



ABERDEEN

INTERNATIONAL

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended
October 31, 2016 and 2015

(expressed in Canadian dollars)

ABERDEEN INTERNATIONAL INC.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED 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 consolidated 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 consolidated 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 Consolidated Statements of Financial Position
As at
(In Canadian dollars - unaudited)

	Notes	October 31, 2016	January 31, 2016
		\$	\$
Assets			
Cash	12	1,513,635	604,613
Public investments, at fair value through profit and loss	3,12,13	13,087,042	3,178,368
Amounts receivable	4,12,13	84,953	293,447
Loans receivable	5	1,709,903	-
Prepaid expenses	6	73,683	63,431
Income taxes recoverable		-	5,456,402
Private investments, at fair value through profit and loss	3,12,13	19,044,924	19,322,417
Total assets		35,514,140	28,918,678
Liabilities			
Accounts payable and accrued liabilities	7,12,13	880,159	3,028,082
Total liabilities		880,159	3,028,082
Shareholders' equity			
Share capital	8	40,717,905	43,757,314
Equity reserve and treasury shares	9	6,521,153	5,004,104
(Deficit)		(12,605,077)	(22,870,822)
Total shareholders' equity		34,633,981	25,890,596
Total liabilities and shareholders' equity		35,514,140	28,918,678
Commitments and contingencies	14		

Approved on behalf of the Board of Directors:

"Bernard Wilson" (signed)
Bernard Wilson, Director

"Maurice Colson" (signed)
Maurice Colson, Director

ABERDEEN INTERNATIONAL INC.

Condensed Interim Consolidated Statements of Comprehensive (Loss) Income

(In Canadian dollars – unaudited)

	Notes	Three months ended October 31,		Nine months ended October 31,	
		2016	2015	2016	2015
		\$	\$	\$	\$
Net investment (loss) gain					
Realized (loss) gain on investments, net		(240,624)	(27,504,482)	12,304,065	(23,562,098)
Unrealized (loss) gain on investments, net		(1,748,919)	27,749,124	(150,448)	16,992,136
Total investment (loss) gain		(1,989,543)	244,642	12,153,617	(6,569,962)
Other revenue					
Interest and dividend income	13	27,326	8,839	69,496	75,739
Advisory fees	13	(8,251)	33,333	133,129	468,188
Total other revenue		19,075	42,172	202,625	543,927
Expenses					
Operating, general and administration	10	532,530	939,471	2,434,916	2,770,950
Transaction costs		7,500	-	17,144	-
Interest expense		-	4,389	221	18,123
Provision for loan, interest, dividend, amounts and investment receivable	15	-	434,855	-	434,855
Total expenses		540,030	1,378,715	2,452,281	3,223,928
(Loss) income before other items		(2,510,498)	(1,091,901)	9,903,961	(9,249,963)
Foreign exchange gain (loss)		45,145	(21,175)	44,409	32,773
Net (loss) income and comprehensive (loss) income for the period		(2,465,353)	(1,113,076)	9,948,370	(9,217,190)
(Loss) income per common share based on net (loss) income for the period					
Basic and diluted		(0.03)	(0.01)	0.11	(0.10)
Weighted average number of common shares outstanding					
Basic and diluted		88,912,282	96,658,252	93,066,817	96,830,672

The accompanying notes are an integral part of the condensed interim consolidated financial statements

ABERDEEN INTERNATIONAL INC.
Condensed Interim Consolidated Statements of Cash Flows
(In Canadian dollars - unaudited)

	Notes	Nine months ended October 31,	
		2016	2015
		\$	\$
Cash flows from operating activities			
Income before income taxes for the period		9,948,370	(9,217,190)
Income tax recovered (paid)		5,456,402	(2,078,978)
Adjustments to reconcile net income to cash used in operating activities:			
Realized (gain) loss on investments, net		(12,304,065)	23,562,098
Provision for loan, interest, dividend, amounts and investment receivable		-	434,855
Unrealized loss (gain) on investments, net		150,448	(16,992,136)
Unrealized foreign exchange (gain)		(38,476)	(63,314)
		3,212,679	(4,354,665)
Adjustments for:			
Purchase of investments		(3,011,716)	(7,306,152)
Disposal of investments		3,659,218	17,730,553
Deposit on investments		-	(250,000)
Short-term loans provided		(3,042,075)	-
Short-term loans repaid		1,375,000	-
Prepaid and other amounts receivable		67,135	(154,786)
Due to broker		-	(387,585)
Accounts payable and accrued liabilities		(145,985)	(2,712,158)
Net cash provided by operating activities		2,114,256	2,565,207
Cash flows from financing activities			
Shares repurchased and cancelled	8	(1,204,985)	(157,082)
Debt financing		-	400,000
Loan repaid		-	(400,000)
Net cash (used in) financing activities		(1,204,985)	(157,082)
Change in cash for the period		909,271	2,408,125
Cash, beginning of period		604,613	355,188
Effect of exchange rate on cash held		(249)	30,456
Cash, end of period		1,513,635	2,793,769
Supplemental cash flow information			
Shares received on conversion of special warrants		-	153,846
Interest paid		221	353,719

The accompanying notes are an integral part of the condensed interim consolidated financial statements

ABERDEEN INTERNATIONAL INC.

