risks, including currency fluctuations and possible political or economic instability. Further, the Corporation's exploration and production activities may be affected in varying degrees by political stability and government regulations relating to the industry. Continued or heightened security concerns in Colombia could also result in a significant loss to Fura and/or costs exceeding current expectations. The perception that matters have not improved in Colombia may hinder Fura's ability to access capital in a timely or cost-effective manner. Any changes in regulations or shifts in political attitudes are beyond the control of Fura and may adversely affect its business. Exploration may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation and site safety. Fura's operations may also be adversely affected by laws and policies of Canada affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with Fura's foreign operations, Fura may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions. Fura may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity.

### **Other Disclosure Relating to Ontario Securities Commission Requirements for Companies Operating in Emerging Markets**

#### *Controls Relating to Corporate Structure Risk*

Aberdeen has implemented a system of corporate governance, internal controls over financial reporting, and disclosure controls and procedures that apply at all levels of the Company and its subsidiaries. These systems are overseen by the Board and implemented by the Company's senior management. These systems of corporate governance, internal control over financial reporting and disclosure controls and procedures are designed to ensure that, among other things, the Company has access to all material information about its subsidiaries. The relevant features of these systems are described below.

Signing officers for subsidiary foreign bank accounts are either employees of Aberdeen or employees of the subsidiaries. Monetary limits are established internally by the Company as well as with the respective banking institution. Annually, authorizations over bank accounts are reviewed and revised as necessary. Changes are communicated to the banking institution by the Company and the applicable subsidiary to ensure appropriate individuals are identified as having authority over the bank accounts.

#### *Strategic Direction*

The Board is responsible for the overall stewardship of the Company and, accordingly, supervises the management of the business and affairs of the Company. More specifically, the Board is



responsible for reviewing the strategic business plans and corporate objectives, and approving acquisitions, dispositions, investments, capital expenditures and other transactions and matters that are material to the Company including those of its material subsidiaries.

#### *Internal Controls over Financial Reporting*

The Company prepares its consolidated financial statements and management's disclosure and analysis of financial condition and results ("MD&A") on a quarterly and annual basis, using IFRS as issued by the International Accounting Standards Board, which require financial information and disclosures from its subsidiaries. The Company implements internal controls over the preparation of its financial statements and other financial disclosures to provide reasonable assurance that its financial reporting is reliable and that the quarterly and annual financial statements and MD&A are being prepared in accordance with IFRS and relevant securities laws. These internal controls include the following:

1. The Company receives trial balances, balance sheets, income statements and general ledger details relating to its subsidiaries in order to complete the consolidated financial statements and MD&A. Management of the Company has direct access to relevant financial management of its subsidiaries in order to verify and clarify all information required.
2. All public documents and statements relating to the Company and its subsidiaries containing material information (including financial information) are reviewed by senior management, including the Chief Executive Officer, the Chief Financial Officer and internal legal counsel before such material information is disclosed, to make sure that all material information has been considered by management of the Company and properly disclosed.
3. As more fully described below the Company's Audit Committee obtains confirmation from the Chief Executive Officer and Chief Financial Officer as to the matters addressed in the quarterly and annual certifications required under National Instrument 52-109 - Certification of Disclosure in the Company's Annual and Interim Filings ("NI 52-109").
4. The Audit Committee reviews and approves the Company's quarterly and annual financial statements and MD&A and recommends to the Board for the Board's approval of the Company's quarterly and annual financial statements and MD&A, and any other financial information requiring board approval, prior to their publication or release.
5. The Company's Audit Committee assesses and evaluates the adequacy of the procedures in place for the review of the Company's public disclosure of financial information extracted

or derived from the Company's financial statements by way of reports from management and its internal and external auditor.

6. Although not specifically a management control, the Company engages its external auditor to perform an audit of the annual consolidated financial statements in accordance with IFRS.

#### *Disclosure Controls and Procedures*

The responsibilities of the Audit Committee include oversight of the Company's internal control systems including those systems to identify, monitor and mitigate business risks as well as compliance with legal, ethical and regulatory requirements.

#### *CEO and CFO Certifications*

In order for Aberdeen's Chief Executive Officer and Chief Financial Officer to be in a position to attest to the matters addressed in the quarterly and annual certifications required by NI 52-109, the Company has developed internal procedures and responsibilities throughout the organization for its regular periodic and special situation reporting. This is done in order to provide assurances that information that may constitute material information will reach the appropriate individuals who review public documents and statements relating to the Company and its subsidiaries containing material information, is prepared with input from the responsible officers and employees, and is available for review by the Chief Executive Officer and Chief Financial Officer in a timely manner.

#### *Records Management of the Company's Subsidiaries*

The original minute books, corporate seal and corporate records of each of the Company's subsidiaries are kept at each subsidiary's respective registered office.

### **DESCRIPTION OF MATERIAL MINERAL PROPERTY**

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#### **The Smokey Hills Project, South Africa**

The following information has been excerpted or derived from a report entitled "An Independent Qualified Persons' Report on the Smokey Hills Platinum Mine, Limpopo Province, South Africa" dated effective as of October 1, 2016, which was authored by D van Heerden of Minxcon (Pty) Ltd. (the "Smokey Hills Report"). Mr. van Heerden prepared or supervised the preparation of the information that forms the basis for the following scientific and technical disclosure regarding the Smokey Hills Project. Please see the Smokey Hills Report for further and more detailed information regarding the Smokey Hills Project.

#### ***Property Description and Location***

The Smokey Hills mining area is located on the farm Maandagshoek 254 KT (Mineral Area 4) between the towns of Polokwane and Steelpoort, South Africa, which is approximately 20 km north-northeast of the town of Burgersfort within the Greater Tubatse Local Municipality in the Limpopo Province of South Africa. The project is approximately 300 km north of Johannesburg, South Africa. The total surface area of the project is approximately 6.78 km<sup>2</sup>.

Aberdeen indirectly holds a 16.9% effective interest in the project through its shareholding of African Thunder. In South Africa, the project is owned by an incorporated joint venture company (the "Smokey Hills JVCo"). The Smokey Hills JVCo holds an 80% interest in the mining right over Mineral Area 4, which was granted in November 2007. The remaining interest in the project is held by the

local community as to 5.0% and as to 15.0% by a local BEE company. The South African government holds the surface rights to the project.

The Smokey Hills JVCo is required to make financial provision for the interim and final rehabilitation activities relating to mining activities on the site. This provision is reviewed annually for adequacy and amended to compensate for new activities and/or inflation. As at October 2014, the immediate closure liability was estimated to be ZAR25.52 million. The combined total provision for closure (funds + insurance) was ZAR28.38 at that time.

The project is subject to governmental royalties pursuant to the *Mineral and Petroleum Resources Royalty Act* (South Africa). The act requires all companies extracting minerals in South Africa to pay royalties at a rate of between 0.5% and 7% based on gross sales, less their allowable deductions, depending on the refined condition of the mineral resources. Therefore, companies are taxed on either the refined or unrefined formula.

- Refined mineral formula =  $0.5 + [\text{EBIT}/\text{Gross sales} \times 12.5] \times 100$
- Unrefined mineral resource formula =  $0.5 + [\text{EBIT}/\text{Gross sales} \times 9] \times 100$

### ***Accessibility, Climate, Local Resources, Infrastructure and Physiography***

The site is accessed via a sealed road linking the mine with the local highway. No railway lines service the site. The national power company installed a 132kv power supply to the project switchyard situated adjacent to the plant. Overhead power lines are installed from two existing switches and provide a relatively reliable supply of power to the project area. The power lines are the property of Eskom. Water is supplied to the mine via a 10 km pipeline from the Lebowa Water Authority with a total allocation of 60,000 m<sup>3</sup> per month. The pipeline is owned and maintained by the mine.

