



**ABERDEEN**  
INTERNATIONAL

**Management's Discussion and Analysis**

**FOR THE YEAR ENDED JANUARY 31, 2019**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JANUARY 31, 2019**

*(All amounts stated in Canadian dollars, unless otherwise indicated)*

### **GENERAL**

This management's discussion and analysis of the operations, results and financial condition of Aberdeen International Inc. ("Aberdeen", or the "Company") should be read in conjunction with the annual consolidated financial statements as at and for the years ended January 31, 2019 and 2018, including the notes thereto. The annual audited consolidated financial statements and related notes of Aberdeen have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). A detailed summary of the Company's significant accounting policies is included in Note 2 of the Company's annual audited financial statements as at and for the years ended January 31, 2019 and 2018, which have been consistently applied. The Company's functional and reporting currency is the Canadian dollar. Unless otherwise noted, all references to currency in this Management's Discussion and Analysis ("MD&A") refer to Canadian dollars.

Additional information regarding Aberdeen, including our Annual Information Form ("AIF") and press releases, have been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online under the Company's profile at [www.sedar.com](http://www.sedar.com). This MD&A is dated April 24, 2019 and reports on the Company's activities through April 24, 2019.

Aberdeen's common shares trade on the Toronto Stock Exchange ("TSX") under the symbol AAB.

### **CAUTION REGARDING FORWARD-LOOKING INFORMATION**

The MD&A may contain certain "forward-looking information" within the meaning of applicable securities law, which are prospective and reflect management's expectations regarding Aberdeen's future growth, 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 statements, other than statements of historical fact, included herein, including without limitation, statements regarding the Company's plan of business operations; projections regarding future success based on past success; 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 returns; potential mineralization; projections regarding the business of investee companies, projection of future revenue; targets for cash operating costs; and future plans and objectives of Aberdeen are forward-looking information that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from Aberdeen's expectations include, but are not limited to, in particular, past success or achievement does not guarantee future success; risks related to investment performance, market fluctuations, fluctuations in commodity prices, uncertainties relating to the availability and costs of financing needed for the Company or investee companies, the strength of the Canadian, US and global economies and financial markets, foreign exchange fluctuations, competition, political and economic risks in the countries and financial markets in which the Company's investments' interests are located and other risks described elsewhere in this MD&A under the heading "Risks and Uncertainties" as well as those factors discussed in or referred to in the AIF of the Company filed under the profile of the Company at [www.sedar.com](http://www.sedar.com). Estimates and assumptions that have been considered when formulating forward-looking information (include valuation of investments) include, with respect to the investments and investment philosophy of Aberdeen, management expertise and knowledge of the resources industry and the continued involvement of the current management team with Aberdeen. With regards to all information included herein

relating to investee companies, Aberdeen has relied on information provided by its investees as well as any publicly available information disclosed by the respective companies.

Shareholders and prospective investors should be aware that these forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking information. 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.

## OVERVIEW

Aberdeen is a publicly traded global resource investment company and merchant bank focused on small capitalization companies in the metals and mining sector. In general, the Company's investment philosophy is to acquire equity participation in:

- pre-IPO and/or early stage public companies with undeveloped and 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 returns 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.

Aberdeen provides valued-added strategic advice to these companies in addition to investment capital. The Company's strategy is to optimize the return on its investments over a 24 to 36-month investment time frame. Aberdeen also has access to key experts in the mining and financial sectors who can provide further assistance in evaluating and monitoring companies and their progress.

The Company began operating as a global resource investment company and merchant bank in October 2007. As at January 31, 2019, the portfolio had investments in thirty-five companies with an estimated fair market value of \$24,716,564 (cost – \$44,445,777).

## FISCAL 2019 PERFORMANCE HIGHLIGHTS

Operating Results	Three months ended January 31,		Twelve months ended January 31,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Realized (loss) gain on investments, net	(1,655,358)	347,692	(1,472,031)	15,820,809
Unrealized gain (loss) on investments, net	171,919	9,065,735	(23,441,909)	6,381,316
Net investment (loss) gain	(1,483,439)	9,413,427	(24,913,940)	22,202,125
Other revenue	122,855	73,325	621,549	464,652
Net (loss) income for the year	(1,810,193)	5,684,207	(25,953,677)	16,569,549
Basic and diluted (loss) income per share	(0.02)	0.06	(0.27)	0.18

	January 31, 2019	January 31, 2018
Investments	\$	\$
Total equities, at fair value	21,757,164	50,243,394
Loans receivable	2,959,400	2,170,601
<b>Total investments</b>	<b>24,716,564</b>	<b>52,413,995</b>
<b>Shareholders' equity</b>	<b>26,802,487</b>	<b>52,574,549</b>

During the three months ended January 31, 2019, the Company had a net investment loss of \$1,483,439 compared to net investment gain of \$9,413,427 in the similar period of 2018. The net investment (loss) for the three months ended January 31, 2019 was resulted from unrealized loss offset by realized gain of the equity investment portfolio. The Company's net loss for the three months ended January 31, 2019 was \$1,810,193 (\$0.02 per basic share) compared to a net income of \$5,684,207 (\$0.06 per basic share) in 2018. The net (loss) for 2019 was from the net investment loss, operating, general and administration expenses offset by other revenue and foreign exchange gain. For more details, please see the Results of Operations in this MD&A.

During the twelve months ended January 31, 2019, the Company had a net investment loss of \$24,913,940 compared to net investment gain of \$22,202,125 in the similar period of 2018. The net investment loss for the year ended January 31, 2019 was a result of realized and unrealized losses of the equity investment portfolio. The Company's net loss for the year ended January 31, 2019 was \$25,953,677 (\$0.27 per basic share) compared to net income of \$16,569,549 (\$0.18 per basic share) in 2018. The net loss for 2019 was from the net investment loss, operating, general and administration expenses, offset by other revenues and foreign exchange gain. For more details, please see the Results of Operations in this MD&A.

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 Aguia 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. For more details, please see the 2019 Investment Activities in this MD&A.

## **INVESTMENTS, AT FAIR VALUE THROUGH PROFIT AND LOSS, AS AT JANUARY 31, 2019 AND JANUARY 31, 2018.**

At January 31, 2019, the Company's investment portfolio consisted of nineteen publicly-traded investments and thirteen privately-held investments for a total fair value of 21,757,164.

At January 31, 2018, the Company's investment portfolio consisted of sixteen publicly-traded investments and fifteen privately-held investments for a total fair value of \$50,243,394.

## **PUBLIC INVESTMENTS**

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.

**Note**

- (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.

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.

#### Note

- (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.
- (v) 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

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 46,230,979 options 46,230,979 options 55,477,175 options 64,723,371 options	\$ 16,627,348	\$ 4,248,452	47.3%
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>

**Note**

- (i) The Company owns 66.7% of the outstanding common shares of International Cobalt Inc., 33.2% of the outstanding common shares of 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.

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

Private Issuer	Note	Security description	Cost	Estimated	% of FV
2292055 Ontario Ltd.	(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 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	16,627,348	4,582,739	28.5%
Brazil Potash Corp.	(iii)	213,698 common shares	273,973	985,121	6.1%
Desert Lion Energy Corp.		3,415,384 common shares 461,538 warrants expire Sep 8, 2019	1,624,851	6,215,999	38.5%
International Cobalt Inc.	(i, ii)	66.67% of interest	980,000	2,468,336	15.3%
Vilhelmina Minerals Inc.*	(i, ii)	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>

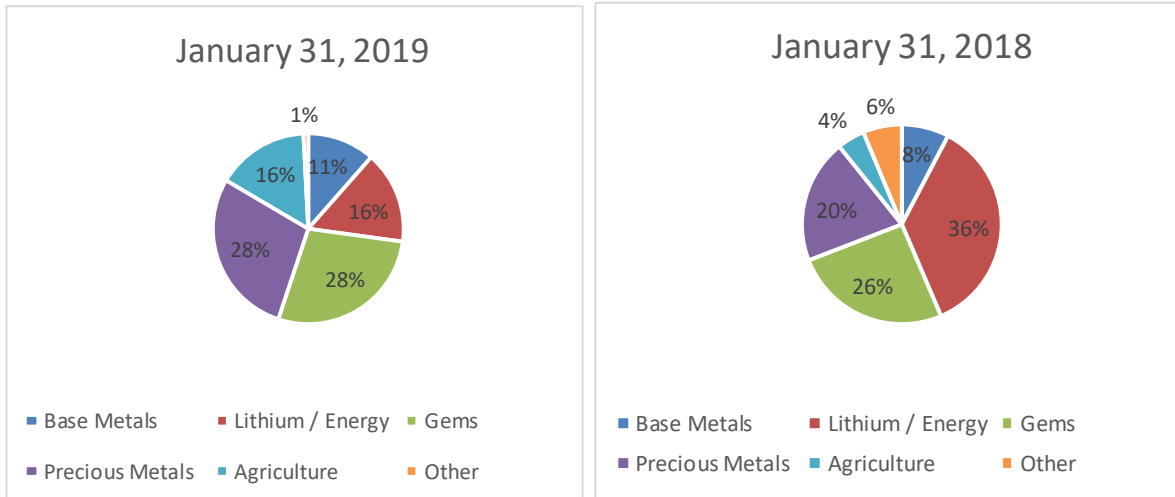
\*Formerly 2587357 Ontario Inc.

\*\*Formerly 2560344 Ontario Inc.

