ABERDEEN INTERNATIONAL

CONDENSED INTERIM FINANCIAL STATEMENTS

For the three and six months ended July 31, 2012 and 2011
(expressed in Canadian dollars)

UNAUDITED

ABERDEEN INTERNATIONAL INC.

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

	Notes	July 31, 2012 $	January 31, 2012 $
ASSETS			
Current			
Cash		**4,073,749**	7,372,118
Investments, at fair value through profit and loss	3	**49,212,644**	72,327,350
Amounts receivable	4	**687,010**	1,762,134
Loans receivable	5	**15,319,003**	2,456,978
Prepaid expenses		**3,818**	153,769
Total current assets		**69,296,224**	84,072,349
Long-term			
Preferred shares	6	**3,000,000**	-
Royalty interests on mineral properties, net	7	**-**	22,101,813
Equipment, net		**11,793**	23,581
Deferred tax assets	9	**4,270,000**	-
Total assets		**76,578,017**	106,197,743
LIABILITIES			
Current			
Accounts payable and accrued liabilities	8	**605,737**	664,242
Income taxes payable		**4,665,833**	1,578,328
Total current liabilities		**5,271,570**	2,242,570
Long-term			
Deferred tax liability	9	**-**	7,874,000
Total liabilities		**5,271,570**	10,116,570
SHAREHOLDERS' EQUITY			
Share capital	10	**43,216,917**	43,311,233
Equity reserve	11	**5,168,401**	20,337,970
Total share capital and equity reserve		**48,385,318**	63,649,203
Retained earnings		**22,921,129**	34,062,645
Accumulated other comprehensive loss	7	**-**	(1,630,675)
Total shareholders' equity		**71,306,447**	96,081,173
Total liabilities and shareholders' equity		**76,578,017**	106,197,743
Commitments and contingencies	15		
Subsequent event	16		

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,	
		2012	2011	**2012**	2011
		$	$	**$**	$
Net investment gains (losses)					
Realized gain on investments, net		**464,207**	5,067,809	**128,554**	9,270,814
Unrealized (loss) on investments, net		**(7,824,668)**	(14,934,028)	**(26,669,780)**	(22,887,366)
Total investment (losses)		**(7,360,461)**	(9,866,219)	**(26,541,226)**	(13,616,552)
Other revenue					
Royalties		**-**	519,672	**559,503**	1,038,775
Interest and dividend income	14	**287,531**	150,409	**370,905**	325,906
Advisory service fees	14	**95,000**	41,370	**140,000**	41,370
Total other revenue		**382,531**	711,451	**1,070,408**	1,406,051
Expenses					
Operating, general and administration	11,12,14	**3,902,085**	1,179,313	**6,834,953**	2,430,030
Transaction costs		**(2,435)**	(8,575)	**(2,435)**	(8,575)
Interest expenses		**116**	4,256	**755**	11,140
Provision for loan, interest and investment receivable	5	**-**	-	**-**	1,258,688
Loss on disposal of royalty interests	7	**1,525,144**	-	**1,525,144**	-
Depletion on royalty interests on mineral properties		**-**	152,335	**151,700**	313,431
Amortization		**5,893**	3,554	**11,788**	7,107
Total expenses		**5,430,803**	1,330,883	**8,521,905**	4,011,821
(Loss) before foreign exchange (loss) gain		**(12,408,733)**	(10,485,651)	**(33,992,723)**	(16,222,322)
Foreign exchange (loss) gain		**(1,504,536)**	86,050	**(1,546,410)**	(849,487)
(Loss) before income taxes		**(13,913,269)**	(10,399,601)	**(35,539,133)**	(17,071,809)
Income tax recovery	9	**3,771,191**	2,759,827	**9,516,904**	5,547,259
Net (loss) for the period		**(10,142,078)**	(7,639,774)	**(26,022,229)**	(11,524,550)
Other comprehensive loss					
Currency translation adjustment, net of taxes	7	**1,846,081**	262,388	**1,630,675**	(897,637)
Total comprehensive (loss) for the period		**(8,295,997)**	(7,377,386)	**(24,391,554)**	(12,422,187)
(Loss) per common shares based on (loss) for the period					
Basic		**(0.12)**	(0.09)	**(0.30)**	(0.13)
Diluted		**(0.12)**	(0.09)	**(0.30)**	(0.13)
Weighted average number of common shares outstanding					
Basic		**86,418,616**	86,701,269	**86,572,337**	86,640,593
Diluted		**86,418,616**	86,701,269	**86,572,337**	86,640,593

ABERDEEN INTERNATIONAL INC.

Condensed Interim Statements of Cash Flows

(Unaudited)

(In Canadian dollars)

	Notes	Six months ended July 31, 2012 $	2011 $
Cash flows from operating activities			
(Loss) before income taxes for the period		**(35,539,133)**	(17,071,809)
Income tax (paid)		**(83,592)**	(2,914,858)
Adjustments to reconcile net (loss) to cash used in operating activities:			
Realized (gain) on investments, net		**(128,554)**	(9,270,814)
Unrealized loss on investments, net		**26,669,780**	22,887,366
Loss on disposal of royalty interests		**1,525,144**	-
Provision for loan, interest and investment receivable	5	**-**	1,258,688
Depletion on royalty interests on mineral properties		**151,700**	313,431
Arrangement fee income		**-**	(14,766)
Share-based compensation	11	**624,742**	474,357
Amortization		**11,788**	7,107
Foreign exchange loss		**1,527,922**	712,804
		(5,240,203)	(3,618,494)
Adjustments for:			
Prepaid and other amounts receivable		**(375,852)**	(1,334,015)
Due to broker		**-**	59,619
Accounts payable and accrued liabilities		**54,574**	(3,980,015)
Income tax recoverable		**-**	410,152
Net cash (used in) operating activities		**(5,561,481)**	(8,462,753)
Cash flows from financing activities			
Dividend paid	10	**(869,287)**	(867,141)
Shares repurchased and cancelled	10	**(246,627)**	(928,905)
Shares issued through options exercised		**108,000**	610,975
Net cash (used in) financing activities		**(1,007,914)**	(1,185,071)
Cash flows from investing activities			
Sale of royalty interests		**11,835,233**	-
Purchase of investments		**(9,824,021)**	(15,468,770)
Disposal of investments		**3,679,305**	18,046,384
Advanced for investment		**-**	(144,000)
Short-term loans provided		**(3,520,101)**	(3,535,657)
Short-term loans repaid		**1,100,610**	1,000,000
Net cash generated from (used in) investing activities		**3,271,026**	(102,043)
CHANGE IN CASH		**(3,298,369)**	(9,749,867)
CASH, beginning of period		**7,372,118**	14,049,856
CASH, end of period		**4,073,749**	4,299,989
Supplemental cash flow information			
Convertible debenture received as consideration for sale of royalty interests	7	**9,400,000**	-
Interest paid		**767**	10,974

