



**ABERDEEN**  
INTERNATIONAL

**Management's Discussion and Analysis**

**FOR THE THREE MONTHS ENDED APRIL 30, 2015**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE MONTHS ENDED APRIL 30, 2015**  
*(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 condensed interim consolidated financial statements as at and for the three months ended April 30, 2015 and 2014, including the notes thereto. The condensed interim consolidated financial statements and related notes of Aberdeen have been prepared on a condensed basis in accordance with the International Accounting Standards ("IAS") 34, *Interim Financial Reporting* 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, 2015 and 2014, 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") dated April 30, 2015 and press releases, has 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 reports on the Company's activities through June 12, 2015.

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

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

The annual report, including this 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; 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 in the future, the strength of the Canadian and US 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 included 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 on April 30, 2015, 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, 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 regard to all information included herein relating to

investee companies, Aberdeen has relied exclusively on publicly available information disclosed by the respective companies.

Shareholders and prospective investors should be aware that these 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 investment company 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; and
- 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 managerial and board advisory services 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 sector who can provide further assistance in evaluating and monitoring companies and their progress. As part of its business model, Aberdeen's officers and directors take active management, director and ownership roles in a significant percentage of companies in which Aberdeen invests.

The Company began operating as a global investment and merchant banking company in October 2007. As at April 30, 2015, the portfolio had investments in 39 companies with an estimated fair market value of \$37,521,353 (cost – \$58,548,974).

Operating Results	For the three months ended April 30,	
	2015	2014
	\$	\$
Realized gain (loss) on investments, net	3,385,272	(2,096,901)
Unrealized (loss) gain on investments, net	(2,059,567)	1,674,616
Net investment gain (loss)	1,325,705	(422,285)
Other revenue	270,033	92,575
Net income (loss) for the period	506,866	(1,123,693)
Basic and diluted income (loss) per share	0.01	(0.01)

	April 30, 2015	January 31, 2015
Investments		
Total equities, at fair value	37,521,353	36,672,398
Loans receivable	153,846	61,538
<b>Total investments</b>	<b>37,675,199</b>	<b>36,733,936</b>
<b>Shareholders' equity</b>	<b>36,258,722</b>	<b>35,851,807</b>

## FISCAL 2016 PERFORMANCE HIGHLIGHTS

During the three months ended April 30, 2015, the Company realized gain on investments of \$3,385,272 compared to a loss of \$2,096,901 in the previous year. The Company had a net investment gain of \$1,325,705 compared to a loss of \$422,285 in the previous year. The Company's net income for the three months ended April 30, 2015 was \$506,866 (\$0.01 per basic share) compared to a net loss of \$1,123,693 (\$0.01 per basic share) in the previous year.

As at April 30, 2015, the Company's total investments increased to \$37,675,199 from \$36,733,936 as at January 31, 2015. During the three months ended April 30, 2015, the Company's shareholders' equity increased to \$36,258,722 from \$35,851,807 as at January 31, 2015. The income and the increase in the value of the Company's investment portfolio during the three months ended April 30, 2015 was mainly due to the realized gain from the merger of Tahoe Resources Inc. ("Tahoe") and Rio Alto Mining Ltd. ("Rio") and new investments acquired during the quarter. Otherwise, the Company's investment portfolio continues to reflect a weak equity market as it relates to the resource sector.

## INVESTMENTS, AT FAIR VALUE THROUGH PROFIT AND LOSS, AS AT APRIL 30, 2015.

At April 30, 2015, the Company's investment portfolio consisted of 21 publicly-traded investments and 19 privately-held investments for a total fair value of \$37,521,353. At January 31, 2015, the Company's investment portfolio consisted of 20 publicly-traded investments and 19 privately-held investments for a total fair value of \$36,672,398.

## PUBLIC INVESTMENTS

At April 30, 2015 the Company's investment portfolio consisted of 21 publicly-traded investments for a total fair value of \$19,980,071.

Public Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
Agua Resources Ltd.		1,685,540 common shares	70,183	112,478	0.6%
		1,437,808 options expire May 31, 2015			
Black Iron Inc.	(iii)	4,971,500 common shares	2,904,028	198,860	1.0%
Buffalo Coal Corp.		2,394,596 common shares	3,418,812	126,203	0.6%
Falco Resources Inc.		430,000 common shares	193,500	202,100	1.0%
Fura Emeralds Inc.*	(iii)	500,000 common shares	53,686	115,100	0.6%
		500,000 warrants expire Sep 19, 2015			
Kincora Copper Limited		4,723,000 common shares	1,129,355	141,690	0.7%
Kombat Copper Inc.	(i,ii)	10,000,000 common shares	500,000	1,374,000	6.9%
		10,000,000 warrants expire Feb 13, 2017			
Portex Minerals Inc.	(i,ii,iii)	21,172,315 common shares	1,058,616	105,862	0.5%
Rodinia Lithium Inc.	(i,ii,iii)	17,362,811 common shares	1,890,336	347,256	1.7%

