



ABERDEEN
INTERNATIONAL

Management's Discussion and Analysis

FOR THE YEAR ENDED JANUARY 31, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JANUARY 31, 2013

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

GENERAL

This management's discussion and analysis of the operations, results and financial condition of Aberdeen International Inc. ("Aberdeen", or the "Company") should be read in conjunction with the annual financial statements as at and for the years ended January 31, 2013 and 2012, including the notes thereto. The financial statements and related notes of Aberdeen have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). A detailed summary of the Company's significant accounting policies is included in Note 2 of the Company's annual financial statements as at and for the year ended January 31, 2013 and 2012, which have been consistently applied. The Company's functional and reporting currency is the Canadian dollar. Unless otherwise noted, all references to currency in this Management's Discussion and Analysis ("MD&A") refer to Canadian dollars.

Additional information regarding Aberdeen, including our Annual Information Form ("AIF") dated April 29, 2013 and press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online under the Company's profile at www.sedar.com. This MD&A reports on the Company's activities through April 29, 2013.

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

CAUTION REGARDING FORWARD-LOOKING INFORMATION

The annual report, including this MD&A, may contain certain "forward-looking information" within the meaning of applicable securities law, which are prospective and reflect management's expectations regarding Aberdeen's future growth, results of operations, performance and business prospects and opportunities. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding the Company's plan of business operations; projections regarding future success based on past success; availability of financing on acceptable terms; ability to identify and execute investments; investment philosophy and business purposes; projected costs and expenditures; potential benefits of the business; anticipated returns; potential mineralization; projection of future revenue; targets for cash operating costs; and future plans and objectives of Aberdeen are forward-looking information that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from Aberdeen's expectations include, but are not limited to, in particular, past success or achievement does not guarantee future success; risks related to investment performance, market fluctuations, fluctuations in commodity prices, uncertainties relating to the availability and costs of financing needed in the future, the strength of the Canadian and US economies and financial markets, foreign exchange fluctuations, competition, political and economic risks in the countries and financial markets in which the Company's investments' interests are located and other risks included elsewhere in this MD&A under the heading "Risks and Uncertainties" as well as those factors discussed in or referred to in the AIF of the Company filed on April 29, 2013, under the profile of the Company at www.sedar.com. Estimates and assumptions that have been considered when formulating forward-looking information include, with respect to the investments and investment philosophy of Aberdeen, management expertise and knowledge of the resources industry and the continued involvement of the current management team with Aberdeen. With regard to all information included herein relating to investee companies, Aberdeen has relied exclusively on publicly available information disclosed by the respective companies.

Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking information. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Aberdeen undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors that affect this information, except as required by law.

OVERVIEW

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

- pre-IPO and/or early stage public resource companies with undeveloped and undervalued high-quality resources;
- companies in need of managerial, technical and financial resources to realize their full potential; and
- companies undervalued in foreign capital markets.

Aberdeen provides valued-added managerial and board advisory services to these companies in addition to investment capital. The Company's strategy is to optimize the return on its investments over a 24 to 36 month investment time frame. Aberdeen also has access to key experts in the mining and financial sector who can provide further assistance in evaluating and monitoring companies and their progress. As part of its business model, Aberdeen's officers and directors take active management, director and ownership roles in a significant percentage of companies in which Aberdeen invests.

The Company began operating as a global investment and merchant banking company in July 2007. As at January 31, 2013, the portfolio had investments in 48 companies with an estimated fair market value of \$53,332,006 (cost – \$58,783,567).

FISCAL 2013 PERFORMANCE HIGHLIGHTS

Operating Results	For the years ended January 31,	
	2013	2012
Realized (loss) gain on investments, net	\$ (8,370,001)	\$ 9,828,111
Unrealized (loss) on investments, net	(13,986,629)	(50,018,891)
Net investment (loss)	(22,356,630)	(40,190,780)
Other revenue	1,942,754	3,307,073
Net (loss) for the year	(30,630,419)	(37,813,636)
Basic and diluted (loss) per share	\$(0.35)	\$(0.44)
	January 31, 2013	January 31, 2012
Investments		
Total equities, at fair value	\$ 53,332,006	\$ 72,327,350
Preferred shares, at fair value	3,000,000	-
Loans receivable	3,116,040	2,456,978
Total investments	\$ 59,448,046	\$ 74,784,328
Shareholders' equity	\$ 65,450,058	\$ 96,081,173

During 2013, the Company realized loss on investments of \$8,370,001 compared to gain of \$9,828,111 for the previous year. The Company had a net investment loss of \$22,356,630 compared to a loss of \$40,190,780 for 2012. The Company's net loss for 2013 was \$30,630,419 (\$0.35 per basic share) compared to a loss of \$37,813,636 (\$0.44 per basic share) for the previous year.

As at January 31, 2013, the Company's investments decreased to \$59,448,046 from \$74,784,328 as at January 31, 2012. During 2013, the Company's shareholders' equity decreased to \$65,450,058 from \$96,081,173 as at January 31, 2012. The continued losses and the further decline of the value of the Company's investment portfolio during 2013 reflects a weak equity market experienced in the resource sector.

INVESTMENTS, AT FAIR VALUE THROUGH PROFIT AND LOSS, AS AT JANUARY 31, 2013.

At January 31, 2013, the Company's investment portfolio consisted of 14 privately-held investments and 34 publicly-traded investments for a total fair value of \$53,332,006. At January 31, 2012, the Company's investment portfolio consisted of 31 publicly-traded investments and 12 privately-held investments for a total fair value of \$72,327,350.

PUBLIC INVESTMENTS

At January 31, 2013, the 34 Company's publicly-traded investments had a total fair value of \$32,292,172.

Public Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
Agua Resources Ltd.*		4,144,232 common shares	\$ 2,262,886	\$ 697,112	2.2%
		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.		446,100 common shares	466,100	801,692	2.5%
Alder Resources Ltd.	(iii)	1,816,000 common shares	192,544	115,960	0.4%
		1,250,000 w warrants expire Feb 1, 2014			
Allana Potash Corp.		2,853,500 common shares	1,006,690	1,655,030	5.1%
Antofagasta Gold Inc. **	(iii)	480,000 common shares	79,911	370,152	1.1%
		45,000 w warrants expire Oct 14, 2014			
Black Iron Inc.	(iii)	6,000,000 common shares	3,504,812	2,700,000	8.4%
Cap-Ex Ventures Limited		1,313,500 common shares	1,089,209	625,175	1.9%
		1,175,000 w warrants expire Jan 13, 2014			
Castillian Resources Corp.	(iii)	6,321,000 common shares	1,072,560	158,025	0.5%
		2,273,000 w warrants expire Jun 21, 2013			
Desert Eagle Resources Ltd.***	(ii)	938,889 common shares	845,000	49,667	0.2%
		938,889 w warrants expire Sep 15, 2013			
East Asia Minerals Corporation	(iii)	4,000,000 common shares	1,990,180	1,240,460	3.8%
		3,800,000 w warrants expire Dec 15, 2013			
Emerita Gold Corp.	(iii)	1,470,588 common shares	250,000	250,000	0.8%
Ferro Iron Ore Corp.	(ii)	2,100,000 common shares	105,000	536,970	1.7%
		1,050,000 w warrants expire Sep 26, 2014			
Forbes & Manhattan (Coal) Corp.	(iii)	2,415,907 common shares	3,458,263	1,386,953	4.3%
		550,000 performance shares			
Goldstar Minerals Inc.****	(iii)	1,874,000 common shares	937,000	46,850	0.1%
Kincora Copper Limited		6,668,558 common shares	1,667,140	433,456	1.3%
Portex Minerals Inc.	(i,ii)	21,249,315 common shares	1,062,466	1,062,466	3.3%
Premier Royalty Inc.	(iii)	3,884,849 w warrants expire Dec 4, 2014	266,501	1,679,032	5.2%
Mason Graphite Inc.		350,000 common shares	259,291	394,950	1.2%
		500,000 w warrants expire Oct 30, 2013			

Public Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
Ridgmont Iron Ore Corp.		3,320,000 common shares	902,600	221,080	0.7%
		660,000 w warrants expire Jun 14, 2014			
Rodinia Lithium Inc.	(iii)	3,978,333 common shares	2,426,646	777,725	2.4%
		1,500,000 w warrants expire Dec 26, 2013			
Sagres Energy Inc.	(iii)	16,666,667 w warrants expire Sep 9, 2013	250,000	43,333	0.1%
Silver Bear Resources Inc.	(iii)	4,019,780 common shares	2,077,191	1,634,024	5.1%
		1,449,275 w warrants expire Jun 7, 2015			
Sulliden Gold Corporation Ltd.	(iii)	15,398,672 common shares	11,789,861	14,474,752	44.8%
Valenica Ventures Inc.	(ii,iii)	1,038,444 common shares	93,460	170,409	0.5%
		1,038,444 w warrants expire Nov 1, 2014			
Total of 10 other investments	(iv)		1,289,573	766,899	2.4%
Total public investments			\$ 39,344,884	\$ 32,292,172	100.0%

* Formerly New port Mining Ltd.,

** Formerly Windamere Ventures 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 January 31, 2013.
- (iii) A director and/or officer of the Company is a director and/or officer of the investee corporation as at January 31, 2013.
- (iv) Total other investments held by the Company, which are not individually listed as at January 31, 2013. Directors and officers may hold investments personally.