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 shares	Common shares	Equity payment reserve	Treasury shares	Retained earnings	Accumulated other comprehensive loss	Total equity
	#	$	$	$	$	$	$
Balance - January 31, 2012	**86,100,139**	**43,311,233**	**20,337,970**	**-**	**34,062,645**	**(1,630,675)**	**96,081,173**
Repurchase of common shares	-	-	-	(246,627)	-	-	(246,627)
Cancellation of repurchased common shares	(520,000)	(260,096)	13,469	246,627	-	-	-
Options exercised	900,000	165,780	(57,780)	-	-	-	108,000
Share-based compensation expense	-	-	624,742	-	-	-	624,742
Warrants expired unexercised	-	-	(15,750,000)	-	15,750,000	-	-
Dividend declared and paid	-	-	-	-	(869,287)	-	(869,287)
Net loss for the period	-	-	-	-	(26,022,229)	-	(26,022,229)
Currency translation adjustment	-	-	-	-	-	1,630,675	1,630,675
Balance - July 31, 2012	**86,480,139**	**43,216,917**	**5,168,401**	**-**	**22,921,129**	**-**	**71,306,447**
Balance - January 31, 2011	**86,677,339**	**43,600,623**	**20,818,067**	-	**73,618,578**	(1,722,659)	**136,314,609**
Repurchase of common shares	-	-	-	(928,905)	-	-	(928,905)
Cancellation of repurchased common shares	(1,062,200)	(534,269)	(86,929)	928,905	(307,707)	-	-
Options exercised	1,967,500	990,626	(379,651)	-	-	-	610,975
Share-based compensation expense	-	-	474,357	-	-	-	474,357
Dividend declared and paid	-	-	-	-	(867,141)	-	(867,141)
Net loss for the period	-	-	-	-	(11,524,550)	-	(11,524,550)
Currency translation adjustment	-	-	-	-	-	(897,637)	(897,637)
Balance - July 31, 2011	**87,582,639**	**44,056,980**	**20,825,844**	**-**	**60,919,180**	**(2,620,296)**	**123,181,708**

The accompanying notes are an integral part of the financial statements

(Expressed in Canadian dollars unless otherwise noted)

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. 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. Basis of preparation

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. These condensed interim financial statements have been prepared in accordance with the accounting policies described in Note 3 of the Company's Annual Financial Statements as at and for the year ended January 31, 2012. Accordingly, these condensed interim statements for the three and six month periods ended July 31, 2012 and 2011 should be read together with the Annual Financial Statements as at and for the year ended January 31, 2012.

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 ("$").

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

These condensed interim financial statements of the Company were approved by the Board of Directors on September 13, 2012.

3. Investments at fair value through profit and loss

At July 31, 2012, the Company's investment portfolio consisted of 13 privately-held investments and 33 publicly-traded investments for a total fair value of $49,212,644.

Private Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
Brazil Potash Corp.	(iii)	1,650,062 common shares	2,500,000	3,309,694	6.7%
Burkina Gold Corp.	(ii)	1,000,000 common shares	250,000	250,000	0.5%
Irati Energy Corp.		2,141,750 common shares	1,994,975	4,283,500	8.7%
Legacy Platinum Corp.	(ii,iii)	3,115,000 common shares	2,231,174	1,557,500	3.2%
Mason Graphite Corp.*		1,350,000 common shares	750,035	1,012,500	2.1%
		500,000 warrants			
Raven Minerals Corp.*	(ii)	1,600,000 common shares	400,000	720,000	1.5%
		800,000 warrants			
Scandinavian Metals Inc.	(ii,iii)	22,762,765 common shares	2,038,139	569,069	1.2%
Temujin Mining Corp.**	(ii,iii)	33,695,289 common shares	12,731,765	2,597,907	5.3%
		9,090,909 penalty shares B			
Total of 5 other investments	(iv)		135,365	116,109	0.2%
Total private investments			$ 23,031,453	$ 14,416,279	29.4%

* Warrants expire 12 months after listing date

** Penalty shares B will convert to common shares if future IPO or RTO issuance price is below the subscription price of $0.55 per share

(Expressed in Canadian dollars unless otherwise noted)

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

Public Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
Aguia Resources Ltd.*		3,438,659 common shares	$ 2,267,976	$ 550,075	1.1%
		277,393 option expire Dec 31, 2014			
		4,145,556 performance shares A			
		3,318,763 performance shares B			
		1,917,074 performance rights - class A			
		2,875,615 performance rights - class B			
		2,875,615 performance rights - class C			
Alderon Iron Ore Corp.	(iii)	446,100 common shares	466,100	1,062,708	2.2%
Alder Resources Ltd.	(iii)	2,500,000 common shares	250,000	297,375	0.6%
		1,250,000 warrants expire Feb 1, 2014			
Allana Potash Corp.		3,375,000 common shares	1,190,671	1,957,500	4.0%
Belo Sun Mining Corp.	(iii)	2,417,767 common shares	1,380,039	2,973,853	6.0%
Black Iron Inc.	(iii)	6,000,000 common shares	3,504,812	1,500,000	3.0%
Cap-Ex Ventures Limited		1,175,000 common shares	998,750	525,578	1.1%
		1,175,000 warrants expire Jan 13, 2014			
Castillian Resources Corp.	(iii)	18,374,000 common shares	2,969,075	647,636	1.3%
		2,273,000 warrants expire June 21, 2013			
Dacha Strategic Metals Inc.	(iii)	134,951 common shares	75,825	62,077	0.1%
Desert Eagle Resources Ltd.***		938,889 common shares	845,000	85,721	0.2%
		938,889 warrants expire Sep 15, 2013			
East Asia Minerals Corporation	(iiii)	4,000,000 common shares	1,990,180	659,760	1.3%
		3,800,000 warrants expire Dec 15, 2013			
Forbes & Manhattan (Coal) Corp.	(iii)	2,415,907 common shares	3,458,263	2,000,589	4.1%
		550,000 performance shares			
Goldstar Minerals Inc.****	(iii)	2,000,000 common shares	1,000,000	180,000	0.4%
Kincora Copper Limited		6,739,058 common shares	1,684,765	1,145,640	2.3%
Longford Energy Inc.	(iii)	1,250,000 warrants expire Jun 8, 2013	55,250	22,508	0.0%
Pitchblack Resources Ltd.**	(ii)	2,180,303 common shares	410,988	292,530	0.6%
		3,030,303 warrants expire Oct 29, 2012			
Ridgemont Iron Ore Corp.		1,320,000 common shares	501,600	239,448	0.5%
		660,000 warrants expire Jun 14, 2014			
Rodinia Lithium Inc.	(iii)	3,978,333 common shares	2,484,725	639,892	1.3%
		416,667 warrants expire Sep 10, 2012			
		1,500,000 warrants expire Dec 26. 2013			
Sagres Energy Inc.	(ii,iii)	21,428,500 common shares	1,697,242	772,855	1.6%
		16,666,667 warrants expire Sep 9, 2013			
Silver Bear Resources Inc.	(iii)	4,572,780 common shares	2,339,384	1,696,264	3.4%
		1,449,275 warrants expire Jun 7, 2015			
Sulliden Gold Corporation Ltd.	(iii)	15,904,572 common shares	12,109,150	15,904,572	32.3%
Vast Exploration Inc.	(iii)	9,437,000 common shares	760,406	283,110	0.6%
Total of 11 other investments	(iv)		1,875,704	1,296,674	2.6%
Total public investments			$ 44,315,905	$ 34,796,365	70.6%
Total investments			$ 67,347,358	$ 49,212,644	100.0%

* Formerly Newport Mining Ltd.,
** Formerly Cash Minerals Ltd.
*** Formerly Garrison International Ltd.
**** Formerly Auger Resources Ltd.