Savary Gold Corp.		4,488,000 common shares	466,253	403,920	2.0%
Silver Bear Resources Inc.	(iii)	4,533,461 common shares	1,845,261	272,008	1.4%
		1,449,275 w warrants expire Jun 7, 2015			
		238,461 w warrants expire Dec 18, 2015			
		1,025,000 w warrants expire Jun 4, 2016			
Sulliden Mining Capital Inc.	(iii)	1,823,500 common shares	1,183,796	455,875	2.3%
Tahoe Resources Inc.		864,018 common shares	12,554,182	14,731,507	73.7%
Xanadu Mines Ltd.		5,000,000 common shares	289,110	524,315	2.6%
Total of 7 other investments	(iv)		3,245,256	868,897	4.4%
Total public investments			\$ 30,802,374	\$ 19,980,071	100.0%

\* Formerly Wolf Resource Development Corp.

#### Note

- (i) The Company has filed a Section 102 report pursuant to the Ontario Securities Act for this investment and has filed this early warning report on SEDAR.
- (ii) The Company owns, on a partially diluted basis, at least a 10% interest in the investee as at April 30, 2015.
- (iii) A director and/or officer of the Company is a director and/or officer of the investee corporation as at April 30, 2015.
- (iv) Total other investments held by the Company, which are not individually listed as at April 30, 2015. Directors and officers may hold investments personally.

At January 31, 2015 the Company's investment portfolio consisted of 20 publicly-traded investments for a total fair value of \$18,971,776.

Public Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
Black Iron Inc.	(iii)	4,971,500 common shares	\$ 2,904,028	\$ 248,575	1.3%
Buffalo Coal Corp.*		2,394,976 common shares	3,418,812	145,384	0.8%
Falco Resources Inc.		1,094,505 common shares	492,527	645,758	3.4%
Kincora Copper Limited		4,723,000 common shares	1,129,355	141,690	0.7%
Mason Graphite Corp.		157,500 common shares	105,483	106,725	0.6%
		250,000 w warrants expire Jun 28, 2015			
Portex Minerals Inc.	(i,ii,iii)	21,172,315 common shares	1,058,616	105,862	0.6%
Rio Alto Mining Ltd.	(iii)	4,162,500 common shares	10,364,625	15,109,875	79.6%
Rodinia Lithium Inc.	(i,ii,iii)	17,362,811 common shares	1,890,336	694,512	3.7%
Savary Gold Corp.		4,488,000 common shares	466,253	179,520	0.9%
Silver Bear Resources Inc.	(iii)	4,533,461 common shares	1,845,261	226,673	1.2%
		1,449,275 w warrants expire Jun 7, 2015			
		238,461 w warrants expire Dec 18, 2015			
		1,025,000 w warrants expire Jun 4, 2016			
Sulliden Mining Capital Inc.	(iii)	1,823,500 common shares	1,183,796	601,755	3.2%
Xanadu Mines Ltd.		5,000,000 common shares	289,110	444,150	2.3%
Total of 8 other investments	(iv)		2,653,342	321,297	1.7%
Total public investments			\$ 27,801,544	\$ 18,971,776	100.0%

\* Formerly Forbes & Manhattan (Coal) Corp.

#### Note

- (i) The Company has filed a Section 102 report pursuant to the Ontario Securities Act for this investment and has filed this 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, 2015.
- (iii) A director and/or officer of the Company is a director and/or officer of the investee corporation as at January 31, 2015.
- (iv) Total other investments held by the Company, which are not individually listed as at January 31, 2015. Directors and officers may hold investments personally.

## PRIVATE INVESTMENTS

At April 30, 2015, the Company's 19 privately-held investments had a total fair value of \$17,541,282

Private Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
African Thunder Platinum Ltd.	(ii,iii,v)	7,000,000 common shares	\$ 7,475,222	\$ 7,475,222	42.7%
Brazil Potash Corp.	(iii)	1,650,062 common shares	-	2,971,059	16.9%
DT Plantations Limited*	(ii,v)	6,102,891 common shares 500,000 warrants	533,289	-	0.0%
Indo Gold Limited	(ii,iii)	8,100,000 common shares	1,590,000	800,000	4.6%
Irati Energia Corp.	(iii)	2,213,179 common shares	1,994,975	1,000,000	5.7%
Legacy Platinum Corp.	(ii,iii,v)	3,515,000 common shares	2,352,377	-	0.0%
Forbes Ram Holdings Inc.	(ii,iii,v)	8,000,000 common shares	8,000,000	4,754,286	27.1%
Ram River Coal Corp.		750,000 common shares	37,500	445,714	2.5%
Total of 11 other investments	(iv)		5,763,237	95,001	0.5%
<b>Total private investments</b>			<b>\$ 27,746,600</b>	<b>\$ 17,541,282</b>	<b>100.0%</b>