The area where Smokey Hills is located is a predominantly rural settlement area, on the foothills of the Lebalelo Mountains. The area has some wilderness sections but is mostly used for livestock grazing, substance farming and harvesting of vegetation. Labour for the mining operations is expected to be sourced from the surrounding areas while contractors will be employed from time to time for their specific specialised skills. It is expected that specialized positions within the metallurgical plant will be operated on a contract basis.

The topography of the area is characterised by rugged areas and steep gradients. A large portion of the farm area is covered by alluvium deposited along older channels. The high-lying central and north-eastern portions are underlain by medium to coarse-grained norite and anorthosite containing chromite bands known as the Dwars River Subsuite. A dyke transects the site with a north-northeast to south-southwest orientation and outcrops in the northwest-southeast trending non-perennial drainage features, sub-tributaries to the Moopetsi River. A drainage system of the non-perennial Moopetsi river traverses the study area.

The climate permits operations to be conducted year-round as Limpopo Province has a generally warm to hot climate and a fairly high humidity in summer with average daily temperatures ranging from 28 °C in January to 23 °C in July. Wind direction is mainly south-southeast to north-northwest. The mean monthly rainfall for the area varies between 4.8 mm and 105 mm, with maximum precipitation occurring in January. The mean annual runoff at the site has been estimated to be 197,443 m<sup>3</sup>. The inferred aquifer system consists of a confined weathered and fractured aquifer system. Within the valley floor, there is likely to be an aquifer associated with the alluvium. The

aquifer system can be classified as a sole source aquifer with high vulnerability requiring a strictly non-degradation level of protection.

### ***History***

The previous, old order exploration licence for the project was held by Corridor Mining Resources (Pty) Ltd. The old order exploration licence was converted into a new order prospecting right in 2006. After the licence was re-structured, Corridor sold its remaining 80% interest in the project to Platinum Group Australia in May 2004. In July 2014, Platinum Group Australia entered into a share purchase agreement with an Aberdeen subsidiary. Please see the information below under the heading “Exploration” for a summary of the exploration activities conducted at the project over time.

A total of three mineral resources estimates have been completed on the Smokey Hills deposit, each based on essentially the same assumptions with certain changes regarding unknown geological loss allocations where a combined known and unknown mining loss equaled approximately 21%, which mine to mill reconciliation has proven to be adequate, with a variance of approximately 0.5% on an annual basis. Each estimate used no-cut-off grade, thus precluding metal price assumptions, operating cost assumptions or recovery assumptions. The Mineral Resource is not stated at a minimum mining cut, however definitions for the mining cut were provided. Three geological layers were estimated that make up the primary mining cut, namely: the UG2 Reef cut, a 15 cm reef cut, and a hanging-wall cut up to the second hanging-wall chromitite band (L2). The first estimate was conducted by Snowden and dated as at May 2006. Snowden based their mineral resource classification upon the uncertainties in the geological framework and the risk in the grade estimate as demonstrated by a sequential Gaussian conditional simulation run of 100 realisations.

### ***Geological Setting***

#### Regional Geology

The project is in the Bushveld complex, which is a world-renowned deposit that hosts PGEs, chromite, vanadium and titanium mineralisation. The Bushveld complex is dated at between 2.06 Ga to 2.058 Ga and is the largest layered igneous complex in the world. Situated within the north-central Kaapvaal Craton, this massive Proterozoic intrusive body, or, more likely, a series of interconnected intrusives, has a surface area of approximately 66,000 km<sup>2</sup> and consists of a mafic-ultramafic succession of layered and massive rocks, a pen contemporaneous series of granitic rocks and felsic extrusive rocks. The true thickness of the mafic-ultramafic layered rocks in the Bushveld complex varies from 7,000 m to 12,000 m. The Bushveld complex was intrusively emplaced within and exhibits a transgressive relationship to the Transvaal Supergroup sequence, a large sedimentary basin of late Archaean-Proterozoic age (ca. 2.5 to 2.06 Ga) located within the north-central Kaapvaal Craton. The mafic-ultramafic layered rocks of the Bushveld complex outcrop in three main arcuate complexes or limbs, namely the western, eastern and northern limbs. The three limbs of the Bushveld complex have been further subdivided into a set of geographic sectors. The magmatic layering of the ultramafic-mafic rocks is remarkably consistent and can be traced over several hundreds of kilometres of strike. The layering may be correlated throughout most of the Bushveld complex. The similarity of geology across large areas within each of the three limbs, particularly the sequence of igneous layering that includes both the Merensky Reef and the UG2, is probably indicative of simultaneous differentiation and replenishment of a basaltic magma under essentially identical conditions. The eastern and western limbs of the Bushveld complex show a broad ellipse when viewed in plan, each measuring approximately 200 km north-south and 370 km east-west. The Smokey Hills project falls within the eastern limb of the Bushveld complex.

## Local Geology

The eastern limb of the Bushveld complex stretches from the towns of Zebedelia in the north to Bethal in the south and is subdivided from north to south into the western, central and southern geographical sectors. A major linear feature, named the Steelpoort Fault zone, separates the central from the southern sector. Each sector has distinct stratigraphic and structural characteristics that affect the economics of the various mining activities carried out in the region. The Smokey Hills project is located in a geological and structurally complex area of the central sector of the eastern limb of the Bushveld complex. Only the UG2 forms the PGE-bearing unit of economic interest in the upper critical zone at the Smokey Hills project.

## Property Geology

The Smokey Hills project is located in the central portion of the eastern limb of the Bushveld complex and is underlain by rocks of the upper critical zone, which hosts two of the more important PGE-bearing units in the Rustenburg Layered Suite: the Merensky Reef and the UG2. In the Smokey Hills Project Area, the Merensky Reef is expected to occur approximately 300 m above the UG2. However, a minimum of approximately 140 m of the Merensky Reef footwall units have been removed by erosion and therefore no Merensky Reef is preserved at the Smokey Hills project. In the central portion of the eastern limb of the Bushveld complex, five chromitite layers have been identified in the Upper Critical Zone, each of which forms the base of a cyclic unit. The cyclic units are termed, from oldest to youngest the UG1, UG2, UG3, UG3A and UG3B. Each of these chromitites carries varying concentrations of PGEs. However, concentrations in the UG1 chromitite layer in all areas of the RLS have been found to be sub economic. The UG3, UG3A and UG3B chromitite layers are generally too thin and contain insufficient concentrations of PGE mineralisation to have any reasonable expectation to support economic extraction. The UG1 chromitite layer occurs over 100 m below the UG2. The UG3 chromitite layer is approximately 0.25 m thick and occurs approximately 15 m above the UG2. The UG3A and UG3B chromitite layers are approximately 0.1 m thick, occur approximately 5 m above the UG3 and are separated by approximately 0.3 m of pyroxenite. Individual layers in the Upper Critical Zone can generally be correlated over several kilometers and as such, detailed local stratigraphic nomenclature can be established.

Dykes in this area are primarily composed of dolerite, which is generally fine-grained and of good competence, with associated areas of dense jointing and alteration. Underground dyke intersections are generally less than 10 m in width. An airborne magnetic survey has identified several swarms of northeast-striking dolerite dykes. No serious problems were encountered during mining through these features, and no significant displacements have been associated with them.

Potholes are defined as areas where normal reef characteristics are destroyed and hence, pothole areas are believed to be un-mineable and considered a geological loss. The position and size of potholes are typically unpredictable. In most instances, the potholes affect only one of the economic units. However, in minor instances, the underlying or overlying economic unit may be affected by the development of the pothole.

The Bushveld complex stratigraphy is occasionally replaced by late-stage pegmatite bodies. These pegmatite bodies have a range of compositions, from highly ultramafic to felsic.