Note
(i) The Company has issued a Section 102 report under the Ontario Securities Act for this investment.
(ii) The Company owns, on a partially diluted basis, at least a 10% interest in the investee as at July 31, 2012.
(iii) A director and/or officer of the Company is a director and/or officer of the investee corporation.
(iv) Total other investments held by the Company, which are not individually listed as at July 31, 2012. Directors and officers may hold investments personally.

(Expressed in Canadian dollars unless otherwise noted)

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

At January 31, 2012, the Company's investment portfolio consisted of 12 privately-held investments and 31 publicly-traded investments for a total fair value of $72,327,350.

Private Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
Auger Resources Ltd.	(iii)	2,000,000 common shares	$ 1,000,000	$ 100,000	0.1%
Brazil Potash Corp.	(iii)	1,650,062 common shares	2,500,000	3,309,364	4.6%
Irati Energy Corp.		1,641,750 common shares	994,975	3,283,500	4.5%
Legacy Platinum Corp.	(ii,iii)	3,015,000 common shares	2,166,174	1,507,500	2.1%
Raven Minerals Corp.*	(ii)	1,600,000 common shares	400,000	720,000	1.0%
		800,000 w arrants			
Scandinavian Metals Inc.	(ii,iii)	22,762,765 common shares	2,038,139	569,069	0.8%
Temujin Mining Corp.**	(ii,iii)	33,695,289 common shares	14,416,529	6,739,058	9.3%
		9,090,909 penalty shares B			
Total of 5 other investments	(iv)		215,365	96,886	0.1%
Total private investments			$ 23,731,182	$ 16,325,377	22.6%

* Warrants' expiry date extended to 12 months after Raven is publicly listed

** Penalty shares B w ill convert to common shares if future IPO or RTO issuance price is below the subscription price of $0.55 per share

Public Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
Aguia Resources Ltd.*		3,438,659 common shares	$ 2,267,976	$ 1,773,478	2.5%
		277,393 options expire Dec 31, 2014			
		4,145,556 performance shares A			
		3,318,763 performance shares B			
		1,917,074 performance rights - class A			
		2,875,615 performance rights - class B			
		2,875,615 performance rights - class C			
Alderon Iron Ore Corp.	(iii)	446,100 common shares	466,100	1,500,842	2.1%
Alder Resources Ltd.	(iii)	2,500,000 common shares	250,000	712,750	1.0%
		1,250,000 w arrants expire Feb 1, 2014			
Alexis Mineral Corp.		2,500,000 common shares	250,000	112,500	0.2%
Allana Potash Corp.		3,375,000 common shares	1,190,671	2,666,250	3.7%
Bell Copper Corp.	(iii)	1,150,000 common shares	230,000	93,150	0.1%
		1,150,000 w arrants expire Nov 25, 2012			
Belo Sun Mining Corp.**	(iii)	1,053,667 common shares	813,796	3,081,844	4.3%
		3,000,000 w arrants expire March 3, 2012			
Black Iron Inc.	(iii)	6,000,000 common shares	3,504,812	3,900,000	5.4%
Cap-Ex Ventures Limited		1,175,000 common shares			
		1,175,000 w arrants expire Jan 13, 2014	998,750	1,684,833	0.023
Castillian Resources Corp.	(iii)	18,374,000 common shares	2,969,075	1,426,692	2.0%
		2,273,000 w arrants expire June 21, 2013			
Dacha Strategic Metals Inc.	(iii)	392,951 common shares	220,789	204,335	0.3%
Desert Eagle Resources Ltd.****		938,889 common shares	845,000	301,383	0.4%
		938,889 w arrants expire Sep 15, 2013			
East Asia Minerals Corporation	(iiii)	3,800,000 common shares	1,890,180	2,993,840	4.1%
		3,600,000 w arrants expire Dec 15, 2013			
Eurocontrol Technics Group Inc.	(iii)	1,333,333 w arrants expire Sep 27, 2012	75,546	26,000	0.0%
Forbes & Manhattan (Coal) Corp.	(iii)	2,406,797 common shares	3,443,875	4,413,259	6.1%
		550,000 performance shares			

(Expressed in Canadian dollars unless otherwise noted)

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

Public Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
Largo Resources Ltd.	(iii)	2,063,333 common shares	285,413	598,367	0.8%
Longford Energy Inc.	(iii)	1,250,000 warrants expire Jun 8, 2013	55,250	48,250	0.1%
Pitchblack Resources Ltd.***	(ii)	2,180,303 common shares	410,988	342,220	0.5%
		3,030,303 warrants expire Oct 29, 2012			
Rodinia Lithium Inc.	(iii)	3,978,333 common shares	1,831,925	843,992	1.2%
		416,667 warrants expire Sep 10, 2012			
Silver Bear Resources Inc.	(iii)	1,674,230 common shares	1,339,384	987,796	1.4%
Stetson Oil & Gas Ltd.		9,724,000 preferred shares	-	97,240	0.1%
Sulliden Gold Corporation Ltd.	(iii)	15,904,572 common shares	12,109,150	25,288,269	35.0%
United Silver Corp.		1,215,050 common shares	644,860	614,679	0.8%
		1,372,550 warrants expire Aug 2, 2014			
Vast Exploration Inc.	(iii)	10,000,000 common shares	805,770	550,000	0.8%
Total of 7 other investments	(iv)		2,508,992	1,740,004	2.3%
Total public investments			$ 39,408,302	$ 56,001,973	77.4%
Total investments			$ 63,139,484	$ 72,327,350	100.0%

* Formerly Newport Mining Ltd.,
** Formerly Verena Minerals Corp., 3,000,000 warrants exercised subsequent to January 31, 2012
*** Formerly Cash Minerals Ltd.
**** Formerly Garrison International Ltd.

Note
(i) The Company has issued a Section 102 report under the Ontario Securities Act for this investment.
(ii) The Company owns, on a partially diluted basis, at least a 10% interest in the investee as at January 31, 2012.
(iii) A director and/or officer of the Company is a director and/or officer of the investee corporation.
(iv) Total other investments held by the Company, which are not individually listed as at January 31, 2012. Directors and officers may hold investments personally.

4. Amounts receivable

	July 31, 2012	January 31, 2012
Simmers settlement	$ -	$ 1,002,800
Interest receivable	**398,473**	135,964
Dividend receivable	**25,890**	-
Royalty receivable	**2,840**	181,960
Investment settlement receivable	**-**	394,259
Recoverable expenses	**106,360**	-
Other receivable	**153,447**	47,151
	$ 687,010	$ 1,762,134

5. Loans receivable

	Nature of debt	July 31, 2012	January 31, 2012
Forbes & Manhattan West Africa Resources Inc.	Convertible	**$ 50,000**	$ -
Desert Eagle Resources Ltd.*	Unsecured	**1,059,138**	635,170
Legacy Platinum Corp.	Convertible	**1,307,281**	862,808
Pitchblack Resources Ltd.	Unsecured	**107,476**	100,000
Portex Minerals Inc.	Convertible	**500,000**	-
Premier Royalty Corporation	Convertible	**9,400,000**	-
Scandinavian Metals Inc.	Convertible	**1,684,000**	859,000
Tag Resources Pty Ltd.	Secured	**137,860**	-
Temujin Mining Corp.	Convertible	**1,073,248**	-
		$ 15,319,003	$ 2,456,978

* Formerly Garrison International Ltd.