At January 31, 2012, the Company's 31 publicly-traded investments had a total fair value of \$56,001,973.

Public Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
Agua Resources Ltd.*		3,438,659 common shares	\$ 2,267,976	\$ 1,773,478	3.2%
		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	1,500,842	2.7%
Alder Resources Ltd.	(iii)	2,500,000 common shares	250,000	712,750	1.3%
		1,250,000 warrants expire Feb 1, 2014			
QMX Gold Corporation ****		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	4.8%
Bell Copper Corp.	(iii)	1,150,000 common shares	230,000	93,150	0.2%
		1,150,000 warrants expire Nov 25, 2012			
Belo Sun Mining Corp.**	(iii)	1,053,667 common shares	813,796	3,081,844	5.5%
		3,000,000 warrants expire March 3, 2012			
Black Iron Inc.	(iii)	6,000,000 common shares	3,504,812	3,900,000	7.0%
Cap-Ex Ventures Limited		1,175,000 common shares			
		1,175,000 warrants expire Jan 13, 2014	998,750	1,684,833	3.0%
Castillian Resources Corp.	(iii)	18,374,000 common shares	2,969,075	1,426,692	2.5%
		2,273,000 warrants expire June 21, 2013			
Dacha Strategic Metals Inc.	(iii)	392,951 common shares	220,789	204,335	0.4%
Desert Eagle Resources Ltd.****		938,889 common shares	845,000	301,383	0.5%
		938,889 warrants expire Sep 15, 2013			
East Asia Minerals Corporation	(iii)	3,800,000 common shares	1,890,180	2,993,840	5.3%
		3,600,000 warrants expire Dec 15, 2013			
Eurocontrol Technics Group Inc.	(iii)	1,333,333 warrants expire Sep 17,2012	75,546	26,000	0.0%

Public Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
Forbes & Manhattan (Coal) Corp.	(iii)	2,406,797 common shares 550,000 performance shares	3,443,875	4,413,259	7.9%
Largo Resources Ltd.	(iii)	2,063,333 common shares	285,413	598,367	1.1%
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 3,030,303 warrants expire Oct 29, 2012	410,988	342,220	0.6%
Rodinia Lithium Inc.	(iii)	3,978,333 common shares 416,667 warrants expire Sep 10, 2012	1,831,925	843,992	1.5%
Silver Bear Resources Inc.	(iii)	1,674,230 common shares	1,339,384	987,796	1.8%
Stetson Oil & Gas Ltd.		9,724,000 preferred shares	-	97,240	0.2%
Sulliden Gold Corporation Ltd.	(iii)	15,904,572 common shares	12,109,150	25,288,269	45.0%
United Silver Corp.		1,215,050 common shares	644,860	614,679	1.1%
Vast Exploration Inc.	(iii)	1,372,550 common shares expire Aug 2, 2014	805,770	550,000	1.0%
Total of 7 other investments	(iv)		2,508,992	1,740,004	3.1%
Total public investments			\$ 39,408,302	\$ 56,001,973	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.

***** Formerly Alexis Minerals Corp.

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 as at January 31, 2012.
- (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.

PRIVATE INVESTMENTS

At January 31, 2013, the 14 Company's privately-held investments had a total fair value of \$21,039,384.

Private Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
Brazil Potash Corp.	(iii)	1,650,062 common shares	2,500,000	3,291,214	15.6%
DT Plantations Inc.		2,770,000 common shares	200,000	277,000	1.3%
Forbes Ram Holdings Inc.	(ii,iii,v)	8,000,000 common shares	8,000,000	8,000,000	38.0%
Indo Gold Limited	(ii,iii)	7,500,000 common shares	1,560,000	1,560,000	7.4%
Irati Energia Corp.		2,213,179 common shares	1,994,975	3,873,063	18.5%
Legacy Platinum Corp.	(ii,iii)	3,115,000 common shares	2,231,174	1,557,500	7.4%
Ram River Coal Corp.		750,000 common shares	37,500	750,000	3.6%
Raven Minerals Corp.*	(ii)	1,600,000 common shares 800,000 warrants	400,000	720,000	3.4%
Scandinavian Metals Inc.	(ii,iii)	22,762,765 common shares	2,038,139	569,069	2.7%
Tag Resources (Pty) Ltd.	(ii)	7,005,141 common shares	341,530	364,968	1.7%
Total of 4 other investments	(iv)		135,365	77,020	0.4%
Total private investments			\$ 19,438,683	\$ 21,039,834	100.0%

* Warrants expire 12 months after listing date

Note

- (ii) The Company owns, on a partially diluted basis, at least a 10% interest in the investee as at January 31, 2013.
- (iii) A director and/or officer of the Company is a director and/or officer of the investee corporation as at January 31, 2013.
- (iv) Total other investments held by the Company, which are not individually listed as at January 31, 2013. Directors and officers may hold investments personally.
- (v) The Company owns 80% of the outstanding common shares and voting rights of Forbes Ram Holdings Inc. (a Canadian corporation) as at January 31, 2013. There are no contractual arrangements, financial support, or other restrictions with Forbes Ram Holdings Inc. Refer to "New accounting policies" under Note 2 relating to the exemption to consolidating particular subsidiaries for investment entities.

At January 31, 2012, the 12 Company's privately-held investments had a total fair value of \$16,325,377.

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	0.6%
Brazil Potash Corp.	(iii)	1,650,062 common shares	2,500,000	3,309,364	20.3%
Irati Energy Corp.		1,641,750 common shares	994,975	3,283,500	20.1%
Legacy Platinum Corp.	(ii,iii)	3,015,000 common shares	2,166,174	1,507,500	9.2%
Raven Minerals Corp.*	(ii)	1,600,000 common shares 800,000 w warrants	400,000	720,000	4.4%
Scandinavian Metals Inc.	(ii,iii)	22,762,765 common shares	2,038,139	569,069	3.5%
Temujin Mining Corp.**	(ii,iii)	33,695,289 common shares 9,090,909 penalty shares B	14,416,529	6,739,058	41.3%
Total of 5 other investments	(iv)		215,365	96,886	0.6%
Total private investments			\$ 23,731,182	\$ 16,325,377	100.0%

* 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

Note

- (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 as at January 31, 2012.
- (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.

During the year ended January 31, 2013, the Company invested approximately \$21.1 million in portfolio acquisitions and disposed of investments receiving proceeds of \$11.1 million for a realized loss of \$8.4 million. During the year ended January 31, 2013, the Company made major new investments in Irati Energia Corp. (energy), Belo Sun Mining Corp (gold), Forbes Ram Coal Holdings (coal), Indo Gold Limited (gold), Mason Graphite Corp. (graphite), Ridgemont Iron Ore Corp. (iron), Rodinia Lithium Inc. (potash stream preferred shares), Sagres Energy Inc. (energy), Silver Bears Resources Inc. (silver), and received shares from Kincora Copper (copper), Premier Royalty Inc. (gold) and Portex Mineral Inc. (base metals) through loan conversion. The Company reduced and/or disposed its holdings in the following companies: Belo Sun Mining Corp (gold), Castillian Resources Corp. (gold), Premier Royalty Inc. (gold), Sagres Energy Inc. (energy), Temujin Mining Corp. (private gold), Vast Exploration Inc. (energy), and Macusani Yellowcake Inc. (uranium).