**Note**

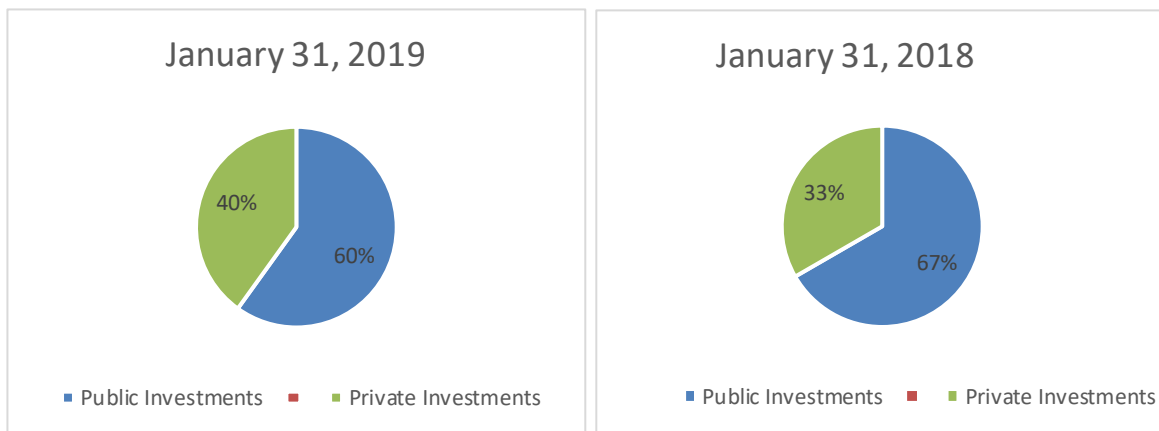
- (i) The Company owns 66.7% of the outstanding common shares of International Cobalt Inc., 27.3% of the outstanding common shares of Vilhelmina Minerals Inc. and 18.6% of the outstanding common shares and voting rights of African Thunder Platinum Limited. There are no contractual arrangements, financial 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.
- (i) A director and/or officer of the Company is a director and/or officer of the investee corporation as at January 31, 2018.
- (ii) Total other investments held by the Company that are not individually listed as at January 31, 2018. Directors and officers may hold investments personally.

### Industry Allocation\*



\* As a percentage of the aggregate fair value of our investment portfolio

### Public/Private Company Allocation\*



\* As a percentage of the aggregate fair value of our investment portfolio

## 2019 INVESTMENT ACTIVITIES

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 (details below).

### African Thunder

During the year ended January 31, 2019, there were no realized gains or losses on African Thunder. The Company had unrealized gain of \$0.3 million on African Thunder during the year ended January 31, 2019. As at January 31, 2019, African Thunder represented approximately 13.5% of the total assets of the Company. A 10% decline in the fair market value of African Thunder would result in an estimated increase in after-tax loss to Aberdeen of approximately \$0.4 million.

### African Thunder Operations Update

During 2019, African Thunder agreed 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 will complement the Smokey Hills assets. As consideration for the SHM Shares, African Thunder will receive US\$24.0 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 US\$22.0 million during the Option Period (as defined below). Holdco has the right to cause African Thunder to sell the Holdco Shares to Holdco for US\$26.0 million 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 (eighteen) completed calendar months from the day of the last of the following to occur:
  - the new integrated water licence for the Phokathaba Mining Right issued to Phokathaba by the Department of Water and Sanitation of the Republic of South Africa, in terms of the *National Water Act, 1998*, based on the combined business (Combined Group), is obtained;
  - the environmental authorization issued to Phokathaba by the Department of Environmental Affairs of the Republic of South Africa and/or the Department of Mineral Resources, in terms of the *National Environmental Management Act, 1998*, (Combined Group) is obtained; and
  - Holdco becoming a party to this Agreement.
- 9 (nine) completed calendar months from the date on which the taking over certificate, or similar document indicating the final completion, is provided to Holdco in relating to the construction of the Chrome Plant.

In addition to obtaining a listing of the Holdco Shares, closing of the transaction is subject to several other regulatory conditions. The Company expects the transaction to close at in 2019.

#### *African Thunder Non-Consolidated Financial Information for the Six Months Ended December 31, 2018*

For the six months ended December 31, 2018, African Thunder had operating expenses of US\$3.8 million comprised of general administrative expenses of US\$0.01 million and a foreign exchange loss of US\$3.7 million for a net loss of US\$2.9 million. African Thunder had other income of US\$0.1 million which consisted of primarily interest income from loan for the six months ended December 31, 2018.

As at December 31, 2018, African Thunder's cash balance was US\$ Nil. The Company total assets were US\$121 million made up of inter-company loans. As at June 30, 2018, African Thunder's liabilities was US\$ Nil. As at December 31, 2018, the total capital of African Thunder was US\$121 million.

This non-consolidated financial information was prepared by the management of African Thunder and these individuals are independent of Aberdeen and Aberdeen has no involvement with and does not warrant or take any responsibility for the accuracy or completeness of the African Thunder financial statements. The financial information is based on historical results and may not be indicative of future results. The financial information provided above is of the audited consolidated financial statements of African Thunder.

## **FURA GEMS INC. (“FURA”)**

During the year ended January 31, 2019, the Company exercised 1.2 million common share purchase warrants for \$0.3 million and had an unrealized loss of approximately \$7.3 million. As at January 31, 2019, the FURA position represented approximately 17.6% of the total assets of the Company. A 10% decline in the fair market value of FURA would result in an estimated increase in after-tax loss to Aberdeen of approximately \$0.5 million. Please refer to FURA's SEDAR profile for additional information on this company.

## **LIX**

During the year ended January 31, 2019, the Company received \$7.8 million from the disposal of the remaining 3 million shares of LIX held by the Company. The Company realized a gain of \$1.3 million from the sale and unrealized loss on approximately \$1 million from the reversal of LIX's prior years unrealized gain. Please refer to LIX's SEDAR profile for additional information on this company.

## **DLI**

During the year ended January 31, 2019, the Company realized a loss of approximately \$0.8 million from the sale of 3.4 million shares of DLI for proceeds of \$0.5 million. DLI also had an unrealized loss of approximately \$4.8 million from the reversal of prior year's unrealized gain. Please refer to DLI's SEDAR profile for additional information on this company.

## **AGRL**

During the year ended January 31, 2019, the Company realized a loss of approximately \$0.3 million from the sale of shares of AGRL for proceeds of \$0.2 million. AGRL also had an unrealized loss of approximately \$0.06 million. Please refer to AGRL's SEDAR profile for additional information on this company.

## **ART**

During the year ended January 31, 2019, the Company realized a loss of approximately \$0.6 million from the sale of 2 million shares of ART for proceeds of \$0.2 million. ART also had an unrealized loss of approximately \$0.3 million. Please refer to ART's SEDAR profile for additional information on this company.

## **BKI**

During the year ended January 31, 2019, the Company realized a loss of approximately \$0.2 million from the sale of 3.6 million shares of BKI for proceeds of \$0.4 million. BKI had an unrealized gain of approximately \$0.03 million. Please refer to BKI's SEDAR profile for additional information on this company.

## **EMO**

During the year ended January 31, 2019, the Company realized a loss of approximately \$0.2 million from the sale of 3.4 million shares of EMO for proceeds of \$0.07 million. EMO also had an unrealized loss of approximately \$0.5 million. Please refer to EMO's SEDAR profile for additional information on this company.

## **ESM**

During the year ended January 31, 2019, the Company realized a loss of approximately \$0.6 million from the sale of 0.7 million shares of ESM for proceeds of \$0.4 million. ESM also had an unrealized loss of approximately \$0.6 million. Please refer to ESM's SEDAR profile for additional information on this company.

## **HALO**

During the year ended January 31, 2019, the Company realized a gain of approximately \$0.01 million from the sale of 0.6 million shares of Halo for proceeds of \$0.2 million. Halo also had an unrealized loss of approximately \$0.06 million. Please refer to HALO's SEDAR profile for additional information on this company.

## **TLG**

During the year ended January 31, 2019, the Company realized a gain of approximately \$0.02 million from the sale of 0.2 million shares of TLG for proceeds of \$0.2 million. TLG also had an unrealized loss of approximately \$0.4 million from the reversal of prior year's unrealized gain. Please refer to TLG's SEDAR profile for additional information on this company.

## **Other Public and Private Equity Investments**

During the year ended January 31, 2019, the Company invested approximately \$3.4 million in eight public equity investments and one private equity investments. The Company also acquired one private equity investment through conversion of loans and amount receivable. The Company had an unrealized loss of \$0.03 million on these other public and private investments during the year ended January 31, 2019. As at January 31, 2019, these other public and private investments represented approximately 37% of the total assets of the Company. A 10% decline in the fair market value of public and private investments would result in an estimated increase in after-tax loss of approximately \$0.8 million.

During the years ended January 31, 2019, the Company purchased ART (other), AGRL (agriculture), Apogee Opportunities (USA) Inc., which was converted into units of Halo Labs Inc. ("HALO") (agriculture), Brazil Potash Corp. ("BPC") (agriculture) through exercise of options, EarthRenew Inc. ("ERTH") (agriculture), FURA (gem) through exercise of warrants, Jourdan Resources Inc. ("JOR") (lithium), Q-Gold Resources Limited. ("QGR") (gold), QMX Gold Corporation (gold), and Vilhelmina Minerals Inc. ("VMI") (base metals) and sold its investment in LIX (lithium), ART (other), AGRL (agriculture), BKI (based metals), DLI (lithium), EMO (gold), ESM (gold), Halo (agriculture), and TLG (gold). Please refer to the companies' SEDAR profiles for additional information on these companies. Aberdeen does not take any responsibility for its investee SEDAR disclosure and makes no comment as to its accuracy or completeness.

As at January 31, 2019, the fair market value of the Company's total investment portfolio had a cumulative unrealized loss of \$19.7 million. The Company had cumulated unrealized losses of approximately \$2.8 million from its base metal holdings, \$13.7 million loss from its precious metal holdings, \$1.0 million loss from its energy holdings, \$3.5 million from its agriculture holdings and \$1.5 million from its other holdings offset by cumulated unrealized gain of approximately \$2.8 million from its gem holdings.