5. Loans receivable (continued)

Temujin Mining Corp.

On January 14, 2010, the Company entered into a loan agreement with Temujin Mining Corp. ("Temujin"), a privately held company. The Company loaned Temujin US$6,000,000 ($6,009,000), repayable on or before January 14, 2011, with 10% interest per annum calculated monthly and payable on maturity. The debenture was secured against all of the assets of Temujin and ranked *pari-passu* in priority and preference to any other indebtedness or other encumbrance of Temujin. As consideration for arranging the loan, Temujin agreed to pay the Company advisory service fees of US$360,000 ($360,540), payable on demand, and issued 600,000 warrants to purchase common shares of Temujin at an exercise price of $0.55 per share until January 14, 2012. These warrants expired unexercised. On February 11, 2010, US$3,000,000 ($3,189,000) of the loan was repaid.

On October 1, 2010, the Company entered into a secured debenture agreement with Temujin, whereby the term of the previous loan was extended to July 14, 2011 with a conversion right granted to the Company to convert the loan into common shares of Temujin at a conversion price of US$0.50 per share at anytime on or before the maturity date. The debenture was secured against all of the assets of Temujin and ranked *pari-passu* in priority and preference to any other indebtedness or other encumbrance of Temujin. Furthermore, the advisory service fees along with accrued interest totalling US$624,523 ($625,460) were discounted to the loan and recognized as income over the term of the agreement. This brought the total outstanding principal to US$3,624,523 ($3,612,562). Temujin did not repay the loan on maturity, and an amendment to the secured debenture was made to further extend the maturity date to January 31, 2012.

During the year ended January 31, 2012, the Company also loaned US$2,438,622 ($2,441,793) and $579,937 to Temujin pursuant to a loan agreement dated January 27, 2012, whereby loans will be provided to Temujin from time to time at the sole discretion of the Company. The principal of the loan will mature, and become due and payable on December 31, 2012. The loan is unsecured and earned interest of 10% per annum calculated and payable semi-annually. Temujin has an option to either repay the loan plus accrued interest any time prior to the maturity date in cash, or issue shares of Temujin that equal the total value of the principal plus accrued interest to the Company at a price per common share agreeable between both parties at the time of conversion.

On January 27, 2012, the Company exercised the conversion right and converted the principal plus accrued interest of the secured convertible debenture in the amount of US$4,105,145 ($4,110,482) into 10,276,205 shares of Temujin at $0.40 per share. The Company also converted the principal plus accrued interest of the unsecured loan in the sum of US$2,529,511 ($2,532,800) and $616,397 into 7,872,993 shares of Temujin at $0.40 per share. Upon conversion, and as of January 31, 2012, no debt was outstanding from Temujin, and the Company owned a total of 33,695,289 shares of Temujin.

During the six months ended July 31, 2012, the Company loaned an additional $88,400 and US$982,000 ($984,848) to Temujin. As of July 31, 2012, the loan principal and accrued interest totaling $1,097,939 remained outstanding. A director and an officer of Aberdeen, Stan Bharti and David Stein, respectively, serve as directors of Temujin.

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. 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 shares of Legacy that equal the total value of the principal plus accrued interest based on the share value of its most recent equity financing.

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 (the "Second Loan"). 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.

As of July 31, 2012, the loan principal and accrued interest totaling $1,329,486 remained outstanding. Legacy is currently in negotiations with the Company for extending the term of the First Loan and Second Loan. An officer of Aberdeen, Richard Bishop, also serves as a director of Legacy.

5. Loans receivable (continued)

Scandinavian Metals Inc.

The Company entered into a loan agreement with Scandinavian Metals Inc. ("SMI") whereby loans will be provided to SMI from time to time at the sole discretion of the Company. The principal of the loan will mature, and become due and payable on December 31, 2012. The loan is unsecured and earns 10% interest per annum calculated and payable semi-annually. SMI has an option to either repay the loan plus accrued interest any time prior to the maturity date in cash, or issue shares of SMI that equal the total value of the principal plus accrued interest to the Company at a price per common share agreeable between both parties at the time of conversion.

Through fiscal 2011 and 2012, the Company loaned a total of $1,897,138 to SMI, of which, $1,038,138 was converted into 20,762,765 shares of SMI at $0.05 per share during the year ended January 31, 2012.

During the six months ended July 31, 2012, the Company loaned an additional $825,000 to SMI. As of July 31, 2012, the loan principal and accrued interest totaling $1,815,106 remained outstanding.

A director of Aberdeen, Stan Bharti, also serves as a director of SMI.

Desert Eagle Resources Ltd. (formerly Garrison International Ltd.)

On February 22, 2010, the Company entered into a secured debenture subscription agreement with Garrison International Ltd. ("Garrison"). The Company loaned Garrison $600,000, which will mature and becomes due and repayable on February 22, 2013. The debenture bears interest at a rate of 10% calculated and payable semi-annually on the last day of June and December, commencing June 30, 2010 and continuing until the debenture is repaid in full. This debenture is secured against all of the assets of Garrison and ranks senior in priority to any and all other debts of Garrison subsequently incurred subject to applicable laws. On December 31, 2010, Garrison did not make its semi-annual interest payment. The Company notified Garrison of default in writing. As a result of failing to receive a rectification of default from Garrison, the Company made a provision on the full principal amount of $600,000 and interest of $27,509.

During the year ended January 31, 2012, the Company provided a working capital facility to Desert Eagle Resources Ltd. ("Desert Eagle") interest free, unsecured and due on demand. The Company continued to advance funds to Desert Eagle. On September 16, 2011, the Company participated in Desert Eagle's equity financing and acquired 16,900,000 units (now 938,889 units because of an 18:1 consolidation) of Desert Eagle at $0.05 per unit. A sum of $845,000 owed by Desert Eagle was applied against the subscription of the units.

On January 31, 2012, the Company entered into a loan agreement with Desert Eagle, whereby loans will be provided to Desert Eagle from time to time at the sole discretion of the Company. The principal of the loan will mature, and become due and payable on December 31, 2012. Interest is calculated and payable semi-annually at the rate of 10% per annum. As of January 31, 2012, an amount of $670,791 consisting of $635,171 in principal and $35,620 in accrued and unpaid interest was owed to the Company.

During the six months ended July 31, 2012, the Company loaned an additional $423,955 to Desert Eagle. As of July 31, 2012, the loan principal and accrued interest, net of provision, totaling $1,143,320 remained outstanding.

Pitchblack Resources Ltd. (formerly Cash Minerals Ltd.)

On October 7, 2011, Pitchblack issued a promissory note to the Company for $100,000. The note bears interest at a rate of 10% per annum, compounded annually. The outstanding principal amount and interest accrued are due and payable on demand anytime after March 1, 2012.

On March 1, 2012, the Company extended the term of the loan to due on demand after June 30, 2012. As of July 31, 2012, loan principal plus accrued interest totaling $108,389 remained outstanding.

5. Loans receivable (continued)

China Railway Mining Corp.