\* Warrants expire 12 months after listing date

### Note

- (ii) The Company owns, on a partially diluted basis, at least a 10% interest in the investee as at April 30, 2015.
- (iii) A director and/or officer of the Company is a director and/or officer of the investee corporation as at April 30, 2015.
- (iv) Total other investments held by the Company, which are not individually listed as at January 31, 2015. Directors and officers may hold investments personally.
- (v) The Company owns 42% of the outstanding common shares and voting rights of African Thunder Platinum Ltd., 80% of the outstanding common shares and voting rights of Forbes Ram Holdings Inc., 50% of the outstanding common shares and voting rights of Legacy Platinum Corp.; and 28% of the outstanding common shares and voting rights of DT Plantations Limited as at April 30, 2015. There are no contractual arrangements, financial support, or other restrictions with these Canadian corporations. Refer to Note 2 of the Company's annual audited financial statements as at and for the year ended January 31, 2015 relating to the exemption to consolidating particular subsidiaries for investment entities.

At January 31, 2015, the Company's 19 privately-held investments had a total fair value of \$17,700,622.

Private Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
African Thunder Platinum Ltd.	(ii,iii,v)	7,000,000 common shares	\$ 7,475,222	\$ 7,475,222	42.3%
Brazil Potash Corp.	(iii)	1,650,062 common shares	-	3,130,399	17.7%
DT Plantations Limited*	(ii,v)	6,102,891 common shares 500,000 warrants	533,289	-	0.0%
Indo Gold Limited	(ii,iii)	8,100,000 common shares	1,590,000	800,000	4.5%
Irati Energy Corp.		2,213,179 common shares	1,994,975	1,000,000	5.6%
Legacy Platinum Corp.	(ii,iii,v)	3,515,000 common shares	2,352,377	-	0.0%
Forbes Ram Holdings Inc.	(ii,iii,v)	8,000,000 common shares	8,000,000	4,754,286	26.9%
Ram River Coal Corp.		750,000 common shares	37,500	445,714	2.5%
Total of 11 other investments	(iv)		5,763,237	95,001	0.5%
<b>Total private investments</b>			<b>\$ 27,746,600</b>	<b>\$ 17,700,622</b>	<b>100.0%</b>

\* Warrants expire 12 months after listing date

### Note

- (ii) The Company owns, on a partially diluted basis, at least a 10% interest in the investee as at January 31, 2015.
- (iii) A director and/or officer of the Company is a director and/or officer of the investee corporation as at January 31, 2015.
- (iv) Total other investments held by the Company, which are not individually listed as at January 31, 2015. Directors and officers may hold investments personally.
- (v) The Company owns 42% of the outstanding common shares and voting rights of African Thunder Platinum Ltd., 80% of the outstanding common shares and voting rights of Forbes Ram Holdings Inc., 50% of the outstanding common shares and voting rights of Legacy Platinum Corp.; and 28% of the outstanding common shares and voting rights of DT Plantations Limited as at January 31, 2015. There are no contractual arrangements, financial support, or other restrictions with these Canadian corporations. Refer to Note 2 of the Company's annual audited financial statements as at and for the year ended January 31, 2015 relating to the exemption to consolidating particular subsidiaries for investment entities.

During the three months ended April 30, 2015, the Company invested approximately \$1.1 million in portfolio acquisitions and disposed of investments receiving proceeds of \$1.3 million for a realized gain of \$3.4 million. During the three months ended April 30, 2015, the Company made new investments in Apio Africa Ltd. (data centre), Kombat Copper Limited (copper) and Tahoe Resources Inc. (silver and gold) through the merger with Rio Alto Mining Ltd. The Company reduced and/or disposed its holdings Falco Resources Inc. (gold and base metal), and Tahoe Resources Inc. (silver and gold).

As at January 31, 2015, the fair market value of the Company's total investment portfolio had a cumulated unrealized loss of \$23.4 million. The Company had cumulated unrealized losses of approximately \$8.9 million from its base metals holdings, \$11 million loss from its energy holdings and \$2.3 million loss from its silver and gold holdings, and \$1.4 million loss from other holdings, offset by \$0.2 million gain from its agriculture holdings.

## LOANS

As a normal course of business, Aberdeen may provide loans to junior resource companies both to support existing investments and to seed new investments. Loans are considered by management to be part of the investment portfolio and are provided in addition to, or as an alternative to equity financing, in order to enhance overall returns and reduce investment risk (e.g. secured loans).