Rolling reef and small-scale undulations of the UG2 do not create geological losses but can contribute towards mining difficulties. Undulations and highly dipping (up to 50°) have been observed at Smokey Hills in the outcrop and during mining. Miners have tried to minimize difficulties associated with the mining of these areas by using up-dip methods. An area of rolling reef has been

encountered during underground mining centred on the 4.4 Raise. The UG2 elevation, in relation to adit 4, was reduced by up to 40 m. This has made it difficult to mine because of the proximity of the mining lease boundary.

### ***Exploration and Drilling***

The first occurrence of platinum in the eastern Bushveld Complex was first noted at Maandagshoek by William Betel, who reported his find in the 10 November 1906 edition of South African Mines, Commerce and Industries. Maandagshoek is of particular historic significance as the earliest sampling of platinum in the eastern BC took place at this locality during the 1920s. Historically, the Smokey Hills project has been subject to minimal exploration, only consisting of a number of vertical boreholes on the northern end of one of the prominent hills on the property ("Hill 2") and the construction of an exploration adit into the southern end of a different hill ("Hill 3"). During the completion of this work, an access track was excavated exposing the reef along the strike extent of Hill 2 and a proportion of the strike of Hill 3.

Platinum Group Australia completed two outcrop channel samples in 2005 across the reef and three diamond drill holes as part of a due diligence study. Subsequently, it completed:

- Detailed low level helicopter borne magnetic survey. The detailed airborne magnetic survey was completed at a flight line spacing of 25 m, with a nominal flight height of 20 m
- 69 diamond drill holes (inclusive of the 3 due diligence holes) during 2005 and 2006 totaling approximately 5,177 m. Each drill hole was collared and 64 were completed.
- Collected a total of 1,380 drill core samples for PGM analysis.
- Cut 43 outcrop and 7 underground channels, and collected 293 channel samples for PGM analysis.
- A detailed low-level helicopter-borne magnetic survey.
- Excavation of a small open pit to expose a 10 m dip section of the UG2 reef to provide a bulk sample for metallurgical test work and to study the effects of weathering on reef grade and metallurgical properties.
- Re-opened the exploration adit and extracted a bulk sample for metallurgical test work.
- Diamond drilling was completed on a grid spacing varying between 120 m and 250 m, utilising HQ triple tube diameter (56 mm) core to maximise recoveries in shallow oxidised/weathered conditions and to provide optimal core conditions for geotechnical analysis.
- Channel sampling was completed by cutting vertical slots across the width of the UG2 outcrop exposure, followed by horizontal cuts to define the individual samples. Sampling was designed to provide a similar sample to that derived from the 1/4 HQ core sample and maintain sample support for the purposes of the resource estimation process. The detailed airborne magnetic survey was completed at a flight line spacing of 25 m, with a nominal flight height of 20 m. The magnetic data also indicated a lack of major crosscutting structures within the Project Area, which was confirmed by detailed field mapping.
- A small (approx. 5 m high wall) open pit was excavated to provide a bulk sample for metallurgical test work; examine the variability of oxidation with depth from surface; and study near-surface geotechnical conditions.

### **Drilling**

All drill holes were diamond cored from the surface. The drilling was contracted to DrillCorp (Pty) Ltd, which is a major drilling company operating in South Africa and with experience in drilling Bushveld reefs. At the start of the drilling program, the reef was drilled using NQ size bits although this was changed to HQ drilling shortly after the commencement of the drilling program in order to

optimise the quality and size of the core sample. In the very shallow areas (less than about 30 m below surface), where it was found that the reef was more friable due to weathering, triple tube techniques were used to ensure that percentage core recoveries were as high as possible. A systematic program of deflection drilling has not been completed at the site. The only deflections drilled were in order to complete the drill hole after technical problems arose or where the recovery of the UG2 intersection was not considered good enough to adequately represent the mineralisation. A deflection was only required in the case of one diamond drill hole, SHDD009, the remaining re-drilled intersections being completed from surface as the depth of mineralisation did not warrant the insertion of a wedge. Therefore, there was only one accepted reef intersection per drill hole.

A total of 69 diamond drill holes were collared, however, this includes five drill holes which were re-drilled as a result of recovery and other technical issues. A total of 64 diamond drill holes were completed at the project. Of these 64 diamond drill holes, five were abandoned or the UG2 intersection was too shallow and weathered to practically achieve a representative intersection at that location. The locations of the collars of the 59 drill holes that were successful from a quality perspective and the UG2 outcrop position. The drill holes were collared on an approximately regular grid of 150 m N by 150 m E, although there were some areas where drilling was sparser (greater than 220 m N by 220 m E) due to access difficulties, these being primarily on the ridges of the two hills and an area to the southwest of Hill 2. It should be noted, however, that the UG2 intersections that were not acceptable as a result of quality issues were still useful for structural interpretation.

Drill holes were generally angled at approximately  $-80^{\circ}$  or  $-75^{\circ}$  to the east in order to intersect the UG2 at approximately  $90^{\circ}$  to the plane of the reef. In some drill hole locations at the Smokey Hill project steep and irregular terrain resulted in the drill holes being collared vertically. All of the drill hole collars were located by Orbital Surveys, an independent contract surveyor, using a DGPS survey instrument. All of the completed drill holes were surveyed downhole by an independent contractor (SG Survey), using an electronic multi-shot survey instrument. In addition to inclination and azimuth, temperature and magnetic field strength readings were recorded. Natural gamma readings were sometimes taken depending on the capabilities of the survey instrument used. One of the drill contractor's staff was responsible for core orientation from all of the drill rigs. The frequency of core orientation points was at least every 30 m for the un-mineralised hanging wall core and for every core barrel (full or partial) in the reef zones.

### ***Mineral Processing and Metallurgical Testing***

Historical metallurgical testing was conducted in 2005 and 2006. The Project was in operation between March 2009 and August 2012 and subsequently from April 2015 to March 2016. In the Smokey Hills Report, the author stated the measured results from both metallurgical test work and historical production are considered reliable and representative of the Smokey Hills orebody. The author further stated that both historic tests and production results can be used to adequately predict future performance on the underground material.

### ***Mineral Resource and Mineral Reserve Estimates***

With respect to mineral resource and mineral reserve estimates, please see "Cautionary Notes".

In the 2014 Smokey Hills technical report, Minxcon reported a mineral resource estimate based on geostatistical estimates previously completed by Snowden. Snowden considered both the risk in the grade estimate and the risk due to uncertainties in the geological framework. Minxcon concluded the resource classification used sound geological and geostatistical principles that reflected best practice on the Bushveld.

A sequential Gaussian conditional simulation run of 100 realizations for the PGE and gold mineralization and true width revealed that the risk in the grade and thickness estimates for fresh UG2 chromitite was very low. The results were scaled to a tonnage approximating three months production of UG2 chromitite (approximately 75,000 t) and the areas where the error was greater than 10% were classified as Indicated Resource. Given the relatively small area of oxidised ore a conditional simulation exercise was not conducted, and the grade risk was a function of the number of composites in individual areas. Where several composites occurred, oxidised blocks within 100 m of these composites were classified as Measured Resource.

Geological loss estimates within the South African Bushveld Complex, PGE industry are based on an estimate of known losses and unknown losses. The unknown component is associated with structural features that are difficult to quantify and locate in space. For example, potholes are definitely present, but their positions and dimensions are generally unknown. Therefore, there is a risk associated with the geological loss estimate. This risk must be considered in the resource classification.

The areas classified as Indicated Resource due to risk in the grade and thickness estimations, as identified by the conditional simulation, was combined with areas believed to be exposed to additional structural risks, which was influenced by risks associated with low drill hole density areas and the perimeters of the known pothole and IRUP areas. The areas classified as Indicated Resource on the basis of grade were also classified as Indicated Resource on the basis of additional structural risk. However, some of the areas that would have been classified as Measured Resource on the basis of risk in the grade and width estimates were down-graded to Indicated Resource on the basis of additional structural risk.

