ABERDEEN INTERNATIONAL

# CONDENSED INTERIM FINANCIAL STATEMENTS

Three and six months ended
July 31, 2014 and 2013
(expressed in Canadian dollars)

UNAUDITED

# ABERDEEN INTERNATIONAL INC.

## NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

# ABERDEEN INTERNATIONAL INC.

## Condensed Interim Statements of Financial Position
**As at**
**(Unaudited)**
*(In Canadian dollars)*

| | Notes | July 31, 2014 | January 31, 2014 |
|---|---|---|---|
| | | **$** | $ |
| **Assets** | | | |
| Cash | 11 | **336,160** | 868,267 |
| Public investments, at fair value through profit and loss | 3,11,12 | **23,815,071** | 17,787,898 |
| Amounts receivable | 4,11 | **21,033** | 105,502 |
| Loans receivable | 5,11 | **893,141** | 3,902,617 |
| Prepaid expenses | | **62,980** | 79,739 |
| Income tax recovery | 7 | **522,601** | - |
| Private investments, at fair value through profit and loss | 3,12 | **9,705,381** | 20,075,952 |
| Preferred shares, at fair value through profit and loss | 12 | **-** | 3,000,000 |
| Deferred tax assets | 7 | **-** | 3,096,000 |
| **Total assets** | | **35,356,367** | 48,915,975 |
| **Liabilities** | | | |
| Accounts payable and accrued liabilities | 6, 8,11 | **1,030,477** | 920,483 |
| Income taxes payable | | **-** | 499,493 |
| **Total liabilities** | | **1,030,477** | 1,419,976 |
| **Shareholders' equity** | | | |
| Share capital | | **42,995,464** | 42,995,464 |
| Equity reserve and treasury shares | 8 | **4,541,844** | 3,818,764 |
| Retained earnings | | **(13,211,418)** | 681,771 |
| Total shareholders' equity | | **34,325,890** | 47,495,999 |
| **Total liabilities and shareholders' equity** | | **35,356,367** | 48,915,975 |
| Commitments and contingencies | 13 | | |

Approved on behalf of the Board of Directors:

*"Bernard Wilson" (signed)*
Bernard Wilson, Director

*"George Faught" (signed)*
George Faught, Director

The accompanying notes are an integral part of the financial statements

# ABERDEEN INTERNATIONAL INC.

## Condensed Interim Statements of Comprehensive Loss

**(Unaudited)**

*(In Canadian dollars)*

| | Notes | Three months ended July 31, | | Six months ended July 31, | |
|---|---|---|---|---|---|
| | | **2014** | 2013 | **2014** | 2013 |
| | | **$** | $ | **$** | $ |
| Net investment gain (losses) | | | | | |
| Realized (loss) on investments, net | | **(212,328)** | (2,749,407) | **(2,309,229)** | (3,167,045) |
| Unrealized gain (loss) on investments, net | | **(5,815,283)** | 390,920 | **(4,140,667)** | (8,309,378) |
| Total investment (losses) | | **(6,027,611)** | (2,358,487) | **(6,449,896)** | (11,476,423) |
| Other revenue | | | | | |
| Interest and dividend income | 12 | **88,515** | 224,754 | **181,090** | 405,467 |
| Advisory service fees | | **-** | - | **-** | 24,000 |
| Total other revenue | | **88,515** | 224,754 | **181,090** | 429,467 |
| Expenses | | | | | |
| Operating, general and administration | 9 | **1,319,703** | 2,741,612 | **2,380,417** | 3,869,870 |
| Interest expense | | **142,350** | - | **142,350** | 94 |
| Provision for loan, interest, dividend and investment receivable | 11 | **2,582,609** | 168,688 | **2,609,483** | 171,626 |
| Total expenses | | **4,044,662** | 2,910,300 | **5,132,250** | 4,041,590 |
| (Loss) before foreign exchange gain (loss) | | **(9,983,758)** | (5,044,033) | **(11,401,056)** | (15,088,546) |
| Foreign exchange gain (loss) | | **(8,419)** | 30,639 | **(27,774)** | 39,280 |
| (Loss) before income taxes | | **(9,992,177)** | (5,013,394) | **(11,428,830)** | (15,049,266) |
| Income tax (expense) recovery | 7 | **(2,244,516)** | 1,193,762 | **(1,931,556)** | 3,848,684 |
| **Total comprehensive (loss) for the period** | | **(12,236,693)** | (3,819,632) | **(13,360,386)** | (11,200,582) |
| (Loss) per common share based on net (loss) for the period | | | | | |
| Basic and diluted | | **(0.14)** | (0.04) | **(0.15)** | (0.13) |
| Weighted average number of common shares outstanding | | | | | |
| Basic and diluted | | **87,349,422** | 85,968,008 | **87,349,422** | 85,981,084 |

The accompanying notes are an integral part of the financial statements

# ABERDEEN INTERNATIONAL INC.

## Condensed Interim Statements of Cash Flows

**(Unaudited)**

*(In Canadian dollars)*

| | Notes | Six months ended July 31, 2014 | |
|---|---|---|---|
| | | **2014** | 2013 |
| | | **$** | $ |
| **Cash flows from operating activities** | | | |
| Loss before income taxes for the period | | **(11,428,830)** | (15,049,266) |
| Income tax (paid) | | **-** | (1,627,864) |
| Adjustments to reconcile net (loss) to cash used in operating activities: | | | |
| Realized loss on investments, net | | **2,309,229** | 3,167,045 |
| Provision for loan, interest, dividend and investment receivable | | **2,609,483** | 171,626 |
| Unrealized (gain) loss on investments, net | | **4,140,667** | 8,309,378 |
| Interest and penalties on tax assessment | | **142,350** | - |
| Deferred revenue | | **-** | (40,000) |
| Share-based compensation | 8 | **190,277** | 537,801 |
| Unrealized foreign exchange (gain) loss | | **31,285** | (63,393) |
| | | **(2,005,539)** | (4,594,673) |
| Adjustments for: | | | |
| Purchase of investments | | **(30,002)** | (1,385,698) |
| Disposal of investments | | **1,529,998** | 16,921,154 |
| Short-term loans provided | | **(215,399)** | (2,032,131) |
| Short-term loans repaid | | **242,739** | 42,524 |
| Prepaid and other amounts receivable | | **(163,898)** | (652,458) |
| Due to broker | | **-** | (4,243,515) |
| Accounts payable and accrued liabilities | | **109,994** | 520,175 |
| **Net cash provided by (used in) operating activities** | | **(532,107)** | 4,575,378 |
| **Cash flows from financing activities** | | | |
| Repurchase of common shares relating to RSU | | **-** | (2,884,145) |
| Shares repurchased and cancelled | | **-** | (106,004) |
| Proceeds from options exercised | | **-** | 21,600 |
| **Net cash (used in) financing activities** | | **-** | (2,968,549) |
| **Change in cash for the period** | | **(532,107)** | 1,606,829 |
| CASH, beginning of period | | **868,267** | 322,185 |
| CASH, end of period | | **336,160** | 1,929,014 |
| **Supplemental cash flow information** | | | |
| Loan converted from amounts receivable | 5 | **-** | 118,650 |
| Shares received on conversion of loans and amounts receivable | 5 | **376,052** | - |
| Units received on conversion of loans receivable | 5 | **-** | 369,000 |
| Interest paid | | **21,088** | 94 |