During the year ended January 31, 2013, the fair market value of the Company's total investment portfolio had a cumulated unrealized loss of \$4.8 million. The Company had unrealized losses of approximately \$4.2 million from its base metals holdings, \$0.7 million loss from silver holdings, \$0.7 million loss from energy holdings, and approximately \$0.7 million gain from its gold holdings.

LOANS

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

Aberdeen's loan portfolio as at January 31, 2013 and 2012:

		January 31, 2013	January 31, 2012
Desert Eagle Resources Ltd.*	Unsecured	-	635,170
Legacy Platinum Corp.	Convertible	1,367,338	862,808
Metal Prospecting AS	Convertible	219,120	-
Other loans	Convertible	80,000	-
Pitchblack Resources Ltd.	Unsecured	107,476	100,000
Scandinavian Metals Inc.	Convertible	-	859,000
Temujin Mining Corp.	Convertible	1,342,106	-
		\$ 3,116,040	\$ 2,456,978

* Formerly Garrison International Ltd.

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

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 bridge loan agreement with Desert Eagle for the remaining balance of the working capital loan in the amount of \$670,791 consisting of \$635,171 in principal and \$35,620 in accrued and unpaid interest. The principal of the loan will mature, and become due and payable on December 31, 2012, subsequently extended to June 30, 2013. Interest is calculated and payable semi-annually at the rate of 10% per annum.

During the year-ended January 31, 2013, the Company loaned an additional \$157,000 and US\$316,500 to Desert Eagle. At the end of fiscal 2013, the Company reviewed the recoverability of the loan and determined an impairment provision on the loan principal of \$830,031 and US\$278,300 (\$277,549) and accrued interest of \$107,106 and US\$34,274 (\$34,181) was required.

Legacy Platinum Corp.

On June 10, 2011, the Company entered into a convertible loan agreement with Legacy Platinum Corp. ("Legacy"). The Company loaned Legacy \$320,000, which was originally due and payable on June 10, 2012, subsequently extended to December 31, 2013. The loan is unsecured and included an 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 principals outstanding 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, subsequently extended to December 31, 2013. This loan is unsecured and carries the same term and condition 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 January 31, 2013, the loan principal and accrued interest totalling \$375,963 and US\$1,017,602 (\$1,014,854) remained outstanding. An officer of Aberdeen, Richard Bishop, also serves as a director of Legacy.

Pitchblack Resources Ltd. (formerly Cash Minerals Ltd.)

On October 7, 2011, Pitchblack Resources Ltd. ("Pitchblack") issued a promissory note to the Company for a loan of \$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 be due on demand after June 30, 2012. As of January 31, 2013, loan principal plus accrued interest totalling \$111,286 remained outstanding.

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 loans are unsecured and earn 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 year ended January 31, 2013, the Company loaned an additional \$1,020,622 to SMI. At the end of fiscal 2013, the Company reviewed the recoverability of the loan and determined an impairment provision on the loan principal of \$1,879,622 and accrued interest of \$224,878 was required. A director of Aberdeen, Stan Bharti, also serves as a director of SMI.

Temujin Mining Corp.

On October 1, 2010, the Company entered into a secured debenture agreement with Temujin Mining Corp. ("Temujin"), whereby the term of a 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 ranks *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 brings 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, subsequently extended to December 31, 2013. The loan was 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 interests 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 year-ended January 31, 2013, the Company loaned an additional \$88,400 and US\$1,257,100 (\$1,253,706) to Temujin pursuant to the loan agreement dated January 27, 2012. As of January 31, 2013, the loan principal and accrued interest totalling \$95,592 and US\$1,337,434 (\$1,333,823) remained outstanding. A director and an officer of Aberdeen, Stan Bharti and David Stein, serve as directors of Temujin.

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 consideration of \$11,500,000 cash and a \$9,400,000 convertible debenture bearing interest at a rate of 8% per annum.

On December 5, 2012, Premier Gold Mines Ltd. ("Premier Gold"), its wholly owned subsidiary, Premier Royalty and Bridgeport Ventures Inc. ("Bridgeport") completed their previously announced arrangement whereby Bridgeport acquired 100% of the issued and outstanding common shares of Premier Royalty which was accounted for as a reverse take-over, with the resulting publicly traded entity, Premier Royalty continuing under the symbol TSX:NSR. As a result of the merger, the Company converted the \$9,400,000 convertible debenture plus \$389,820 of interest into 7,769,698 common shares and 3,884,849 warrants (priced at \$1.75) of Premier Royalty. The 7.8 million common shares of Premier Royalty were subsequently sold on January 31, 2013 for proceeds of \$14.3 million.

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 ("First Debenture"). The principal will be due and payable on the earlier of (a) March 6, 2013; (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 (2) \$0.05. The debenture ranks senior in priority to any other indebtedness that Portex may have.

On September 12, 2012, the Company entered into a second senior unsecured convertible debenture agreement with Portex for an additional loan of \$500,000 ("Second Debenture"). The Second Debenture ranks senior in priority to any other indebtedness that Portex may have and carries the same terms and conditions as the First Debenture.

On January 30, 2013, the Company exercised the conversion right of the First and Second Debentures. The outstanding principal plus accrued interest totalling \$1,062,466 was converted to 21,249,315 shares of Portex at \$0.05 per share.

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. On October 22, 2012, the Company participated in the financing of Tag and applied the entire loan receivable towards the share subscription of Tag.

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 January 31, 2013, principal plus accrued interest totaling \$55,397 remained outstanding.

QMX Gold Corporation

On August 14, 2012, the Company entered into a debenture agreement with QMX Gold Corporation ("QMX") whereby the Company agreed to loan \$500,000 to QMX. The loan accrued interest at 15% per annum and matured, became due and payable on the date QMX closed its sale of assets to Druk Capital Partners. QMX paid a \$25,000 cash commission upon drawing down the loan on August 16, 2012. QMX repaid the principal plus interest totaling \$508,219 on September 24, 2012.

Sagres Energy Inc.

On October 18, 2012, Sagres Energy Inc. ("Sagres") issued a promissory note to the Company for a principal amount of of US\$350,000. The note bears interest at 8% per annum, calculated monthly and payable on maturity. The principal and accrued interest will mature, become due and payable on October 18, 2013. Overdue and unpaid principal and interests are subject to an additional 2% interest per annum, calculated daily and compounded monthly. The loan is secured against all assets of Sagres but ranks second in priority and preference to other debt owed to Canacol Energy Ltd.

At the end of fiscal 2013, the Company reviewed the recoverability of the loan and determined that an impairment provision on the loan principal of US\$350,000 (\$349,055) and accrued interest of US\$7,825 (\$7,804) was required. A director of Aberdeen, Stan Bharti, was a former director and is current advisor of Sagres.

Sable Platinum Holdings (Pty) Ltd.

On October 23, 2012, the Company entered into a working capital bridge loan financing agreement with Sable Platinum Holdings (Pty) Ltd. ("Sable") whereby the Company agreed to loan \$200,000 to Sable. The loan bears interest at 1% per annum, calculated and payable in quarterly instalments. The principal of the loan will mature, become due and payable on the earlier of (a) November 25, 2012, (b) the date which Sable closes the transaction with New CorpCapital Limited, and (c) in the event of a default, when the Company declares the principal to be due and owing. The loan ranks senior in priority and preference to any other indebtedness or any encumbrance that Sable subsequently incurred.

On December 15, 2012, outstanding principal plus accrued interest totalling \$200,250 was repaid to the Company.

Sable is a wholly owned subsidiary of Legacy Platinum Corp. An officer of Aberdeen, Richard Bishop, serves as an officer of Legacy. Directors of Aberdeen, George Faught and David Stein, also serve as directors of Sable.

Metal Prospecting AS

On November 12, 2012, the Company entered into an unsecured loan agreement with Metal Prospecting AS ("Metpro"), whereby the Company agreed to advance Metpro NOK1,200,000 (\$219,120). The principal of the loan will mature, to be due and payable in cash on the earlier of (a) December 31, 2013, and (b) the date on which Portex completes its acquisition of Metpro, or at any time when the Company declares the principal to be due, or (c) at any time when the Company declares the principal to be due in the event of a default, or (d) the Company exercises the option to convert the outstanding loans into shares of Metpro at NOK2.40 (\$0.44) per share in the event of default. Interest on the principal is calculated at a rate of 1.5% per month, compounded monthly and payable quarterly commencing January 1, 2013. The loans rank senior in priority and preference to any other indebtedness of Metpro.