Aberdeen's loan portfolio as at April 30, 2015 and January 31, 2015 were as follows:

		April 30, 2015	January 31, 2015
Brookwater Venture Inc.	Unsecured	\$ 153,846	\$ 61,538
		\$ 153,846	\$ 61,538

## 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:

	2015	2014	2013
	\$	\$	\$
Investment (losses)	(2,773,440)	(13,517,655)	(20,413,876)
Net (loss) for the year	(13,818,770)	(16,292,936)	(30,630,419)
Basic and diluted (loss) per share	(0.15)	(0.19)	(0.35)
Total assets	39,940,452	48,915,975	75,789,665
Total liabilities	4,088,645	1,419,976	10,339,607
Total dividends declared and distributed	-	-	1,734,088

## 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 Ended April 30, 2015</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>
2016-1 <sup>st</sup> Qtr	1,596	42,642	507	0.01
2015-4 <sup>th</sup> Qtr	5,819	39,940	2,796	0.03
2015-3 <sup>rd</sup> Qtr	(2,324)	32,161	(3,254)	(0.04)
2015-2 <sup>nd</sup> Qtr	(5,939)	35,356	(12,237)	(0.14)
2015-1 <sup>st</sup> Qtr	(330)	47,318	(1,124)	(0.01)
2014-4 <sup>th</sup> Qtr	(619)	48,916	(2,562)	(0.03)
2014-3 <sup>rd</sup> Qtr	(1,852)	51,856	(2,530)	(0.03)
2014-2 <sup>nd</sup> Qtr	(2,134)	55,455	(3,820)	(0.04)

The Company began making investments in pre-IPO and early stage public resource companies in the third quarter of 2008. These investments are fair valued with an unrealized gain or loss going through the statements of operations and comprehensive loss. For the past eight financial quarters in fiscal 2015 and 2014, the Company recorded losses on its investment portfolio, with the exception of the current quarter. During the second and third quarter of 2015, the Company recorded loss on its portfolio investment due to decreased value in its private investments, valuation allowance taken on the Company's deferred tax assets, offset by an increased value of its Rio holdings. During the fourth quarter of 2015, the gain on portfolio investment and net income was mainly driven by the increased fair value of Rio. During the first quarter of 2016, the gain on portfolio investment and net income was driven by the Tahoe and Rio merger along with advisory service fees earned.

## RESULTS OF OPERATIONS

The following is a discussion of the results of operations of the Company for the three months ended April 30, 2015. This should be read in conjunction with the Company's condensed interim consolidated financial statements for the three months ended April 30, 2015 and related notes.

	<b>Three months ended April 30,</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Net income (loss)	<b>506,866</b>	(1,123,693)
Realized gain (loss) on investments, net	<b>3,385,272</b>	(2,096,901)
Unrealized (loss) gain on investments, net	<b>(2,059,567)</b>	1,674,616
Interest and dividend income	<b>22,213</b>	92,575
Advisory service fees	<b>247,820</b>	-
Operating, general and administration	<b>(1,111,995)</b>	(1,060,714)
Interest expenses	<b>(4,213)</b>	-
Provision on loan, interest, dividend and investment receivable	-	(26,874)
Foreign exchange gain (loss)	<b>27,336</b>	(19,355)
Current tax recovery	-	687,960
Deferred tax (expense) recovery	-	(375,000)

The net income for the three months ended April 30, 2015 was \$506,866 compared to a net loss of \$1,123,693 for the three months ended April 30, 2014. The net income was a result of increased gain on its investment portfolio, advisory service fees, foreign exchange gain, and no provision on loan, amount receivable and deferred tax expenses; partially offset by increased operating, general and administration expenses, interest expenses, and no tax recovery.

The Company has a realized gain on investment of \$3,385,272 and an unrealized loss of \$2,059,567 during the three months ended April 30, 2015 compared to a realized loss of \$2,096,901 and unrealized gain of \$1,674,616 for the three months ended April 30, 2014. The gain on investment recorded in the current quarter was a result of the Tahoe and Rio merger.

During the three months ended April 30, 2015, the Company recorded interest and dividend revenue of \$22,213 compared to \$92,575 for the three months ended April 30, 2014. Revenue in the current year was bank deposit interest and dividend income earned on the Company's holdings in Tahoe. Revenue in the prior year was interest earned on the Company's loans receivable.