Minxcon reviewed the parameters utilised by Snowden, and endorsed by GeoLogix, and found them to be sound. Minxcon concurred with the current mineral resource classification for Smokey Hills. In the Smokey Hills Report, Minxcon conducted a geological update and updated mining depletion of the October 2014 resource for July 2016. The Smokey Hills mineral resource estimate is shown below and Minxcon stated it properly reflects its view of the Smokey Hills deposit. No other modifying factors have been applied to the estimate. The resource is not reported above a cut-off grade.

*Total Mineral Resource for Smokey Hills as at 01 July 2016*

Mineral Resource Category	Area	Width	Tonnage	Grade 4E	Content 4E	Content 4E
	m <sup>2</sup>	m	t	g/t	kg	koz
<b>Hill 2</b>						
Measured	188,039	1.11	777,589	5.29	4,112	132
Indicated	130,398	1.11	538,065	5.38	2,896	93
<b>Total</b>	<b>318,437</b>	<b>1.11</b>	<b>1,315,654</b>	<b>5.33</b>	<b>7,008</b>	<b>225</b>
<b>Hill 3</b>						
Measured	450,021	1.05	1,748,377	5.74	10,028	322
Indicated	247,245	1.07	987,374	5.79	5,713	184
<b>Total</b>	<b>697,266</b>	<b>1.05</b>	<b>2,735,751</b>	<b>5.75</b>	<b>15,741</b>	<b>506</b>
<b>Total Resource</b>						
Measured	638,060	1.07	2,525,966	5.60	14,140	455
Indicated	377,643	1.08	1,525,439	5.64	8,609	277
<b>Total</b>	<b>1,015,703</b>	<b>1.07</b>	<b>4,051,405</b>	<b>5.62</b>	<b>22,749</b>	<b>731</b>

*Notes:*

1. 4E refers to platinum (Pt), palladium (Pd), rhodium (Rh) and gold (Au).
2. The Mineral Resource are stated at a pay limit of 2.3 g/t 4E.
3. Tonnes have been rounded off to the appropriate level of accuracy.



4. The estimate is inclusive of any Mineral Reserve declared.
5. The Mineral Resources are reported inclusive of mineable stability pillars.
6. An additional geological loss of 6.23% has been applied to the Mineral Resource.
7. A mean dip of 16° has been applied to the orebody for area calculations.
8. 1 kg = 32.15076 oz.

No socio-economic, legal or political modifying factors have been taken into account in the estimation of Mineral Resources for the Smokey Hills Project. The mine was in operation during the period April 2015 to March 2016 and depletions for this period were taken into account in the mineral resource estimate and the financial model. The total tonnes mined during this period was estimated to be approximately 308 kt at an average grade of 3.3 g/t.

### *Mineral reserve estimate*

The estimated mineral reserves for the Smokey Hills Grande Project are based on the conversion of the measured and indicated resources within the current Smokey Hills Report mine plan. Measured resources are converted directly to proven reserves and indicated resources to probable reserves. The mineral reserve estimates of the Smokey Hills Project have been confirmed by Minxcon.

### *Mineral Reserve Statement for Smokey Hills as at 01 October 2016*

Mineral Reserve Category	Tonnes t	Grade 4E g/t	Content 4E kg	Content 4E koz
<b>Hill 2</b>				
Proven	576,783	4.36	2,512	81
Probable	397,550	4.37	1,737	56
<b>Total</b>	<b>974,333</b>	<b>4.36</b>	<b>4,249</b>	<b>137</b>
<b>Hill 3</b>				
Proven	1,333,104	4.61	6,151	198
Probable	581,628	4.74	2,759	89
<b>Total</b>	<b>1,914,731</b>	<b>4.65</b>	<b>8,910</b>	<b>286</b>
<b>Total Reserves</b>				
<b>Proven</b>	<b>1,909,887</b>	<b>4.54</b>	<b>8,664</b>	<b>279</b>
<b>Probable</b>	<b>979,178</b>	<b>4.59</b>	<b>4,496</b>	<b>145</b>
<b>Total</b>	<b>2,889,065</b>	<b>4.55</b>	<b>13,159</b>	<b>423</b>

#### **Notes:**

1. Tonnages refer to tonnes delivered to the metallurgical plant.
2. Hill 2 Reserves include Area 4 and Area 5 opencast which make up 7.8% of the reserve content of Hill2.
3. Hill 3 Reserves include Area 2 opencast which make up 2.9% of the reserve content of Hill3.
4. No vampings are included in the reserve statement tonnes.
5. Minimum stoping width of 115 cm applied.
6. All figures are in metric tonnes.
7. 1 kg = 32.15076 oz.
8. Pay limit Smokey Hills 2.92 g/t 4E.
9. Pay Limit calculated: USD/oz. = 910 basket price, ZAR/USD = 14.13.

The mineral reserve estimate is based on the following parameters:

- The development advance rate is planned between 16 m/month and 27 m/month.
- Adits have been scheduled at 30 m/month.
- Conventional raises have been scheduled at 27 m/month.
- Leding and stoping have been scheduled at rates between 240 m<sup>2</sup> and 350 m<sup>2</sup> per month.
- The open cast is not included in the life of mine schedule and was mined to a depth of 25 m.

- The low production volume tail is removed from the life of mine plan as determined by the cash flow. As negative cash flow is projected to start in March 2022, the mineral resources that were scheduled after March 2022 were omitted from the mineral reserves estimate.

## **Mining Methods**

Mining has ceased at the Smokey Hills Project and the project was placed on care and maintenance as of April 2016. When in production, the SHP utilises a combination of conventional narrow reef stoping methods with trackless equipment to remove blasted ore from underground workings. The mine plan has changed from an up-dip stoping method to a (mainly) breast stoping configuration. However, some up-dip mining is still planned for future operations. Stope panels and reef raises are drilled with hand-held jack hammers, and the blasted ore is removed from the working faces by means of scraper winches. The centre gully (reef raise) winch scrapes all blasted ore into a large muck bay. The ore is loaded in the muck bay with trackless equipment and transported in dump trucks to the concentrator plant. Access to the underground workings is via adits, which are developed on strike and reef.

The Smokey Hills Plant consists of a typical UG2 processing plant with a mill-float-mill-float configuration with a capacity of 60 ktpm. A chrome spirals recovery circuit treats the primary roughers tails. The chrome circuit operated from November 2010 to February 2011. During this period the plant was treating Smokey Hills RoM ore from underground as well as chrome tailings from a nearby dump in separate campaigns. The chrome circuit was stopped in February 2011 as it was believed that the chrome circuit was contributing to PGM losses. Subsequent to the chrome circuit stoppages, it was reconfigured to treat secondary flotation tails instead. The circuit was re-commissioned in May 2012. However, with the decision in June 2012 to put the plant on care and maintenance, the chrome circuit was shut down in July 2012. The plant consists of the following circuits: jaw crushing; cone crushing in closed circuit with a screen; primary ball mill in closed circuit with a screen; primary flotation; chrome spirals recovery circuit; secondary ball mill in closed circuit with a cyclone; secondary flotation; PGM concentrate and tails thickening; PGM concentrate filtering and storage; reagent make up and dosing circuits; and water recycling and storage.

## **Exploration, Development and Production**

The Smokey Hills Project remains on care and maintenance. In the Smokey Hills Report, Minxcon estimates a mining life of 6.5 years, producing 2.9 million tonnes at an average 4E grade of 4.55 g/t. See “Cautionary Notes”.

Please see the Smokey Hills Report for information of the capital and operating cost estimates associated with re-starting production activities at the Smokey Hills project. To the best of its knowledge, those estimates and the assumptions and parameters underlying those estimates remain accurate. Aberdeen relies upon African Thunder Platinum for information regarding its current and contemplated exploration, development and production activities. See “General Development of the Business Financial Year ended January 31, 2018” for additional information regarding the Company’s investment in African Thunder.