Condensed Interim Consolidated Statements of Changes in Equity

(In Canadian dollars - unaudited)

	Number of common shares	Share capital	Equity reserve and treasury shares	(Deficit)	Total shareholders' equity
	#	\$	\$	\$	\$
Balance - January 31, 2016	95,546,628	43,757,314	5,004,104	(22,870,822)	25,890,596
Repurchase of common shares	-	-	(1,204,985)	-	(1,204,985)
Cancellation of repurchased common shares	(6,634,346)	(3,039,409)	3,039,409	-	-
Options expired unexercised	-	-	(317,375)	317,375	-
Net income for the period	-	-	-	9,948,370	9,948,370
Balance - October 31, 2016	88,912,282	40,717,905	6,521,153	(12,605,077)	34,633,981
Balance - January 31, 2015	97,349,422	44,583,233	4,938,376	(13,669,802)	35,851,807
Repurchase of common shares	-	-	(157,082)	-	(157,082)
Cancellation of repurchased common shares	(1,142,638)	(523,480)	523,480	-	-
Options expired unexercised	-	-	(448,672)	448,672	-
Net loss for the period	-	-	-	(9,217,190)	(9,217,190)
Balance - October 31, 2015	96,206,784	44,059,753	4,856,102	(22,438,320)	26,477,535

The accompanying notes are an integral part of the condensed interim consolidated financial statements

ABERDEEN INTERNATIONAL INC.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2016 and 2015

(Expressed in Canadian dollars unless otherwise noted - unaudited)

1. Nature of operations

Aberdeen International Inc. ("Aberdeen", or the "Company") and its subsidiaries operate as a publicly traded global resource investment company and merchant bank focused on small capitalization companies in the metals and mining 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. 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

The condensed interim consolidated financial statements of the Company have been prepared in accordance with the International Accounting Standards ("IAS") 34, *Interim Financial Reporting* issued by the International Accounting Standard Board ("IASB"). These condensed interim consolidated financial statements have been prepared in accordance with the accounting policies described in Note 2 of the Company's annual consolidated financial statements as at and for the years ended January 31, 2016 and 2015 except as disclosed below. Accordingly, these condensed interim consolidated financial statements as at and for the three and nine month periods ended October 31, 2016 and 2015 should be read together with the annual consolidated financial statements as at and for the years ended January 31, 2016 and 2015.

The condensed interim consolidated financial statements of the Company were approved by the Board of Directors on December 12, 2016.

Basis of preparation

The condensed interim consolidated 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 consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of consolidation

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect these returns through the power to direct the relevant activities of the entity. To the extent that subsidiaries provide services that relate to the Company's investment activities, they are fully consolidated from the date control is transferred to the Company and are deconsolidated from the date control ceases. The condensed interim consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions. All other investments in subsidiaries are not consolidated, but are measured at fair value through profit or loss in accordance with IFRS 9.

These condensed interim consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiaries Great Lake Capital Management Inc. ("GLC"), incorporated on October 17, 2014 and Aberdeen (Barbados) Inc. ("ABI"), incorporated on March 6, 2015. All material intercompany transactions and balances between the Company and its subsidiaries have been eliminated on consolidation. Intercompany balances and any unrealized gains and losses or income and expenses arising from intercompany transactions are eliminated in preparing the condensed interim consolidated financial statements.

Future accounting changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on February 1, 2016 or later. Updates that are not applicable or are not consequential to the Company have been excluded. Many are not applicable or do not have a significant impact to the Company and have been excluded.

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Consolidated Financial Statements
October 31, 2016 and 2015
(Expressed in Canadian dollars unless otherwise noted - unaudited)

2. Significant accounting policies

Future accounting changes (continued)

IFRS 7 – Financial Instruments: Disclosures (“IFRS 7”) was amended in September 2014 to clarify whether a servicing contract is continuing involvement in a transferred asset for purposes of determining the disclosures required. IFRS 7 was also amended to clarify that the additional disclosures relating to offsetting are not specifically required for interim periods unless required by IAS 34. The amendments are effective for annual periods beginning on or after January 1, 2016. There was no material impact in adopting this standard.

IAS 12 – Income Taxes (“IAS 12”) was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument’s holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted. The Company is currently evaluating the adoption and their impact on the Company

In December 2014, the IASB amended IFRS 10 - Consolidated Financial Statements (“IFRS 10”), IFRS 12 - Disclosure of Interests in Other Entities (“IFRS 12”) and IAS 28 - Investment in associates and Joint Ventures (“IAS 28”) to address issues that have arisen in the context of applying the consolidation exception for investment entities. The amendments confirm, among other things, that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value. An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12. These amendments are applicable to annual periods beginning on or after January 1, 2016. There was no material impact in adopting this standard.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality considerations apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted. There was no material impact in adopting this standard.

3. Investments at fair value through profit and loss

At October 31, 2016, the Company’s investment portfolio consisted of eleven publicly-traded investments and twelve privately-held investments for a total fair value of \$32,131,966.