The accompanying notes are an integral part of the financial statements

# ABERDEEN INTERNATIONAL INC.
## Condensed Interim Statements of Changes in Equity
**(Unaudited)**
*(In Canadian dollars)*

| | Number of common shares | Share capital | Equity reserve and treasury shares | Retained earnings | Total shareholders' equity |
|---|---|---|---|---|---|
| | # | $ | $ | $ | $ |
| **Balance - January 31, 2014** | **87,349,422** | **42,995,464** | **3,818,764** | **681,771** | **47,495,999** |
| Share-based compensation expense | - | - | 190,277 | - | 190,277 |
| Restricted share units | - | - | 532,803 | (532,803) | - |
| Net income for the period | - | - | - | (13,360,386) | (13,360,386) |
| **Balance - July 31, 2014** | **87,349,422** | **42,995,464** | **4,541,844** | **(13,211,418)** | **34,325,890** |
| **Balance - January 31, 2013** | **85,994,602** | **42,974,278** | **4,576,922** | **17,898,858** | **65,450,058** |
| Repurchase of common shares | - | - | (106,004) | - | (106,004) |
| Cancellation of repurchased common shares | (623,180) | (311,045) | 311,045 | - | - |
| Options exercised | 180,000 | 33,156 | (11,556) | - | 21,600 |
| Share-based compensation expense | - | - | 537,801 | - | 537,801 |
| Restricted share units | - | - | (2,352,763) | (531,382) | (2,884,145) |
| Net loss for the period | - | - | - | (11,200,582) | (11,200,582) |
| **Balance - July 31, 2013** | **85,551,422** | **42,696,389** | **2,955,445** | **6,166,894** | **51,818,728** |

The accompanying notes are an integral part of the financial statements

## 1. Nature of operations

Aberdeen International Inc. ("Aberdeen", or the "Company") operates as a publicly traded global investment and merchant banking company focused on small capitalization companies in the resource sector. Aberdeen seeks to acquire equity participation in pre-IPO and early stage public resource companies with undeveloped or undervalued high-quality resources. Aberdeen focuses on companies that: (i) are in need of managerial, technical and financial resources to realize their full potential; (ii) are undervalued in capital markets; or, (iii) operate in jurisdictions with low to moderate local political risk. Aberdeen has committed to pursue a strategy that would transition the Company from an investment holding company to an asset management business over the coming years. The Company is a publicly listed company incorporated in the Province of Ontario. The Company's shares are listed on the Toronto Stock Exchange ("TSX"). The Company's head office is located at 65 Queen Street West, Suite 815, Toronto, Ontario M5H 2M5.

## 2. Significant accounting policies

### *Statement of compliance*

These condensed interim financial statements are unaudited and 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"). These condensed interim financial statements have been prepared in accordance with the accounting policies described in Note 2 of the Company's annual financial statements as at and for the year ended January 31, 2014 and 2013 except as disclosed below. Accordingly, these condensed interim statements for the three and six month periods ended July 31, 2014 and 2013 should be read together with the annual financial statements as at and for the year ended January 31, 2014 and 2013.

The condensed interim financial statements of the Company were approved by the Board of Directors on September 12, 2014.

### *Basis of preparation*

The financial statements have been prepared using the historical cost convention except for certain financial instruments which have been measured at fair value. All monetary references expressed in these notes are references to Canadian dollar amounts ("$"). In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

### *New accounting policies*

IAS 32 – Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. The adoption of this standard did not result in any changes to the Company's disclosure of its financial instruments.

## 3. Investments at fair value through profit and loss

At July 31, 2014, the Company's investment portfolio consisted of 20 publicly-traded investments and 17 privately-held investments for a total fair value of $33,520,452.

At January 31, 2014, the Company's investment portfolio consisted of 22 publicly-traded investments and 15 privately-held investments for a total fair value of $37,863,850.

**(Expressed in Canadian dollars unless otherwise noted)**

## 3. Investments at fair value through profit and loss (continued)

### *Public investments*

At July 31, 2014, the Company's 20 publicly-traded investments had a total fair value of $23,815,071.

| Public Issuer | Note | Security description | Cost | Estimated Fair value | % of FV |
|---|---|---|---|---|---|
| Aguia Resources Ltd. | | 1,685,540 common shares | $ 240,906 | $ 68,285 | 0.3% |
| | | 277,393 options expire Dec 31, 2014 | | | |
| | | 1,437,808 options expire May 31, 2015 | | | |
| Arena Minerals Inc. | (iii) | 417,000 common shares | 69,899 | 93,825 | 0.4% |
| | | 45,000 warrants expire Oct 10, 2014 | | | |
| Black Iron Inc. | (iii) | 5,471,500 common shares | 3,196,096 | 629,223 | 2.6% |
| East Asia Minerals Corporation | (iii) | 3,912,000 common shares | 1,956,674 | 156,480 | 0.7% |
| | | 3,800,000 warrants expire Dec 15, 2016 | | | |
| Buffalo Coal Corp.* | | 2,394,976 common shares | 3,419,515 | 316,651 | 1.3% |
| Kincora Copper Limited | | 4,733,000 common shares | 1,131,746 | 354,975 | 1.5% |
| Mason Graphite Corp. | | 157,500 common shares | 191,383 | 171,925 | 0.7% |
| | | 500,000 warrants expire Oct 30, 2014 | | | |
| | | 250,000 warrants expire Jun 28, 2015 | | | |
| Portex Minerals Inc. | (i,ii,iii) | 21,172,315 common shares | 1,058,616 | 105,862 | 0.4% |
| Rodinia Lithium Inc. | (iii) | 2,000,000 common shares | 891,753 | 100,000 | 0.4% |
| Savary Gold Corp. | | 4,488,000 common shares | 466,253 | 201,960 | 0.8% |
| Silver Bear Resources Inc. | (iii) | 4,538,461 common shares | 1,847,033 | 635,385 | 2.7% |
| | | 1,449,275 warrants expire Jun 7, 2015 | | | |
| | | 238,461 warrants expire Dec 18, 2015 | | | |
| | | 1,025,000 warrants expire Jun 4, 2016 | | | |
| Sulliden Gold Corporation Ltd. | (iii) | 14,500,000 common shares | 11,084,289 | 20,300,000 | 85.3% |
| Wolf Resource Development Corp. | (iii) | 500,000 common shares | 68,806 | 161,622 | 0.7% |
| | | 500,000 warrants expire Sept 19, 2015 | | | |
| Xanadu Mines Ltd. | | 5,000,000 common shares | 289,110 | 405,120 | 1.7% |
| Total of 6 other investments | (iv) | | 793,374 | 113,758 | 0.5% |
| Total public investments | | | $ 26,705,453 | $ 23,815,071 | 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 July 31, 2014.
(iii) A director and/or officer of the Company is a director and/or officer of the investee corporation as at July 31, 2014.
(iv) Total other investments held by the Company, which are not individually listed as at July 31, 2014. Directors and officers may hold investments personally.