## **DIVIDENDS**

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While the Company has paid dividends in the past, it suspended its dividend program in 2013 and has not paid any dividends since that time. Aberdeen does not expect to re-introduce a dividend policy in the short term. Any change to the dividend policy will be at the discretion of the Board.

## DESCRIPTION OF CAPITAL STRUCTURE

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The authorized capital of the Company consists of an unlimited number of Common Shares. As of January 31, 2019, and as of the date hereof, there are 96,052,282 Common Shares issued and outstanding.

### Common Shares

Holders of Common Shares are entitled to receive notice of and to attend any meetings of shareholders and shall have one vote per share at all meetings. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Board and, upon liquidation, dissolution or winding up of the Company, are entitled to receive on a pro rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

## MARKET FOR SECURITIES

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### Trading Price and Volume

The Common Shares commenced trading on the Toronto Stock Exchange on January 31, 2008 under the symbol "AAB", prior to which the Common Shares traded on the TSX Venture Exchange. The table below shows the price ranges and volume of trading for each month during the financial year ended January 31, 2019.

<b>Month</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Close (\$)</b>	<b>Average Daily Volume (# of Shares)</b>
January 2019	0.07	0.05	0.06	58,495
December 2018	0.07	0.06	0.06	157,100
November 2018	0.08	0.06	0.07	70,418
October 2018	0.09	0.07	0.07	103,790
September 2018	0.10	0.08	0.08	73,189
August 2018	0.13	0.10	0.10	52,309
July 2018	0.14	0.13	0.13	12,885
June 2018	0.15	0.13	0.13	56,823
May 2018	0.17	0.14	0.14	63,404
April 2018	0.19	0.16	0.16	40,157

March 2018	0.21	0.17	0.19	88,690
February 2018	0.19	0.17	0.17	89,636

### Prior Sales of Securities

The Company did not issue or sell any securities during the financial year ended January 31, 2019.

#### *Normal Course Issuer Bid*

On June 19, 2017, the Company announced its intention to make a normal course issuer bid (“NCIB”), subject to TSX approval, to buy back its Common Shares through the facilities of the TSX. The maximum number of Common Shares that were eligible for purchase for cancellation pursuant to the NCIB was 6,278,628 Common Shares. The NCIB expired on July 18, 2018. Prior to January 31, 2019, Aberdeen did not purchase any Common Shares pursuant to this NCIB.

#### *Restricted Share Unit Plan and Deferred Share Unit Plan*

The Board of Directors have approved and authorized the creation of a Restricted Share Unit Plan (the “**RSU Plan**”) and a Deferred Share Unit Incentive Plan (the “**DSU Plan**”).

The purpose of these plans is to attract, retain and motivate individuals with the requisite training, experience and leadership to carry out key roles with the Company, to advance the interests of the Company by providing such individuals with long-term compensation and to strengthen the alignment of RSU and DSU holders’ interest with the interests of shareholders. The value of a RSU and DSU is based on the trading price of the Common Shares.

## DIRECTORS AND OFFICERS

The following table sets forth the name, jurisdiction of residence, position held with the Company and principal occupation of each person who is a director or an executive officer of the Company as at April 30, 2019. All directors hold office until the next annual meeting of shareholders of the Company or until their successors are elected or appointed.

Name and Province of Residence	Position(s) with Company and Period of Service as a Director	Principal Occupation	Number of Common Shares Beneficially Held	Percentage of Common Shares Beneficially Held
Stan Bharti Ontario, Canada	Executive Chairman; Director since August 2005	Mining Engineer	19,185,000	19.9%
George Faught Ontario, Canada	Vice-Chairman and Director since November 2005	Vice Chairman of the Company	210,000	0.2%

Bernard Wilson Ontario, Canada	(1)(2)(3) Lead Director and Director since October 2008	Financial Executive and Corporate Director	10,000	0.01%
Maurice Colson Ontario, Canada	(1)(2)(3) Director since January 1, 2015	Financial Executive and Corporate Director	Nil	N/A
Lewis MacKenzie Ontario, Canada	(1)(2)(3) Director since March 27, 2017	Retired general, Canadian Military Forces, Business Consultant	Nil	N/A
Wen Ye Ontario, Canada	Director since July 13, 2018	Accountant	Nil	N/A
Ryan Ptolemy Ontario, Canada	Chief Financial Officer and Corporate Secretary	Financial Consultant	134,500	0%

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Corporate Governance and Nominating Committee

The Board of Directors has adopted charters for each of the committees of the Board and other governance policies that are largely consistent with the best practices of the industry.

Based on their insider filings, the directors and executive officers of the Company, as a group, beneficially own, directly or indirectly, or exercise control or direction over, 19,539,500 Common Shares, which represents approximately 23% of the issued and outstanding Common Shares as of the date hereof.

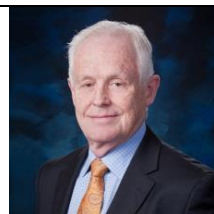
The principal occupations, businesses or employments of each of the Company's directors and executive officers within the past five years are disclosed in the brief biographies below.

**Stan Bharti, Executive Chairman and Director, Age 66**



Mr. Bharti has over 30 years of experience in operations, public markets and finance. Over the last 15 years Mr. Bharti has been involved in acquiring, restructuring and financing resource companies. He is a Professional Mining Engineer and holds a Master's Degree in Engineering from Moscow, Russia and University of London, England. From 2002 to April 2006, Mr. Bharti was a director and past President of Desert Sun Mining Corp. (which was acquired by Yamana Gold Inc. in 2006) and from 2005 to 2011 was a director and consultant to Consolidated Thompson Iron Mines Limited (which was acquired by Cliffs Natural Resources Inc. in 2011). Mr. Bharti was instrumental to the creation, development and eventual sale of: Consolidated Thompson Iron Mines Ltd. to Cliffs Natural Resources Inc. for approximately \$4.9 billion; Desert Sun Mining Corp. to Yamana Gold Inc. for approximately \$575 million; Central Sun Mining Inc. to B2Gold Corp. for \$67 million; Avion Gold Corporation to Endeavour Mining Corporation for approximately \$389

**George Faught, Vice Chairman and Director, Age 68**



Mr. Faught is a Chartered Professional Accountant and Chartered Accountant with over 30 years of senior management experience. He was previously the Chief Executive Officer of African Thunder. From 2006 to 2012, Mr. Faught was the Chief Executive Officer of the Company. He has served as the Chief Financial Officer of publicly traded companies in the natural resources, financial services and pharmaceutical industries. Mr. Faught has broad financial management, corporate development and operating experience and from 1999 to 2005 served as the Chief Financial Officer for North American Palladium Ltd., a mid-tier platinum group metal producer. Prior to that, he served as Chief Financial Officer for Hudson Bay Mining & Smelting Co. Ltd., an integrated base metals producer, and William Resources Inc., an international gold producer. He also serves as a director of Marathon Gold Corporation.

**Other Public Company Boards:**

Marathon Gold Corporation

million; and the successful realization on Aberdeen's investments in Simmers and Jack Mines Ltd., First Uranium Corporation and Sulliden Gold.

**Other Public Company Boards:**

Acasta Enterprises Inc.  
African Gold Group, Inc.  
Belo Sun Mining Corp.  
Copper One Inc.  
Euro Sun Mining Inc.  
Sulliden Mining Capital Inc.

**Lewis Mackenzie, Director, Age 79**



*General (ret'd) Lewis MacKenzie, Director.* General MacKenzie retired from the Canadian Forces in 1993 after 36 years of service. He commanded Sector Sarajevo, Yugoslavia, under the United Nations Protection Force in 1992. General MacKenzie serves on the board of a number of public companies. During his military career he was responsible for a number of operational budgets exceeding \$1.0 billion in the aggregate. General MacKenzie has been honoured as a member of the Order of Canada and the Order of Ontario.