As of January 31, 2013, principal plus accrued interest totalling NOK1,218,000 (\$222,407) remained outstanding. An officer of Aberdeen, David Stein, serves as a director of Metpro.

Forbes & Manhattan (Russia) Inc.

On November 14, 2012, the Company entered into an unsecured loan agreement with Forbes & Manhattan (Russia) Inc. ("Forbes Russia"), and Forbes & Manhattan, Inc. ("Forbes"), the second lender, whereby each lender agreed to advance Forbes Russia (A) \$30,000 on the date of the loan and, (B) additional funds from time to time up to a maximum of \$250,000. 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 10% per annum. Each lender may convert the outstanding loan plus interest into shares of Forbes Russia at \$0.05 per common shares at any time before the maturity date.

As of January 31, 2013, principal plus accrued interest totalling \$30,649 was owed to Aberdeen. Subsequent to the year end, Forbes Russia repaid \$24,000 of the outstanding principal.

PREFERRED SHARES

On June 27, 2012, the Company acquired 3,000,000 units of Rodinia Lithium Inc. ("Rodinia") at a price of \$1.00 per unit. Each unit consists of one cumulative rate reset non-voting 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 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.

An officer of Aberdeen, Ryan Ptolemy, also serves as an officer of Rodinia.

ROYALTY INTERESTS ON MINERAL PROPERTIES

Sale of Royalty Interests

On May 31, 2012, the Company closed its previously announced sale of its 1% net smelter return royalty on gold produced from certain mineral concessions comprising Village Main Reef Limited's Buffelsfontein Mine and First Uranium Corporation's Mine Waste Solutions tailings recovery project located in South Africa (the "Royalty") to Premier Royalty, an Ontario company, wholly-owned by Premier Gold (TSX:PG)

Pursuant to the terms of the royalty purchase agreement entered into among the Company, Premier Royalty and Premier Gold 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.

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 sale transaction on May 31, 2012, the Company received the pre-closing 1% NSR on gold produced from the Buffelsfontein mine of \$337,020 in addition to the proceeds and recognized a loss on disposal of \$1,526,194 (net after-tax loss of \$1,121,753). The Company also recognized \$2,502,081 accumulated currency translation loss (net after-tax loss of \$1,839,030) in the statement of comprehensive loss as a result of the sale of the royalty interests.

On December 5, 2012, Premier Gold, Premier Royalty and Bridgeport Ventures Inc. ("Bridgeport") completed their previously announced arrangement whereby Bridgeport acquired 100% of the issued and outstanding common shares of Premier Royalty which was accounted for as a reverse take-over, with the resulting publicly traded entity, Premier Royalty continuing under the symbol TSX:NSR. As a result of the merger, the Company converted a \$9,400,000 convertible debenture plus \$389,820 of interest into 7,769,698 common shares and 3,884,849 warrants (priced at \$1.75) of Premier Royalty. The 7.8 million common shares of Premier Gold were subsequently sold on January 31, 2013 for proceeds of \$14.3 million.

RESULTS OF OPERATIONS

The net loss for the year ended January 31, 2013 was \$30,630,419 compared to \$37,813,636 for the year ended January 31, 2012. This was a result of lower total investment losses along with decreases in other revenue, and lower operating, general and administration expenses resulted in small net loss in 2013 compared to 2012.

The realized loss on investments of \$8,370,001 and unrealized loss of \$13,986,629 during the year ended January 31, 2013 reflecting a weak market experienced in the investment portfolio and the equity markets in the resource sector in fiscal 2013.

The Company sold its gold royalty interests on May 31, 2012. The pre-sale royalty revenue of \$559,503 recorded for the year ended January 31, 2013 was based on gold price averaged US\$1,689 per ounce and production of approximately 33,200 ounces from Simmers and First Uranium. During the year ended January 31, 2012, the gold price averaged US\$1,594 per ounce and production from Simmers and First Uranium was approximately 152,000 ounces, resulting in royalty revenue of \$2,409,543.

During the year ended January 31, 2013, the Company recorded interest and dividend revenue of \$1,143,251 compared with \$839,733 for the year ended January 31, 2012. Interest was earned on the Company's loans outstanding. Loans receivable at January 31, 2013 totaled \$3,116,040. Dividends were earned on the Company's preferred shares held.

During the year ended January 31, 2013, the Company recorded revenue for advisory service fees of \$240,000 compared with \$57,797 for the year ended January 31, 2012 for debt financing / restructuring and equity financing services provided to pre-IPO or early stage public companies.

General and administrative expense for the year ended January 31, 2013 was \$8,959,879 compared to \$4,602,138 for year ended January 31, 2012. For the year ended January 31, 2013, other major expenses of the Company that comprise general and administrative expenses include share-based compensation of \$402,947 (2012 - \$517,589) as the Company granted 2,500,000 (2012 - 1,045,000) options to directors, officers, employees and consultants of the Company; consulting, salaries, benefits, and bonuses of \$6,743,816 (2012 - \$1,525,946); legal, accounting and professional fees of \$698,880 (2012 - \$736,453); filing and transfer agent fees of \$41,578 (2012 - \$46,657); shareholder communications and promotions of \$230,590 (2012 - \$374,769), travel costs of \$341,291 (2012 - \$426,620); general office and administration costs of \$205,523 (2012 - \$188,581); charitable donation of \$25,000 (2012 - \$nil), and unrecoverable HST of \$270,254 (2012 - \$785,523).

The Company incurred transaction costs of \$110,479 (2012 - \$198,400), made a provision for loan, interest and investment settlement receivable of \$3,974,015 (2012 - \$1,796,650) and recognized a loss on loan settlement of \$nil (2012 - \$2,399,198).

The carrying value of royalty interests are depleted using the units-of-production method over the life of the property to which the royalty interest relates. During the year ended January 31, 2013, the Company recorded depletion expense on its royalty interest of \$151,700 compared to \$682,030 in the prior year. The Company sold its gold royalty interests on May 31, 2012 and recognized a loss of \$1,526,194 (2012 - \$Nil) on disposal.

The Company recorded a foreign exchange loss of \$1,561,646 during the year ended January 31, 2013 compared with a foreign exchange gain of \$216,818 during the year ended January 31, 2012. The functional currency of the Company's royalty division was the US dollar. On May 31, 2012, the Company sold its gold royalty interests and recognized \$2,502,081 accumulated currency translation loss (net after-tax loss of \$1,839,030) on the closure of the royalty division. Without the currency translation loss, the Company had a foreign exchange gain of \$940,435 during the year ended January 31, 2013 resulting from stronger US dollar vis-à-vis the Canadian dollar over the year. As at January 31, 2013, the US/Canadian dollar exchange rate was 0.9973, compared with 1.0028 at January 31, 2012.

During the year ended January 31, 2013, the Company recorded a current income tax provision of \$3,362,403 and a deferred tax recovery of \$9,461,000 compared with a provision of \$770,475 in current income tax and \$14,764,000 recovery in deferred tax during the year ended January 31, 2012. The current income tax expense was the result of the gain on the sale of the royalty interests, portfolio investments and other revenues; partially offset by general and administrative expenses. The deferred income tax provision was the result of benefit resulted from the unrealized losses on the portfolio investments.

CASH FLOWS

Cash used in operating activities during the year ended January 31, 2013 was \$5,015,615 compared with \$3,648,365 used during the year ended January 31, 2012. The difference between the operating cash flow and the net loss for the year largely reflects the unrealized nature of many of the losses recorded on the investments. Operating cash flow was largely generated by royalty, and interest income, offset by general and administrative expenses, proceeds from the sale of royalty interests and net changes in investment, loan and non-cash working capital. During the year ended January 31, 2013, \$11,837,020 was generated from the sale of the Company's royalty interest, \$21,146,168 were used in the purchase of portfolio investments, while proceeds on the disposal of portfolio investments were \$11,100,130, short-term loans provided of \$5,901,844, short-term loans repaid of \$1,896,585. In the year ended January 31, 2012, \$25,002,874 was used to purchase portfolio investments, while proceeds on the disposal of portfolio investments were \$28,499,159, short-term loans totaling \$8,343,471 were provided and \$10,050,500 were repaid.