At January 31, 2016, the Company’s investment portfolio consisted of nine publicly-traded investments and eleven privately-held investments for a total fair value of \$22,500,785.

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Consolidated Financial Statements
October 31, 2016 and 2015
(Expressed in Canadian dollars unless otherwise noted - unaudited)

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

Public investments

At October 31, 2016, the Company's eleven publicly-traded investments had a total fair value of \$13,087,042.

Public Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
Black Iron Inc.	(iii)	10,980,589 common shares	\$ 2,382,068	\$ 439,224	3.4%
Blue Sky Energy Inc.*		1,760,680 common shares	253,846	792,306	6.1%
Fura Emeralds Inc.	(i,ii,iii)	6,800,000 common shares 2,400,000 w warrants expire Jun 23, 2017	886,886	823,520	6.3%
Kombat Copper Inc.	(i,ii)	9,205,000 common shares 10,000,000 w warrants expire Feb 13, 2017	470,903	372,200	2.8%
Lithium X Energy Corp.		5,311,000 common shares	10,037,790	9,081,810	69.5%
Pitchblack Resources Ltd.	(i,ii)	983,000 common shares	127,790	108,130	0.8%
QMX Gold Corporation	(iii)	10,000,000 common shares	1,000,000	1,000,000	7.6%
Sulliden Mining Capital Inc.	(iii)	373,500 common shares	242,472	147,532	1.1%
Valencia Ventures Inc.	(iii)	1,700,000 common shares	136,000	238,000	1.8%
Total of 2 other investments	(iv)		629,601	84,320	0.6%
Total public investments			\$ 16,167,356	\$ 13,087,042	100.0%

* Formerly Brookwater Ventures Inc.

Note

- (i) The Company has filed a Section 62-103 report pursuant to the *Securities Act (Ontario)* for this investment and has filed an early warning report on SEDAR.
- (ii) The Company owns, on a partially diluted basis, at least a 10% interest in the investee as at October 31, 2016.
- (iii) A director and/or officer of the Company is a director and/or officer of the investee corporation as at October 31, 2016.
- (iv) Total other investments held by the Company that are not individually listed as at October 31, 2016. Directors and officers may hold investments personally.

At January 31, 2016, the Company's nine publicly-traded investments had a total fair value of \$3,178,368.

Public Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
Arena Minerals Inc.	(iii)	73,000 common shares	\$ 17,706	\$ 17,520	0.6%
Agua Resources Ltd.		4,284,756 common shares	599,841	469,182	14.8%
Black Iron Inc.	(iii)	10,980,589 common shares	2,382,068	329,418	10.4%
Fura Emeralds Inc.*	(i,ii,iii)	6,300,000 common shares 2,900,000 w warrants expire Jun 23, 2017	801,886	1,282,920	40.4%
Kombat Copper Inc.	(i,ii)	10,000,000 common shares 10,000,000 w warrants expire Feb 13, 2017	500,000	649,000	20.4%
Sulliden Mining Capital Inc.	(iii)	373,500 common shares	242,472	93,375	2.9%
Total of 3 other investments	(iv)		783,447	336,953	10.5%
Total public investments			\$ 5,327,420	\$ 3,178,368	100.0%

* Formerly Wolf Resource Development Corp.

Note

- (i) The Company has filed a Section 62-103 report pursuant to the *Securities Act (Ontario)* for this investment and has filed an early warning report on SEDAR.
- (ii) The Company owns, on a partially diluted basis, at least a 10% interest in the investee as at January 31, 2016.
- (iii) A director and/or officer of the Company is a director and/or officer of the investee corporation as at January 31, 2016.
- (iv) Total other investments held by the Company that are not individually listed as at January 31, 2016. Directors and officers may hold investments personally.

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Consolidated Financial Statements
October 31, 2016 and 2015
(Expressed in Canadian dollars unless otherwise noted - unaudited)

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

Private investments

At October 31, 2016, the Company's twelve privately-held investments had a total estimated fair value of \$19,044,924.

Private Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
2523701 Ontario Inc.	(ii)	6,000,000 common shares	\$ 600,000	\$ 600,000	3.2%
African Thunder Platinum Limited	(i,ii,iii)	25,218,585 common shares	14,960,273	14,960,273	78.5%
Potasio y Litio de Argentina S.A.	(i,ii,iii)	33,949,500 common shares	2,621,234	3,400,000	17.9%
Total of 9 other investments	(iv)		2,866,102	84,651	0.4%
Total private investments			\$ 21,047,609	\$ 19,044,924	100.0%

Note

- (i) The Company owns 47.6% of the outstanding common shares and voting rights of African Thunder Platinum Limited. There are no contractual arrangements, financial support, or other restrictions with this Mauritius Corporation. The Company owns 50% of the outstanding common shares and voting rights of Potasio y Litio Argentina S.A. Refer to Note 2 of the Company's consolidated financial statements for the year ended January 31, 2016 for details relating to the exemption to consolidating particular subsidiaries and the exemption from accounting for associates using the equity method for investment entities.
- (ii) The Company owns, on a partially diluted basis, at least a 10% interest in the investee as at October 31, 2016.
- (iii) A director and/or officer of the Company is a director and/or officer of the investee corporation as at October 31, 2016.
- (iv) Total other investments held by the Company that are not individually listed as at October 31, 2016. Directors and officers may hold investments personally.