General and administrative expense for the three months ended April 30, 2015 was \$1,111,955 compared to \$1,060,714 for the three months ended April 30, 2014. The slight increase was mainly due to severance costs, increased shareholder communications, increased filing and transfer agency fees, increased travel due to activities relating to our African Thunder Platinum Limited investment, increased legal and professional costs, partially offset by decreased compensation as a result of reductions in staff, decreased general office and administration costs, and no business development costs incurred in the current quarter. For the three months ended April 30, 2015 and 2014, other major expenses of the Company that comprise general and administrative expenses include compensations of \$573,543 (2014 - \$673,942), severance \$237,300 (2014 - \$Nil), legal, accounting and professional fees of \$48,463 (2014 - \$21,362); filing and transfer agent fees of \$32,081 (2014 - \$15,431); shareholder communication and promotion of \$63,236 (2014 - \$6,140); travel of \$76,376 (2014 - \$11,431); general office and administration costs of \$80,996 (2014 - \$88,408); and business development costs of \$Nil (2014 - \$244,000).

The Company recorded interest expense of \$4,213 relates to the margin loan during the three months ended April 30, 2015 compared to \$Nil during the three months ended April 30, 2014.

The Company recorded a provision on loans and amounts receivable of \$Nil during the three months ended April 30, 2015 on the Company's loan portfolio compared to \$26,874 during the three months ended April 30, 2014.

The Company recorded a foreign exchange gain of \$27,336 during the three months ended April 30, 2015 compared to a loss of \$19,355 during the three months ended April 30, 2014. The gain reflects a stronger currency exchange in the Company's cash and accounts payable denominated in US dollars for the current quarter.

During the three months ended April 30, 2015, the Company recorded no current and deferred income tax expense compared to a current income tax recovery of \$687,960 and a deferred tax expense of \$375,000 during the three months ended April 30, 2014.

## **CASH FLOWS**

Cash provided by (used in) operating activities during the three months ended April 30, 2015 was \$185,115 compared to \$(564,350) during the three months ended April 30, 2014. The difference between the operating cash flow and the net income before tax for the quarter largely reflects the unrealized nature of loss from the Company's investments, net of realized gain generated from the merger of Rio and Tahoe. Operating cash flow was largely generated by dividend income, offset by income tax installment payment, general and administrative expenses, and net changes in investment, loan, due to broker and non-cash working capital. During the three months ended April 30, 2015, \$(1,129,600) were used in the purchase of portfolio investments, while proceeds on the disposal of portfolio investments were

\$1,291,682. During the three months ended April 30, 2014, \$30,002 was used to purchase portfolio investments, while proceeds on the disposal of portfolio investments were \$575,713, and short-term loans totaling \$(74,458).

Cash (used in) financing activities during the three months ended April 30, 2015 was \$(99,951) for purchase and cancellation of the Company's shares via normal course issuer bid compared to \$Nil during the three months ended April 30, 2014.

## **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 from the Company's margin account.

Aberdeen provided cash of \$185,115 in its operating activities and used \$99,951 in its financing activities during the three months ended April 30, 2015. Included in cash provided by operations are \$1,129,600 in net new investments and \$1,291,682 generated from the disposal of portfolio investments. The estimated fair value of its portfolio investments of \$37,521,353, loans receivable of \$153,846 other assets of \$11,340, amounts receivable of \$463,951 and cash of \$409,084. This was partially offset by liabilities of \$3,407,116. The Company also maintains up to \$10 million margin loan facility with its prime broker to help to manage its short-term cash flow needs. As at April 30, 2015, the Company has a margin loan of \$2,975,940 outstanding.

## **OUTLOOK**

Aberdeen's investment portfolio continued to decline as a result of continued weakness in equity markets for junior mining and resource stocks. Gold prices remained volatile during the quarter. Despite our bullishness over the longer-term, Aberdeen expects the weak commodities and junior equities markets to continue in the short to medium term, and its investment bias it to harvest liquidity opportunistically from its current portfolio and redeploy it in opportunities with superior long-term potential.

At this point in the cycle, the Company's strategy will be to focus on more advanced, less risky projects in mining friendly jurisdictions to generate superior risk-adjusted returns for Aberdeen's shareholders.

The Company continues working to close the previously announced Landmark transaction for the acquisition of certain public company and private company portfolio investments of the Company, freeing up liquidity in its portfolio to take advantage of trading opportunities.

Going forward Aberdeen sees managing its portfolio between 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 possibly 3+ 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 micro cap 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 6 months to 2 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 6 months. This is not a focus for management currently.

Currently Aberdeen is overweight in category 3 trading opportunities, due to its large holding in Tahoe. Over the next year it is expected that Aberdeen will opportunistically increase its relative exposure to category 1 and category 2 investments.