**(Expressed in Canadian dollars unless otherwise noted)**

## 3. Investments at fair value through profit and loss (continued)

### *Public investments (continued)*

At January 31, 2014, the Company's 22 publicly-traded investments had a total fair value of $17,787,898.

| Public Issuer | Note | Security description | Cost | Estimated Fair value | % of FV |
|---|---|---|---|---|---|
| Aguia Resources Ltd. | | 2,550,540 common shares | $ 276,923 | $ 151,220 | 0.9% |
| | | 277,393 options expire Dec 31, 2014 | | | |
| | | 1,437,808 options expire May 31, 2015 | | | |
| Alderon Iron Ore Corp. | | 450,000 common shares | 450,000 | 796,500 | 4.5% |
| Arena Minerals Inc. * | (iii) | 417,000 common shares | 69,899 | 150,228 | 0.8% |
| | | 45,000 warrants expire Oct 10, 2014 | | | |
| Black Iron Inc. | (iii) | 5,616,000 common shares | 3,280,504 | 1,038,960 | 5.8% |
| East Asia Minerals Corporation | (iii) | 4,000,000 common shares | 1,990,180 | 416,000 | 2.3% |
| | | 3,800,000 warrants expire Dec 15, 2016 | | | |
| Forbes & Manhattan (Coal) Corp. | (iii) | 2,397,290 common shares | 3,423,799 | 309,741 | 1.7% |
| Kincora Copper Limited | | 6,763,558 common shares | 1,617,290 | 304,360 | 1.7% |
| Mason Graphite Corp. | | 210,000 common shares | 210,785 | 368,125 | 2.1% |
| | | 500,000 warrants expire Oct 30, 2014 | | | |
| | | 250,000 warrants expire Jun 28, 2015 | | | |
| Portex Minerals Inc. | (i,ii,iii) | 21,249,315 common shares | 1,062,466 | 1,062,466 | 6.0% |
| Rodinia Lithium Inc. | (iii) | 3,978,333 common shares | 1,773,846 | 198,917 | 1.1% |
| Sandstorm Gold Ltd.** | | 563,303 warrants expire Dec 4, 2014 | 266,501 | 119,026 | 0.7% |
| Savary Gold Corp. | (ii) | 4,488,000 common shares | 466,253 | 224,400 | 1.3% |
| Silver Bear Resources Inc. | (ii,iii) | 5,969,961 common shares | 2,354,316 | 854,671 | 4.8% |
| | | 1,449,275 warrants expire Jun 7, 2015 | | | |
| | | 238,461 warrants expire Dec 18, 2015 | | | |
| | | 1,025,000 warrants expire Jun 4, 2016 | | | |
| Sulliden Gold Corporation Ltd. | (iii) | 14,500,000 common shares | 11,084,289 | 11,020,000 | 62.0% |
| Xanadu Mines Ltd. | | 5,000,000 common shares | 289,110 | 291,600 | 1.6% |
| Total of 7 other investments | (iv) | | 1,595,917 | 481,684 | 2.7% |
| Total public investments | | | $ 30,212,078 | $ 17,787,898 | 100.0% |

* Formerly Antofagasta Gold Inc.

** Formerly Premier Royalty Inc.

**Note**

(ii) 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, 2014.
(iii) A director and/or officer of the Company is a director and/or officer of the investee corporation as at January 31, 2014.
(iv) Total other investments held by the Company, which are not individually listed as at January 31, 2014. Directors and officers may hold investments personally.

(Expressed in Canadian dollars unless otherwise noted)

## 3. Investments at fair value through profit and loss (continued)

### *Private investments*

At July 31, 2014, the Company's 17 privately-held investments had a total fair value of $9,705,381.

| Private Issuer | Note | Security description | Cost | Estimated Fair value | % of FV |
|---|---|---|---|---|---|
| Brazil Potash Corp. | (iii) | 1,650,062 common shares | $ - | $ 2,685,380 | 27.7% |
| Indo Gold Limited | (ii,iii) | 7,500,000 common shares | 1,590,000 | 800,000 | 8.2% |
| Irati Energia Corp. | | 2,213,179 common shares | 1,994,975 | 1,000,000 | 10.3% |
| Forbes Ram Holidngs Inc. | (ii,iii,v) | 8,000,000 common shares | 8,000,000 | 4,754,286 | 49.0% |
| Ram River Coal Corp. | | 750,000 common shares | 37,500 | 445,714 | 4.6% |
| Total of 12 other investments | (iv) | | 8,573,904 | 20,001 | 0.2% |
| Total private investments | | | $ 20,196,379 | $ 9,705,381 | 100.0% |

**Note**

(ii) The Company owns, on a partially diluted basis, at least a 10% interest in the investee as at July 31, 2014.
(iii) A director and/or officer of the Company is a director and/or officer of the investee corporation as at July 31, 2014.
(iv) Total other investments held by the Company, which are not individually listed as at July 31, 2014. Directors and officers may hold investments personally.
(v) The Company owns 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 July, 31, 2014. There are no contractual arrangements, financial support, or other restrictions with these Canadian corporations. Refer to Note 2 of the Company's annual financial statements as at and for the year ended January 31, 2014 relating to the exemption to consolidating particular subsidiaries for investment entities.

.

At January 31, 2014, the Company's 15 privately-held investments had a total fair value of $20,075,592.

| Private Issuer | Note | Security description | Cost | Estimated Fair value | % of FV |
|---|---|---|---|---|---|
| Brazil Potash Corp. | (iii) | 1,650,062 common shares | $ - | $ 4,594,598 | 22.9% |
| DT Plantations Limited* | (ii,v) | 6,102,891 common shares | 533,289 | 610,289 | 3.0% |
| | | 500,000 w arrants | | | |
| Forbes Ram Holdings Inc. | (ii,iii,v) | 8,000,000 common shares | 8,000,000 | 8,000,000 | 39.8% |
| Indo Gold Limited | (ii,iii) | 7,500,000 common shares | 1,560,000 | 1,458,000 | 7.3% |
| Irati Energy Ltd. | | 2,213,179 common shares | 1,994,975 | 3,873,062 | 19.3% |
| Legacy Platinum Corp. | (ii,iii,v) | 3,515,000 common shares | 2,352,377 | 492,100 | 2.5% |
| Metal Prospecting AS | (iii) | 202,310 common shares | 179,752 | 85,990 | 0.4% |
| Ram River Coal Corp. | | 750,000 common shares | 37,500 | 750,000 | 3.7% |
| Total of 7 other investments | (iv) | | 5,465,034 | 211,913 | 1.1% |
| Total private investments | | | $ 20,122,927 | $ 20,075,952 | 100.0% |

* 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, 2014.
(iii) A director and/or officer of the Company is a director and/or officer of the investee corporation as at January 31, 2014.
(iv) Total other investments held by the Company, which are not individually listed as at January 31, 2014. Directors and officers may hold investments personally.
(v) The Company owns 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, 2014. There are no contractual arrangements, financial support, or other restrictions with these Canadian corporations. Refer to Note 2 of the Company's annual financial statements as at and for the year ended January 31, 2014 relating to the exemption to consolidating particular subsidiaries for investment entities.

(Expressed in Canadian dollars unless otherwise noted)

## 4. Amounts receivable

| | | July 31, 2014 | | January 31, 2014 |
|---|---|---|---|---|
| Amount receivable | $ | - | $ | 10,443 |
| Interest receivable (Notes 5, 12) | | 21,033 | | 95,059 |
| | $ | 21,033 | $ | 105,502 |

## 5. Loans receivable

| | | | July 31, 2014 | | January 31, 2014 |
|---|---|---|---|---|---|
| Brookwater Venture Inc. | Unsecured | $ | 125,000 | $ | 125,000 |
| Coastal Gold Corp. | Convertible | | - | | 118,650 |
| Forbes Royalty Corporation | Unsecured | | - | | 348,940 |
| Amazon Potash Corp. | Unsecured | | - | | 245,036 |
| Legacy Platinum Corp. | Convertible | | - | | 1,909,092 |
| Metal Prospecting AS | Convertible | | - | | 212,520 |
| Rodinia Lithium Inc. | Secured LOC | | 768,141 | | 943,379 |
| | | $ | 893,141 | $ | 3,902,617 |

### *Coastal Gold Corp.*

On April 11, 2013, the Company entered into a term loan agreement with Coastal Gold Corp. (“Coastal”) and converted the outstanding receivable of $118,650 to a term loan. The loan is unsecured and earns 10% interest per annum. Principal of the loan plus accrued interest will mature, be due and payable in cash on December 31, 2014. In the event of a change of control that occurs to Coastal, the outstanding principal and all interest accrued will become due and payable in cash on the date on which such change of control occurs. As of January 31, 2014, principal plus accrued interest totaling $128,272 remained outstanding.