## **LOANS RECEIVABLE**

### ***ARHT Media Inc.***

On August 31, 2017, the Company entered into a loan agreement with ARHT Media Inc. ("ART") and provided \$200,000 to ART ("First ART loan"). This loan principal plus interest of \$10,000 was due and payable in cash on or before November 1, 2017. ART may negotiate the repayment of loan with the Company via the transfer of securities or other investment product subject to a subsequent written agreement.

On September 30, 2017, the Company entered into a loan agreement with ART and provided \$100,000 to ART ("Second ART loan"). This loan principal plus interest of \$2,500 was due and payable in cash on or before November 1, 2017. ART will pay interest of \$2,500 for each additional 30 days if the loan was not repaid by November 1, 2017, ART may negotiate the repayment of loan with the Company via the transfer of securities or other investment product subject to a subsequent written agreement.

On November 27, 2017, the Company entered into an agreement with ART for up to \$300,000 ("Third ART loan"). This loan bears interest of 12% per annum on the actual amount advanced. The principal plus accrued interests shall be repaid on or before June 15, 2018 in cash. ART may negotiate the repayment of loan with the Company via the transfer of securities or another investment product subject to a subsequent written agreement.

On February 15, 2018, ART repaid \$500,000 in cash to the Company.

On January 23, 2019, ART repaid \$120,899 in cash to the Company as settlement of outstanding principal and interest in full.

### ***Blue Sky Energy Inc.***

On May 9, 2017, the Company entered into an unsecured loan agreement with Blue Sky Energy Inc. ("Blue Sky") and provided \$250,000 to Blue Sky. The loan bears interest of 12% per annum and was due and payable in full on July 5, 2017. The Company granted Blue Sky an extension to repay the loan until December 31, 2017. In consideration for the extension, Blue Sky agreed to pay an extension fee of \$12,500 on the repayment date. No further extension was made beyond December 31, 2017. The Company planned to convert the loan into Blue Sky shares upon completion of Blue Sky's announced reverse acquisition of Irati Energy Corp ("RTO").

On November 9, 2017, the Company signed a loan settlement agreement with Blue Sky whereby Blue Sky will settle the total debt owing at the time of settlement by issuing common shares of Blue Sky valued at \$0.50 per share to Aberdeen in full and final satisfaction of the total debt.

On December 18, 2018, Blue Sky terminated its planned RTO transaction with Irati Energy Corp. Consequently, the Company signed an acceptance of agreement with Blue Sky to settle the total debt of \$303,924 owing as of September 30, 2019 for 607,848 common shares of Blue Sky at \$0.50 per share. The proposed settlement is pending TSXV approval. As settlement has not been received as at January 31, 2019, the loan continues to accrue interest at 12% per annum.

As of January 31, 2019, loan principal of \$250,000 (January 31, 2018 - \$250,000) plus accrued interest and arrangement fee totaling \$60,500 (January 31, 2018 - \$34,034) remained outstanding.

The Company is a 10% security holder of Blue Sky as of January 31, 2019.

### ***EarthRenew Inc. (Formerly 2292055 Ontario Ltd.)***

On November 14, 2017, the Company entered into an agreement with EarthRenew Inc. (Formerly 2292055 Ontario Ltd.) ("EarthRenew") for an unsecured loan of \$100,000. This loan bore interest of 12% per annum. The principal plus accrued interests were to be repaid in cash on or before November 14, 2018. EarthRenew may negotiate the repayment of loan with the Company via the transfer of securities or other investment product subject to a subsequent written agreement.

The Company entered into a shares for debt settlement agreement with EarthRenew settling total outstanding debt of \$111,868 owing as of November 28, 2018 for 508,493 common shares of EarthRenew at \$0.22 per share in full.

An officer of the Company, Ryan Ptolemy, is also an officer of EarthRenew.

### ***Irati Energy Corp.***

On June 27, 2018, the Company entered into a loan agreement with Irati Energy Inc. ("Irati") whereby the Company loaned \$200,000 to Irati. Interest is accrued and calculated at 12% per annum. Principal plus accrued interest and due and payable on or before December 27, 2018. Irati and the Company may negotiate repayment of the loans via the transfer of securities or other investment products but any arrangement for repayment other than cash are subject to a subsequent written agreement.

As of January 31, 2019, the loan principal of \$200,000 plus accrued interest totaled \$14,334 remained outstanding.

A director and officer of the Company (Stan Bharti) and an officer of the Company (Ryan Ptolemy) are director and officer of Irati.

### ***Newdene Gold Inc.***

On May 22, 2018, the Company entered into a loan agreement with Newdene Gold Inc. ("Newdene") whereby the Company loaned \$500,000 to Newdene. Interest is accrued and calculated at 12% per annum. Principal plus accrued interest and due and payable on or before August 31, 2018. Newdene and the Company may negotiate repayment of the loans via the transfer of securities or other investment products but any arrangement for repayment other than cash are subject to a subsequent written agreement. The Company granted Newdene extensions to repay the loan until January 31, 2019 and further until July 31, 2019.

As of January 31, 2019, the loan principal of \$500,000 plus accrued interest of \$41,753 remained outstanding.

### ***Siwash Holdings Inc. (formerly KAZ Invest AB)***

On March 14, 2017, the Company entered into a loan agreement with KAZ Invest AB ("KAZ") and provided US\$1,000,000 to KAZ. This loan bore interest at 12% per annum. The principal and accrued interest were due and payable to the Company in cash on or before September 14, 2017. KAZ and the Company may negotiate repayment of the loan via the transfer of securities or other investment products but any arrangement for repayment other than cash remains subject to a subsequent written agreement. This loan is unsecured and convertible.

The Company granted KAZ an extension to repay the loan until March 13, 2018. In consideration for the extension, KAZ agreed to pay an extension fee of US\$50,000 on the repayment date.

The Company granted KAZ an extension to repay the loan until September 13, 2018. In consideration for the extension, KAZ agreed to pay an extension fee of US\$50,000 on the repayment date.

On June 5, 2018, the KAZ loan was assigned to Siwash Holdings Inc. ("Siwash"). All the terms and condition remained unchanged.

On September 13, 2018, the Company granted Siwash extension to repay the loan until January 31, 2019. In consideration for the extension, Siwash agreed to pay extension fee of US\$30,000 on the repayment date. On January 31, 2019, the Company granted SIWASH a further extension to repay the loan until July 31, 2019.

As of January 31, 2019, the principal balance of US\$1,000,000 (\$1,314,400) (January 31, 2018 - US\$1,000,000 (\$1,229,300)) plus accrued interest including extension fees of US\$353,890 (\$465,154) (January 31, 2018 - US\$153,890 (\$189,177)) remained outstanding.

### **Trigon Metals Inc.**

The Company entered into a loan agreement with Trigon Metals Inc. (“Trigon”) on May 30, 2018 and June 26, 2018 whereby the Company loaned \$200,000 and \$275,000 to Trigon, respectively. Interest on these loans are accrued and calculated at 12% per annum. Principals plus accrued interest are due and payable in cash on November 30, 2018 and December 26, 2018, respectively. Trigon and the Company may negotiate repayment of the loans via the transfer of securities or other investment products but any arrangement for repayment other than cash are subject to a subsequent written agreement. On September 10, 2018, the Company amended the loan agreement signed on June 26, 2018 and loaned an additional \$80,000 to Trigon repayable on December 26, 2018.

Trigon did not repay the first and second loans on November 30, 2018 and December 26, 2018. On December 31, 2018, the Company provided a further \$140,000 to Trigon and continued to accrue interest at 12% per annum. The Company is in the process of amending the loan agreement for all the amounts loaned up to December 31, 2018.

As of January 31, 2019, the loan principal of \$695,000 plus accrued interest of \$41,321 remained outstanding.

The Company is a 10% security holder of Trigon as of January 31, 2019.

### **Brazil Potash Corp.**

On May 24, 2018, the Company entered into a loan agreement with Brazil Potash Corp. (“BPC”) whereby the Company loaned US\$1 million to BPC. The loan was due and payable no later than August 22, 2018 at interest rate of 10% per annum. BPC agreed to prepay the 10% in the amount of US\$25,000 and arrangement fees in the amount of US\$75,000. BPC has the right to extend the loan to November 22, 2018 by prepaying 10% interest of US\$25,000 and an arrangement fee of US\$25,000.

On November 26, 2018, BPC granted an option to the Company to purchase 2 million common shares of BPC at US\$1 per share. The Company exercised the option on December 6, 2018 for US\$2,000,000 (\$2,644,577) through the conversion of loan and interest receivable of US\$1,055,513 (\$1,375,707), amounts receivable of US\$876,771 (\$1,178,103), leaving a payable balance of US\$67,717 (\$89,007 as of January 31, 2019) owing to BPC, which is included in accounts payable and accrued liabilities.

A director and an officer of the Company, Stan Bharti and an officer of the Company, Ryan Ptolemy, are director and officer of BPC, respectively.