## **NORMAL COURSE ISSUER BID (“NCIB”)**

On February 12, 2015, the Company announced its intention to make a NCIB to buy back its common shares through the facilities of the TSX. Any purchases made pursuant to the NCIB will be made in accordance with the rules of the TSX. The maximum number of common shares that may be purchased for cancellation pursuant to the NCIB is that number of common shares that represents 10% of the common shares in the public float. Based on the 77,965,256 common shares in the public float as at February 11, 2015, the maximum number of shares to be purchased and cancelled would be 7,796,525. Daily purchases will be limited to 40,078 common shares other than block purchase exceptions.

Purchases under the NCIB were commenced on February 16, 2015 and will terminate on February 15, 2016 or the date upon which the maximum number of common shares have been purchased by Aberdeen pursuant to the NCIB. Subsequent to January 31, 2015, the Company purchased and cancelled 691,170 shares at an average price of \$0.145 per share under the new NCIB. As at April 30, 2015, a balance of 7,105,355 common shares remains available for purchase under the new NCIB.

## **COMMITMENT AND CONTINGENCIES**

### *Management contracts*

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$1,250,000 ranging from 30 days to 16 months and additional contingent payments of up to approximately \$4,770,000 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 condensed interim consolidated financial statements as at and for the three months ended April 30, 2015.

### *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 based on 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.

*Forbes and Manhattan ("F&M") costs sharing policy*

The Company entered into a costs and liabilities sharing policy with F&M. Pursuant to the policy, the Company will be responsible for 50% of costs, including any reasonable and 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. A director of Aberdeen, Stan Bharti, is the Executive Chairman of F&M.

## 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 and preferred shares 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, 2015 and 2014.
- 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 April 30, 2015 categorized into levels of the fair value hierarchy:

	Level 1 (Quoted Market price)	Level 2 (Valuation technique - observable market Inputs)	Level 3 (Valuation technique - non-observable market inputs)	Total
<b>Investments, fair value</b>				
Publicly traded investments	\$ 19,470,971	\$ -	\$ -	\$ 19,470,971
Non-trading warrants on public investments	-	509,100	-	509,100
Private investments, performance and preferred shares	-	-	17,541,282	17,541,282
<b>April 30, 2015</b>	<b>\$ 19,470,971</b>	<b>\$ 509,100</b>	<b>\$ 17,541,282</b>	<b>\$ 37,521,353</b>

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the periods ended April 30, 2015 and January 31, 2015. These financial instruments are measured at fair value utilizing non-observable market inputs. The net realized losses and net unrealized gains are recognized in the statements of operations and comprehensive income.

Investments, fair value	For the period ended	
	April 30, 2015	January 31, 2015
Balance, beginning of period	\$ 17,700,622	\$ 25,197,564
Purchases - shares		7,580,222
Unrealized and realized loss net	(159,340)	(13,198,911)
Conversion - debt to shares	-	243,359
Conversion of debenture to private / public company shares	-	(376,052)
Convertible debenture net (reduction) additions	-	(1,745,560)
Balance, end of period	\$ 17,541,282	\$ 17,700,622

## TRANSACTIONS WITH RELATED PARTIES

The condensed interim 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>
Great Lakes Capital Management Inc.	Canada	100%
Aberdeen (Barbados) Inc.	Barbados	100%

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.

Mr. Stan Bharti, a director 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 April 30, 2015, \$Nil (January 31, 2015 - \$Nil) was owed to F&M.

The Company is 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. During the three months ended April 30, 2015, the Company incurred \$Nil (2014 - \$Nil) legal and professional fees in relation to the policy. Mr. Stan Bharti, a director of the Company, is the Executive Chairman of F&M.

The Company may earn financing advisory service 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 three months ended April 30, 2015, the Company earned US\$200,000 (\$247,820) (2014 - \$Nil) in advisory fees from African Thunder Platinum Ltd. ("ATP"). At April 30, 2015, US\$200,000 (\$241,280) included in amount receivable were advisory service fees owed to the Company. Stan Bharti and George Faught are common directors of both Aberdeen and ATP.

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 April 30, 2015 and January 31, 2015.