On April 29, 2014, the Company entered into a debt settlement agreement presented by Coastal. Pursuant to the agreement, the Company received 2,653,859 common shares of Coastal on July 2, 2014 in full settlement of the outstanding principal plus accrued interest totaling $132,693.

### *Forbes Royalty Corporation*

On September 10, 2013, the Company entered into a loan agreement with Forbes Royalty Corporation (“Forbes Royalty”), whereby the Company agreed to loan to Forbes Royalty from time to time up to a maximum of $500,000. The loan is unsecured and earns 10% interest per annum. The funds shall be used for paying for certain fees and expenses related to a going public transaction or private financing to be completed by Forbes Royalty. The principal and accrued interest will mature and be due and payable on the date on which the borrower completes an initial public offering of the common shares, or a reverse takeover transaction, or any similar going public transaction on the Toronto Stock Exchange or any other internationally recognized stock exchange or a private financing which shall occur no later than January 1, 2015.

Through fiscal 2014 and 2015, the Company loaned an aggregate total of $382,074 to Forbes Royalty. On July 31, 2014, the Company reviewed the recoverability of the loan and determined a provision is required. As at July 31, 2014, a provision of $412,868 was taken with respect to the loan and interest.

Directors and an officer of Aberdeen, Stan Bharti, George Faught and Ryan Ptolemy, serve as directors and officer of Forbes Royalty.

## 5. Loans receivable (continued)

### *Legacy Platinum Corp.*

On June 10, 2011, the Company entered into a loan agreement with Legacy Platinum Corp. ("Legacy"). The Company loaned Legacy $320,000 (the "First Loan"), which was originally due and payable on June 10, 2012, and extended further to December 31, 2013 and 2014 respectively. The loan is unsecured and earns interest of 10% per annum calculated and payable semi-annually in kind by an increase to the principal amount owing. Legacy has an option to either repay the loan plus accrued interest any time prior to the maturity date in cash, or issue such number of shares of Legacy with an aggregate value equal to the value of the principal outstanding plus accrued interest based on the price per share equal to the net asset value of Legacy's common shares at the time of conversion.

On June 21, 2011, the Company entered into a second loan agreement with Legacy for an additional loan of US$500,000, which was originally due and payable on June 21, 2012, extended further to December 31, 2013 and 2014 respectively. This loan is unsecured and carries the same terms and conditions as the First Loan.

On April 16, 2012, the Company loaned an additional US$400,000 to Legacy, which is due and payable on demand. This loan is unsecured and carries the same terms and conditions as the First Loan. On August 15, 2013, the term of the agreement was amended to include a) a loan to a maximum amount of US$1,000,000, b) the loan is secured against all the assets of Legacy and ranks senior in priority and preference to any unsecured indebtedness of Legacy and is due and payable on December 31, 2013, extended further to December 31, 2014.

Through fiscal 2014 and 2015, the Company loaned an additional US$392,576 ($416,687) to Legacy and received repayment of $7,867. On July 31, 2014, the Company reviewed the recoverability of the loan and determined a provision is required. As at July 31, 2014, a provision of $427,013 and US$1,596,450 ($1,740,769) was taken with respect to the loan and interest.

An officer of Aberdeen, Richard Bishop, serves as an officer of Legacy.

### *Metal Prospecting AS*

On November 12, 2012, the Company entered into an unsecured loan agreement with Metal Prospecting AS ("Metpro"), whereby the Company agreed to advance Metpro Norwegian Krone ("NOK") 1,200,000 ($219,120). The principal of the loan will mature, to be due and payable in cash on the earlier of (a) December 31, 2013, and (b) the date when Portex Minerals Inc. ("Portex") completes its acquisition of Metpro, (c) at any time when the Company declares the principal to be due in the event of a default, or (d) the Company exercises the option to convert the outstanding loans into shares of Metpro at NOK2.40 ($0.44) per share in the event of default. Interest on the principal is calculated at a rate of 1.5% per month, compounded monthly and payable quarterly commencing January 1, 2013. The loans rank senior in priority and preference to any other indebtedness of Metpro.

On March 18, 2014, the outstanding loan principal plus accrued interest totaling NOK1,308,382 ($243,359) was converted into 545,159 shares of Metpro.

An officer, also a director of Aberdeen, David Stein, serves as a director of Metpro.

### *Rodinia Lithium Inc.*

On February 25, 2013, the Company entered into a secured loan agreement with Rodinia Lithium Inc. ("Rodinia") whereby the Company agreed to make available to Rodinia a secured line of credit up to a maximum of $2,000,000 ("Line of Credit"). Rodinia made an initial drawdown of $300,000 on February 27, 2013. All subsequent drawdown requests from Rodinia are subject to approval by the Company. Interest on each drawdown shall be accrued at 10% per annum, calculated and payable quarterly with the first quarterly interest payment due on June 30, 2013. The principal and accrued interest of the final drawdown will mature and become due and payable on demand on the third anniversary date, or in an event of default, the Company may declare the principal due. The Line of Credit is secured against each of the properties that Rodinia owns in Salar de Centenario and shall rank senior in priority and preference to any unsecured indebtedness of Rodinia. On July 30, 2013, the term of the agreement was amended to include a monthly drawdown of $100,000 per month up to $600,000 until December 31, 2013. The overdue and unpaid quarterly interest installment was capitalized to loan principal.

(Expressed in Canadian dollars unless otherwise noted)

## 5. Loans receivable (continued)

During fiscal 2014, Rodinia made an additional $600,000 drawdown.

On August 22, 2014, the Company entered into a shares for debt settlement agreement with Rodinia. Pursuant to the agreement, Rodinia will settle all outstanding amounts owing in the amount of $998,583 for 15,362,811 common shares of Rodinia in full, subject to the approval of TSX Venture Exchange. In light of the settlement, the Company recorded a loss on the carrying value of the loan based on the closing price of Rodinia shares as at July 31, 2014.

A director, who is also an officer, and an officer of Aberdeen, David Stein and Ryan Ptolemy, serve as director and officer of Rodinia.

## 6. Accounts payable and accrued liabilities

| | | July 31, 2014 | | January 31, 2014 |
|---|---|---|---|---|
| Trade payables | $ | 421,960 | $ | 151,673 |
| Accrued expenses (Note 8) | | 608,517 | | 768,810 |
| | $ | 1,030,477 | $ | 920,483 |

## 7. Income taxes

### *Significant components of income tax recovery*

| | | July 31, 2014 | | July 31, 2013 |
|---|---|---|---|---|
| Current tax recovery | $ | 1,164,444 | $ | 1,371,684 |
| Deferred tax (expense) recovery | | (3,096,000) | | 2,477,000 |
| Income tax (expense) recovery | $ | (1,931,556) | $ | 3,848,684 |

### *Provision for income taxes*

The following are major items causing the Company's income tax rate to differ from the Canadian combined federal and provincial statutory rate of approximately 26.5% (2013 – 26.5%) during the periods ended:

| | | July 31, 2014 | | July 31, 2013 |
|---|---|---|---|---|
| (Loss) before income taxes | $ | (11,428,830) | $ | (15,049,266) |
| Expected income tax (recovery) | $ | (3,029,000) | $ | (3,988,000) |
| Adjustments to benefit resulting from: | | | | |
| Share-based compensation | | 50,000 | | 143,000 |
| Net realized gain on foreign exchange | | 83,000 | | 239,000 |
| Change in expected tax rate | | - | | (145,408) |
| Change in valuation allowance | | 4,297,000 | | - |
| Deferred losses on write down | | 574,000 | | - |
| Other | | (43,444) | | (97,276) |
| Provision for income tax expense (recovery) | $ | 1,931,556 | $ | (3,848,684) |

(Expressed in Canadian dollars unless otherwise noted)

## 7. Income taxes (continued)

***Deferred taxes as at:***

| | | July 31, 2014 | | January 31, 2014 |
|---|---|---|---|---|
| Deferred tax assets | | | | |
| Investments | $ | 4,230,000 | $ | 3,102,000 |
| Resource properties | | 70,000 | | 82,000 |
| Other | | (3,000) | | (88,000) |
| Valuation allowances | | (4,297,000) | | - |
| Deferred tax asset | $ | - | $ | 3,096,000 |

The realization of deferred tax assets is dependent upon future taxable income during the periods in which those temporary differences become deductible. Management considers the expected reversal of net deferred income tax assets and projected future taxable income in making this assessment. Based upon the level of historical taxable income and historical market trends of a comparable market index, management believes it is probable that the Company will generate sufficient taxable income to realize the benefits of these deductible differences.