At January 31, 2016, the Company's eleven privately-held investments had a total estimated fair value of \$19,322,417.

Private Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
African Thunder Platinum Limited	(i,ii,iii)	22,207,222 common shares	\$ 14,226,684	\$ 14,226,684	73.6%
Potasio y Litio de Argentina S.A.	(i,ii,iii)	67,899,000 common shares	5,013,131	5,013,131	26.0%
Total of 9 other investments	(iv)		2,866,102	82,602	0.4%
Total private investments			\$ 22,105,917	\$ 19,322,417	100.0%

Note

- (i) The Company owns 47% of the outstanding common shares and voting rights of African Thunder Platinum Limited. There are no contractual arrangements, financial support, or other restrictions with this Mauritius Corporation. The Company owns 100% of the outstanding common shares and voting rights of Potasio y Litio Argentina S.A. Refer to Note 2 of the Company's consolidated financial statements for the year ended January 31, 2016 for details relating to the exemption to consolidating particular subsidiaries and the exemption from accounting for associates using the equity method for investment entities.
- (ii) The Company owns, on a partially diluted basis, at least a 10% interest in the investee as at January 31, 2016.
- (iii) A director and/or officer of the Company is a director and/or officer of the investee corporation as at January 31, 2016.
- (iv) Total other investments held by the Company that are not individually listed as at January 31, 2016. Directors and officers may hold investments personally.

4. Amounts receivable

	October 31, 2016	January 31, 2016
Amount receivable	\$ -	\$ 251
Dividend receivable	-	17,818
Interest receivable (see notes 5, 13)	18,286	-
Investment settlement receivable	-	108,711
Advisory fees receivable (see note 13)	66,667	166,667
	\$ 84,953	\$ 293,447

ABERDEEN INTERNATIONAL INC.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2016 and 2015

(Expressed in Canadian dollars unless otherwise noted - unaudited)

5. Loans receivable

		October 31, 2016	January 31, 2016
African Thunder Platinum Limited	Unsecured &	\$ 1,709,903	\$ -
	convertible		
		\$ 1,709,903	\$ -

African Thunder Platinum Limited

On May 23, 2016, the Company entered into a loan agreement with African Thunder Platinum Limited ("ATPL") and provided US\$500,000 to ATPL ("First Loan"). The loan bears interest of 2.5% per annum and is due and payable on the later of (a) June 21, 2016; and (b) the business day immediately after the earlier of: (i) the Macquarie Bank Limited ("MBL") repayment date; and (ii) completion of the MBL facility acquisition. Any overdue and unpaid amount are subject to interest of 10% per annum, payable on demand. The Company may convert the loan to equity, subject to ATPL board approval, at any time prior to the repayment date without the consent of MBL. The loan is unsecured and fully subordinated to the rights of MBL.

On June 6, 2016, the Company entered into a second loan agreement with ATPL and provided US\$775,000 to ATPL ("Second Loan"). The Second Loan carries the same terms and conditions as the First Loan.

On October 23, 2016, the Company entered into loan amendment agreements with ATPL whereby the repayment dates have changed to December 31, 2016, or such other date ATPL and Aberdeen agree in writing.

As of October 31, 2016, the total principal of US\$1,275,000 (\$1,709,903) and accrued interest of US\$13,635 (\$18,286) remained outstanding. Directors of the Company, David Stein and George Faught, serve as directors of ATPL.

Newdene Gold Inc.

On May 4, 2016, the Company entered into an unsecured loan agreement with Newdene Gold Inc. ("Newdene") and provided \$1,175,000 to Newdene. The loan bears interest of 12% per annum and was due and payable in full on October 31, 2016.

On September 9, 2016, Newdene repaid the principal of \$1,175,000 and accrued interest of \$32,836 in full.

QMX Gold Corporation

On May 11, 2016, the Company entered into an unsecured loan agreement with QMX Gold Corporation ("QMX") and provided \$200,000 less one-month interest advance of \$2,000. The loan bears interest of 12% per annum, and was due and payable in full on the earlier of (i) May 31, 2016; and (ii) receipt by QMX of funds from the sale of QMX's next gold pour.

On May 27, 2016, QMX repaid the principal of \$200,000 in full. A director and officer of the Company, Stan Bharti, is a 10% holder of QMX.

6. Prepaid expenses

	October 31, 2016	January 31, 2016
Prepaid insurance	\$ 5,945	\$ 16,200
Prepaid expenses	67,738	47,231
	\$ 73,683	\$ 63,431

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Consolidated Financial Statements
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(Expressed in Canadian dollars unless otherwise noted - unaudited)

7. Accounts payable and accrued liabilities

	October 31, 2016	January 31, 2016
Trade payable	\$ 199,137	\$ 218,134
Investment payable (see note below)	-	2,001,464
HST payable	11,753	-
Accrued expenses	669,269	808,484
	<u>\$ 880,159</u>	<u>\$ 3,028,082</u>

On May 5, 2016, the Company entered into a deferred consideration agreement with Routemaster Capital Inc. (Formerly Rodinia Lithium Inc.) ("Routemaster") whereby the Company agreed to transfer 1,439,000 Lithium X Energy Corporation's common shares as full and final settlement of the \$2,000,000 payable owed to Routemaster. The Company transferred these shares to Routemaster during the quarter ended October 31, 2016.