On April 12, 2010, the Company entered into an agreement with Forbes & Manhattan, Inc. ("Forbes") to acquire 50% of the convertible debenture issued by China Railway Mining Corp ("China Railway") on March 9, 2009 to Forbes in return for a cash payment to Forbes in the amount of US$1,250,000. In addition, as return for the consideration, the Company received (a) 40,000 common shares of China Railway which represented 40% of the common shares that were issued and outstanding; and (b) 80,000 warrants of China Railway that were issued, which expired unexercised on December 15, 2010. The loan was convertible at the option of the lender on or before November 30, 2010 for common shares of Crystallex International Corporation ("Crystallex") at a price equal to the greater of $0.20 per share or 95% of the 5 day volume weighted average trading price of the common shares ending on the date of conversion.

The principal of the debenture plus interest of 6% per annum was repayable on December 31, 2010. On December 31, 2010, China Railway did not repay the loan and interest owed. In February 2011, the Company issued a demand letter to China Railway requesting repayment of the principal plus interest in full. The Company also made a provision for the loan and interest receivable totaling $1,258,688 in April 2011. The Company is currently pursuing the collection of the loan.

Premier Royalty Corporation

On May 31, 2012, the Company sold its Village Main Reef, Limited's and First Uranium Corporation's Mine royalties to Premier Royalty Corporation ("Premier Royalty") for a consideration of $11,500,000 cash and $9,400,000 convertible debenture. (Refer to Note 7 for detail)

As of July 31, 2012, principal of the convertible debenture plus accrued interest of $9,527,737 was owed to the Company.

Portex Minerals Inc.

On June 6, 2012, the Company entered into a senior unsecured convertible debenture with Portex Minerals Inc. ("Portex") whereby the Company agreed to loan Portex $500,000. The principal will be due and payable on the earlier of (a) nine months from June 6, 2012; (b) the date on which Portex completes $3,000,000 of equity financing; or (c) the Company declaring the principal due; (d) the conversion of the debenture into common shares; and (e) the redemption of the debenture. Interest on principal is calculated at 1% per month and payable on maturity. In the event of a default, Portex will be required to pay an additional 2% per annum on any overdue and unpaid amount. Such interest is calculated daily and compounded monthly and is payable on demand. In the event of a conversion, the price shall be the greater of (1) the 60 day volume weighted average price per common share on the CNSX System or the TSX Venture Exchange, as calculated on the last business day immediately preceding the conversion date and (b) $0.05. The debenture ranks senior in priority to any other indebtedness that Portex may have. As of July 31, 2012, principal plus accrued interest of $509,205 was owed to the Company.

Tag Resources Pty Ltd.

On July 16, 2012, the Company entered into a loan agreement with Tag Resources Pty Ltd. ("Tag") whereby the Company agreed to loan Tag AU$100,000 and $32,500. The loan is interest free, due on demand and secured against all the assets of Tag. As of July 31, 2012, the entire loan amount remained outstanding.

5. Loans receivable (continued)

Forbes & Manhattan West Africa Resources Inc.

On July 23, 2012, the Company entered into an unsecured loan agreement with Forbes & Manhattan West Africa Resources Inc. ("Forbes West Africa"), whereby the Company agreed to advance Forbes West Africa up to $100,000 at any time on or before December 31, 2012. Each advance will mature and be due and payable on its anniversary date. Interest on principal as well as overdue and unpaid accrued interest is calculated and payable annually at 20% per annum. The first advance plus any unpaid interest accrued will be converted to shares of Forbes West Africa on maturity date at $0.10 per share. The second advance plus any unpaid interest accrued will be converted to shares of Forbes West Africa on maturity date at $0.12 per share. On July 19, 2012, the Company advanced $50,000 to Forbes West Africa. As of July 31, 2012, principal plus accrued interest of $50,356 was owed to the Company.

6. Preferred shares

On June 27, 2012, the Company acquired 3,000,000 units of preferred shares of Rodinia Lithium Inc. ("Rodinia") at a price of $1.00 per unit. Each unit consists of one cumulative rate reset nonvoting potash stream preferred share and one-half of a common share purchase warrant. Each whole warrant will entitle the Company to acquire one common share of Rodinia at a price of $0.45 until December 26, 2013. Holders of the potash stream preferred shares are entitled to receive a 9% cumulative, preferential cash dividend and a price adjustment subject to certain market conditions ranging between an additional 0-2.5% dividend, payable annually on the last day of January following the relevant completed fiscal year, ending December 31 of the first year of initial potash production. After the first year of potash production, the dividend rate will be reset such that quarterly dividends equal the total amount of net potash revenue for the quarter divided by 20,000,000, payable on the last day of the month following the quarter. Net potash revenue shall be calculated based on the quantity of potash sold and the potash sales price realized less a potash production cost of US$185.00 per tonne of potash sold. The potash stream preferred shares are not retractable, convertible or redeemable by the holder thereof. They are redeemable by Rodinia in certain circumstances.

7. Royalty interests on mineral properties

On May 31, 2012, the Company sold its Village Main Reef, Limited's and First Uranium Corporation's Mine royalties to Premier Royalty , an Ontario company, wholly-owned by Premier Gold Mines Limited (TSX:PG) ("Premier").

Pursuant to the terms of the royalty purchase agreement entered into among the Company, Premier Royalty and Premier on April 24, 2012, Premier has made to Aberdeen a cash payment in the amount of $11,500,000 and issued a convertible debenture to Aberdeen in the amount of $9,400,000. The unpaid amounts owing under the convertible debenture shall accrue interest at a rate of 8% per annum. Upon Premier Royalty completing a public offering, or any other comparable going public transaction, the convertible debenture shall automatically convert into that number of common shares of Premier Royalty equal to the principal amount and accrued interest divided by the amount equal to the offering price or deemed price in connection with the going public transaction less a 10% discount.

In the event that a going public transaction is not completed on or before May 31, 2013, the principal amount and accrued interest under the convertible debenture shall be repaid by Premier Royalty in cash to Aberdeen in full, or if Premier Royalty elects, and subject to the approval of Premier, Premier shall satisfy the convertible debenture on Premier Royalty's behalf by issuing that number of common shares of Premier equal to the principal amount and accrued interest divided by the volume weighted average price of the common shares of Premier for the five trading days immediately prior to May 31, 2013.

Further, in the event Premier Royalty completes a going public transaction, Premier Royalty shall issue to Aberdeen that number of warrants of Premier Royalty equal to 0.5 multiplied by the number of common shares of Premier Royalty issued under the convertible debenture. Each warrant shall entitle Aberdeen to acquire one common share of Premier Royalty at a price representing a 25% premium to the price per Premier Royalty common share issued in connection with a going public transaction for a period of two years from the closing date of the going public transaction.

Upon closing of the transaction of royalty interests, the Company received cash of $11,500,000 and a convertible debenture of $9,400,000, and recognized a loss on disposal of $1,525,144 on May 31, 2012. The Company also recognized pre-tax $2,502,081 accumulated currency translation loss in the statement of comprehensive (loss) as a result of the sale of the royalty interests and the closure of the Company's royalty division.