Investment	Nature of relationship	Estimated Fair value	% of FV
African Thunder Platinum Limited.*	Directors (Stan Bharti, George Faught) and shareholders	7,475,222	19.9%
Arena Minerals Inc.	Former director (Bruce Humphrey), Officer (Ryan Ptolemy), and shareholders	70,890	0.2%
Amazon Potash Corporation*	Directors (Stan Bharti, George Faught) and shareholders	-	0.0%
Black Iron Inc.	Former directors (Bruce Humphrey, Pierre Pettigrew), officer (Stan Bharti) and shareholders	198,860	0.5%
Brazil Potash Corp.*	Director (Stan Bharti), officer (Ryan Ptolemy) and shareholders	2,971,059	7.9%
Coastal Gold Corp.	10% security holder (Stan Bharti) and shareholders	79,616	0.2%
Forbes Ram Holdings Inc.*	Director (Stan Bharti) and shareholders	4,754,286	12.7%
Fura Emeralds Inc.**	10% security holder (Stan Bharti) and shareholders	115,100	0.3%
Indo Gold Limited *	Director (Stan Bharti) and shareholders	800,000	2.1%
Irati Energia Corp.*	Officer (Ryan Ptolemy) and shareholders	1,000,000	2.7%
Legacy Platinum Inc.*	Former officer (Richard Bishop) and shareholders	-	0.0%
Metal Prospecting AS *	Director (David Stein) and shareholders	-	0.0%
Portex Minerals Inc.	Former officer (Richard Bishop) and shareholders	105,862	0.3%
Rodinia Lithium Inc.	Director (David Stein), officer (Ryan Ptolemy) and shareholders	347,256	0.9%
Scandinavian Metals Inc.*	Director (Stan Bharti) and shareholders	-	0.0%
Silver Bear Resources Inc.	10% security holder (Stan Bharti) and shareholders	272,008	0.7%
Sulliden Mining Capital Inc.	Former directors (Bruce Humphrey, Pierre Pettigrew), Director (Stan Bharti) and shareholders	455,875	1.2%
Temujin Mining Corp.*	Directors (Stan Bharti, David Stein) and shareholders	-	0.0%
Total of 22 other investments	Shareholders/warrant holders	18,875,319	50.4%
Total Investments - April 30, 2015		\$ 37,521,353	100.0%

\* Private company

\*\* Formerly Wolf Resource Development Corp.

Investment	Nature of relationship	Estimated Fair value	% of FV
African Thunder Platinum Limited*	Directors (Stan Bharti, George Faught) and shareholders	7,475,222	20.4%
Arena Minerals Inc.	Former director (Bruce Humphrey), Officer (Ryan Ptolemy), and shareholders	37,530	0.1%
Amazon Potash Corporation*	Directors (Stan Bharti, George Faught) and shareholders	-	0.0%
Black Iron Inc.	Former directors (Bruce Humphrey, Pierre Pettigrew), officer (Stan Bharti) and shareholders	248,575	0.7%
Brazil Potash Corp.*	Director (Stan Bharti), officer (Ryan Ptolemy) and shareholders	3,130,399	8.5%
Coastal Gold Corp	10% security holder (Stan Bharti) and shareholders	53,077	0.1%
Forbes Ram Holdings Inc.*	Director (Stan Bharti) and shareholders	4,754,286	13.0%
Indo Gold Limited *	Director (Stan Bharti) and shareholders	800,000	2.2%
Legacy Platinum Inc.*	Officer (Richard Bishop) and shareholders	-	0.0%
Metal Prospecting AS *	Director (David Stein) and shareholders	-	0.0%
Portex Minerals Inc.	Officer (Richard Bishop) and shareholders	105,862	0.3%
Forbes Ram Holdings Inc.	Former director (Bruce Humphrey) and shareholders	15,109,875	41.2%
Rodinia Lithium Inc.	Director (David Stein), officer (Ryan Ptolemy) and shareholders	694,512	1.9%
Scandinavian Metals Inc.*	Director (Stan Bharti) and shareholders	-	0.0%
Silver Bear Resources Inc.	Former director (Stan Bharti) and shareholders	226,673	0.6%
Sulliden Mining Capital Inc.	Former directors (Bruce Humphrey, Pierre Pettigrew), Director (Stan Bharti) and shareholders	601,755	1.6%
Temujin Mining Corp.*	Directors (Stan Bharti, David Stein) and shareholders	-	0.0%
Wolf Resource Development Corp.	10% security holder (Stan Bharti) and shareholders	82,500	0.2%
Total of 21 other investments	Shareholders/warrant holders	3,352,132	9.2%
Total Investments - January 31, 2015		\$ 36,672,398	100.0%

The Company has a diversified base of investors. There were no shareholders who each held more than 10% of the Company's common shares.

The Company also provided loans to companies which directors and officers are also directors and officers of Aberdeen. Directors and officers of Aberdeen may also hold investments in these companies. Below are transactions and balances outstanding at the end of each reporting period:

	Loans provided to related parties		Loans receivable from related parties	
	Three months ended April 30,		As at April 30,	As at January 31,
	2015	2014	2015	2015
Forbes Royalty Corporation(**)	\$ -	\$ 4,884	\$ -	\$ -
Legacy Platinum Corp.(*)(**)	\$ -	\$ 54,990	\$ -	\$ -
Temujin Mining Corp.(**)	\$ -	\$ 16,647	\$ -	\$ -
	<u>\$ -</u>	<u>\$ 76,521</u>	<u>\$ -</u>	<u>\$ -</u>