**Committee Memberships:**

Audit Committee  
Corporate Governance and Nominating Committee  
Compensation Committee (Chair)

**Maurice Colson, Director, Age 74**

Mr. Colson has worked in the investment industry for more than 35 years and was for many years managing director for a major Canadian investment dealer in the United Kingdom. He is actively involved in providing strategic counsel and assistance with financing to emerging private and public companies in Canada and to Canadian companies operating internationally. He sits on the board of directors of several Toronto Stock Exchange and TSX Venture Exchange listed companies and is the former President and Chief Executive Officer of Lithium One Inc. Mr. Colson holds a Master of Business Administration degree.

**Other Public Company Boards:**

China Goldcorp Ltd.  
Delrand Resources Limited  
Loncor Resources Inc.  
Magnolia Colombia Ltd.

**Committee Memberships:**

Audit Committee (Chair)  
Corporate Governance and Nominating Committee  
Compensation Committee

**Bernard Wilson, Lead Director, Age 74**

Mr. Wilson is a senior financial professional. He is the former Vice-Chairman of PriceWaterhouseCoopers LLP. Further, Mr. Wilson is the Chairman of the Founders Board of the Institute of Corporate Directors (the "ICD"), which is regarded as the definitive 'go-to' resource for Canada's directors and boards through its programs that are designed to enhance directorship excellence and enlighten directors to anticipate, influence, and meet boardroom challenges. Mr. Wilson was also the Chairman of Canada's largest business organization, the Canadian Chamber of Commerce, and continues as Governor of that organization. Further he is also Chairman of the International Chamber of Commerce – Canada and Chairman of the Ontario Business Advisory Council, an organization of 100 CEOs and Presidents and he is a Member of the Canada/US Trade Committee. In 2009, Mr. Wilson was awarded the very first ICD Governance Award by his peers in recognition of his demonstrated superior effort and commitment to advancing corporate governance in Canada consistent with the goals of the ICD. Mr. Wilson also sat on the Board of Directors of the Greater Toronto Airport Authority (the "GTAA") and was involved with the expansion project of the GTAA, including the development of Terminal 1. In 1992, Mr. Wilson was the court appointed Official Court Administrator of the \$18.5 billion debt of the Olympia & York restructuring, including all their global assets and Canary Wharf. In this role, Mr. Wilson worked extensively every day for years with the various business and legal teams, successfully mediating and managing the division of assets in that matter. Mr. Wilson was also the lead director to Consolidated Thompson Iron Mines Ltd. when it completed its approximately \$4.9 billion sale to Cliffs Natural Resources Inc.

**Other Public Company Boards:**

EarthRenew Inc.

**Committee Memberships:**

Audit Committee  
Corporate Governance and Nominating Committee (Chair)  
Compensation Committee

## **Ryan Ptolemy, Chief Financial Officer and Corporate Secretary, Age 43**



Mr. Ptolemy is a CPA, CGA and CFA charterholder. Mr. Ptolemy currently serves as chief financial officer to a number of public companies in the mining sector. From August 2005 to September 2009, Mr. Ptolemy was at an independent investment dealer in Toronto, most recently serving as chief financial officer, where he was responsible for financial reporting, auditing, budgeting and internal controls. Mr. Ptolemy is also the chief financial officer of African Gold Group, Inc., Aguia Resources Limited., Belo Sun Mining Corp., Fura Gems Inc., EarthRenew Inc. and Routemaster Capital Inc.

### **Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

No director, chief executive officer or chief financial officer of the Company

1. is, as at the date of this document, or has been, within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the company) that, while that person was acting in that capacity: (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation, for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director, chief executive officer or chief financial officer ceased to be a director, chief executive officer or chief financial officer, in the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
2. has, within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No director or executive officer of Aberdeen, or a shareholder holding sufficient number of securities of the Company to affect materially the control of the Company, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Conflicts of Interest**

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other reporting companies or have significant shareholdings in other reporting companies. For a list of the other reporting issuers in which directors of the Company also serve as directors, please see the biographical information above and the management information circular of the Company for its most recent annual shareholders' meeting filed on SEDAR. To the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the



Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. Given the nature of Aberdeen's business it is difficult to distinguish time spent by certain directors on business for Aberdeen as compared to time spent on business for other companies, because such time may be beneficial to both businesses. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. Under the laws of Canada, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular investment and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time. In addition, the Company has implemented an ad hoc floating Investment Committee which will review all investment decisions of the Company above a certain threshold and those involving potential conflicts of interest, if any.

### **Audit Committee Disclosure**

The Audit Committee is comprised of three members: Bernard Wilson (Chair), Maurice Colson and Lewis Mackenzie. Each member of the Audit Committee is financially literate and during the year ended January 31, 2019 each member of the Audit Committee was independent of the Company, as such terms are defined under applicable securities laws.

#### *Relevant Education and Experience*

Maurice Colson has worked in the investment industry for more than 35 years and was for many years managing director for a major Canadian investment dealer in the United Kingdom. He is actively involved in providing strategic counsel and assistance with financing to emerging private and public companies in Canada and to Canadian companies operating internationally. He sits on the board of directors of several Toronto Stock Exchange and TSX Venture Exchange listed companies and is the former President and Chief Executive Officer of Lithium One Inc. from 2007 to 2008. Mr. Colson holds a Master of Business Administration degree.

General MacKenzie retired from the Canadian Forces in 1993 after 36 years of service. He commanded Sector Sarajevo, Yugoslavia, under the United Nations Protection Force in 1992. General MacKenzie serves on the board of a number of public companies. During his military career he was responsible for a number of operational budgets exceeding \$1.0 billion in the aggregate.

Bernie Wilson is a chartered accountant senior financial professional. He is the former Vice-Chairman of PriceWaterhouseCoopers LLP. Further, Mr. Wilson is the Chairman of the Founders Board of the Institute of Corporate Directors (the "ICD"), which is regarded as the definitive 'go-to' resource for Canada's directors and boards through its programs that are designed to enhance directorship excellence and enlighten directors to anticipate, influence, and meet boardroom challenges. Mr. Wilson was also the Chairman of Canada's largest business organization, the Canadian Chamber of Commerce, and continues as Governor of that organization. Further he is also Chairman of the International Chamber of Commerce – Canada and Chairman of the Ontario Business Advisory Council, an organization of 100 CEOs and Presidents and he is a Member of the Canada/US Trade Committee. In 2009, Mr. Wilson was awarded the very first ICD Governance Award by his peers in recognition of his demonstrated superior effort and commitment to advancing Corporate Governance in Canada consistent with the goals of the ICD. Mr. Wilson also sat on the

Board of Directors of the Greater Toronto Airport Authority (the “GTAA”) and was involved with the expansion project of the GTAA, including the development of Terminal 1. In 1992, Mr. Wilson was the court appointed Official Court Administrator of the \$18.5 billion debt of the Olympia & York restructuring, including all their global assets and Canary Wharf. In this role, Mr. Wilson worked extensively every day for years with the various business and legal teams, successfully mediating and managing the division of assets in that matter. Mr. Wilson was also the lead director to Consolidated Thompson Iron Mines Ltd. when it completed its approximately \$4.9 billion sale to Cliffs Natural Resources Inc.

#### *Reliance on Certain Exemptions*

Since February 1, 2018, Aberdeen has not relied on any of the exemptions regarding the Audit Committee provided in Multilateral Instrument 52-110 of the Canadian Securities Administrators.

#### *Audit Committee Oversight*

Since February 1, 2018, the Board of Directors has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

#### *Pre-Approval Policies and Procedures*

The policies and procedures of the Audit Committee regarding the engagement of non-audit services are set out in the Audit Committee Charter, which is appended hereto as Schedule A.

#### *External Auditor Service Fees*

##### Audit Fees

The Company’s external auditors, UHY McGovern Hurley LLP, Chartered Accountants (the “Auditors”), billed the Company \$76,000 in the fiscal year ended January 31, 2019 and \$90,000 in the fiscal year ended January 31, 2018, respectively, for audit fees.