## 8. Equity reserve

| | Number of options | Weighted average exercise price | **Value of options** | Number of RSU | Weighted average exercise price | **Value of RSU** | **Treasury shares adjustment** | **Total Value** |
|---|---|---|---|---|---|---|---|---|
| January 31, 2013 | 7,522,500 | $ 0.41 | **$ 1,542,427** | - | $ - | **$ 1,542,427** | **$ 3,034,495** | **$ 4,576,922** |
| Granted and vested | - | - | **801** | 6,066,671 | 0.15 | **1,179,722** | - | **1,180,523** |
| RSUs settled | - | - | | - | - | **(913,333)** | **(989,469)** | **(1,902,802)** |
| Exercised | (2,080,000) | 0.12 | **(133,536)** | - | - | **-** | - | **(133,536)** |
| Expired | (535,000) | 0.45 | **(141,455)** | - | - | **-** | - | **(141,455)** |
| NCIB allocation | - | - | **-** | - | - | **-** | **239,112** | **239,112** |
| January 31, 2014 | 4,907,500 | $ 0.53 | **$ 1,268,237** | 6,066,671 | $ 0.15 | **$ 1,808,816** | **$ 2,284,138** | **$ 3,818,764** |
| Granted and vested | - | - | **-** | 3,033,329 | 0.15 | **190,277** | - | **190,277** |
| RSUs settled | - | - | **-** | - | - | **(456,666)** | **989,469** | **532,803** |
| July 31, 2014 | 4,907,500 | $ 0.53 | **$ 1,268,237** | 9,100,000 | $ 0.30 | **$ 1,542,427** | **$ 3,273,607** | **$ 4,541,844** |

***Employee share option plan***

The Company has adopted a stock option plan (the "Plan"). Pursuant to the Plan, the Company may grant stock options to acquire up to 10% of the number of issued and outstanding common shares of the Company. The Plan provides that the Company cannot grant stock options to any one person representing more than 5% of the outstanding common shares of the Company. Directors, officers, employees and certain consultants are eligible to receive stock options under the Plan in accordance with the terms and conditions determined by the Board, upon the recommendations of the Compensation Committee. Vesting terms will be determined at the discretion of the Board. The Board also determines the term of stock options granted under the Plan, provided that no stock option shall be outstanding for a period greater than five years.

The Company did not grant any options during the three and six months ended July 31, 2014 and 2013.

**(Expressed in Canadian dollars unless otherwise noted)**

## 8. Equity reserve (continued)

The following share-based payment arrangements were in existence as at July 31, 2014:

| Number outstanding | Number exercisable | Grant date | Expiry date | Exercise price | Fair value at grant date | Expected Volatility | Risk-free Rate | Expected Life (years) | Expected Dividend Yield |
|---|---|---|---|---|---|---|---|---|---|
| 62,500 | 62,500 | 1-Feb-10 | 1-Feb-15 | $ 0.47 | $ 19,000 | 79% | 2.47% | 5 | 0% |
| 1,185,000 | 1,185,000 | 25-Feb-10 | 25-Feb-15 | $ 0.43 | $ 311,537 | 70% | 2.49% | 5 | 0% |
| 100,000 | 100,000 | 5-Oct-10 | 5-Oct-15 | $ 0.48 | $ 25,650 | 64% | 2.00% | 5 | 0% |
| 100,000 | 100,000 | 30-Nov-10 | 30-Nov-15 | $ 0.64 | $ 35,440 | 64% | 2.35% | 5 | 0% |
| 810,000 | 810,000 | 20-Apr-11 | 20-Apr-16 | $ 0.87 | $ 332,910 | 70% | 2.65% | 5 | 3% |
| 200,000 | 200,000 | 30-Jun-11 | 30-Jun-16 | $ 0.79 | $ 68,400 | 63% | 2.30% | 5 | 3% |
| 2,450,000 | 2,450,000 | 12-Jun-12 | 12-Jun-17 | $ 0.44 | $ 475,300 | 66% | 1.21% | 5 | 3% |
| 4,907,500 | 4,907,500 | | | | $ 1,268,237 | | | | |

The weighted average exercise price of stock options outstanding and exercisable as at July 31, 2014 was $0.53 (January 31, 2014 - $0.53). The weighted average remaining contractual life of options outstanding and exercisable as at July 31, 2014 was 1.99 years (January 31, 2014 – 2.49 years).

### *Deferred share unit incentive plan*

During fiscal 2014, the Company approved the adoption of a DSU plan. The Company granted and issued an aggregate of 800,000 DSUs to the Company's independent directors. The DSUs that are deferred and will be issued in the form of cash in an amount that represents the value of one common share of the Company for each DSU held on the date upon which the holder ceases to be a director of the Company.

On July 18, 2013, a director received $34,000 cash in relation to 200,000 DSUs that vested at $0.17 per share upon his resignation. The remaining balance of DSUs was valued at $99,000 as of July 31, 2014 and was included in accounts payable and accrued liabilities.

### *Restricted share unit incentive plan*

During fiscal 2014, the Company approved the adoption of a RSU plan. The Company is authorized to grant and issue an aggregate of 9,100,000 RSUs to directors and officers of the Company. Each RSU shall entitle the director or officer to receive one common share of the Company upon completion of certain terms. The common shares are to be purchased by the Company from the open market and held in trust for subsequent conversion of RSUs.

During fiscal 2014, the Company purchased a total of 9,100,000 common shares of the Company from the open market for an aggregate cost of $2,968,409. The RSUs vest in three tranches, 1/3 vesting on the date of grant, 1/3 vesting six months from the date of grant and the remaining 1/3 vesting twelve months from the date of grant. The Company granted and issued 6,066,671 RSUs to certain directors and officers of the Company during fiscal 2014. The grant date fair value of these RSUs was determined to be $1,370,000 based on the quoted price of the Company's share on the date of grant. Compensation cost of $1,179,722 was recognized in the statements of comprehensive loss using the graded vesting method and a loss of $1,065,606 was charged to retained earnings upon the settlement of the RSUs that had vested.

During fiscal 2015, the Company granted and issued 3,033,329 RSUs to certain directors and officers of the Company. Compensation cost of $190,277 was recognized in the statements of comprehensive loss using the graded vesting method and a loss of $532,803 was charged to retained earnings upon the settlement of the RSUs that had vested.