Cash used in financing activities during the year ended January 31, 2013 was \$2,034,318 compared to \$3,029,373 during the year ended January 31, 2012. The Company purchased and cancelled 1,005,500 shares at an average price of \$0.41 per share during the year ended January 31, 2013 under NCIB, which was offset by cash of \$108,000 generated through the exercise of share purchase options. The Company also paid dividends of \$1,734,088 during the current year.

LIQUIDITY AND CAPITAL RESOURCES

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

Aberdeen used cash of \$5,015,615 from its operating activities during the year ended January 31, 2013. Included in cash used in operations is \$14,051,297 in net new investments and \$11,837,020 generated from the sale of the Company's royalty interests. The estimated fair value of its portfolio investments of \$56,332,006, loans receivable of \$3,116,040, amounts receivable of \$14,903,734 and cash of \$322,185. This was partially offset by liabilities of \$10,339,607. The Company also maintains up to \$10 million margin loan facility with its prime broker to help to manage its short-term cash flow needs. The Company utilized the margin loan facility during fiscal 2013 and a balance of \$4 million was outstanding as of January 31, 2013. The margin loan was repaid on February 4, 2013.

SELECTED ANNUAL INFORMATION

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

	2013	2012	2011
	\$	\$	\$
Investment (losses) gains and revenues	(20,413,876)	(36,883,707)	64,224,744
Net (loss) income for the year	(30,630,419)	(37,813,636)	34,840,202
Basic (loss) income per share	(0.35)	(0.44)	(0.40)
Diluted (loss) income per share	(0.35)	(0.44)	0.37
Total assets	75,789,655	106,197,743	168,294,702
Total liabilities	10,339,607	10,116,570	31,980,093
Total dividends declared and distributed	1,734,088	1,742,297	-

QUARTERLY INFORMATION

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

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

<u>Period</u>	<u>Investment (losses) gains & revenues</u>	<u>Total assets</u>	<u>Net (loss) income</u>	<u>Basic and diluted (loss) income per share</u>
<u>2013</u>				
4 th Qtr	(1,050)	75,790	(8,359)	(0.09)
3 rd Qtr	6,107	79,618	3,751	0.04
2 nd Qtr	(6,978)	76,578	(10,142)	(0.12)
1 st Qtr	(18,493)	84,376	(15,880)	(0.18)
<u>2012</u>				
4 th Qtr	(16,190)	106,198	(17,572)	(0.20)
3 rd Qtr	(8,483)	130,849	(8,716)	(0.10)
2 nd Qtr	(9,155)	142,939	(7,640)	(0.09)
1 st Qtr	(3,056)	156,268	(3,885)	(0.05)

The eight quarters listed above reflects royalty and interest revenue generated from the Company's Simmers and First Uranium royalty and Simmers loan from fiscal 2012 through the second quarter of fiscal 2013. The Company began making investments in pre-IPO and early stage public resource companies in the third quarter of 2008. These investments are fair valued with an unrealized gain or loss going through the statements of operations and comprehensive income. For the past eight financial quarters in fiscal 2013 and 2012, the Company recorded losses on its investment portfolio, with the exception of the third quarter of 2013. During the third quarter of 2013, the Company recorded an unrealized gain on its loans receivable from Premier Royalty.

OUTLOOK

While Aberdeen was encouraged by stock price action in the early part of January, the enthusiasm faded quickly in February. Gold stocks that were leading the mining market in 2012 have seen their share prices cut drastically as the sector has lost support. Despite our bullishness over the longer-term, Aberdeen expects the weak commodities and junior equities markets to continue in the short to medium term. Strategically, the Company has moved to increase liquidity in our portfolio to manage risk and potentially take advantage of deeply discounted valuations.

NORMAL COURSE ISSUER BID ("NCIB")

On February 23, 2012, the Company announced its intention to make a NCIB, to buy back its common shares through the facilities of the Exchange. 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 on the date that the Exchange approves the NCIB. Based on the 74,742,306 common shares in the public float as at February 22, 2012, the maximum number of shares was 7,474,230. The number of shares in the Company's public float is less than the 86,100,339 issued and outstanding Aberdeen common shares as of February 22, 2012, because the public float number does not include common shares held by Aberdeen insiders. Daily purchases were limited to 30,714 common shares other than block purchase exceptions. Purchases under the NCIB are

permitted to commence on February 27, 2012 and will terminate on February 6, 2013 or the date upon which the maximum number of common shares have been purchased by Aberdeen pursuant to the NCIB. Aberdeen intends to cancel all shares acquired pursuant to the NCIB. Any purchases made pursuant to the NCIB will be made in accordance with the rules of the TSX and will be made at the market price of the common shares at the time of the acquisition. Aberdeen will make no purchases of common shares other than open market purchases that may be made during the period that the NCIB is outstanding.

During the year ended January 31, 2013, the Company purchased and cancelled 1,005,500 (2012 – 2,544,700) shares at an average price of \$0.41 (2012 - \$0.75) per share under the new NCIB.

COMMITMENT AND CONTINGENCIES

Management contracts

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$1,600,000 ranging from 30 days to 25 months and additional contingent payments of up to approximately \$13,300,000 upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in the annual financial statements for the year ended January 31, 2013.

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.

FINANCIAL INSTRUMENTS

Fair value

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

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

- i. The carrying value of cash, amounts receivable, due to brokers, accounts payable and accrued liabilities reflected on the statements of financial position approximate fair value because of the limited terms of these instruments.

- ii. Loans receivable, public and private investments and preferred shares are carried at amounts in accordance with the Company's accounting policy as set out in Note 2 of the annual audited financial statements for the year ended January 31, 2013.
- iii. Prior to maturity, the outstanding loans receivable are carried at their discounted value. Following their maturity, loans receivable are carried at their estimate realizable value.

The following table illustrates the classification of the Company's financial instruments, measured at fair value on the statements of financial position as at January 31, 2013 and 2012 categorized into levels of the fair value hierarchy:

Investments, fair value	Level 1	Level 2	Level 3	Total
	<i>(Quoted Market price)</i>	<i>(Valuation technique- observable market Inputs)</i>	<i>(Valuation technique- non-observable market inputs)</i>	
Publicly traded investments	\$ 29,844,392	\$ -	\$ -	\$ 29,844,392
Non-trading warrants on public investments	-	2,447,780	-	2,447,780
Private investments, performance and preferred shares	-	-	24,039,834	24,039,834
Convertible debentures	-	-	3,008,564	3,008,564
January 31, 2013	\$ 29,844,392	\$ 2,447,780	\$ 27,048,398	\$ 59,340,570
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 debentures	-	-	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 years ended January 31, 2013 and 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 operations and comprehensive income.

Investments, fair value	Year ended January 31,	
	2013	2012
Balance, beginning of year	\$ 18,047,185	\$ 24,903,640
Net purchases - shares	11,905,128	5,771,063
Disposal - shares	(12,831,765)	(222,198)
Unrealized and realized loss net	8,106,955	(11,123,935)
Transfer of investment from private to public, net	(2,465,862)	(3,003,193)
Conversion of debenture to public company shares	(10,400,000)	-
Preferred shares net additions	3,000,000	-
Convertible debenture net additions, net of write-down	11,686,757	1,721,808
Balance, end of year	\$ 27,048,398	\$ 18,047,185

TRANSACTIONS WITH RELATED PARTIES

The Company's officers and directors may have investments in and hold management and/or director and officer positions in some of the investments that the Company holds. The following is a list of the investments and the nature of the relationship of the Company's officers or directors with the investment as at January 31, 2013 and 2012.