## **SELECTED ANNUAL INFORMATION**

The following are highlights of audited financial data of the Company for the most recently completed three financial years ended January 31:

	2019	2018	2017
	\$	\$	\$
Investment (losses) income & revenue	(24,292,391)	22,666,777	14,904,154
Net (loss) income for the year	(25,953,677)	16,569,549	9,796,805
Basic and (loss) diluted per share	(0.27)	0.18	0.11
Total assets	27,622,988	56,280,944	35,565,298
Total liabilities	820,501	3,706,395	1,002,850

## QUARTERLY INFORMATION

The following is a summary of unaudited financial data for the most recently completed eight quarters:

(Tabular amounts in \$000, except for per share amounts)

<b>Summary Financial Information for the Eight Quarters Three Months Ended January 31, 2019</b>				
<u>Period</u>	<u>Investment gains (losses) &amp; revenues</u>	<u>Total assets</u>	<u>Net income (loss)</u>	<u>Basic and diluted income (loss) per share</u>
2019-4 <sup>th</sup> Qtr	(1,360)	27,623	(1,810)	(0.02)
2019-3 <sup>rd</sup> Qtr	(6,703)	29,546	(7,211)	(0.08)
2019-2 <sup>nd</sup> Qtr	(5,871)	37,129	(6,191)	(0.06)
2019-1 <sup>st</sup> Qtr	(10,358)	42,875	(10,741)	(0.11)
2018-4 <sup>th</sup> Qtr	9,487	56,281	5,684	0.06
2018-3 <sup>rd</sup> Qtr	1,732	49,933	1,041	0.01
2018-2 <sup>nd</sup> Qtr	13,995	45,501	12,886	0.14
2018-1 <sup>st</sup> Qtr	(2,547)	32,460	(3,042)	(0.03)

During Q1 of 2018, the loss was mainly driven by the unrealized loss from our equity holdings in African Thunder and LIX.

During Q2 of 2018, the income was mainly driven by the realized gain from the sale of PLASA and LIX offset by write down of the fair market value of African Thunder.

During Q3 and Q4 of 2018, the income was mainly driven by the realized gain from the sale of public and private investment and unrealized gain on the remaining investment portfolio.

During Q1 of 2019, the loss was mainly driven by the unrealized loss on the Company's investment portfolio offset by gain realized from the sale of LIX.

During Q2 of 2019, the loss was mainly driven by the unrealized loss on the Company's investment portfolio.

During Q3 of 2019, the loss was mainly driven by the realized and unrealized loss on the Company's investment portfolio.

During Q4 of 2019, the income was mainly driven by the unrealized loss on the Company's investments portfolio.

## RESULTS OF OPERATIONS

The following is a discussion of the results of operations of the Company for the three and twelve months ended January 31, 2019 and 2018. This should be read in conjunction with the Company's consolidated financial statements for the three and twelve months ended January 31, 2019 and 2018 and related notes.

*Three and twelve months ended January 31, 2019 and 2018*

	Three months ended January 31,		Twelve months ended January 31,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Net (loss) income	(1,810,193)	5,684,207	(25,953,677)	16,569,549
Realized (loss) gain on investments, net	(1,655,358)	347,692	(1,472,031)	15,820,809
Unrealized gain (loss) on investments, net	171,919	9,065,735	(23,441,909)	6,381,316
Interest income	72,659	73,325	358,292	271,162
Advisory fees	50,196	-	263,257	193,490
Operating, general and administration	(441,852)	(3,942,969)	(1,786,102)	(5,980,427)
Transaction costs	(11,633)	(70,537)	(20,423)	(194,171)
Interest (expense)	(94)	(3,970)	(278)	(4,478)
Foreign exchange gain (loss)	3,970	(80,159)	145,517	(130,683)
Gain on debt settlement	-	295,090	-	295,090
Write down of interest receivable	-	-	-	(82,559)

The net (loss) for the three and twelve months ended January 31, 2019 was \$(1,810,193) and \$(25,953,677) compared to net income of \$5,684,207 and \$16,569,549 for the three and twelve months ended January 31, 2018.

The Company's realized (loss) on investment was \$(1,655,358) and \$(1,472,031) during the three and twelve months ended January 31, 2019 compared to realized gain of \$347,692 and \$15,820,809 in the prior periods. The Company's unrealized gain (loss) on investments was \$171,919 and \$(23,441,909) for the three and twelve months ended January 31, 2019 compared to unrealized gain of \$9,065,735 and \$6,381,316 in the prior periods. During 2019, the Company disposed of its investment in LIX and realized a gain of approximately \$1.3 million, and sold its investments in AGRL, ART, BKI, DLI, EMO, ESM, Halo and TLG and realized a combined loss of approximately \$2.8 million. The unrealized gain on investments during the three months ended January 31, 2019 was due to increase in fair value of approximately \$1.7 million on FURA, and approximately \$1.6 million combined on APIO, ART, BKI, DLI, EMO, ESM, International Cobalt Inc. ("ICI"), Panthera Resources PLC. ("PAT"), QMX and TLG offset by decreased in the fair value of approximately \$1.4 million on EARTH, approximately \$1.7 million combined on ATP, BPC, ARGL, HALO, Jourdan Resources Inc. ("JOR"), Magnolia Colombia Limited ("MCO"), Q-Gold Resources Limited ("QGR"), Sulliden Mining Capital Corp. ("SMC") and Trigon Metals Inc. ("TM"). The unrealized loss on investments during the twelve months ended January 31, 2019 was due to decrease in fair value of approximately \$7.3 million on FURA, approximately \$2.6 million on QMX, approximately \$1.9 million on ICI, approximately \$1.4 million on EARTH, approximately \$1.3 million on TM, approximately \$4.8 million on DLI partially due to reversal of prior year gain, reversal of prior year gain of approximately \$0.9 million on LIX and approximately \$3.6 million combined on ATP, BPC, AGRI, ART, EMO, ESM, JOR, MCO, SMC and reversal of prior year gain on TLG, offset by increase in fair value of approximately \$0.6 million combined on BKI, Halo and QGR.

During the three and twelve months ended January 31, 2019, the Company recorded interest income of \$72,659 and \$358,292 compared to \$73,325 and \$271,162 for the three and twelve months ended January 31, 2018. Interest was earned from the Company's loans receivable. See Loans Receivable Section for details.

During the three and twelve months ended January 31, 2019, the Company recorded advisory fees of \$50,196 and \$263,257 compared to \$Nil and \$193,490 for the three and twelve months ended January 31, 2018. The advisory fees were earned from debt arrangement.

Operating, general and administrative expense for the three and twelve months ended January 31, 2019 was \$441,852 and \$1,786,102 compared to \$3,942,969 and \$5,980,427 for the three and twelve months ended January 31, 2018. The decrease was mainly due to decreased in management bonus,



decreased DSU and RSU costs, decreased in travel and legal costs. For the three and twelve months ended January 31, 2019 and 2018, other major expenses of the Company that comprise general and administrative expenses include compensation of \$242,754 and \$884,899 (2018 – \$3,588,664 and \$4,666,963), legal, accounting and professional fees of \$12,033 and \$180,029 (2018 – \$65,230 and \$272,054), filing and transfer agent fees of \$1,562 and \$21,114 (2018 – \$3,160 and \$29,211), shareholder communication and promotion of \$10,112 and \$95,578 (2018 – \$29,078 and \$127,191), travel of \$127,507 and \$390,090 (2018 – \$206,990 and \$650,795) and general office and administration costs of \$47,883 and \$214,391 (2018 – \$49,847 and \$234,213).

The Company recorded \$11,633 and \$20,423 in transactions costs for the three and twelve months ended January 31, 2019 compared to \$70,537 and \$194,171 for the three and twelve months ended January 31, 2018. The decrease was due to lower trading activities resulting from less commissions incurred on the sale and purchase of equity investments.

The Company recorded a foreign exchange gain of \$3,970 and \$145,517 during the three and twelve months ended January 31, 2019 compared to a (loss) of \$(80,159) and \$(130,683) during the three and twelve months ended January 31, 2018. The gain in the current years reflects favourable currency fluctuations in the Company's loans receivable and investments denominated in US dollars.

The Company recorded a gain on debt settlement of \$Nil and \$Nil during the three and twelve months ended January 31, 2019 compared to \$295,090 and \$295,090 during the three and twelve months ended January 31, 2018. The Company negotiated a debt settlement with a creditor in 2018 and wrote off an outstanding payable balance of \$295,090.

The Company recorded write down of interest receivable of \$Nil and \$Nil during the three and twelve months ended January 31, 2019 compared to \$ Nil and \$82,559 during the three and twelve months ended January 31, 2018. The interest written down in 2018 was related to interest forgiven on the ATP loan.

## **CASH FLOWS**

### *Three and twelve months ended January 31, 2019*

Cash (used in) operating activities during the three and twelve months ended January 31, 2019 was \$(92,719) and \$(179,064) compared to \$(297,841) and \$(320,970) during the three and twelve months ended January 31, 2018. The difference between the operating cash flow and the net loss reflects the unrealized nature of gain from the Company's investment holdings. Operating cash flow for the three and twelve months ended January 31, 2019 was largely generated by the proceeds of \$1,135,437 and \$9,742,253 from the disposal of the Company's portfolio, \$120,899 and \$590,899 from short term loans repaid, offset by \$(597,500) and \$(3,413,516) purchase of portfolio investments, \$(140,000) and \$(2,698,200) short-term loan provided, general and administrative expenses and net changes in investment and non-cash working capital. During the three and twelve months ended January 31, 2018 was largely generated by the \$7,237,542 and \$20,872,818 proceeds from the disposal of the Company's investment portfolio, \$250,000 and \$1,383,000 of short term loan repaid offset by \$(5,214,557) and \$(13,494,553) purchase of portfolio investments and \$(1,405,341) and \$(5,301,041) short-term loans provided, general and administrative expenses, and net changes in investment and non-cash working capital.

The were no investing and financing activities during the three and twelve months ended January 31, 2019 and 2018.

## LIQUIDITY AND CAPITAL RESOURCES

Aberdeen relies upon various sources of funds for its ongoing operating activities. These resources include proceeds from dispositions of investments, interest and dividend income from investments, advisory fees, and corporate borrowings on the Company's margin account.