(Expressed in Canadian dollars unless otherwise noted)

## 9. Expenses by nature

Details included in operating, general and administration expenses for the three and six months ended July 31, 2014 and 2013 are as follows:

| | Three months ended July 31, | | Six months ended July 31 | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Compensation of directors, officers, employees and consultants (including salaries, consulting fees, bonuses, RSUs, DSUs, and stock options) | $ 627,196 | $ 1,066,859 | $ 1,301,138 | $ 1,904,589 |
| Legal, accounting and professional fees | 245,636 | 109,872 | 266,998 | 182,632 |
| Filing and transfer agent fees | 11,429 | 7,320 | 26,860 | 35,533 |
| Shareholder communication and promotion | 31,441 | 46,097 | 37,581 | 100,009 |
| Travel | 31,782 | 60,537 | 43,213 | 109,390 |
| General office and administration costs | 89,902 | 99,253 | 178,311 | 186,043 |
| Business development costs * | 282,317 | 1,351,674 | 526,316 | 1,351,674 |
| | $ 1,319,703 | $ 2,741,612 | $ 2,380,417 | $ 3,869,870 |

* Incurred in strategic asset management venture and other business development activities.

## 10. Capital disclosure

The Company considers its capital to consist of share capital, equity reserve and treasury shares, and retained earnings. The Company's objectives when managing capital are:

a) to allow the Company to respond to changes in economic and/or marketplace conditions by maintaining the Company's ability to purchase new investments;
b) to give shareholders sustained growth in value by increasing shareholders' equity; while
c) taking a conservative approach towards financial leverage and management of financial risks.

The Company's management reviews its capital structure on an on-going basis and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying investments. The Company's current capital is composed of its shareholders' equity and, to-date, has adjusted or maintained its level of capital by:

a) raising capital through equity financings;
b) realizing proceeds from the disposition of its investments; and
c) repurchasing the Company's own shares for cancellation pursuant to its normal course issuer bid.

Aberdeen is not subject to any capital requirements imposed by a regulator and there were no changes to capital management during the six months ended July 31, 2014 and 2013. The Company expects that its capital resources will be sufficient to discharge its liabilities as of the current statement of financial position date.

(Expressed in Canadian dollars unless otherwise noted)

## 11. Financial instruments

Financial assets and financial liabilities as at July 31, 2014 and January 31, 2014 are as follows:

| | Assets & liabilities at amortized cost | liabilities at fair value through profit or loss | TOTAL |
|---|---|---|---|
| ***July 31, 2014*** | | | |
| Cash | $ 336,160 | $ - | $ 336,160 |
| Public investments | - | 23,815,071 | 23,815,071 |
| Amounts receivables | 21,033 | - | 21,033 |
| Loans receivable | 893,141 | | 893,141 |
| Private investments | - | 9,705,381 | 9,705,381 |
| Preferred shares | - | - | - |
| Accounts payable and accrued liabilities | (1,030,477) | - | (1,030,477) |
| ***January 31, 2014*** | | | |
| Cash | $ 868,267 | $ - | $ 868,267 |
| Public investments | - | 17,787,898 | 17,787,898 |
| Amounts receivables | 105,502 | - | 105,502 |
| Loans receivable | 1,781,005 | 2,121,612 | 3,902,617 |
| Private investments | - | 20,075,952 | 20,075,952 |
| Preferred shares | - | 3,000,000 | 3,000,000 |
| Accounts payable and accrued liabilities | (920,483) | - | (920,483) |

Aberdeen's operations involve the purchase and sale of securities and in addition, the Company has loans receivable outstanding. Accordingly, the majority of the Company's assets are currently comprised of financial instruments which can expose it to several risks, including market, liquidity, credit and currency risks. There have been no significant changes in the risks, objectives, policies and procedures from the previous year. A discussion of the Company's use of financial instruments and their associated risks is provided below:

### *Market risk*

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favorable prices. In addition, most of the Company's investments are in the resource sector. The Company mitigates this risk by attempting to have a portfolio which is not singularly exposed to any one issuer, with exception to the Company having one position as at July 31, 2014, which made up of approximately 60.6% (January 31, 2014 – 27.0%) of the total equity portfolio.

For the six months ended July 31, 2014, a 10% decrease (increase) in the closing prices of its portfolio investments would result in an estimated increase (decrease) in after-tax net loss of $2.2 million, or $0.03 per share (January 31, 2014 - $2.8 million, or $0.05 per share). This estimated impact on the statement of comprehensive loss includes the estimated value of the non-traded warrants held, as determined using the Black-Scholes option pricing model.

(Expressed in Canadian dollars unless otherwise noted)

## 11. Financial instruments (continued)

### *Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company's investments declines, resulting in losses upon disposition. In addition, some of the investments the Company holds are lightly traded public corporations or not publicly traded and may not be easily liquidated. The Company generates cash flow from its interest on loans receivable, and proceeds from the disposition of its investments, in addition to interest income and advisory service fees. Aberdeen believes that it has sufficient marketable securities which are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions. All of the Company's liabilities and obligations are due within one year.

The following table shows the Company's source of liquidity by assets as at July 31, 2014 and January 31, 2014.

**Liquidity by period**

| Assets | Total | Less than 1 year | 1-3 years | After 4 years | Non-liquid assets |
|---|---|---|---|---|---|
| Cash | $ 336,160 | $ 336,160 | $ - | $ - | $ - |
| Public investments | 23,815,071 | 23,815,071 | - | - | - |
| Amount receivable | 21,033 | 21,033 | - | - | - |
| Loans receivable | 893,141 | 893,141 | - | - | - |
| Prepaid expenses | 62,980 | 62,980 | - | - | - |
| Income tax recovery | 522,601 | - | 522,601 | - | - |
| Private investments | 9,705,381 | - | 9,705,381 | - | - |
| Total assets - July 31, 2014 | $ 35,356,367 | $ 25,128,385 | $ 10,227,982 | $ - | $ - |

**Liquidity by period**

| Assets | Total | Less than 1 year | 1-3 years | After 4 years | Non-liquid assets |
|---|---|---|---|---|---|
| Cash | $ 868,267 | $ 868,267 | $ - | $ - | $ - |
| Public investments | 17,787,898 | 17,787,898 | - | - | - |
| Amount receivable | 105,502 | 105,502 | - | - | - |
| Loans receivable | 3,902,617 | 2,934,238 | 968,379 | - | - |
| Prepaid expenses | 79,739 | 79,739 | - | - | - |
| Private investments | 20,075,952 | - | 20,075,952 | - | - |
| Preferred shares | 3,000,000 | - | - | - | 3,000,000 |
| Deferred tax assets | 3,096,000 | - | - | - | 3,096,000 |
| Total assets - January 31, 2014 | $ 48,915,975 | $ 21,775,644 | $ 21,044,331 | $ - | $ 6,096,000 |

## 11. Financial instruments (continued)

### *Credit risk*

Credit risk is the risk associated with the inability of a third party to fulfill its payment obligations. The Company is exposed to the risk that third parties that owe it money or securities will not perform their underlying obligations. Security was obtained against specific assets of the counterparty, in case of non-performance. The total carrying value of these financial instruments at July 31, 2014 was $914,174 (January 31, 2014 - $4,008,119).

Management has considered the potential impairment of loan and amount receivables. The following summarizes provisions made on loan impairment during the six months ended July 31, 2014 and 2013:

| | Six months ended July 31 | |
|---|---|---|
| Provisions on loan and amount receivables | 2014 | 2013 |
| Desert Eagle Resources Ltd. | $ - | $ 2,938 |
| Forbes & Manhattan Wet Africa Resources Inc. | - | 60,356 |
| Forbes & Manhattan (Russia) Inc. | - | 7,032 |
| Forbes Royalty Corporation | 412,868 | - |
| Legacy Platinum Corp. | 2,167,782 | - |
| Scandinavian Metals Inc. | - | 90,000 |
| Temujin Mining Corp. | 18,390 | - |
| Reoverable investment pool expneses, net | - | 11,300 |
| Amounts receivable | 10,443 | - |
| | $ 2,609,483 | $ 171,626 |

### *Currency risk*

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's operations are exposed to foreign exchange fluctuations, which could have a significant adverse effect on its results of operations from time to time. The Company currently has financial instruments denominated in U.S. dollars, Australian dollars, Norwegian Krone, South African Rand and UK Pound Sterling.