Investment	Nature of relationship	Estimated Fair value	% of FV
Alder Resources Ltd.	Director (Pierre Pettigrew), officer (Ryan Ptolemy), and shareholders	\$ 115,960	0.2%
Antofagasta gold Inc. **	Officer (Ryan Ptolemy) and shareholders	370,152	0.7%
Black Iron Inc.	Director (Pierre Pettigrew), officer (Stan Bharti), and shareholders	2,700,000	5.1%
Brazil Potash Corp.*	Director (Stan Bharti), officer (Ryan Ptolemy), and shareholders	3,291,214	6.2%
Castillian Resources Corp.	Director (Michael Hoffman) and shareholders	158,025	0.3%
Goldstar Minerals Inc.***	Major shareholder (Stan Bharti) and shareholders	46,850	0.1%
East Asia Minerals Ltd.	Director (David Stein) and shareholders	1,240,460	2.3%
Emerita Gold Corp.	Major shareholder (Stan Bharti) and shareholders	250,000	0.5%
Forbes & Manhattan (Coal) Corp.	Directors (Stan Bharti, Bernard Wislon) and shareholders	1,386,953	2.6%
Forbes Ram Holidngs Inc.*	Director (Stan Bharti) and shareholders	8,000,000	15.0%
Indo Gold Limited *	Officer (Stan Bharti) and shareholders	1,560,000	2.9%
Legacy Platinum Inc.*	Officer (Richard Bishop) and shareholders	1,557,500	2.9%
Premier Royalty Inc.	Director (George Faught) and shareholders	1,679,032	3.1%
Rodinia Lithium Inc.	Officer (Ryan Ptolemy) and shareholders	777,725	1.5%
Sagres Energy Inc.	Advisor (Stan Bharti) and shareholders	43,333	0.1%
Scandinavian Metals Inc.*	Director (Stan Bharti) and shareholders	569,069	1.1%
Silver Bear Resources Inc.	Director (Stan Bharti) and shareholders	1,634,024	3.1%
Sulliden Gold Corporation Ltd.	Directors (Stan Bharti, George Faught, Pierre Pettigrew), and shareholders	14,474,752	27.1%
Valenica Ventures Inc.	Director (Bernard Wislon) and shareholders	170,409	0.3%
Total of 29 other investments	Shareholders/warrant holders	13,306,548	24.9%
Total Investments - January 31, 2013		\$ 53,332,006	100.0%

* Private company

** Formerly Windamere Ventures Ltd.

*** Formerly Auger Resources Ltd.

Investment	Nature of relationship	Estimated Fair value	% of FV
Alderon Iron Ore Corp.	Director (Stan Bharti) and shareholders	\$ 1,500,842	2.1%
Alder Resources Ltd.	Director (Pierre Pettigrew), officer (Ryan Ptolemy) and shareholders	712,750	1.0%
QMX Gold Corporation ****	Director (Stan Bharti+) and shareholders	112,500	0.1%
Auger Resources Ltd.*	Director (Stan Bharti) and shareholders	100,000	0.1%
Bell Copper Corp.	Director (Stan Bharti+) and shareholders	93,150	0.1%
Belo Sun Mining Corp.**	Director (Stan Bharti), officers (Ryan Ptolemy, Michael Hoffman) and shareholders	3,081,844	4.3%
Black Iron Inc.	Director (Pierre Pettigrew), officer (Stan Bharti) and shareholders	3,900,000	5.4%
Brazil Potash Corp.*	Director (Stan Bharti), officer (Ryan Ptolemy) and shareholders	3,309,364	4.6%
Castillian Resources Corp.	Director (Michael Hoffman) and shareholders	1,426,692	2.0%
Dacha Strategic Metals Inc.***	Directors (Stan Bharti, George Faught, Jean-Guy Lambert), officer (Ryan Ptolemy) and shareholders	204,335	0.3%
East Asia Minerals Ltd.	Directors (David Stein) and shareholders	2,993,840	4.1%
Eurocontrol Technics Group Inc.	Directors (Stan Bharti, Pierre Pettigrew) and shareholders	26,000	0.0%
Forbes & Manhattan (Coal) Corp.	Directors (Stan Bharti, David Stein) and shareholders	4,413,259	6.1%
Legacy Platinum Inc.*	Officer (Richard Bishop) and shareholders	1,507,500	2.1%
Largo Resources Ltd.	Directors (Stan Bharti+, Michael Hoffman) and shareholders	598,367	0.8%
Longford Energy Inc.	Directors (Stan Bharti, Pierre Pettigrew) and shareholders	48,250	0.1%
Rodinia Lithium Inc.	Director (David Stein), officer (Ryan Ptolemy) and shareholders	843,992	1.2%
Scandinavian Metals Inc.*	Director (Stan Bharti) and shareholders	569,069	0.8%
Silver Bear Resources Inc.	Director (Stan Bharti) and shareholders	987,796	1.4%
Stetson Oil & Gas Ltd.	Director (Stan Bharti+) and shareholders	97,240	0.1%
Sulliden Gold Corporation Ltd.	Directors (Stan Bharti, George Faught) and shareholders	25,288,269	35.0%
Temujin Mining Corp.*	Directors (Stan Bharti, David Stein) and shareholders	6,739,058	9.3%
Vast Exploration Inc.	Director (Stan Bharti) and shareholders	550,000	0.8%
Total of 18 other investments	Shareholders/warrant holders	13,223,233	18.2%
Total Investments - January 31, 2012		\$ 72,327,350	100.0%

+ Resigned as director subsequent to January 31, 2012

* Private company

** Formerly Verena Minerals Corp.

*** Formerly Dacha Capital Inc.

**** Alexis Mineral Corp.

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

	Loans provided to related parties		Loans receivable from related parties	
	Years ended January 31,		As at January 31,	
	2013	2012	2013	2012
Legacy Platinum Corp.*	\$ 399,160	\$ 818,350	\$ 1,367,338	\$ 862,808
Longford Energy Inc.	\$ -	\$ 500,000	\$ -	\$ -
Metal Prospecting AS	\$ 211,256	\$ -	\$ 219,120	\$ -
Sagres Energy Inc.**	\$ 347,620	\$ -	\$ -	\$ -
Scandinavian Metals Inc.**	\$ 1,020,622	\$ 1,454,767	\$ -	\$ 859,000
Temujin Mining Corp.	\$ 1,342,106	\$ 3,021,729	\$ 1,342,106	\$ -
United Silver Corp.	\$ -	\$ 1,000,000	\$ -	\$ -

* loan receivable included capitalized interest

** loan written off

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

	Advisory service fees earned from related parties		Advisory service fees due from related parties	
	Years ended January 31,		As at January 31,	
	2013	2012	2013	2012
Castillian Resources Corp.	\$ 165,000	\$ 15,000	\$ 105,000	\$ 15,000
Longford Energy Inc.	\$ -	\$ 41,370	\$ -	\$ -

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/dividend earned from related parties		Interest/dividend receivable from related parties	
	Years ended January 31,		As at January 31,	
	2013	2012	2013	2012
Castillian Resources Corp.*	\$ -	\$ 60,345	\$ -	\$ -
Legacy Platinum Corp.**	\$ 121,442	\$ 51,869	\$ 23,479	\$ 10,705
Metal Prospecting AS	\$ 3,287	\$ -	\$ 3,287	\$ -
Rodinia Lithium Inc.	\$ 162,000	\$ -	\$ 162,000	\$ -
Sable Platinum Holdings (Pty.) Ltd.	\$ 250	\$ -	\$ -	\$ -
Sagres Energy Inc.***	\$ 7,805	\$ -	\$ -	\$ -
Scandinavian Metals Inc.***	\$ 159,505	\$ 65,372	\$ -	\$ 65,372
Temujin Mining Corp.*	\$ 87,432	\$ 475,439	\$ 87,309	\$ -
Trevalli Mining Corp.*	\$ -	\$ 44,767	\$ -	\$ -
Longford Energy Inc.	\$ -	\$ 3,630	\$ -	\$ -
United Silver Corp.	\$ -	\$ 38,219	\$ -	\$ -

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

** overdue interest was capitalized to loan receivable

*** interest written off

During the reporting periods, 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	
	Years ended January 31,		Years ended January 31,	
	2013	2012	2013	2012
Forbes & Manhattan, Inc.	\$ 24,469	\$ 79,845	\$ 300,000	\$ 180,807
Legacy Platinum Corp.	\$ -	\$ 97,083	\$ -	\$ -
Other miscellaneous	\$ 220	\$ -	\$ -	\$ 11,374

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 and director of Forbes & Manhattan, Inc. An administration fee of \$25,000 per month was charged by Forbes & Manhattan, Inc. to Aberdeen pursuant to a consulting agreement.