8. Share capital

Authorized: Unlimited common shares with no par value

Common shares

	Number of shares	Amount
<u>Issued and outstanding common shares</u>		
Balance, January 31, 2015	97,349,422	\$ 44,583,233
Shares repurchased and cancelled (NCIB)	(1,802,794)	(825,919)
<u>Balance, January 31, 2016</u>	<u>95,546,628</u>	<u>\$ 43,757,314</u>
Shares repurchased and cancelled (NCIB)	(6,634,346)	(3,039,409)
<u>Balance, October 31, 2016</u>	<u>88,912,282</u>	<u>\$ 40,717,905</u>

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 (the "2015 NCIB"). 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.

During fiscal 2016, the Company purchased and cancelled 1,802,794 (2015 - Nil) shares at an average price of \$0.136 (2015 - \$Nil) per share. During Q1 of fiscal 2017, 17,500 additional shares of Aberdeen were purchased and cancelled relating to the 2016 NCIB at an average price of \$0.12 per share.

On March 8, 2016, the Company announced its intention to make a NCIB to buy back its common shares through the facilities of the TSX (the "2017 NCIB"). Purchases made pursuant to the 2017 NCIB were 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 66,168,462 common shares in the public float as at March 2, 2016, the maximum number of shares to be purchased and cancelled would be 6,616,846. Daily purchases will be limited to 11,322 common shares other than block purchase exceptions. Purchases under the NCIB are permitted to commence on March 10, 2016 and will terminate on March 9, 2017 or the date upon which the maximum number of common shares have been purchased by Aberdeen pursuant to the 2017 NCIB. Aberdeen intends that any shares acquired pursuant to the NCIB will be cancelled.

On May 3, 2016, the Company utilized a block purchase exemption to purchase 6,616,846 shares for cancellation at \$0.18 per share. The 2017 NCIB is completed following this transaction.

ABERDEEN INTERNATIONAL INC.
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9. Equity reserve

	Number of warrants	Weighted average exercise price	Value of warrants	Number of options	Weighted average exercise price	Value of options	Treasury shares adjustment	Total Value
January 31, 2015	10,000,000	\$ 0.30	\$ 396,532	4,907,500	\$ 0.53	\$1,268,237	\$ 3,273,607	\$4,938,376
Expired	-	-	-	(1,832,500)	0.51	(514,362)	-	(514,362)
NCIB allocation	-	-	-	-	-	-	580,090	580,090
January 31, 2016	10,000,000	\$ 0.30	\$ 396,532	3,075,000	\$ 0.54	\$ 753,875	\$ 3,853,697	\$5,004,104
Expired	-	-	-	(825,000)	0.82	(317,375)	-	(317,375)
NCIB allocation	-	-	-	-	-	-	1,834,424	1,834,424
October 31, 2016	10,000,000	\$ 0.30	\$ 396,532	2,250,000	\$ 0.44	\$ 436,500	\$ 5,688,121	\$6,521,153

The Company did not grant any options during the nine months ended October 31, 2016 and 2015.

The following stock options were in existence as at October 31, 2016:

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
2,250,000	2,250,000	12-Jun-12	12-Jun-17	\$ 0.44	\$ 436,500	66%	1.21%	5	3%
2,250,000	2,250,000				\$ 436,500				

The weighted average exercise price of stock options outstanding and exercisable as at October 31, 2016 was \$0.44 (January 31, 2016 - \$0.54). The weighted average remaining contractual life of options outstanding and exercisable as at October 31, 2016 was 0.61 years (January 31, 2016 – 1.09 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 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.

During fiscal 2014 and 2015, three directors resigned from the Company and received a total cash payment of \$98,000 in relation to 600,000 DSUs that vested at an average price of \$0.163. The remaining balance of 200,000 DSUs was valued at \$29,000 as of October 31, 2016 (January 31, 2016 - \$24,000) and was included in accounts payable and accrued liabilities.

The Company did not grant any DSUs during the nine months ended October 31, 2016 and 2015.