(Expressed in Canadian dollars unless otherwise noted)

8. Accounts payable and accrued liabilities

	July 31, 2012	January 31, 2012
Trade payables	$ **188,147**	$ 137,327
Investment settlement payable	**-**	120,473
Accrued expenses	**417,590**	406,442
	$ **605,737**	$ 664,242

9. Income taxes

Significant component of income tax benefit (expense)

	July 31, 2012	July 31, 2011
Current tax (expense)	$ **(3,171,096)**	$ (1,705,741)
Deferred tax benefit	**12,688,000**	7,253,000
Provision for income tax recovery	$ **9,516,904**	$ 5,547,259

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% (2012 - 28%) during the six months ended:

	July 31, 2012	July 31, 2011
(Loss) before income taxes	$ **(35,539,133)**	$ (17,071,809)
Expected income tax recovery	$ **(9,314,000)**	$ (4,795,000)
Adjustments to benefit resulting from:		
Share-based compensation	**164,000**	133,000
Net realized gain on foreign exchange	**(194,000)**	(10,000)
Change in expected tax rate	**132,584**	(653,050)
Other	**(305,488)**	(222,209)
Provision for income tax (recovery)	$ **(9,516,904)**	$ (5,547,259)

Deferred taxes as at:

	July 31, 2012	January 31, 2012
Deferred taxes		
Investments	$ **4,414,000**	$ (2,438,000)
Royalty interest in mineral properties	**-**	(5,525,000)
Simmers Loan	**-**	44,000
Resource properties	**93,000**	97,000
Other	**(237,000)**	(52,000)
Deferred assets (liability)	$ **4,270,000**	$ (7,874,000)

(Expressed in Canadian dollars unless otherwise noted)

10. Share capital

Authorized: Unlimited common shares with no par value

Common shares

Issued and outstanding common shares	Number of shares		Amount
Balance, January 31, 2011	**86,677,339**	**$**	**43,600,623**
Shares issued on exercise of options	1,967,500		610,974
Option valuation on options exercised	-		379,651
Shares repurchased and cancelled (NCIB)	(2,544,700)		(1,280,015)
Balance, January 31, 2012	**86,100,139**	**$**	**43,311,233**
Shares issued on exercise of options	900,000		108,000
Option valuation on options exercised	-		57,780
Shares repurchased and cancelled (NCIB)	(520,000)		(260,096)
Balance, July 31, 2012	**86,480,139**	**$**	**43,216,917**

Dividends

On March 12, 2012, the Company declared and paid its semi-annual dividend payment of $0.01 to shareholders of record as of the close of business on March 16, 2012 on March 30, 2012. This is the first of two semi-annual payments previously announced as part of the Company's annual dividend policy of $0.02 per common share.

During the six months ended July 31, 2012, 86,928,739 (2011 - 86,780,739) shares were recorded for the first semi-annual dividend and dividend payment of $869,287 (2011 - $867,141) were paid to shareholders.

Normal course issuer bid ("NCIB")

On February 8, 2011, the Company instituted a NCIB, in respect of its common shares. Pursuant to the terms of the NCIB, and in accordance with the policies of the TSX, during the period commencing February 9, 2011 and ending on February 8, 2012, the Company could purchase up to 7,442,350 representing 10% of the common shares in the public float as at February 4, 2011. Daily purchases were limited to 66,652 common shares other than block purchase exceptions. Purchases were made in open market transactions through the facilities of the TSX and on other published markets at market prices prevailing at the time of acquisition. All common shares purchased under the NCIB were cancelled.

During the year ended January 31, 2012, the Company purchased and cancelled 2,544,700 common shares at an average price of $0.75 per share under the NCIB approved by the TSX.

On February 23, 2012, the Company instituted a NCIB, in respect of its common shares. Pursuant to the terms of the NCIB, and in accordance with the policies of the TSX, during the period commencing February 27, 2012 and ending on February 26, 2013, the Company may purchase up to 7,474,230 representing 10% of the common shares in the public float as at February 22, 2012. Daily purchases will be limited to 30,714 common shares other than block purchase exceptions. Purchases will be made in open market transactions through the facilities of the TSX and on other published markets at market prices prevailing at the time of acquisition. All common shares purchased under the NCIB will be cancelled.

During the six months ended July 31, 2012, the Company purchased and cancelled 520,000 (2011 – 1,062,200) shares at an average price of $0.47 (2011 - $0.87) per share under the new NCIB.

(Expressed in Canadian dollars unless otherwise noted)

11. 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, 2011	37,500,000	$ 1.00	$ 15,750,000	7,795,000	$ 0.33	$ 1,510,042	$ 3,558,025	$20,818,067
Granted	-	-	-	1,045,000	0.85	524,098	-	524,098
Options vested			-	-	-	(6,509)	-	(6,509)
Exercised	-	-	-	(1,967,500)	0.31	(379,651)	-	(379,651)
NCIB allocation	-	-	-	-	-	-	(618,035)	(618,035)
January 31, 2012	37,500,000	$ 1.00	$ 15,750,000	6,872,500	$ 0.41	$ 1,647,980	$ 2,939,990	$20,337,970
Granted			-	2,500,000	$ 0.24	$ 606,000	-	606,000
Options vested			-	-	-	18,742	-	18,742
Exercised	-	-	-	(900,000)	0.12	(57,780)	-	(57,780)
Expired	(37,500,000)	$ 1.00	$(15,750,000)	-	-	-	-	(15,750,000)
NCIB allocation	-	-	-	-	-	-	13,469	13,469
July 31, 2012	-	$ -	$ -	8,472,500	$ 0.45	$ 2,214,942	$ 2,953,459	$ 5,168,401

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.

During the six months ended July 31, 2012, 2,500,000 options (2011 – 1,045,000) were granted to certain directors, officers and employees of the Company with a weighted-average grant date fair value of $0.24 (2011 - $0.50) per option. These options vested immediately (2011 – 845,000 vested immediately; 200,000 vested over eight quarters). Share based compensation expense of $ 624,742 (2011 - $474,350) relating to these options and others that vested during the six months ended July 31, 2012 and 2011 was recorded in operating, general and administration fees. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, expected forfeiture rate, and behavioral considerations. Expected volatility is based on the historical share price volatility over the expected life of the option. The expected life of the options was calculated based on the history of options exercised.

(Expressed in Canadian dollars unless otherwise noted)

11. Equity reserve (continued)

Employee share option plan (continued)

The following share-based payment arrangements were in existence as at July 31, 2012:

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
900,000	900,000	4-Oct-07	4-Oct-12	$ 0.80	$ 437,400	89%	4.50%	5.00	0%
100,000	100,000	11-Aug-08	11-Aug-13	$ 0.48	$ 30,640	83%	3.11%	5.00	0%
50,000	50,000	5-Sep-08	5-Sep-13	$ 0.35	$ 11,890	84%	3.00%	5.00	0%
200,000	200,000	1-Oct-08	1-Oct-13	$ 0.29	$ 39,400	74%	2.04%	5.00	0%
2,080,000	2,080,000	14-Jan-09	14-Jan-14	$ 0.12	$ 133,536	68%	1.52%	5.00	0%
62,500	62,500	1-Feb-10	1-Feb-15	$ 0.47	$ 19,000	79%	2.47%	5.00	0%
50,000	50,000	23-Feb-10	23-Feb-15	$ 0.45	$ 13,320	70%	2.51%	5.00	0%
1,185,000	1,185,000	25-Feb-10	25-Feb-15	$ 0.43	$ 311,537	70%	2.49%	5.00	0%
100,000	100,000	5-Oct-10	5-Oct-15	$ 0.48	$ 25,650	64%	2.00%	5.00	0%
200,000	200,000	30-Nov-10	30-Nov-15	$ 0.64	$ 70,880	64%	2.35%	5.00	0%
845,000	845,000	20-Apr-11	20-Apr-16	$ 0.87	$ 438,978	70%	2.65%	5.00	0%
200,000	125,000	30-Jun-11	30-Jun-16	$ 0.79	$ 85,120	63%	2.30%	5.00	0%
2,500,000	2,500,000	12-Jun-12	12-Jun-17	$ 0.44	$ 606,000	66%	1.21%	5.00	0%
8,472,500	8,397,500				$ 2,223,351				

The weighted average exercise price of stock options outstanding and exercisable as at July 31, 2012 was $0.45 (July 31, 2011 - $0.41). The weighted average remaining contractual life of options outstanding and exercisable as at July 31, 2012 was 2.83 years (July 31, 2011 – 2.93 years).