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

Compensation of Key Management Personnel of the Company

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

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

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

	Years ended January 31,	
	2013	2012
Short-term benefits*	\$ 4,644,560	\$ 1,030,294
Share-based payments	\$ 440,112	\$ 294,626

* Benefits include fees paid to Forbes & Manhattan Inc.

During the year ended January 31, 2013, a director of the Company exercised 900,000 options at \$0.12 per share.

During the year ended January 31, 2012, a director and an officer of the Company exercised a total of 1,730,000 options at an average price of \$0.28 per share.

CRITICAL ACCOUNTING ESTIMATES

The Company's accounting policies are described in Note 2 to annual financial statements for the year ended January 31, 2013. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions which affect the amounts reported in the financial statements and accompanying notes. The following is a list of the accounting policies that the Company believes are critical, due to the degree of uncertainty regarding the estimates and assumptions involved and the magnitude of the asset, liability, revenue or expense being reported.

Investments

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

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

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

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

1. Securities, including shares, options, and warrants which are traded on a recognized securities exchange and for which no sales restrictions apply are recorded at fair values based on quoted closing prices at the statements of financial position date or the closing price on the last day the security traded if there were no trades at the statements of financial position date. These are included in Level 1.
2. Securities which are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. Shares that are received as part of a private placement that are subject to a standard four-month hold period are not discounted. In determining the discount for such investments, the Company considers the nature and length of the restriction, business risk of the investee corporation, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments. These are included in Level 2.
3. Warrants or options of publicly-traded securities which do not have a quoted price are carried at an estimated fair value calculated using the Black-Scholes option pricing model if sufficient and reliable observable market inputs are available. If no such market inputs are available or reliable, the warrants and options are valued at intrinsic value. These are included in Level 2.
4. Performance Shares are convertible into common shares if or when the investee companies meet certain milestones. These Performance Shares are recorded at fair value when the certainty of meeting these milestones is probable. These are included in Level 3.

The amounts at which the Company's publicly-traded investments could be disposed of may differ from carrying values based on market quotes, as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. Such differences could be material.

Privately-held investments:

1. Securities in privately-held companies (other than options and warrants) are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the financial statements. These are included in Level 3. Options and warrants of private companies are carried at nil.

With respect to valuation, the financial information of private companies in which the Company has investments may not always be available, or such information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these may not be realized or realizable. In addition to the events described below, which may affect a specific investment, the Company will take into account general market conditions when valuing the privately-held investments in its portfolio. In the absence of occurrence of any of these events or any significant change in general market conditions indicates generally that the fair value of the investment has not materially changed.

2. An upward adjustment is considered appropriate and supported by pervasive and objective evidence such as a significant subsequent equity financing by an unrelated, professional investor at a transaction price higher than the Company's carrying value; or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a positive impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable. Such events include, without limitation:

- political changes in a country in which the investee company operates which, for example, reduce the corporate tax burden, permit mining where, or to an extent that, it was not previously allowed, or reduce or eliminate the need for permitting or approvals;
 - receipt by the investee company of environmental, mining, aboriginal or similar approvals, which allow the investee company to proceed with its project(s);
 - filing by the investee company of a National Instrument 43-101 technical report in respect of a previously non-compliant resource;
 - release by the investee company of positive exploration results, which either proves or expands their resource prospects; and
 - important positive management changes by the investee company that the Company's management believes will have a very positive impact on the investee company's ability to achieve its objectives and build value for shareholders.
3. Downward adjustments to carrying values are made when there is evidence of a decline in value as indicated by the assessment of the financial condition of the investment based on third party financing, operational results, forecasts, and other developments since acquisition, or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a negative impact on the investee company's prospects and therefore its fair value. The amount of the change to the fair value of the investment is based on management's judgment and any value estimated may not be realized or realizable. Such events include, without limitation:
- political changes in a country in which the investee company operates which increases the tax burden on companies, which prohibit mining where it was previously allowed, which increases the need for permitting or approvals, etc.;
 - denial of the investee company's application for environmental, mining, aboriginal or similar approvals which prohibit the investee company from proceeding with its projects;
 - the investee company releases negative exploration results;
 - changes to the management of the investee company take place which the Company believes will have a negative impact on the investee company's ability to achieve its objectives and build value for shareholders;
 - the investee company is placed into receivership or bankruptcy; and
 - based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern.

The resulting values may differ from values that would be realized had a ready market existed. The amounts at which the Company's privately-held investments could be disposed of may differ from the carrying value assigned. Such differences could be material.

Preferred shares:

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

Investments in associates:

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

Loans receivable:

1. Secured debentures are carried at cost. The recoverability of the secured debentures is assessed when events occur indicating impairment. Recoverability is based on factors such as failure to pay interest on time and failure to pay the principal. An impairment loss is recognized in the period when it is determined that the carrying amount of the assets will not be recoverable. At that time the carrying amount is written down to fair value. Secured debentures are financial instruments classified as loans and receivables.
2. Convertible debentures and convertible notes issued from publicly traded companies are carried at the higher of the loan receivable value of the loan or the fair value of the common shares or units receivable from the conversion assuming the conversion can be done at the Company's option. The conversion feature of convertible debentures and convertible notes issued from private companies are carried at nominal value. Convertible debentures and convertible notes are financial instruments classified as held for trading.

Financial assets other than investments at fair value

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

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

Impairment of financial assets

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

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

Revenue Recognition

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

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

Income Taxes

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

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

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

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

Share-Based Payments

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

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

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

SIGNIFICANT ACCOUNTING POLICIES

Except as disclosed below, the audited financial statements are prepared using the same accounting policies and methods of application as those disclosed in Note 2 to the Company's annual audited financial statements for the year ended January 31, 2013.

New accounting policies

The Company has early adopted the following standards, amendments and interpretations during the year ended January 31, 2013:

Investment Entities: IFRS 10, *Consolidated Financial Statements* ("IFRS 10"), IFRS 12, *Disclosure of Interests in Other Entities* ("IFRS 12"), and IAS 27, *Separate Financial Statements* ("IAS 27") – effective for annual periods beginning on or after January 1, 2014, with early adoption permitted, defines an investment entity and introduces an exception to consolidating particular subsidiaries for investment entities. These amendments require an investment entity to measure those subsidiaries at fair value through profit or loss in accordance with IFRS 9, *Financial Instruments* in its financial statements. The amendments also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27. Management has reviewed the guidance and has determined that the Company qualifies for the exemption from consolidation given that the Company has the following typical characteristics of an investment entity:

- (a) *The Company has more than one investment;*
- (b) *The Company has more than one investor;*
- (c) *The Company has investors that are not related parties of the entity; and*
- (d) *The Company has ownership interests in the form of equity or similar interests.*

IFRS 9 – *Financial Instruments* ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and will replace IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The adoption of IFRS 9 did not have a significant impact on the Company's financial statements.

IFRS 11 *Joint Arrangements* ("IFRS 11") provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The adoption of IFRS 11 did not have a significant impact on the Company's financial statements.

IFRS 12 requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with an entity's interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. The adoption of IFRS 12 did not have a significant impact on the Company's financial statements.

As a result of the issue of the new consolidation suite of standards, IAS 27 has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The adoption of IFRS 27 did not have a significant impact on the Company's financial statements.

IAS 28, *Investments in Associates and Joint Ventures* ("ISA 28"), as a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee. The adoption of IAS 28 did not have a significant impact on the Company's financial statements.

Future accounting changes

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after February 1, 2013 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 7 — Financial Instruments: Disclosures (“IFRS 7”) was amended by the IASB in December 2011 to amend the disclosure requirements in IFRS 7 to require information about all recognized financial instruments that are offset in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation. The amendments also require disclosure of information about recognized financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The amendments to IFRS 7 are effective for annual periods beginning on or after January 1, 2013.

IFRS 13 – Fair Value Measurement (“IFRS 13”) was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRS. IFRS 13 clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. It also establishes disclosures about fair value measurement. IFRS 13 is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended by the IASB in June 2011. As a result of the amendment, items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. Earlier adoption is permitted.