##### Audit-Related Fees

The Auditors billed the Company \$nil and \$nil in the fiscal years ended January 31, 2019 and 2018 respectively, for assurance and related services related to the performance of the audit or review of the Company’s financial statements, other than amounts included in audit fees.

##### Tax Fees

The Auditors billed the Company \$nil and \$nil in the fiscal years ended January 31, 2019 and 2018, respectively, for tax compliance, tax advice and tax planning. These fees were in connection with assistance provided to the Company in the preparation and filing of its annual tax returns.

##### All Other Fees

The Auditors billed the Company \$nil and \$nil in the fiscal years ended January 31, 2019 and 2018, respectively, for services not included above. The fees paid in 2017 related to accounting policy and valuation analysis.

## **PROMOTERS**

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To the best of the Company's knowledge, no person or Company has been within the three most recently completed fiscal years, or is during the current fiscal year, a promoter of the Company.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

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To the best of the Company's knowledge, there were no legal proceedings during the year ended January 31, 2019 to which the Company was a party or of which any of the Company's property was subject that would have had a material adverse effect on the Company, nor are there any such legal proceedings existing or contemplated to which the Company is a party or of which any of the Company's property is subject.

There have been no penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the fiscal year ended January 31, 2019, or any other time that would likely be considered important to a reasonable investor making an investment decision in the Company. The Company did not enter into any settlement agreements with a court relating to securities legislation or with a securities regulatory authority during the fiscal year ended January 31, 2019.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

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None of the directors, executive officers or principal shareholders of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction within the past three years or during the current financing year or in any proposed transaction that has materially affected or will materially affect the Company.

## **TRANSFER AGENT AND REGISTRAR**

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The Company's transfer agent and registrar is TSX Trust located in Toronto, Ontario.

## **MATERIAL CONTRACTS**

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Except for contracts entered into by the Company in the ordinary course of business, the Company did not enter into any contract that could reasonably be regarded as material.

## **INTERESTS OF EXPERTS**

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Mr. D van Heerden of Minxcon (Pty) Ltd. is the qualified person who authored the Smokey Hills Report. To the knowledge of the Corporation, neither Mr. D van Heerden nor Minxcon had an interest in any securities or other properties of the Corporation, its associates or affiliates as at the date of the technical reports or as at the date hereof.

UHY McGovern, Hurley Cunningham LLP, Licensed Public Accountants, are the auditors of the Corporation and have performed the audit in respect of the audited annual consolidated financial statements of the Corporation as at and for the year ended January 31, 2019. UHY McGovern, Hurley Cunningham LLP, Licensed Public Accountants were independent of the Corporation in accordance with the applicable rules of professional conduct.

## **ADDITIONAL INFORMATION**

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Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under the Company's stock option plan is contained in the management information circular of the Company.

Additional financial information is provided in the Company's annual audited financial statements and related management's discussion and analysis as at and for the year ended January 31, 2019. These documents and other information about the Company can be found under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

**SCHEDULE A**  
**CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

**I. PURPOSE**

The Audit Committee (“Committee”) shall provide assistance to the Board of Directors (“Board”) of Aberdeen International Inc. (the “Company”) in fulfilling its financial reporting and control responsibilities to the shareholders of the Company and the investment community. The external auditors will report directly to the Committee. The Committee’s primary duties and responsibilities are to:

- Oversee the accounting and financial reporting processes of the Company, and the audit of its financial statements, including: (i) the integrity of the Company’s financial statements; (ii) the Company’s compliance with legal and regulatory requirements; and (iii) the independent auditors’ qualifications and independence.
- Serve as an independent and objective party to monitor the Company’s financial reporting processes and internal control systems.
- Review and appraise the audit activities of the Company’s independent auditors.
- Provide open lines of communication among the independent auditors, financial and senior management, and the Board of Directors for financial reporting and control matters, and meet periodically with management and with the independent auditors.

**II. COMPOSITION**

The Audit Committee shall be comprised of at least three directors. Each Committee member shall be an “independent director” within the meaning of National Instrument 52-110 – *Audit Committees* (“NI 52-110”), as may be amended from time to time. Pursuant to NI 52-110, a member will be considered “independent” if he or she has no direct or indirect, material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director’s independent judgment or a relationship deemed to be a material relationship pursuant to Sections 1.4 and 1.5 of NI 52-110. In addition, the composition of the Committee shall comply with the rules and regulations of the Toronto Stock Exchange and any other stock exchange on which the shares of the Company are listed, subject to any waivers or exceptions granted by such stock exchange.

All members shall, to the satisfaction of the Board, be “financially literate” in accordance with the requirements of the NI 52-110. A “financially literate” director is a director who has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements. At least one member shall have accounting or related financial management expertise to qualify as a “financial expert”. A person will qualify as “financial expert” if he or she possesses the following attributes:

1. an understanding of financial statements and generally accepted accounting principles used by the Company to prepare its financial statements;
2. an ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;

3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities;
4. an understanding of internal controls and procedures for financial reporting; and
5. an understanding of audit committee functions.

The Committee members will be elected annually at the first meeting of the Board of Directors following the annual general meeting of shareholders.

Quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall be resolution determine.

### **III. RESPONSIBILITIES AND POWERS**

Responsibilities and powers of the Committee include:

- Annual review and revision of this Charter as necessary with the approval of the Board provided that this Charter may be amended and restated from time to time without the approval of the Board to ensure that that the composition of the Committee and the responsibilities and powers of the Committee comply with applicable laws and stock exchange rules.
- Making recommendations to the Board regarding the selection, the appointment, evaluation, fees and compensation and, if necessary, the replacement of the independent auditors, and assisting in resolving any disagreements between management and the independent auditors regarding financial reporting.
- Approving the appropriate audit engagement fees and the funding for payment of the independent auditors' compensation and any advisors retained by the Committee.
- Ensuring that the auditors report directly to the Committee and are made accountable to the Board and the Committee, as representatives of the shareholders to whom the auditors are ultimately responsible.
- Confirming the independence of the auditors, which will require receipt from the auditors of a formal written statement delineating all relationships between the auditors and the Company and any other factors that might affect the independence of the auditors and reviewing and discussing with the auditors any significant relationships and other factors identified in the statement.
- Reporting to the Board its conclusions on the independence of the auditors and the basis for these conclusions.
- Overseeing the work of the independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services.

- Ensuring that the independent auditors are prohibited from providing the following non-audit services and determining which other non-audit services the independent auditors are prohibited from providing:
  - bookkeeping or other services related to the accounting records or financial statements of the Company;
  - financial information systems design and implementation;
  - appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
  - actuarial services;
  - internal audit outsourcing services;
  - management functions or human resources;
  - broker or dealer, investment adviser or investment banking services;
  - legal services and expert services unrelated to the audit; and
  - any other services which the Canadian Public Accountability Board determines to be impermissible.
- Pre-approving all audit services, internal control related services and approving any permissible non-audit engagements of the independent auditors, in accordance with applicable legislation.
- Meeting with the auditors and financial management of the Company to review the scope of the proposed audit for the current year, and the audit procedures to be used.
- Meeting quarterly with auditors in “in camera” sessions to discuss reasonableness of the financial reporting process, system of internal control, significant comments and recommendations and management’s performance.
- Reviewing with management and the independent auditors:
  - the Company’s annual financial statements (and interim financial statements as applicable) and related footnotes, management’s discussion and analysis and the annual information form, for the purpose of recommending approval by the Board of Directors prior to its release, and ensuring that:
    - management has reviewed the audited financial statements with the audit committee, including significant judgments affecting the financial statements
    - the members of the Committee have discussed among themselves, without management or the independent auditors present, the information disclosed to the Committee