12. Expenses by nature

Included in operating, general and administrative expenses for periods ended July 31 , were:

	Three months ended July 31		Six months ended July 31	
	2012	2011	**2012**	2011
Salaries, consulting, benefits and bonus	**$ 2,950,828**	$ 277,321	**$ 5,459,053**	$ 600,268
Stock options granted to directors, officers, employees and consultants (Note 11)	**613,576**	25,014	**624,742**	474,357
Legal, accounting and professional fees	**16,278**	157,402	**73,340**	198,216
Filing and transfer agent fees	**3,140**	2,010	**38,002**	35,233
Shareholders communication and promotion	**97,132**	136,767	**137,417**	199,932
Travel	**116,031**	52,863	**186,261**	120,721
General office and administration costs (Note 14)	**58,527**	51,582	**95,043**	128,885
Charitable donation	-	-	**25,000**	-
Capital tax reversal	**(62,240)**	-	**(62,240)**	-
Unrecoverable HST	**108,813**	476,354	**258,335**	672,418
	$ 3,902,085	$ 1,179,313	**$ 6,834,953**	$ 2,430,030

(Expressed in Canadian dollars unless otherwise noted)

13. Financial instruments

Financial assets and financial liabilities as at July 31, 2012 and January 31, 2012 were as follows:

	Assets & liabilities at amortized cost	Assets & liabilities at fair value through profit or loss	TOTAL
July 31, 2012			
Cash	$ 4,073,749	$ -	$ 4,073,749
Investments	-	49,212,644	49,212,644
Amounts receivables	687,010	-	687,010
Loans receivable	1,304,474	14,014,529	15,319,003
Preferred shares	-	3,000,000	3,000,000
Accounts payable and accrued liabilities	(605,737)	-	(605,737)
January 31, 2012			
Cash	$ 7,372,118	$ -	$ 7,372,118
Investments	-	72,327,350	72,327,350
Amounts receivables	1,762,134	-	1,762,134
Loans receivable	735,170	1,721,808	2,456,978
Accounts payable and accrued liabilities	(664,242)	-	(664,242)

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, interest rate, 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, 2012, which made up of approximately 32% (January 31, 2012 – 35%) of the portfolio.

For the three months ended July 31, 2012, a 10% decrease in the closing prices of its portfolio investments would result in an estimated increase in net loss of $2.6 million, or $0.03 per share (January 31, 2012 - $5.1 million, or $0.06 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 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, financing activities and proceeds from the disposition of its investments, in addition to interest income and advisory service fees. As the Company currently has no debt, 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.

13. 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, 2012 was $16,006,013 (January 31, 2012 - $4,219,112).

As at July 31, 2012 and January 31, 2012, the Company had a provision of $1,258,688 against the outstanding loans and interest receivable from China Railway Mining Corp.

As at July 31, 2012 and January 31, 2012, the Company had a total provision of $1,072,866 against the outstanding loans and interest receivable from Desert Eagle and Amazon Potash.

As at July 31, 2012 and January 31, 2012, the Company had a total provision of $537,962 and $685,152 respectively against recoverable investment pool expenses.

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 and South African Rand.

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 as of July 31, 2012 and January 31, 2012:

		July 31, 2012		January 31, 2012
Denominated in U.S dollars:				
Cash	**$**	**410,630**	$	1,113,707
Amounts receivables		**62,390**		1,218,807
Loans receivable		**2,218,252**		648,316
Accounts payable		**(92)**		(4,710)
Denominated in Australian dollars:				
Cash		**758**		-
Loans receivable		**105,360**		-
Denominated in South African Rand:				
Cash		**88,135**		78,804
Accounts payable and accrued liabilities		**(185)**		(31,266)
	$	**2,885,248**	$	3,023,658

A 10% increase in the value of the Canadian dollar against all foreign currencies in which the Company held financial instruments as of July 31, 2012 would result in an estimated increase in net loss of approximately $0.2 million or $0.002 per share (January 31, 2012 - net loss of approximately $0.2 million or $0.002 per share). The Company does not currently hedge its foreign currency exposure.

(Expressed in Canadian dollars unless otherwise noted)

13. Financial instruments (continued)

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, and accounts payable approximate their fair values due to the short-term nature of these instruments.
ii. Loans receivable, and investments are carried at amounts in accordance with the Company's accounting policy as set out in Note 3 of its Annual Financial Statement as at and for the year ended January 31, 2012.
iii. Prior to maturity, the outstanding loans receivable are carried at their discounted value. Following their maturity, loans receivable are carried at their estimated realizable value.

The following table illustrates the classification of the Company's financial instruments, measured at fair value in the statements of financial position as at July 31, 2012 and January 31, 2012 categorized into levels of the fair value hierarchy.

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	$ 34,037,370	$ -	$ -	$ 34,037,370
Non-trading warrants on public investments	-	758,995	-	$ 758,995
Private investments, performance and preferred shares	-	-	17,416,279	$ 17,416,279
Convertible debenture	-	-	14,014,529	14,014,529
July 31, 2012	$ 34,037,370	$ 758,995	$ 31,430,808	$ 66,227,173
Publicly traded investments	$ 51,916,759	$ -	$ -	$ 51,916,759
Non-trading warrants on public investments	-	4,085,214	-	4,085,214
Private investments and performance shares	-	-	16,325,377	16,325,377
Convertible debenture	-	-	1,721,808	1,721,808
January 31, 2012	$ 51,916,759	$ 4,085,214	$ 18,047,185	$ 74,049,158

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the period ended July 31, 2012 and January 31, 2012. 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) income.