\* loan receivable includes capitalized interest

\*\* loan written off during the year-ended January 31, 2015

The Company earned or accrued interest income and debt arrangement fees from the following companies. Below are transactions and balance outstanding at the end of each reporting period:

	Interest and dividend income earned		Interest and dividend receivable	
	from related parties		from related parties	
	Three months ended April 30,		As at April 30,	As at January 31,
	2015	2014	2015	2015
Forbes Royalty Corporation(**)	\$ -	\$ 8,517	\$ -	\$ -
Legacy Platinum Corp.(*)(**)	\$ -	\$ 46,339	\$ -	\$ -
Metal Prospecting AS(***)	\$ -	\$ 6,071	\$ -	\$ -
Rodinia Lithium Inc.(*)(***)	\$ -	\$ 23,194	\$ -	\$ -
	<u>\$ -</u>	<u>\$ 84,121</u>	<u>\$ -</u>	<u>\$ -</u>

\* overdue interest was capitalized to loan receivable

\*\* interest/dividend written off during the year-ended January 31, 2015

\*\*\* interest converted to shares during year ended January 31, 2015

### 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 period were as follows:

	Three months ended April 30,	
	2015	2014
Short-term benefits (*)(**)	\$ 596,133	\$ 317,500
	<u>\$ 596,133</u>	<u>\$ 317,500</u>

\* Benefits include fees paid to Forbes & Manhattan, Inc.

\* Benefits include severance payment

At April 30, 2015, the Company had an accounts payable and accrued liabilities balance of \$438,704 (January 31, 2015 - \$308,701) owing to its key management and related companies for

severance, deferred share units accrual, reimbursement and proxy contest related legal fees and expenses. Such amounts are unsecured, non-interest bearing and with no fixed terms of payment.

## **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 financial statements for the years ended January 31, 2015 and 2014. 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 the statements of comprehensive 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 based on observable market inputs; and

Level 3 – investment which valuation technique based on non-observable market inputs.

Publicly-traded investments:

1. Securities, including shares, options, and warrants which 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 were no trades at the statements of financial position date. These are included in Level 1.
2. Securities which 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. In the absence of occurrence of any 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 such as a significant subsequent equity financing by an unrelated investor at a transaction price higher than the Company's carrying value; 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 which, 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 which increases the tax burden on companies, which prohibit mining where it was previously allowed, which increases the need for permitting or approvals, etc.;
- denial of the investee company's application for environmental, mining, aboriginal or similar approvals which 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 which 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.

#### Preferred shares:

Preferred shares are designated at fair value through profit or loss, with changes in fair value reported in the statement of comprehensive (loss). The preferred shares are initially recorded at cost, being the fair value at the time of acquisition. Upward or downward adjustments to carrying values are made when there is evidence of a change in value as indicated by the assessment of the financial condition of the investment. Cumulative dividends expected to be received are included in the fair value of each investment. The preferred shares are included in Level 3.

#### 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 42% of the outstanding common shares and voting rights of African Thunder Platinum Ltd.; 80% of the outstanding common shares and voting rights of Forbes Ram Holdings Inc.; 50% of the outstanding common shares and voting rights of Legacy Platinum Corp.; and 28% of the outstanding common shares and voting rights of DT Plantations Limited. There are no contractual arrangements, financial support, or other restrictions with these Canadian corporations. The Company has reviewed the guidance of early 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) *The Company has more than one investment;*
- (b) *The Company has more than one investor;*
- (c) *The Company has investors that are not related parties of the entity; and*

*(d) The Company has ownership interests in the form of equity or similar interests.*

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 available-for-sale 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 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.

## **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 April 30, 2015, 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.

### *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.

### *Cash Flow and Revenue*

Aberdeen's revenue and cash flow is generated primarily from financing activities and proceeds from the disposition of investments. 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.

### *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.

### *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 Company's 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.

#### *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.

#### *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 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 were 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.

## **SUBSEQUENT EVENTS**

Subsequent to April 30, 2015, the Company received 1,538,458 common shares of Brookwater in settlement of debt owed to the Company. The fair market value of the Brookwater shares was the same as the carrying value of the debt on the date of settlement.

Subsequent to April 30, 2015, 200,000 stock options with strike price at \$0.79 expired unexercised.

## **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 April 30, 2015.

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

As at June 12, 2015, the following common shares, common share purchase warrants and options, and deferred share units (“DSUs”) were issued and outstanding:

- 96,658,252 common shares;
- 10,000,000 common share purchase warrants with an exercise price of \$0.30 expiring November 24, 2019;
- 3,460,000 common share purchase options with exercise prices ranging from \$0.44 to \$0.87, expiring between October 5, 2015 and June 12, 2017;
- 200,000 DSUs with no fixed vesting date.