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10. Expenses by nature

Details included in operating, general and administration expenses for the three and nine months ended October 31, 2016 and 2015:

	Three months ended October 31,		Nine months ended October 31,	
	2016	2015	2016	2015
Compensation of directors, officers, employees and consultants (including salaries, consulting fees and DSUs)	\$ 197,782	\$ 438,559	\$ 892,536	\$ 1,567,146
Severance payments	-	45,000	430,000	282,300
Legal, accounting and professional fees	184,678	269,237	354,031	322,544
Filing and transfer agent fees	3,109	(2,674)	31,731	32,478
Shareholder communication and promotion	21,555	43,271	205,872	131,867
Travel	28,680	48,666	242,453	170,575
Donations	16,667	20,000	16,667	20,000
General office and administration costs	80,059	77,412	261,626	244,040
	\$ 532,530	\$ 939,471	\$ 2,434,916	\$ 2,770,950

11. Capital disclosure

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

- to allow the Company to respond to changes in economic and/or marketplace conditions by maintaining the Company's ability to purchase new investments;
- to give shareholders sustained growth in value by increasing shareholders' equity; while
- 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:

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

The Company may on occasion utilize leverage in the form of broker margin or bank indebtedness. There was no margin loan outstanding as at October 31, 2016 and January 31, 2016. Any margin loan held would be secured against the Company's investment at rates that were based on the Investment Industry Regulatory Organization of Canada (IIROC) Policy. The interest rate on the margin loan was 1.25% per annum.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than those of the TSX which requires adequate working capital or financial resources such that, in the opinion of TSX, the listed issuer will be able to continue as a going concern. TSX will consider, among other things, the listed issuer's ability to meet its obligations as they come due, as well as its working capital position, quick asset position, total assets, capitalization, cash flow and earnings in the financial statements regarding the listed issuer's ability to continue as a going concern. There were no changes to the Company's capital management during the three and nine months ended October 31, 2016. The Company expects that its capital resources will be sufficient to discharge its liabilities as of the current statement of financial position date.

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12. Financial instruments

Financial assets and financial liabilities as at October 31, 2016 are as follows:

	Assets & liabilities at amortized cost	Assets & liabilities at fair value through profit and loss	TOTAL
October 31, 2016			
Cash	\$ 1,513,635	\$ -	\$ 1,513,635
Public investments	-	13,087,042	13,087,042
Amounts receivable	84,953	-	84,953
Loans receivable	1,709,903	-	1,709,903
Private investments	-	19,044,924	19,044,924
Accounts payable and accrued liabilities	868,406	-	868,406

Aberdeen's operations involve the purchase and sale of securities and in addition, the Company may, from time to time, have loans receivable outstanding. Accordingly, the majority of the Company's assets are currently comprised of financial instruments that 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 favourable 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 that is not singularly exposed to any one issuer, with exception to the Company having two positions as at October 31, 2016 which made up of approximately 47% and 26% respectively of the total assets (January 31, 2016 – 49% in one position).

For the nine months ended October 31, 2016, a 10% decrease in the closing price of these two concentrated positions would result in an estimated increase in after-tax net loss of \$1.9 million, or \$0.02 per share (January 31, 2016 - \$1.05 million, or \$0.01 per share).

For the nine months ended October 31, 2016, 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 \$2.4 million, or \$0.03 per share (January 31, 2016 - \$1.65 million, or \$0.02 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.

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 decline, 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 dividend income and proceeds from the disposition of its investments, in addition to interest income and advisory fees. Aberdeen believes that it has sufficient marketable securities that 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 tables show the Company's source of liquidity by assets as at October 31 2016.

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12. Financial instruments (continued)

Liquidity risk (continued)

Liquidity by period			
Assets	Total	Less than 1 year	1-3 years
Cash	\$ 1,513,635	\$ 1,513,635	\$ -
Public investments	13,087,042	13,087,042	-
Amounts receivable	84,953	84,953	-
Loans receivable	1,709,903	1,709,903	-
Prepaid expenses	73,683	73,683	-
Private investments	19,044,924	-	19,044,924
Total assets - October 31, 2016	\$ 35,514,140	\$ 16,469,216	\$ 19,044,924

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. The total carrying value of these financial instruments at October 31, 2016 was \$1,794,856 (January 31, 2016 - \$293,447).

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, and Australian dollars. The currency exchange rates at October 31, 2016 are as follows:

	Currency exchange rates as at October 31, 2016
1 US dollar to Canadian dollars	\$1.3411
1 Australian dollar to Canadian dollars	\$1.0202

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:

31-Oct-16		
	US Dollars	Australian Dollars
Cash	\$ 2	\$ -
Public investment	84,321	-
Amount receivable	18,286	-
Private investment	14,960,273	84,651
Loans receivable	1,709,903	-
Accounts payable and accrued liabilities	(14,082)	-
	\$ 16,758,703	\$ 84,651

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12. Financial instruments (continued)

Currency risk (continued)

A 10% increase (decrease) in the value of the Canadian dollar against all foreign currencies in which the Company held financial instruments as of October 31, 2016 would result in an estimated increase (decrease) in after-tax net loss of approximately \$1.2 million or \$0.01 per share (January 31, 2016 – after-tax net loss of approximately \$1.1 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. Loan receivable, public investments, 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 Company's consolidated financial statement for the year ended January 31, 2016.
- 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 October 31, 2016:

	Level 1 (Quoted Market price)	Level 2 (Valuation technique - observable market inputs)	Level 3 (Valuation technique - non-observable market inputs)	Total
Investments, fair value				
Publicly traded investments	\$ 6,465,392	\$ 6,576,130	\$ -	\$ 13,041,522
Non-trading warrants on public investments	-	45,520	-	45,520
Private investments	-	-	19,044,924	19,044,924
October 31, 2016	\$ 6,465,392	\$ 6,621,650	\$ 19,044,924	\$ 32,131,966

Level 3 Hierarchy

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 as at October 31, 2016 and January 31, 2016. 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 loss.