Aberdeen (used) \$(92,719) and \$(179,064) from its operating activities and used \$Nil and \$Nil in its investing and financing activities during the three and twelve months ended January 31, 2019. Included in cash used in operations are \$(597,500) and 3,413,516) used in acquiring new investments and \$1,135,437 and \$9,742,253 generated from the disposal of portfolio investments. The Company had loans of \$120,899 and \$590,899 repaid. The estimated fair value of its equity portfolio investments is \$21,757,164, loan receivable of \$2,959,400, amounts receivable of \$756,890 and cash of \$128,134. This was partially offset by liabilities of \$820,501.

## OUTLOOK

In Q1 2019, the Company's tendered its remaining 3,000,000 shares of LIX for gross proceeds of \$7.83 million realizing a gain of \$1.3 million for the quarter. Tough resource equity markets in the year resulted in the Company's investment portfolio to incur an unrealized loss of \$23.4 million. During Q1 through Q4 2019, the Company made an additional equity investment in ART, AGRL, BPC, ERT, FURA, HALO, JOR, QGR and VMI. The Company continues to review opportunistic investments in companies it feels it can achieve an exceptional capital appreciation.

The Company's strategy will be to focus on more advanced, less risky investments in mining-friendly jurisdictions to generate superior risk-adjusted returns for Aberdeen's shareholders.

Aberdeen manages its portfolio among three broad categories of investments in the metals and mining sector and over the longer investment cycle will vary its target ratio between the three categories:

1. Long-term opportunities: Dominantly private companies where Aberdeen can acquire a meaningful controlling position through an equity investment or convertible loans. The holding period is expected to be three plus years. For these types of investments, Aberdeen will typically seek to take a lead role in financing and strategic planning. Aberdeen would expect to achieve liquidity from a public listing in the future, or through a merger/acquisition of the private assets.
2. Short/medium-term opportunities: Dominantly small or microcap public companies with moderate to low trading liquidity. Aberdeen will typically enter a position in a private placement where it can obtain warrants as well as common shares, and in many cases, may be a significant shareholder (i.e. >5%) of the Company. The holding period is expected to be nine months to two years. While Aberdeen may not be a lead investor in these cases, it will seek to maintain close contact with management and monitor the growth and risk against our expectations and seek liquidity as the Company delivers on its growth targets.
3. Trading opportunities: Aberdeen will at times maintain small minority positions in companies where it can capitalize on its expertise in the sector to realize on short-term opportunities or catalysts. Typically, positions would be held for less than nine months. This is not a focus for management currently.

## COMMITMENT AND CONTINGENCIES

### *Management contracts*

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$304,000 ranging from 30 days to 7 months and additional contingent payments of up to approximately \$5,170,000 upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in the consolidated financial statements as at and for the year ended January 31, 2019.

### *Tax positions*

In assessing the probability of realizing income tax assets and the valuation of income tax liabilities, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible and within management's ability to implement. Examination by applicable tax authorities is supported by individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

### *F&M costs sharing policy*

The Company was party to a cost sharing policy with F&M whereby the Company will be responsible for 50% of costs, including any reasonable third-party costs such as legal, technical, and/or accounting expenses jointly incurred in connection with, or arising as a result of the pursuit of certain investment opportunities and the subsequent development of any such investment opportunities that are acquired by the Company and F&M up to a maximum of \$500,000. In the event any expenses incurred with respect to the investment opportunities are recouped by either party, such amounts will be allocated 50% to each party. As at October 31, 2016, \$500,000 had been incurred by the Company. On March 27, 2017, the Board amended the cost sharing agreement whereby the Company would pay all legal, technical, and/or accounting expenses in connection with or arising as a result of the pursuit of certain investment opportunities and the subsequent development of any such investment opportunities that are acquired by the Company and F&M. During the year ended January 31, 2019, the Company incurred \$69,266 (January 31, 2018 - \$28,707) of legal and professional fees. As at January 31, 2019, \$1,297,024 (January 31, 2018 - \$1,227,758) had been incurred by the Company.

### *FRC loan agreement*

During 2017, the Company entered into a loan agreement with Forbes Royalty Corporation ("FRC"), a corporation controlled by Stan Bharti, a director and officer of the Company. Pursuant to this agreement, the Company has agreed to make loans to FRC up to a maximum of \$1,000,000. During the year ended January 31, 2019, the Company advanced a total of \$35,542 (January 31, 2018 - \$37,405) to FRC. As at January 31, 2019, \$259,887 (January 31, 2018 - \$232,914) had been advanced pertaining to the loan agreement. See Related Party Section for more details.

## FINANCIAL INSTRUMENTS

### Fair value

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the statements of financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The Company has determined the carrying value of its financial instruments as follows:

- i. The carrying value of cash, amounts receivable, due to brokers, accounts payable and accrued liabilities reflected on the statements of financial position approximate fair value because of the limited terms of these instruments.
- ii. Loans receivable, public and private investments are carried at amounts in accordance with the Company's accounting policies as set out in Note 2 of the annual audited consolidated financial statements as at and for the years ended January 31, 2019.
- iii. Prior to maturity, the outstanding loans receivable are carried at their discounted value. Following their maturity, loans receivable are carried at their estimated realizable value.

The following table illustrates the classification of the Company's financial instruments, measured at fair value on the statements of financial position as at January 31, 2019 and January 31, 2018 categorized into levels of the fair value hierarchy:

Financial assets (liabilities), fair value	Level 1	Level 2	Level 3	Total
	(Quoted Market price)	(Valuation technique - observable market Inputs)	(Valuation technique - non-observable market inputs)	
Publicly traded investments	\$ 10,010,576	\$ 144,986	\$ -	\$ 10,155,562
Non-trading warrants on public investments	-	2,624,317	-	2,624,317
Private investments	-	-	8,977,285	8,977,285
DSU in accounts payable and accrued liabilities	(60,500)	-	-	(60,500)
January 31, 2019	\$ 9,950,076	\$ 2,769,303	\$ 8,977,285	\$ 21,696,664
Publicly traded investments	\$ 19,369,728	\$ 13,294,277	\$ -	\$ 32,664,005
Non-trading warrants on public investments	-	1,446,294	-	1,446,294
Private investments	-	-	16,133,095	16,133,095
DSU in accounts payable and accrued liabilities	(198,000)	-	-	(198,000)
January 31, 2018	\$ 19,171,728	\$ 14,740,571	\$ 16,133,095	\$ 50,045,394

The following table presents the changes in fair value measurements of financial instruments classified as Level 2 for the years ended January 31, 2019 and 2018.

Investments, fair value	Years ended January 31,	
	2019	2018
Balance, beginning of year	\$ 14,740,571	\$ 3,968,381
Purchase at cost - shares and warrants	2,779,950	19,620,009
Disposal at cost - warrants	(85,043)	(276,080)
Transferred from (to) Level 1, at cost	(10,510,460)	(11,376,903)
Transferred from Level 3, at cost	111,868	-
Unrealized and realized (loss) gain, net	(4,267,583)	2,805,164
Balance, end of year	\$ 2,769,303	\$ 14,740,571

During the year ended January 31, 2019, public investments of \$2,779,950 were purchased, \$85,043 were disposed, \$111,868 were transferred from Level 3 as a result of an RTO transaction, \$2,319,166 transferred from Level 1 due to ceased trade and \$12,829,626 were transferred to Level 1 as restriction had been removed from these public investments. During the year ended January 31, 2018, public investments of \$19,620,009 were purchased, \$276,080 were disposed and \$11,376,903 were transferred to Level 1 as restriction had been removed from these public investments.

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the years ended January 31, 2019 and 2018. These financial instruments are measured at fair value utilizing non-observable market inputs. The net realized and unrealized gain (losses) are recognized in the statements of (loss) income.

Investments, fair value	Years ended January 31,	
	2019	2018
Balance, beginning of year	\$ 16,133,095	\$ 15,614,855
Purchase at cost - shares	637,500	3,362,056
Share for debt conversion	111,868	2,587,075
Options exercised	2,644,578	-
Transferred to public, at cost	(7,584,767)	(81,855)
Disposal at cost - shares	-	(2,848,416)
Unrealized and realized gain (loss) net	(2,964,989)	(2,500,620)
Balance, end of year	\$ 8,977,285	\$ 16,133,095

Included in unrealized and realized gain for the years ended January 31, 2019 and 2018, the total gain (loss) that are attributable to change in realized and unrealized gain (loss) relating to those assets and liabilities held at the end of January 31, 2019 were \$2,964,989 (January 31, 2018 - \$(2,500,620)). During the year ended January 31, 2019, \$7,584,767 (2018 - \$81,855) were transferred to Level 1 as a result of becoming publicly traded.

Within Level 3, the Company included private company investments that are not quoted on an exchange. The key assumptions used in the valuation of these instruments include (but are not limited to) the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions, discount cash flow models and the share performance of comparable publicly-traded companies.