A change in the foreign exchange rate of the Canadian dollar versus another currency may change the value of its financial instruments.

The following assets and liabilities were denominated in foreign currencies presented in Canadian dollars as of:

**July 31, 2014**

| | US Dollars | Australian Dollars | South African Rand | Norwegian Krone | UK Pound Sterling |
|---|---|---|---|---|---|
| Cash | $ 165,793 | $ - | $ 582 | $ - | $ - |
| Public investment | - | 473,405 | 10,853 | - | - |
| Private investment | 2,685,380 | 800,000 | - | - | - |
| Accounts payable and accrued liabilities | (116,287) | - | (12,977) | - | (2,759) |
| | $ 2,734,886 | $ 1,273,405 | $ (1,542) | $ - | $ (2,759) |

**(Expressed in Canadian dollars unless otherwise noted)**

## 11. Financial instruments (continued)

### *Currency risk (continued)*

**January 31, 2014**

| | US Dollars | Australian Dollars | South African Rand | Norwegian Krone | UK Pound Sterling |
|---|---|---|---|---|---|
| Cash | $ 304,334 | $ - | $ 345 | $ - | $ - |
| Amounts receivables | 31,788 | - | - | 13,414 | - |
| Public investment | - | 442,820 | 15,704 | - | - |
| Loans receivable | 1,745,452 | - | - | 212,520 | - |
| Private investment | 4,594,598 | 1,458,000 | - | 85,990 | 111,914 |
| Accounts payable and accrued liabilities | (27,287) | - | (132) | - | - |
| | $ 6,648,885 | $ 1,900,820 | $ 15,917 | $ 311,924 | $ 111,914 |

A 10% increase (decrease) in the value of the Canadian dollar against all foreign currencies in which the Company held financial instruments as of July 31, 2014 would result in an estimated increase (decrease) in after-tax net loss of approximately $0.2 million or $0.00 per share (January 31, 2014 – after-tax net loss of approximately $0.7 million or $0.01 per share). The Company does not currently hedge its foreign currency exposure.

### *Fair value of financial instruments*

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

i. The carrying values of cash, amounts receivable, due to broker, and accounts payable and accrual liabilities approximate their fair values due to the short-term nature of these instruments.

ii. Loans receivable, public investments, private investments and preferred shares are carried at amounts in accordance with the Company's accounting policy as set out in Note 2 as at and for the years ended January 31, 2014 and 2013.

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 and hierarchy of the Company's financial instruments, measured at fair value in the statements of financial position as at July 31, 2014:

| **Investments, fair value** | **Level 1** *(Quoted Market price)* | **Level 2** *(Valuation technique - observable market Inputs)* | **Level 3** *(Valuation technique - non-observable market inputs)* | Total |
|---|---|---|---|---|
| Publicly traded investments | $ 23,705,948 | $ - | $ - | $ 23,705,948 |
| Non-trading warrants on public investments | - | 109,123 | - | 109,123 |
| Private investments, performance and preferred shares | - | - | 9,705,381 | 9,705,381 |
| July 31, 2014 | $ 23,705,948 | $ 109,123 | $ 9,705,381 | $ 33,520,452 |

**(Expressed in Canadian dollars unless otherwise noted)**

## 11. Financial instruments (continued)

### *Fair value of financial instruments (continued)*

The following table illustrates the classification and hierarchy of the Company's financial instruments, measured at fair value in the statements of financial position as at January 31, 2014:

| Investments, fair value | Level 1 (Quoted Market price) | Level 2 (Valuation technique - observable market Inputs) | Level 3 (Valuation technique - non-observable market inputs) | Total |
|---|---|---|---|---|
| Publicly traded investments | $ 17,216,988 | $ - | $ - | $ 17,216,988 |
| Non-trading warrants on public investments | - | 570,910 | - | 570,910 |
| Private investments, performance and preferred shares | - | - | 23,075,952 | 23,075,952 |
| Convertible debenture | - | - | 2,121,612 | 2,121,612 |
| January 31, 2014 | $ 17,216,988 | $ 570,910 | $ 25,197,564 | $ 42,985,462 |

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the periods ended July 31, 2014 and January 31, 2014. 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 comprehensive loss.

| Investments, fair value | For the periods ended July 31, 2014 | January 31, 2014 |
|---|---|---|
| Balance, beginning of period | $ 25,197,564 | $ 27,048,398 |
| Purchases - shares | 30,002 | 684,245 |
| Disposal - shares | - | (1,607,941) |
| Unrealized and realized loss net | (13,643,932) | (1,648,127) |
| Transfer of investment (to) from public and to (from) private, net | 243,359 | 1,607,941 |
| Conversion of debenture to private / public company shares | (376,052) | (400,000) |
| Convertible debenture net (reduction) additions | (1,745,559) | (486,952) |
| Balance, end of period | $ 9,705,381 | $ 25,197,564 |

(Expressed in Canadian dollars unless otherwise noted)

## 12. Related party disclosures

The Company's directors and officers 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 directors or officers with the investment as of July 31, 2014 and January 31, 2014.

| Investment | Nature of relationship | | Estimated Fair value | % of FV |
|---|---|---|---|---|
| Arena Minerals Inc. | Director (Bruce Humphrey), officer (Ryan Ptolemy) and shareholders | $ | 68,285 | 0.2% |
| Amazon Potash Corporation* | Directors (Stan Bharti, George Faught) and shareholders | | - | 0.0% |
| Black Iron Inc. | Directors (Bruce Humphrey ,Pierre Pettigrew), officer (Stan Bharti) and shareholders | | 629,223 | 1.9% |
| Brazil Potash Corp.* | Directors (Stan Bharti, Pierre Pettiger), officer (Ryan Ptolemy) and shareholders | | 2,685,380 | 8.0% |
| East Asia Minerals Ltd. | Director (David Stein) and shareholders | | 156,480 | 0.5% |
| Forbes Ram Holdings Inc.* | Director (Stan Bharti) and shareholders | | 4,754,286 | 14.2% |
| Indo Gold Limited * | Officer (Stan Bharti) and shareholders | | 800,000 | 2.4% |
| 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% |
| Rodinia Lithium Inc. | Director (David Stein), officer (Ryan Ptolemy) and shareholders | | 100,000 | 0.3% |
| Scandinavian Metals Inc.* | Director (Stan Bharti) and shareholders | | - | 0.0% |
| Silver Bear Resources Inc. | Director (Stan Bharti) and shareholders | | 635,385 | 1.9% |
| Sulliden Gold Corporation Ltd. | Directors (Stan Bharti, George Faught, Pierre Pettigrew, Bruce Humphrey) and shareholders | | 20,300,000 | 60.6% |
| Valencia Ventures Inc. | Director (Bernard Wilson) and shareholders | | - | 0.0% |
| Wolf Resource Development Corp. | Director (George Faught) and shareholders | | 161,623 | 0.5% |
| Total of 21 other investments | Shareholders/warrant holders | | 3,123,928 | 9.2% |
| Total Investments - July 31, 2014 | | $ | 33,520,452 | 100.0% |

* Private company

(Expressed in Canadian dollars unless otherwise noted)