Investments, fair value	Nine months ended October 31, 2016	Year ended January 31, 2016
Balance, beginning of period	\$ 19,322,417	\$ 17,700,622
Purchase at cost - shares	1,562,925	11,844,075
Disposal at cost - shares	(2,621,234)	(19,831,957)
Unrealized and realized gain (loss) net	780,816	9,609,677
Balance, end of period	\$ 19,044,924	\$ 19,322,417

Included in unrealized gain/(loss) for the nine months ended October 31, 2016 and January 31, 2016, the total gains/(losses) that are attributable to change in unrealized gains/(losses) relating to those assets and liabilities held at the end of October 31, 2016 were \$780,816 (January 31, 2016 - \$(91,882)).

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12. Financial instruments (continued)

Fair value of financial instruments (continued)

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

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

October 31, 2016				
<i>Description</i>	<i>Fair value</i>	<i>Valuation technique</i>	<i>Significant unobservable input(s)</i>	<i>Range of significant unobservable inputs</i>
African Thunder Platinum Limited	\$ 14,960,273	Discounted Cash Flow Model	Platinum prices Palladium prices ZAR/USD exchange rate Discount rate	US\$1,079 - US\$1,347 US\$653 - US\$678 12.456 - 14.793 11.69%
Potasio y Litio Argentina S.A.	3,400,000	Adjusted recent financing	Marketability of shares	50% discount
2523701 Ontario Inc.	600,000	Recent financing	Marketability of shares	0% discount
Other private investments	84,651	Adjusted recent financing	Marketability of shares	0% - 100% discount
	\$ 19,044,924			

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

African Thunder Platinum Limited

The key unobservable inputs identified by the Company are commodity prices, foreign exchange rates and discount rate. The DCF model is most sensitive to the platinum and palladium commodity prices as these two commodities make up approximately 90% metals recovered.

As at October 31, 2016, a 10% decrease in the price of platinum would result in a decrease in the fair market value by approximately \$4.5 million where as a 10% increase in the price of platinum would result in an increase in the fair market value by approximately \$4.5 million, keeping all other inputs constant. A 10% decrease in the price of palladium would result in a decrease in the fair market value by \$2.6 million where as a 10% increase in the price of palladium would result in an increase in the fair market value by approximately \$2.6 million, keeping all other inputs constant.

As at October 31, 2016 a 10% decrease in the ZAR/USD exchange would result in a decrease in the fair value of by approximately \$7.5 million whereas a 10% increase in the ZAR/USD exchange rate would result in an increase in the fair market value by approximately \$7.4 million, keeping all other inputs constant. It is worth noting that commodity currencies like the ZAR and commodity prices tend to inversely move, therefore varying just the ZAR/USD exchange rate and keeping the other variables constant is not necessarily reflective of the actual results.

As at October 31, 2016, a discount of 10% used in the Smokey Hills mines DCF model would increase the fair market value by approximately \$2.0 million where as a discount rate of 15% used in the Smokey Hills mine DCF would result in a decrease in the fair market value by approximately \$3.4 million, keeping all other inputs constant.

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12. Financial instruments (continued)

Fair value of financial instruments (continued)

Potasio y Lito de Argentina S.A.

The valuation was based on an adjusted recent financing subject to private company discount of 50%. Management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at October 31, 2016. As at October 31, 2016, a +/- 10% change in private company discount will result in a corresponding +/- \$680,000.

2523701 Ontario Inc.

The valuation was based on a recent financing, management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at October 31, 2016. As at October 31, 2016, a +/- 10% change in the fair value of 2523701 Ontario will result in a corresponding +/- \$60,000.

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

13. Related party disclosures

These condensed interim consolidated financial statements include the financial statements of the Company and its subsidiaries 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'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 October 31, 2016.

Investment	Nature of relationship	Estimated Fair value	% of FV
African Thunder Platinum Limited*	Directors (David Stein, George Faught)	\$ 14,960,273	46.6%
Apio Africa Ltd.	Director (Stan Bharti) and shareholders	84,321	0.3%
Amazon Potash Corporation*	Directors (Stan Bharti, George Faught) and shareholders	-	0.0%
Black Iron Inc.	Officer (Stan Bharti) and shareholders	439,224	1.4%
Fura Emeralds Inc.	10% security holder (Stan Bharti) and shareholders	823,520	2.6%
Indo Gold Limited *	Director (David Stein) and former officer (Stan Bharti)	84,651	0.3%
Potasio y Lito de Argentina S.A.*	Director (David Stein)	3,400,000	10.6%
QMX Gold Corporation	10% security holder (Stan Bharti) and shareholders	1,000,000	3.1%
Sulliden Mining Capital Inc.	Director (Stan Bharti) and shareholders	147,532	0.5%
Temujin Mining Corp.*	Directors (Stan Bharti, David Stein) and shareholders	-	0.0%
Valencia Ventures Inc.	Director (Bernard Wilson), 10% security holder (Stan Bharti) and shareholders	238,000	0.7%
Total of 12 other investments	Shareholders/warrant holders	10,954,445	33.9%
Total Investments - October 31, 2016		\$ 32,131,966	100.0%

* Private company

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13. Related party disclosures (continued)

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 January 31, 2016.