The following table presents the fair value, categorized by key valuation techniques and the unobservable inputs used within Level 3 as at:

January 31, 2019				
Description	Fair value	Valuation technique	Significant unobservable input(s)	Range of significant unobservable inputs
African Thunder Platinum Ltd.	\$ 4,248,452	Net asset value	Net realizable value of put option	US\$21.3 million
			Discount rate	10.25%
Brazil Potash Corp.	2,909,685	Recent financing	Marketability of shares	0% discount
International Cobalt Inc.	557,648	Net asset value	Marketability of shares	0% discount
Vilhelmina Minerals Inc.	1,237,500	Recent financing	Marketability of shares	0% discount
Other private investments	24,000	Adjusted recent financing	Marketability of shares	0% - 100% discount
	\$ 8,977,285			

January 31, 2018

<i>Description</i>	<i>Fair value</i>	<i>Valuation technique</i>	<i>Significant unobservable input(s)</i>	<i>Range of significant unobservable inputs</i>
African Thunder Platinum Limited	\$ 4,582,739	Net Asset Value	Marketability of shares	0% discount
Desert Lion Energy Inc.	6,215,999	Recent financing	Marketability of shares	0% discount
2292055 Ontario Ltd.	1,256,900	Recent financing	Marketability of shares	0% discount
Brazil Potash Corp.	985,121	Recent financing	Marketability of shares	0% discount
International Cobalt Inc.	2,468,336	Net Asset Value	Marketability of shares	0% discount
Other private investments	624,000	Adjusted recent financing	Marketability of shares	0% - 100% discount
	\$ 16,133,095			

As valuations of investments for which market quotations are not readily available, are inherently uncertain, may fluctuate within short periods of time and are based on estimates, determination of fair value may differ materially from the values that would have resulted if a ready market existed for the investments. Given the size of the private investment portfolio, such changes may have a significant impact on the Company's financial condition or operating results.

#### *African Thunder Platinum Limited*

The valuation of January 31, 2019 was based on the net asset valuation of African Thunder. African Thunder entered into a sale and subscription agreement to sell its Smokey Hills Mauritius subsidiaries which includes the Smokey Hills mine in exchange for US\$24 million in SAIL Group shares. The sale and subscription agreement grants African Thunder the right under certain circumstances, to sell its shares back to SAIL Group for US\$22 million over the option term and gives SAIL Group the right to redeem the shares for an adjusted actual cash flow of US\$ 21.3 million paid in instalments between June 2019 and September 2020. Management has determined that there are no reasonable possible alternative assumptions that would change the fair value significantly as at January 31, 2019. As at January 31, 2019, a +/- 10% change in the fair value of ATP will result in a corresponding +/- \$424,845 (January 31, 2018 - +/- \$458,274) change in income. As at January 31, 2019 a discount rate of 6% would increase the fair value by approximately \$185,000 where as a discount rate of 14% would decrease the fair value by approximately \$151,000.

#### *Brazil Potash Corp.*

Brazil Potash Corp. is a fertilizer company focus on developing a world-case scale potash basin in the state of Amazonas, Brazil. The valuation of Brazil Potash is based on a December 2018 stock option exercise of US\$1 per share. Management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at January 31, 2019. As at January 31, 2019, a +/- 10% change in the fair value of Brazil Potash Corp. will result in a corresponding +/- \$290,969 (January 31, 2018 - \$98,512) change in income. The Company has applied a marketability discount of 0% to its non-public investments valued based on a recent financing. Had the Company applied a marketability discount of 5%, it would have resulted in a corresponding decrease of approximately \$139,000 (January 31, 2018 - \$47,000) in income.

#### *International Cobalt Inc.*

On October 23, 2017, the Company invested \$980,000 for a 66.7% interest into International Cobalt Inc. On October 23, 2017, International Cobalt Inc. invested \$980,000 into the Pacific Rim Cobalt Corp. private placement unit financing at \$0.35 per unit. As at January 31, 2019, International Cobalt Corp. had no other assets or liabilities. As at January 31, 2019, the Company valued its fair market value of this investments based on the on the net asset value of International Cobalt Inc. underlying asset, shares and warrants held in Pacific Rim Cobalt Corp. Management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at January 31, 2019. As at January 31, 2019, a +/- 10% change in the fair value of International Cobalt Inc. will result in a corresponding +/- \$55,765 (January 31, 2018 - \$246,834) change in income. The Company has applied a marketability discount of 0% to its non-public investments valued based on a recent financing. Had the

Company applied a marketability discount of 5%, it would have resulted in a corresponding decrease of approximately \$27,000 (January 31, 2018 - \$118,000) in income.

Vilhelmina Minerals Inc.

Vilhelmina Minerals Inc. is an exploration and development company focused on developing base metal assets in Sweden. The valuation of Vilhelmina Minerals Inc. is based on a recent financing on January 29, 2019 of \$1.00 per share in which the Company and other investors participating in. Management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at January 31, 2019. As at January 31, 2019, a +/- 10% change in the fair value of Vilhelmina Minerals Inc. will result in a corresponding +/- \$123,750 (January 31, 2018 - \$60,000) change in income. The Company has applied a marketability discount of 0% to its non-public investments valued based on a recent financing. Had the Company applied a marketability discount of 5%, it would have resulted in a corresponding decrease of approximately \$59,000 (January 31, 2018 - \$29,000) in income.

2292055 Ontario Ltd.

2292055 Ontario Inc. is a Canadian company that sells high-value concentrated organic fertilizer from animal manure, providing an environmentally friendly waste management solution for high-intensity livestock farming. During 2019, 2292055 Ontario Ltd. became a publicly traded company EarthRenew Inc. through an RTO transaction between the Company and Valencia Venture Capital Inc. The valuation of 2292055 Ontario Ltd.'s was based on its December 2017 financing of \$0.30 per share where the Company and other arm's length investors to the Company participated in. Management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at January 31, 2018. As at January 31, 2018, a +/- 10% change in the fair value of 2292055 Ontario Ltd. will result in a corresponding +/- \$125,690 change in income. The Company has applied a marketability discount of 0% to its non-public investments valued based on a recent financing. Had the Company applied a marketability discount of 5%, it would have resulted in a corresponding decrease of approximately \$60,000 in income.

Desert Lion Energy Inc.

During fiscal 2019, Desert Lion Energy Inc. became a publicly traded company. The previous valuation was based on Desert Lion's most recent financing of \$1.82 per unit that closed in December 2017. Management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly. As at January 31, 2018, a +/- 10% change in the fair value of Desert Lion Energy Corp. would have resulted in a corresponding +/- \$621,600 change in income. The Company has applied a marketability discount of 0% to its non-public investments valued based on a recent financing. Had the Company applied a marketability discount of 5%, it would have resulted in a corresponding decrease of approximately \$296,000 in income.

The sensitivity analysis is intended to reflect the significant uncertainty inherent in the valuation of private investments under current market conditions, and the results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the estimated fair value of these investments. Furthermore, the analysis does not indicate a probability of changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

## TRANSACTIONS WITH RELATED PARTIES

The consolidated financial statements include the financial statements of the Company and its subsidiary at its respective ownership listed in the following table.

	<u>Country of Incorporation</u>	<u>% equity interest</u>
Aberdeen (Barbados) Inc.	Barbados	100%

### Compensation of Key Management Personnel of the Company

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

The remuneration of directors and other members of key management personnel during the years were as follows:

	Years ended January 31,	
	2019	2018
Short-term benefits (*)	\$ 390,000	\$ 3,400,000
Share-based payments	\$ (25,160)	\$ 448,161
	<u>\$ 364,840</u>	<u>\$ 3,848,161</u>

\* Benefits included fees and bonuses paid to Forbes & Manhattan, Inc.

At January 31, 2019, the Company had accounts payable and accrued liabilities balance of \$60,500 in DSU accrual (January 31, 2018 - \$2,921,000 for bonus, and DSU accrual) owing to its key management and related companies. Such amounts are unsecured, non-interest bearing and with no fixed terms of payment.

The Company shares office space with other companies who may have common officers or directors. The costs associated with this space are administered by an unrelated company.

The Company advanced funds to related companies for investment purposes.

During the year ended January 31, 2019, the Company advanced \$100,000 to African Gold Group Inc. ("AGG") as future equity financing. A director and an officer of the Company, Stan Bharti and Ryan Ptolemy, serves as a director and an officer of AGG.

During the year ended January 31, 2019, Brazil Potash Corp. ("BPC") granted the Company 2 million options to purchase shares of BPC at a price of US\$1 per share. The Company exercised the options in December for US\$2,000,000 (\$2,644,578). See Loans receivable section for details. A director and an officer of the Company, Stan Bharti and Ryan Ptolemy, serves as a director and an officer of BPC.

Mr. Stan Bharti, a director and officer of the Company, is the Executive Chairman of F&M, a corporation that provides administrative and consulting services to the Company, including but not limited to strategic planning and business development. F&M charges a monthly consulting fee of \$25,000. As of January 31, 2019, \$Nil (January 31, 2018 - \$2,610,000 management bonus of 1,000,000 common shares of Lithium X Corp.) was owed to F&M.

The Company was party to a cost sharing policy with F&M whereby the Company will be responsible for 50% of costs, including any reasonable third-party costs such as legal, technical, and/or accounting expenses jointly incurred in connection with, or arising as a result of the pursuit of certain investment opportunities and the subsequent development of any such investment opportunities that are acquired by the Company and F&M up to a maximum of \$500,000. In the event any expenses incurred with



respect to the investment opportunities are recouped by either party, such amounts will be allocated 50% to each party. As at October 31, 2016, \$500,000 had been incurred by the Company. On March 27, 2017, the Board amended the cost sharing agreement whereby the Company would pay all legal, technical, and/or accounting expenses in connection with or arising as a result of the pursuit of certain investment opportunities and the subsequent development of any such investment opportunities that are acquired by the Company and F&M. During the year ended January 31, 2019, the Company incurred \$69,266 (January 31, 2018 – \$28,707) of legal and professional fees. As at January 31, 2019, \$1,297,024 (January 31, 2018 - \$1,227,758) had been incurred by the Company. Stan Bharti, an officer and director of the Company, is the Executive Chairman of F&M.

During 2017, the Company entered into a loan agreement with FRC, a corporation controlled by Stan Bharti, a director and officer of the Company. Pursuant to this agreement, the Company has agreed to make loans to FRC up to a maximum of \$1,000,000. The loans will mature and be due and payable on the date on which FRC completes the earlier of (i) an initial public offering of the common shares, or a reverse takeover transaction, or any similar going public transaction or a private financing which shall occur no later than January 1, 2018; or (ii) final settlement or decision with respect to the legal claim FRC has been filed against the estate of Patrick Sheridan and Sheridan Platinum Group.