Investments, fair value	**Six months ended July 31, 2012**	Year ended January 31, 2012
Balance, beginning of period	**$ 18,047,185**	$ 24,903,640
Net purchases	**4,432,234**	5,771,063
Disposal	**(100,000)**	(222,198)
Unrealized and realized loss net	**(1,456,567)**	(11,123,935)
Transfer of investment from private to public, net	**(1,784,765)**	(3,003,193)
Convertible debenture additions	**12,292,721**	1,721,808
Balance, end of period	**$ 31,430,808**	$ 18,047,185

(Expressed in Canadian dollars unless otherwise noted)

14. 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 the investments and the nature of the relationship of the Company's directors or officers with the investment:

Investment	Nature of relationship	Estimated Fair value
Alderon Iron Ore Corp.	Director (Stan Bharti) and shareholders	$ 1,062,708
Alder Resources Ltd.	Director (Pierre Pettgrew), officer (Ryan Ptolemy) and shareholders	297,375
Belo Sun Mining Corp.**	Director (Stan Bharti), officers (Michael Hoffman, Ryan Ptolemy), and shareholders	2,973,853
Black Iron Inc.	Director (Pierre Pettigrew), officer (Stan Bharti) and shareholders	1,500,000
Brazil Potash Corp.*	Director (Stan Bharti), officer (Ryan Ptolemy) and shareholders	3,309,694
Castillian Resources Corp.	Director (Michael Hoffman) and shareholders	647,636
Dacha Strategic Metals Inc.	Directors (Stan Bharti, George Faught, Jean-Guy Lambert), and sharehold	62,077
Goldstar Minerals Inc.***	Directo (Stan Bharti) and other shareholders	180,000
East Asia Minerals Ltd.	Director (David Stein) and shareholders	659,760
Forbes & Manhattan (Coal) Corp.	Directors (Stan Bharti, David Stein) and shareholders	2,000,589
Legacy Platinum Inc.*	Officer (Richard Bishop) and shareholders	1,557,500
Longford Energy Inc.	Director (Stan Bharti) and shareholders	22,375
Rodinia Lithium Inc.	Director (David Stein), officer (Ryan Ptolemy) and shareholdrs	639,892
Sagres Energy Inc.	Director (Stan Bharti) and shareholders	772,855
Scandinavian Metals Inc.*	Director (Stan Bharti) and shareholders	569,069
Silver Bear Resources Inc.	Director (Stan Bharti) and shareholders	1,696,264
Sulliden Gold Corporation Ltd.	Directors (Stan Bharti,George Faught) and shareholders	15,904,572
Temujin Mining Corp.*	Directors (Stan Bharti, David Stein) and shareholders	2,597,907
Vast Exploration Inc.	Director (Stan Bharti) and shareholders	283,110
Total of 27 other investments	Shareholders/warrant holders	12,475,408
Total Investments		**$ 49,212,644**

* Private company

** Formerly Verena Minerals Corp.

*** Formerly Auger Resources Ltd.

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				Loans receivable from related parties as at	
	During the three months ended		During the six months ended			
	July 31, 2012	July 31, 2011	July 31, 2012	July 31, 2011	July 31, 2012.	January 31, 2012
Legacy Platinum Corp.*	$ -	$ -	$ 399,160	$ -	$ 1,307,281	$ 862,808
Scandinavian Metals Inc.	$ 355,000	$ -	$ 825,000	$ -	$ 1,684,000	$ 859,000
Temujin Mining Corp.	$ 700,587	$ 493,621	$ 1,084,843	$ 493,621	$ 1,073,248	$ -
United Silver Corp.	$ -	$ 1,000,000	$ -	$ 1,000,000	$ -	$ -

* loan receivable included capitalized interest

(Expressed in Canadian dollars unless otherwise noted)

14. Related party disclosures (continued)

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

	Interest and dividends earned from related parties				Interest/dividend receivable from related parties as at	
	During the three months ended		During the six months ended			
	July 31, 2012	July 31, 2011	July 31, 2012	July 31, 2011	July 31, 2012	January 31, 2012
Castillian Resources Corp.*	$ -	$ 17,179	$ -	$ 39,524	$ -	$ -
Legacy Platinum Corp.**	$ 32,499	$ -	$ 54,663	$ -	$ 22,204	$ 10,705
Rodinia Lithium Inc.	$ 25,890	$ -	$ 25,890	$ -	$ 25,890	$ -
Scandinavian Metals Inc.	$ 38,325	$ -	$ 65,734	$ -	$ 131,106	$ 65,372
Temujin Mining Corp.*	$ 20,386	$ 87,292	$ 24,155	$ 170,934	$ 24,202	$ -
Trevali Mining Corp.*	$ -	$ 16,137	$ -	$ 44,767	$ -	$ -
Longford Energy Inc.	$ -	$ 3,630	$ -	$ 3,630	$ -	$ -
United Silver Corp.	$ -	$ 4,932	$ -	$ 4,932	$ -	$ -

* interest and debt arrangement fees earned partially capitalized to loan receivable

** overdue interest was capitalized to loan receivable

In addition, the Company also earned financing advisory service fees from companies of which directors and officers are also directors and officers of Aberdeen. Directors and officers of Aberdeen may also hold investments in these companies. Below are transactions and balance outstanding at the end of each reporting period:

	Advisory service fees earned from related parties				Advisory service fees due from related parties as at	
	During the three months ended		During the six months ended			
	July 31, 2012	July 31, 2011	July 31, 2012	July 31, 2011	July 31, 2012	January 31, 2012
Castillian Resources Corp.	$ 45,000	$ -	$ 90,000	$ -	$ 30,000	$ -
Longford Energy Inc.	$ -	$ 41,370	$ -	$ 41,370	$ -	$ 41,370

During the three and six months ended July 31, 2012 and 2011, the Company entered into the following transactions in the ordinary course of business with related parties.

	Sales of goods and services				Purchases of goods and services			
	During the three months ended		During the six months ended		During the three months ended		During the six months ended	
	July 31, 2012	July 31, 2011	July 31, 2012	July 31, 2011	July 31, 2012	July 31, 2011	July 31, 2012	July 31, 2011
Forbes & Manhattan, Inc.	$ 832	$ 48,523	$ 18,593	$ 79,846	$ 75,000	$ 27,232	$ 150,000	$ 49,732
Other miscellaneous	$ -	$ -	$ 220	$ -	$ -	$ 2,867	$ -	$ 2,867

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 an officer of Forbes & Manhattan, Inc. An administration fee of $7,500 per month was previously charged by Forbes & Manhattan, Inc. pursuant to a consulting agreement. Effective September 1, 2011, the contract with Forbes & Manhattan, Inc. was increased to $25,000 per month.

The amounts outstanding 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.

(Expressed in Canadian dollars unless otherwise noted)

14. Related party disclosures (continued)

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel during the periods ended July 31, 2012 and 2011 were as follows:

`	Three months ended July 31,		Six months ended July 31,	
	2012	2011	2012	2011
Short-term benefits*	$ 2,400,303	$ 235,823	$ 4,313,539	$ 447,823
Share-based payments	$ 546,584	$ 19,936	$ 556,915	$ 339,429

* Benefits included fees paid to Forbes & Manhattan

During the six months ended July 31, 2012, an officer of the Company exercised 900,000 options at $0.12 per share.

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.

15. Commitments and contingencies

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately $1,500,000 (July 31, 2011 - $1,000,000) ranging from 30 days to 25 months and additional contingent payments of up to approximately $13,200,000 (July 31, 2011 - $9,000,000) upon the occurrence of a change of control.

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.

16. Subsequent event

On August 15, 2012, the Company entered into a definitive agreement with Dacha Strategic Metals Inc. ("Dacha"). Subject to shareholders, court and regulatory approvals, the agreement details a plan of arrangement for Dacha to acquire all of the outstanding shares of Aberdeen, and Aberdeen will become a wholly owned subsidiary of Dacha. Under the terms of the transaction, shareholders of Aberdeen will receive 0.80 of a Dacha common share for each common share of Aberdeen held.