Investment	Nature of relationship	Estimated Fair value	% of FV
African Thunder Platinum Limited*	Directors (Stan Bharti, George Faught)	\$ 14,226,684	63.1%
Apio Africa Ltd.	Director (Stan Bharti) and shareholders	221,569	1.0%
Arena Minerals Inc.	Officer (Ryan Ptolemy), and shareholders	17,520	0.1%
Amazon Potash Corporation*	Directors (Stan Bharti, George Faught) and shareholders	-	0.0%
Black Iron Inc.	Officer (Stan Bharti) and shareholders	329,418	1.5%
Fura Emeralds Inc.**	10% security holder (Stan Bharti) and shareholders	1,282,920	5.7%
Indo Gold Limited *	Director (David Stein) and former officer (Stan Bharti)	82,601	0.4%
Potasio y Lito de Argentina S.A.*	Director (David Stein)	5,013,131	22.3%
Sulliden Mining Capital Inc.	Director (Stan Bharti) and shareholders	93,375	0.4%
Temujin Mining Corp.*	Directors (Stan Bharti, David Stein) and shareholders	-	0.0%
Total of 9 other investments	Shareholders/warrant holders	1,233,567	5.5%
Total Investments - January 31, 2016		\$ 22,500,785	100.0%

* Private company

** Formerly Wolf Resource Development Corp.

The Company has a diversified base of investors. To the Company's knowledge, other than Lloyd I Miller, no shareholder holds more than 10% of the Company's common shares as at October 31, 2016 and January 31, 2016.

In addition to investment, the Company provided loans to companies of which directors and officers are also directors and officers of Aberdeen. Directors and officers of Aberdeen may also hold investments in these companies.

During the nine months ended October 31, 2016, the Company loaned \$200,000 to QMX with interest advance of \$2,000 plus principal repaid in full. A director and officer of the Company, Stan Bharti, is a 10% holder of QMX.

During the nine months ended October 31, 2016, the Company provided an aggregate of US\$1,275,000 (C\$1,667,075) to ATPL and earned interest of US\$13,635 (C\$17,793). As of October 31, 2016, the total principal of US\$1,275,000 (C\$1,709,903) and accrued interest of US\$13,635 (C\$18,286) remained outstanding. Directors of the Company, David Stein and George Faught, serve as directors of ATPL.

The Company earns financing advisory fees from companies of which directors and officers are also directors and officers of Aberdeen. Directors and officers of Aberdeen may also hold investments in these companies.

During the nine months ended October 31, 2016, the Company earned \$300,000 (2015 - \$33,333) in advisory fees from Ore Acquisition Partners LP ("Ore") and incurred \$165,516 in related expenses. The Company has control and direction over investments held by Ore. As at October 31, 2016, the Company held common investments with Ore in Black Iron Inc., Pitchblack Resources Ltd., and Sulliden Capital Mining Inc. David Stein, a director of Aberdeen, is a limited partner in Ore.

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.

Stan Bharti, a director and officer of the Company, is the Executive Chairman of Forbes & Manhattan, Inc. ("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 October 31, 2016, \$Nil (January 31, 2016 - \$Nil) was owed to F&M.

On December 24, 2015, the Company closed a share purchase agreement with Routemaster to acquire all of the shares of its subsidiary PLASA for \$5,000,000. David Stein, a director of the Company, is a former director of Routemaster, and Ryan Ptolemy, an officer of the Company, is an officer of Routemaster.

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13. Related party disclosures (continued)

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 nine months ended October 31, 2016, the Company incurred \$43,597 (2015 - \$221,382) legal and professional fees in relation to the policy. As at October 31, 2016, \$500,000 had been incurred by the Company. Stan Bharti, an officer and director of the Company, is the Executive Chairman of F&M.

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 nine months ended October 31, 2016 and 2015 were as follows:

	Nine months ended October 31,	
	2016	2015
Short-term benefits (*)(**)	\$ 834,999	\$ 1,064,798
	<u>\$ 834,999</u>	<u>\$ 1,064,798</u>

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

** Benefits include severance payment

At October 31, 2016, the Company had accounts payable and accrued liabilities balance of \$199,068 (January 31, 2016 - \$191,460) owing to its key management and related companies for severance, DSU accrual, and expense reimbursement. Such amounts are unsecured, non-interest bearing and with no fixed terms of payment.

14. Commitments and contingencies

Management contracts

The Company is party to certain management contracts. These contracts contain aggregate minimum commitments of approximately \$1,265,000 (January 31, 2016 - \$1,025,000) ranging from 30 days to 12 months and additional contingent payments of up to approximately \$2,704,000 (January 31, 2016 - \$3,100,000) 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 consolidated financial statements.

F&M costs sharing policy

The Company entered into a costs and liabilities sharing policy with F&M as disclosed in Note 13. 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. As at October 31, 2016, \$500,000 had been incurred by the Company.

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14. Commitments and contingencies (continued)

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.