Pleadings have closed and discoveries are complete, although the parties may conduct further examinations on answers to undertakings and advisements. The next step, once document review of third party records from underwriters is complete, is to schedule and attend at mediation.

If the loan first matures and becomes payable upon the occurrence of an event set out in subparagraphs (i) or (ii), then interest shall be payable on the principal at the rate of 10% per annum, payable on maturity. If the loan first matures and becomes payable upon the occurrence of an event set out in subparagraph (iii), then the loan shall be repaid in full upon FRC paying to the Company an amount equal to: (a) the amount of the principal draw down under this loan by FRC in first priority and senior in right of repayment to any other amount owed by FRC; plus (b) to the extent FRC receives any amount in excess of \$1,000,000 and the fees of external counsel incurred by FRC in connection with an event in subparagraph (iii), 50% of such amount received in excess of the principal drawn down up to a maximum of three times the principal drawn down.

During the year ended January 31, 2019, the Company advanced a total of \$35,542 (January 31, 2018 - \$37,405) to FRC. As at January 31, 2019, \$256,887 (January 31, 2018 - \$232,914) had been advanced pertaining to the loan agreement. The Company has expensed this amount directly in the statement of comprehensive Income (loss) due to the uncertainty of success of the final settlement or decision with respect to the legal claim FRC been filed against the estate of Patrick Sheridan and Sheridan Platinum Group.

The Company provided loans to companies of which directors and officers are also directors and officers of Aberdeen. Directors and officers of Aberdeen may also hold investments in these companies. See Loans Receivable Section for details.

The Company earns financing advisory fees from companies of which directors and officers are also directors and officers of Aberdeen. Directors and officers of Aberdeen may also hold investments in these companies. During the year ended January 31, 2019, the Company earned \$262,760 (January 31, 2018 - \$400,000) in advisory fees from Ore Acquisition Partners LP (“Ore”) and incurred \$233,334 (January 31, 2018 - \$393,751) in related expenses paid to David Stein and other vendors. The Company has control and direction over investments held by Ore. As at January 31, 2019, the Company held common investments with Ore in Black Iron Inc., Brazil Potash Corp., Panthera Resources PLC., Troilus Gold Corp. and Sulliden Capital Mining Inc. A former director of Aberdeen, David Stein, is a limited partner in Ore.

The Company’s officers and directors may have investments in and hold management and/or director and officer positions in some of the investments that the Company holds.

The following is a list of total investments and the nature of the relationship of the Company’s officers or directors with the investment as at January 31, 2019 and January 31, 2018.

Investment	Nature of relationship	Estimated Fair value	% of FV
Earthrenew Inc.**	Officer (Ryan Ptolemy) and shareholders	554,862	2.6%
African Thunder Platinum Limited*	Director (George Faught), 10% security holder (Aberdeen)	4,248,452	19.5%
Apio Africa Ltd.	Director (Stan Bharti) and shareholders	31,849	0.1%
Amazon Potash Corporation*	Directors (Stan Bharti, George Faught) and shareholders	-	0.0%
Aguia Resources Limited	Director (Stan Bharti), officer (Ryan Ptolemy) and shareholders	7,788	0.0%
Black Iron Inc.	Officer (Stan Bharti) and shareholders	408,682	1.9%
Blue Sky Energy Inc.	10% security holder (Aberdeen) and shareholders	2,078,340	9.6%
Brazil Potash Corp.*	Director (Stan Bharti), officer (Ryan Ptolemy) and shareholders	2,909,686	13.2%
Euro Sun Mining Inc.	Director (Stan Bharti) and shareholders	251,574	1.2%
Fura Gems Inc.	Officer (Ryan Ptolemy), 10% security holders (Stan Bharti, Aberdeen)	6,396,761	29.4%
International Cobalt Inc.*	10% security holder (Aberdeen)	557,648	2.6%
Jourdan Resources Inc.	10% security holder (Aberdeen)	410,000	1.9%
Magnolia Colombia Limited	Director (Maurice Colsen) and shareholders	70,300	0.3%
Panthera Resources PLC	Former director (David Stein)	16,254	0.1%
Q-Gold Resources Ltd.	10% security holders (Aberdeen, Stan Bharti) and shareholders	730,750	3.4%
Sulliden Mining Capital Inc.	Director and officer (Stan Bharti) and shareholders	144,900	0.7%
Temujin Mining Corp.*	Director (Stan Bharti) and shareholders	-	0.0%
Trigon Metals Inc.	10% security holder (Aberdeen) and shareholders	255,387	1.2%
Vilhelmina Minerals Inc.*	10% security holder (Aberdeen)	1,237,500	5.7%
Total of 13 other investments	Shareholders/warrant holders	1,446,431	6.6%
Total Investments - January 31, 2019		\$ 21,757,164	100.0%

\* Private company

\*\* Formerly 2292055 Ontario Ltd.

Investment	Nature of relationship	Estimated Fair value	% of FV
2292055 Ontario Ltd.*	Officer (Ryan Ptolemy) and shareholders	\$ 1,256,900	2.5%
African Thunder Platinum Limited*	Director (George Faught)	4,582,739	9.1%
Apio Africa Ltd.	Director (Stan Bharti) and shareholders	31,846	0.1%
Amazon Potash Corporation*	Directors (Stan Bharti, George Faught) and shareholders	-	0.0%
Black Iron Inc.	Officer (Stan Bharti) and shareholders	1,152,962	2.3%
Blue Sky Energy Inc.	10% security holder (Aberdeen) and shareholders	2,078,340	4.1%
Brazil Potash Corp.*	Director (Stan Bharti), officer (Ryan Ptolemy) and shareholders	985,121	2.0%
Desert Lion Energy Corp.*	Shareholders	6,215,999	12.4%
Euro Sun Mining Inc.	Director (Stan Bharti) and shareholders	1,728,576	3.4%
Fura Gems Inc.	Officer (Ryan Ptolemy), 10% security holders (Stan Bharti, Aberdeen)	13,390,808	26.7%
International Cobalt Inc.*	10% security holder (Aberdeen)	2,468,336	4.9%
Lithium X Energy Corp.	Shareholders	7,470,000	14.9%
Magnolia Colombia Limited	Director (Maurice Colsen) and shareholders	308,800	0.6%
Panthera Resources PLC	Former director (David Stein)	115,720	0.2%
QMX Gold Corporation	10% security holder (Stan Bharti) and shareholders	3,623,015	7.2%
Sulliden Mining Capital Inc.	Director (Stan Bharti) and shareholders	601,335	1.2%
Temujin Mining Corp.*	Director (Stan Bharti) and shareholders	-	0.0%
Trigon Metals Inc.	10% security holder (Aberdeen) and shareholders	1,550,072	3.1%
Valencia Ventures Inc.	Director (Bernard Wilson), officer (Ryan Ptolemy), 10% security holder (Stan Bharti) and shareholders	374,000	0.7%
Total of 12 other investments	Shareholders/warrant holders	2,308,825	4.6%
Total Investments - January 31, 2018		\$ 50,243,394	100.0%

\* Private company

The Company has a diversified base of investors. To the Company's knowledge, other than Lloyd I Miller III (succeeded by Neil S. Subin), no shareholder holds more than 10% of the Company's common shares as of January 31, 2019 and 2018.

## **OFF BALANCE SHEET ARRANGEMENTS**

The Company is not committed to any off-balance sheet arrangements.

## **CRITICAL ACCOUNTING ESTIMATES**

The Company's accounting policies are described in Note 2 of the annual audited consolidated financial statements for the years ended January 31, 2019 and 2018. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions which affect the amounts reported in the financial statements and accompanying notes. The following is a list of the accounting policies that the Company believes are critical, due to the degree of uncertainty regarding the estimates and assumptions involved and the magnitude of the asset, liability, revenue or expense being reported.

### *Investments*

Purchases and sales of investments are recognized on a trade date basis. Public and private investments at fair value through profit or loss are initially recognized at fair value with changes in fair value reported in profit (loss).

At each financial reporting period, the Company's management estimates the fair value of its investments based on the criteria below and reflects such valuations in the financial statements.

Transaction costs are expensed as incurred in profit (loss). The determination of fair value requires judgment and is based on market information where available and appropriate. 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 changes in valuations in the statements of comprehensive loss. The Company is also required to present its investments (and other financial assets and liabilities reported at fair value) into three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring the fair value, and to provide additional disclosure in connection therewith. The three levels are defined as follows:

- Level 1 – investment with quoted market price;
- Level 2 – investment which valuation technique is based on observable market inputs; and
- Level 3 – investment which valuation technique is based on non-observable market inputs.

Publicly-traded investments:

1. 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 statements of financial position date or the closing price on the last day the security traded if there was no trades at the statements of financial position date. These are included in Level 1.
2. Securities that are traded on a recognized securities exchange but are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. Shares 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 corporation, relative trading

volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments. These are included in Level 2.

3. Warrants or options of publicly-traded securities which do not have a quoted price are carried at an estimated fair value calculated using the Black-Scholes option pricing model if sufficient and reliable observable market inputs are available. If no such market inputs are available or reliable, the warrants and options are valued at intrinsic value. These are included in Level 2.
4. Performance Shares are convertible into common shares if or when the investee companies meet certain milestones. These Performance Shares are recorded at fair value when the certainty of meeting these milestones is reasonably assured. These are included in Level 3.

The amounts at which the Company's publicly-traded investments could be disposed of may differ from carrying values 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. Such differences could be material.

Privately-held investments:

1. 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. These are included in Level 3. 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.

2. 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.

3. 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.