- the Committee has received the assurance of both financial management and the independent auditors that the Company's financial statements are fairly presented in conformity with Canadian GAAP in all material respects
- Any significant changes required in the independent auditors' audit plan and any serious issues with management regarding the audit.
- the Company's internal controls report and the independent auditors' certification of the report, and review disclosures made to the Committee by the CEO and CFO about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.
- Other matters related to the conduct of the audit that are to be communicated to the Committee under generally accepted auditing standards.
- Satisfying itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure described in the preceding paragraph, and assessing the adequacy of such procedures periodically.
- Reviewing with the independent auditors and management the adequacy and effectiveness of the financial and accounting controls of the Company.
- Establishing procedures: (i) for receiving, handling and retaining of complaints received by the Company regarding accounting, internal controls, or auditing matters, and (ii) for employees to submit confidential anonymous concerns regarding questionable accounting or auditing matters as well as violations to the Company's Code of Business Conduct and Ethics.
- Reviewing with the independent auditors any audit problems or difficulties and management's response and resolving disagreements between management and the auditors and reviewing and discussing material written communications between management and the independent auditors, such as any management letter of schedule of unadjusted differences.
- Making inquires of management and the independent auditors to identify significant business, political, financial and control risks and exposures and assess the steps management has taken to minimize such risk to the Company.
- Providing oversight of the Company's policies, procedures and practices with respect to the maintenance of the books, records and accounts, and the filing of reports, by the Company with respect to third party payments in compliance with the *Corruption of Foreign Public Officials Act* (Canada), the *Extractive Sector Transparency Measures Act* (Canada) and similar applicable laws.
- Making inquires of management and the independent auditors to identify significant business, political, financial, litigation and control risks and exposures and assess the steps management has taken to minimize such risk to the Company.
- Assessing the overall process for identifying principal business, political, financial, litigation and control risks and providing its views on the effectiveness of this process to the Board.



- Ensuring that the disclosure of the process followed by the Board and its committees, in the oversight of the Company's management of principal business risks, is complete and fairly presented.
- Obtaining reports from management and the Company's independent auditors that the Company is in conformity with legal requirements and the Company's Code of Business Conduct and Ethics and reviewing reports and disclosures of insider and affiliated party transactions.
- Discussing any earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
- Ensuring adequate procedures are in place for review of the Company's disclosure of financial information and assess the adequacy of these procedures at least once per year.
- Reviewing of confirmation of compliance with the Company's policies on internal controls, conflicts of interests, ethics, foreign corrupt practice, etc.
- Ensuring that the Company's annual information form and management information circular contains the required disclosure pursuant to applicable law.
- Reviewing with financial management and the independent auditors interim financial information, including interim financial statements, management discussion and analysis and financial press releases for the purpose of recommending approval by the Board prior to its release.
- On at least an annual basis, obtaining and reviewing a report prepared by the independent auditors describing (i) the auditors' internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditors, or by any inquiry of investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditors, and any steps taken to deal with any such issues; and (iii) all relationships between the independent auditors and the Company (to assess auditors' independence).
- Reviewing and approving hiring policies for employees or former employees of the past and present independent auditors.
- Reviewing disclosure by management in the event that management deviates from existing approved policies and procedures which disclosure must also must be contained in financial reporting sub-certification forms.
- Engaging independent counsel and other advisors, without seeking approval of the Board or management, if the Committee determines such advisors are necessary to assist the Committee in carrying out its duties and setting and paying for any counsel or advisors employed by the Committee for such purpose. The Committee shall advise the Board and management of such engagement.
- Discussing with the Company's legal counsel any legal matters that may have a material impact on the financial statements or of the Company's compliance policies and internal controls.

- Conducting special investigations, independent of the Board or management, relating to financial and non-financial related matters concerning the Company and/or any one or more of its directors, officers, employees, consultants and/or independent contractors, if determined by the Committee to be in the best interests of the Company and its Shareholders. The Committee shall advise the Board with respect to the initiations of such investigations and shall periodically report any findings such investigation to the Board.
- Reporting annually to the shareholders in the Company's annual information form on the carrying out of its responsibilities under this charter and on other matters as required by applicable securities regulatory authorities.

#### **IV. MEETINGS**

The Committee will meet regularly at times necessary to perform the duties described above in a timely manner, but not less than four times a year and any time the Company proposes to issue a press release with its quarterly or annual earnings information. Meetings may be held at any time deemed appropriate by the Committee.

The Audit Committee shall meet periodically in separate executive sessions with management (including the Chief Financial Officer), the internal auditors and the independent auditor, and have such other direct and independent interaction with such persons from time to time as the members of the Committee deem appropriate. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

The independent auditors will have direct access to the Committee at their own initiative.

The Chairman of the Committee will report periodically the Committee's findings and recommendations to the Board.

## APPENDIX I TO SCHEDULE A

### POSITION DESCRIPTION FOR THE CHAIRMAN OF THE AUDIT COMMITTEE

#### 1. PURPOSE

The Chairman of the Audit Committee of the Board shall be an independent director who is elected by the Board to act as the leader of the Committee in assisting the Board in fulfilling its financial reporting and control responsibilities to the shareholders of the Corporation.

#### WHO MAY BE CHAIRMAN

The Chairman will be selected from amongst the independent directors of the Corporation who have a sufficient level of financial sophistication and experience in dealing with financial issues to ensure the leadership and effectiveness of the Committee.

The Chairman will be selected annually at the first meeting of the Board following the annual general meeting of shareholders.

#### 2. RESPONSIBILITIES

The following are the primary responsibilities of the Chairman:

- (a) chairing all meetings of the Committee in a manner that promotes meaningful discussion;
- (b) ensuring adherence to the Committee's Charter and that the adequacy of the Committee's Charter is reviewed annually;
- (c) providing leadership to the Committee to enhance the Committee's effectiveness, including:
  - (i) providing the information to the Board relative to the Committee's issues and initiatives and reviewing and submitting to the Board an appraisal of the Corporation's independent auditors and internal auditing functions;
  - (ii) ensuring that the Committee works as a cohesive team with open communication, as well as ensuring open lines of communication among the independent auditors, financial and senior management and the Board for financial and control matters;
  - (iii) ensuring that the resources available to the Committee are adequate to support its work and to resolve issues in a timely manner;
  - (iv) ensuring that the Committee serves as an independent and objective party to monitor the Corporation's financial reporting process and internal control systems, as well as to monitor the relationship between the Corporation and the independent auditors to ensure independence;

- (v) ensuring that procedures are in place to assess the audit activities of the independent auditors and the internal audit functions;
  - (vi) ensuring that procedures are in place to review the Corporation's public disclosure of financial information and assess the adequacy of such procedures periodically, in consultation with any disclosure committee of the Corporation;
  - (vii) ensuring that clear hiring policies are put in place for partners and employees of the auditors;
- (d) ensuring that procedures are in place for dealing with complaints received by the Corporation regarding accounting, internal controls and auditing matters, and for employees to submit confidential anonymous concerns, ensuring the establishment of a budget process, which shall include the setting of spending limits and authorizations and periodical reports from the Chief Financial Officer of actual spending as compared to the budget regarding questionable accounting or auditing matters; and
- (e) managing the Committee, including:
- (i) adopting procedures to ensure that the Committee can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;
  - (ii) preparing the agenda of the Committee meetings and ensuring pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;
  - (iii) ensuring meetings are appropriate in terms of frequency, length and content;
  - (iv) obtaining and reviewing with the Committee an annual report from the independent auditors, and arranging meetings with the auditors and financial management to review the scope of the proposed audit for the current year, its staffing and the audit procedures to be used;
  - (v) overseeing the Committee's participation in the Corporation's accounting and financial reporting process and the audits of its financial statements;
  - (vi) ensuring that the auditors report directly to the Committee, as representatives of the Corporation's shareholders; and
  - (vii) annually reviewing with the Committee its own performance.