## 12. Related party disclosures (continued)

| Investment | Nature of relationship | Estimated Fair value | % of FV |
|---|---|---|---|
| Arena Minerals Inc. ** | Director (Bruce Humphrey), officer (Ryan Ptolemy) and shareholders | $ 150,228 | 0.4% |
| Amazon Potash Corporation * | Directors (Stan Bharti, George Faught) and shareholders | - | 0.0% |
| Black Iron Inc. | Directors (Bruce Humphrey ,Pierre Pettigrew), officer (Stan Bharti) and shareholders | 1,038,960 | 2.5% |
| Brazil Potash Corp.* | Directors (Stan Bharti, Pierre Pettigrew), officer (Ryan Ptolemy) and shareholders | 4,594,598 | 11.2% |
| Coastal Gold Corp. | Former director (Michael Hoffman) and shareholders | 67,682 | 0.2% |
| East Asia Minerals Ltd. | Director (David Stein) and shareholders | 416,000 | 1.0% |
| Forbes & Manhattan (Coal) Corp. | Directors (Stan Bharti, Bernard Wilson) and shareholders | 309,741 | 0.8% |
| Forbes Ram Holdings Inc.* | Director (Stan Bharti) and shareholders | 8,000,000 | 19.6% |
| Indo Gold Limited * | Officer (Stan Bharti) and shareholders | 1,458,000 | 3.6% |
| Legacy Platinum Inc.* | Officer (Richard Bishop) and shareholders | 492,100 | 1.2% |
| Metal Prospecting AS * | Director (David Stein) and shareholders | 85,990 | 0.2% |
| Portex Minerals Inc. | Officer (Richard Bishop) and shareholders | 1,062,466 | 2.6% |
| Rodinia Lithium Inc. | Director (David Stein), officer (Ryan Ptolemy) and shareholders | 3,198,917 | 7.8% |
| Scandinavian Metals Inc. * | Director (Stan Bharti) and shareholders | - | 0.0% |
| Silver Bear Resources Inc. | Director (Stan Bharti) and shareholders | 854,671 | 2.1% |
| Sulliden Gold Corporation Ltd. | Directors (Stan Bharti, George Faught, Pierre Pettigrew, Bruce Humpl and shareholders | 11,020,000 | 27.0% |
| Valencia Ventures Inc. | Director (Bernard Wilson) and shareholders | - | 0.0% |
| Wolf Resource Development Corp.*** | Director (George Faught) and shareholders | 131,381 | 0.3% |
| Total of 19 other investments | Shareholders/warrant holders | 7,983,116 | 19.5% |
| Total Investments - January 31, 2014 | | $ 40,863,850 | 100.0% |

* Private company

** Formerly Antofagasta Gold Inc.

*** Formerly Ferro Iron Ore Corp.

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

**(Expressed in Canadian dollars unless otherwise noted)**

## 12. Related party disclosures (continued)

In addition to the investments listed above, the Company also 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. Below are transactions and balances outstanding at the end of each reporting period:

| | Loans provided to related parties Three months ended July 31, | | Loans provided to related parties Six months ended July 31, | | Loans receivable from related parties | |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | As at July 31, 2014 | As at January 31, 2014 |
| Coastal Gold Corp.*** | $ - | $ 118,650 | $ - | $ 118,650 | $ - | $ 118,650 |
| Forbes Royalty Corporation** | $ 30,098 | $ - | $ 33,134 | $ - | $ - | $ 348,940 |
| Legacy Platinum Corp.(*)(**) | $ 108,675 | $ 53,022 | $ 163,665 | $ 53,022 | $ - | $ 1,909,092 |
| Metal Prospecting AS | $ - | $ - | $ - | $ - | $ - | $ 212,520 |
| Rodinia Lithium Inc. | $ - | $ 100,000 | $ - | $ 400,000 | $ 768,140 | $ 943,379.00 |
| Scandinvian Metals Inc.** | $ - | $ 90,000 | $ - | $ 90,000 | $ - | $ - |
| Silver Bear Resources Inc. | $ - | $ - | $ - | $ 400,000 | $ - | $ - |
| Temujin Mining Corp.** | $ 1,953 | $ 67,987 | $ 18,600 | $ 143,921 | $ - | $ - |
| | $ 140,726 | $ 429,659 | $ 215,399 | $ 1,205,593 | $ 768,140 | $ 3,532,581 |

* loan receivable includes capitalized interest

** loan written off during period-end July 31, 2014 and/or January 31, 2014

*** no longer a related party

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

| | Interest and dividend income earned from related parties Three months ended July 31, | | Interest and dividend income earned from related parties Six months ended July 31, | | Interest and dividend receivable from related parties | |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | As at July 31, 2014 | As at January 31, 2014 |
| Coastal Gold Corp.*** | $ - | $ 3,641 | $ - | $ 3,641 | $ - | $ 9,622 |
| Forbes Royalty Corporation** | $ 9,223 | $ - | $ 17,740 | $ - | $ - | $ 13,054 |
| Legacy Platinum Corp.(*)(**) | $ 55,117 | $ 35,801 | $ 101,456 | $ 64,968 | $ - | $ 37,610 |
| Metal Prospecting AS | $ - | $ 11,137 | $ 6,071 | $ 21,090 | $ - | $ 13,414 |
| Rodinia Lithium Inc.(*) | $ 23,998 | $ 83,188 | $ 47,192 | $ 154,202 | $ - | $ 8,012 |
| Silver Bear Resources Inc. | $ - | $ 30,000 | $ - | $ 40,000 | $ - | $ - |
| Temujin Mining Corp.** | $ - | $ 40,286 | $ - | $ 75,469 | $ - | $ - |
| | $ 88,338 | $ 204,053 | $ 172,459 | $ 359,370 | $ - | $ 81,712 |

* overdue interest was capitalized to loan receivable

** interest/dividend written off during period-end July 31, 2014 and/or January 31, 2014

*** no longer a related party

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 Forbes & Manhattan, Inc., a corporation that provides administrative and consulting services to the Company, including but not limited to strategic planning and business development. Forbes & Manhattan, Inc. charges a monthly consulting fee of $25,000. As of July 31, 2014, $52,130 (January 31, 2014 - $Nil) was owed to Forbes & Manhattan, Inc.

The amounts outstanding on advisory service fees and other fees are unsecured, non-interest bearing, with no fixed terms of repayment. No guarantees have been given or received. No expense has been recognized in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties on these fees.

**(Expressed in Canadian dollars unless otherwise noted)**

## 12. Related party disclosures (continued)

### *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 three and six months ended July 31, 2014 and 2013 were as follows:

| | Three months ended July 31, | | Six months ended July 31, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Short-term benefits* | $ 317,500 | $ 292,500 | $ 635,000 | $ 585,000 |
| Share-based payments | $ 522,665 | $ 321,000 | $ 522,665 | $ 509,000 |
| | $ 840,165 | $ 613,500 | $ 1,157,665 | $ 1,094,000 |

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

## 13. Commitments and contingencies

### *Management contracts*

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately $1,100,000 (January 31, 2014 - $1,200,000) ranging from 30 days to 12 months and additional contingent payments of up to approximately $6,700,000 (January 31, 2014 - $12,200,000) upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these condensed interim financial statements.

### *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.

### *Strategic advisor*

The Company engaged a strategic advisor to provide the Company with advice regarding potential strategic financing alternatives. The Company paid the strategic advisor $500,000 with $250,000 paid on May 23, 2013 and $250,000 paid on November 30, 2013. In addition, the Company will pay the strategic advisor a monthly retainer at the end of each month starting December 23, 2013 if the agreement is not terminated at the Company's option. In addition, the Company is committed to paying success fees to the strategic advisor on the occurrence of certain successful events.