#### Investments in associates:

Investments in associates are those entities over which the Company has or is deemed to have significant influence, but not control over, the financial and operating policies. Investments in associates are held as part of the Company's investment portfolio and carried in the statement of financial position at fair value even though the Company may have significant influence over the companies. This treatment is permitted by IAS 28, Investments in Associates and Joint Ventures ("IAS 28"), which allows investments held by venture capital or similar organizations to be excluded from its scope where those investments are measured at fair value through profit or loss in accordance with IFRS 9, with changes in fair value recognized in the statement of comprehensive (loss) within unrealized gains or losses on investments.

#### Investments with control:

The Company owns 16.9% of the outstanding common shares and voting rights of African Thunder, 33.2% of the outstanding common shares and voting rights of Vilhelmina Minerals Inc. and 66.7% of the outstanding common shares and voting rights of International Cobalt Inc. There are no contractual arrangements, financial support, or other restrictions with these corporations. The Company has reviewed the guidance on the adoption of IFRS 10, *Consolidated Financial Statements*, and determined that it qualifies for the exemption from consolidation given that the Company has the following typical characteristics of an investment entity, with the exception of Great Lake Capital Management Inc. and Aberdeen (Barbados) Inc. to the extent that these subsidiaries provide services that relate to the Company's investment activities.

- (a) *obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;*
- (b) *commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and*
- (c) *measures and evaluates the performance of substantially all of its investments on a fair value basis.*

As a result of this exemption, the Company's investment in these companies are recorded as a financial instrument, similarly to Aberdeen's other private investments.

Loans receivable:

1. The recoverability of loan receivable 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.
2. Convertible debentures and convertible notes issued from publicly traded companies are carried at the higher of the loan receivable value of the loan or the fair value of the common shares or units receivable from the conversion assuming the conversion can be done at the Company's option. The conversion feature of convertible debentures and convertible notes issued from private companies are carried at nominal value. Convertible debentures and convertible notes are financial instruments classified as held for trading.

#### *Financial assets other than investments at fair value*

Financial assets which are managed to collect contractual cash flows made up of principal and interest are designated as at amortized cost. All other financial assets are designated as at fair value through profit or loss. All financial assets are recognized initially at fair value plus, in the case of financial assets designated at amortized cost, directly attributable transaction costs. Financial assets at amortized cost are measured at initial cost plus interest calculated using the effective interest rate method less cumulative repayments and cumulative impairment losses.

A financial asset is derecognized when the rights to receive cash flows from the asset have expired, or the Company has transferred substantially all the risks and rewards of the asset. The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. For amounts deemed to be impaired, the impairment provision is based upon the expected loss.

#### *Impairment of financial assets*

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Financial assets are considered to be impaired if objective evidence indicates that a change in the market, economic or legal environment in which the Company invested has had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an FVOCI investment is calculated by reference to its fair value.

Impairment losses are recognized in the statement of comprehensive loss. For financial assets measured at amortized cost, any reversal of impairment is recognized in the statement of comprehensive loss.

#### *Revenue Recognition*

Realized gains and losses on the disposal of investments and unrealized gains and losses in the value of investments are reflected in the statement of comprehensive loss on a trade date basis. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. All transaction costs are expensed as incurred. Dividend income is recorded on the ex-dividend date. Interest income and other income are recorded on an accrual basis. Deferred revenue is recognized over the period for which the revenue is earned.

The Company earns advisory service fees as well as interest and dividend income. Such revenue is recognized based on contractual obligations and when collection is reasonably assured.

## *Income Taxes*

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to the translation gain or loss on the royalty division, recognized directly in other comprehensive income or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## *Share-Based Payments*

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For options that expire unexercised, the recorded value is transferred to retained earnings.

## **SIGNIFICANT ACCOUNTING POLICIES**

### *New Accounting Policies*

During fiscal 2019, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included the amendments of IFRS 2 and IFRIC22. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

### *Future Accounting Policies*

Certain new standards, interpretations, amendments and improvements to existing standards was issued by the IASB or IFRIC that are mandatory for accounting periods beginning on February 1, 2019 or later. Updates that are not applicable or are not consequential to the Company have been excluded. The following have not been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”) was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019.

## **RISKS AND UNCERTAINTIES**

The investment in pre-IPO and early stage public resource companies involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Certain risk factors listed below are related to investing in the resource industry in general while others are specific to Aberdeen. For an additional discussion of risk factors and other information please refer to the Company’s Annual Information Form filed on May 1, 2018, under the profile of the Company at [www.sedar.com](http://www.sedar.com).

### *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 economical 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 unfavourable 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, BPC, Fura and ATP 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. The availability of these sources of income and the amounts generated from these sources are dependent 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, Directors and Investment Committee*

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 Aberdeen's share prices have directly and negatively affected the estimated value of Aberdeen's portfolio of investments. The Company may also be adversely affected by fluctuations in commodity prices which 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 these companies, as it would be expected that the Company would be required to expend increased time and efforts reviewing strategic alternatives and attracting any funding required for such investee companies. The factors affecting current macro-economic conditions are beyond the control of the Company.

### *Possible Volatility of Stock Price*

The market prices of the Company's 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. Securities of the Company 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 and 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 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 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 successfully. 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 values of the Company's investments could decrease and its financial condition, results of operations and cash flow could suffer as a result.

### *Commodity Price*

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, rhodium 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 future material price declines will result in a decrease in revenue or, in the case of severe declines that cause a suspension or termination of production, a complete cessation of revenue from these royalties. 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 profitability, results of operation and financial condition.

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

### *Third Parties Operations*

The value of investment's that Aberdeen hold is based on production or development 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 on 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 African Thunder Platinum (the "Mining Operations") are subject to most of the hazards and risks normally 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 through drilling. 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 PLASA towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

#### *Limited Access to Operations Information*

As a shareholder, Aberdeen has limited access to data on the operations of investees and 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.

In addition, the Company relies on projections of platinum production from the Mining Operations that are prepared by African Thunder and their respective advisors for investment valuation purposes. Differences between estimated and actual future platinum production could result in an adverse effect on Aberdeen's results of operations and financial condition.

#### *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, 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 impact 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 the Mining Operations are subject to environmental regulation in the various jurisdictions in which they operate. Environmental legislation is evolving in a manner which 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 the Mining Operations. Environmental hazards may exist on the properties that are unknown to the Mining Operations at present which 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.

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.

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

The exploration and development activities related to the Mining Operations 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. Although the Company is not aware that the Mining Operations are not currently carried out in accordance with all applicable rules and regulations, 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 which could limit or curtail production or development, mining and milling or that more stringent implementation thereof could have a substantial adverse impact on the Mining Operations.

Government approvals, licences and permits are currently, and will in the future be, required in connection with the Mining Operations. To the extent such approvals are required and not obtained, the Mining Operations may be curtailed or prohibited from proceeding with planned operations, which could have an 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 cause reduction in levels of production or require abandonment or delays in operations at the Mining Operations.

#### *Permitting*

The Mining Operations are subject to receiving and maintaining permits from appropriate governmental authorities. Although the Company believes that the owners and operators of the Mining Operations currently have, or will obtain in due course, all required permits for their respective operations, 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 Mining Operations 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 Operations 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 the Mining Operations, 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*

Production at the Mining Operations depends on the efforts of its employees. There is intense competition for geologists and persons with mining expertise. The ability of African Thunder to hire and retain geologists and persons with mining expertise is key to the Mining Operations. Further, relations with employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant South African governmental authorities. Changes in such legislation or otherwise in African Thunder'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 cause African Thunder to decide to cease or curtail production at one or more of the properties, such decision could have a material adverse effect on the business and financial condition of the Company.

### *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 considers 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 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 to cease or curtail production, 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 Mining Operations. African Thunder 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 the Mining Operations may be subject to prior unregistered liens, agreements, transfers or claims and title may be affected by, among other things, undetected defects. In addition, African Thunder may be unable to operate the Mining Operations as permitted or to enforce its rights with respect to its Mining Operations. To the extent these factors cause African Thunder to decide to cease or curtail production at one or more of the Mining Operations, such decision could have a material adverse effect on the business and financial condition of the Company.

### *South Africa Country Risks*

The Mining Operations are 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 man-hours and may make finding skilled labour more difficult. The above risks may limit or disrupt African Thunder's business activities. The Mining Operations 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.

## **MULTILATERAL INSTRUMENT 52-109 DISCLOSURE**

### *Evaluation of disclosure controls and procedures*

The Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in annual filings, interim filings or other reports filed or submitted under provincial and territorial securities legislation, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

We have evaluated the effectiveness of our disclosure controls and procedures and have concluded, based on our evaluation that they are sufficiently effective to provide reasonable assurance that material information relating to the Company is made known to management and disclosed in accordance with applicable securities regulations.

### *Internal controls over financial reporting*

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO), together with other members of Management, have designed internal controls over financial reporting based on the Internal Control–Integrated Framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO - 1992). These controls are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

We have not identified any changes to our internal control over financial reporting which would materially affect, or is reasonably likely to materially affect, our internal control over financial reporting.

The CEO and CFO, together with other members of Management, have evaluated the effectiveness of internal controls over financial reporting as defined by National Instrument 52-109, and have concluded, based on our evaluation that they are operating effectively as at January 31, 2019.

## **SUPPLEMENT TO THE ANNUAL FINANCIAL STATEMENTS**

As at April 24, 2019 the following common shares, common share purchase warrants and options, restricted share units (“RSUs”) and deferred share units (“DSUs”) were vested / issued and outstanding:

- 96,052,282 common shares;
- 10,000,000 common share purchase warrants with an exercise price of \$0.30 expiring November 24, 2019;
- 4,850,000 RSUs of which 4,850,000 have vested;
- 1,100,000 DSUs with no fixed vesting date.