IAS 19 – Employee Benefits (“IAS19”) was amended by the IASB in June 2011 to include revised requirements for pension and other post-retirement benefits, termination benefits and other changes. IAS 19 requires the recognition of all changes in the net defined benefit liability (asset) when they occur such that service costs and net interest is recognized in profit or loss while re-measurements are recorded in other comprehensive income. The amendments to IAS 19 are effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted.

IAS 32 – Financial Instruments: Presentation (“IAS 32”) was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. Earlier adoption is permitted.

RISKS AND UNCERTAINTIES

The investment in pre-IPO and early stage public resource companies involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Certain risk factors listed below are related to investing in the resource industry in general while others are specific to Aberdeen. For an additional discussion of risk factors and other information please refer to the Company’s Annual Information Form filed on April 29, 2013, under the profile of the Company at www.sedar.com.

Portfolio Exposure

Given the nature of Aberdeen's activities, the results of operations and financial condition of the Company are dependent upon the market value of the securities that comprise the Company's investment portfolio. Market value can be reflective of the actual or anticipated operating results of companies in the portfolio and/or the general market conditions that affect the resource sector. Various factors affecting the resource sector could have a negative impact on Aberdeen's portfolio of investments and thereby have an adverse effect on its business. Additionally, the Company's investments are mostly in small-cap businesses that may never mature or generate adequate returns or may require a number of years to do so. Junior exploration companies may never achieve commercial discoveries and production. This may create an irregular pattern in Aberdeen's investment gains and revenues (if any) and an investment in the Company's securities may only be suitable for investors who are prepared to hold their investment for a long period of time. Macro factors such as fluctuations in commodity prices and global political and economical conditions could have an adverse effect on the resource industry, thereby negatively affecting the Company's portfolio of investments. Company-specific risks, such as the risks associated with mining operations generally, could have an adverse effect on one or more of the investments in the portfolio at any point in time. Company-specific and industry-specific risks that materially adversely affect the Company's investment portfolio may have a materially adverse impact on operating results.

Dependence on Management, Directors and Investment Committee

Aberdeen is dependent upon the efforts, skill and business contacts of key members of management, for among other things, the information and deal flow they generate during the normal course of their activities and the synergies that exist amongst their various fields of expertise and knowledge. Accordingly, the Company's success may depend upon the continued service of these individuals who are not obligated to remain consultants to Aberdeen. The loss of the services of any of these individuals could have a material adverse effect on the Company's revenues, net income and cash flows and could harm its ability to maintain or grow existing assets and raise additional funds in the future.

Sensitivity to Macro-Economic Conditions

Due to the Company's focus on the resource industry, the success of Aberdeen's investments is interconnected to the strength of the mining, agriculture and other commodity industries. The Company may be adversely affected by the falling share prices of the securities of investee companies; as Aberdeen's share prices have directly and negatively affected the estimated value of Aberdeen's portfolio of investments. The Company may also be adversely affected by fluctuations in commodity prices which may dictate the prices at which resource companies can sell their product. The participation and involvement of Aberdeen representatives with investee companies, the related demand on their time and the capital resources required of Aberdeen may be expected to increase in the event of any weaknesses in the macro-economic conditions affecting these companies, as it would be expected that the Company would be required to expend increased time and efforts incurring strategic alternatives and attracting any funding required for such investee companies. The factors affecting current macro-economic conditions are beyond the control of the Company.

Cash Flow and Revenue

Aberdeen's revenue and cash flow is generated primarily from financing activities and proceeds from the disposition of investments. The availability of these sources of income and the amounts generated from these sources are dependent upon various factors, many of which are outside of the Company's direct control. The Company's liquidity and operating results may be adversely affected if its access to the capital markets is hindered, whether as a result of a downturn in the market conditions generally or to matters specific to the Company, or if the value of its investments decline, resulting in losses upon disposition.

Private Issuers and Illiquid Securities

Aberdeen invests in securities of private issuers. Securities of private issuers may be subject to trading restrictions, including hold periods, and there may not be any market for such securities. These limitations may impair the Company's ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments. Investments in private issuers are subject to a relatively high degree of risk. There can be no assurance that a public market will develop for any of Aberdeen's private company investments, or that the Company will otherwise be able to realize a return on such investments.

The value attributed to securities of private issuers will be the cost thereof, subject to adjustment in limited circumstances, and therefore may not reflect the amount for which they can actually be sold. Because valuations, and in particular valuations of investments for which market quotations are not readily available, are inherently uncertain, may fluctuate within short periods of time and may be based on estimates, determinations of fair value may differ materially from the values that would have resulted if a ready market had existed for the investments.

Aberdeen also invests in illiquid securities of public issuers. A considerable period of time may elapse between the time a decision is made to sell such securities and the time the Company is able to do so, and the value of such securities could decline during such period. Illiquid investments are subject to various risks, particularly the risk that the Company will be unable to realize its investment objectives by sale or other disposition at attractive prices or otherwise be unable to complete any exit strategy. In some cases, the Company may be prohibited by contract or by law from selling such securities for a period of time or otherwise be restricted from disposing of such securities. Furthermore, the types of investments made may require a substantial length of time to liquidate.

The Company may also make direct investments in publicly-traded securities that have low trading volumes. Accordingly, it may be difficult to make trades in these securities without adversely affecting the price of such securities.

Possible Volatility of Stock Price

The market prices of the Company's Common Shares and warrants have been and may continue to be subject to wide fluctuations in response to factors such as actual or anticipated variations in its results of operations, changes in financial estimates by securities analysts, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations may adversely affect the market price of the Common Shares and warrants. The purchase of Common Shares and warrants involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Securities of the Company should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company should not constitute a major portion of an investor's portfolio.

Trading Price of Common Shares Relative to Net Asset Value

Aberdeen is neither a mutual fund nor an investment fund and due to the nature of its business and investment strategy and the composition of its investment portfolio, the market price of its Common Shares, at any time, may vary significantly from the Company's net asset value per Common Share. This risk is separate and distinct from the risk that the market price of the Company's Common Shares may decrease.

Available Opportunities and Competition for Investments

The success of the Company's operations will depend upon: (i) the availability of appropriate investment opportunities; (ii) the Company's ability to identify, select, acquire, grow and exit those investments; and (iii) the Company's ability to generate funds for future investments. Aberdeen can expect to encounter competition from other entities having similar investment objectives, including institutional investors and strategic investors. These groups may compete for the same investments as Aberdeen, may be better capitalized, have more personnel, have a longer operating history and have different return targets. As a result, the Company may not be able to compete successfully for investments. In addition, competition for investments may lead to the price of such investments increasing that may further limit the Company's ability to generate desired returns. There can be no assurance that there will be a sufficient number of suitable investment opportunities available to invest in or that such investments can be made within a reasonable period of time. There can be no assurance that the Company will be able to identify suitable investment opportunities, acquire them at a reasonable cost or achieve an appropriate rate of return. Identifying attractive opportunities is difficult, highly competitive and involves a high degree of uncertainty. Potential returns from investments will be diminished to the extent that the Company is unable to find and make a sufficient number of investments.

Share Prices of Investments

Investments in securities of public companies are subject to volatility in the share prices of the companies. There can be no assurance that an active trading market for any of the subject shares is sustainable. The trading prices of the subject shares could be subject to wide fluctuations in response to various factors beyond Aberdeen's control, including, quarterly variations in the subject companies' results of operations, changes in earnings, results of exploration and development activities, estimates by analysts, conditions in the resource industry and general market or economic conditions. In recent years equity markets have experienced extreme price and volume fluctuations. These fluctuations have had a substantial effect on market prices, often unrelated to the operating performance of the specific companies. Such market fluctuations could adversely affect the market price of the Company's investments.

Concentration of Investments

Other than as described herein, there are no restrictions on the proportion of the Company's funds and no limit on the amount of funds that may be allocated to any particular investment. The Company may participate in a limited number of investments and, as a consequence, its financial results may be substantially adversely affected by the unfavourable performance of a single investment. Completion of one or more investments may result in a highly concentrated investment in a particular company, commodity or geographic area, resulting in the performance of the Company depending significantly on the performance of such company, commodity or geographic area.

Additional Financing Requirements

The Company anticipates ongoing requirements for funds to support its growth and may seek to obtain additional funds for these purposes through public or private equity, or debt financing. There are no assurances that additional funding will be available at all, on acceptable terms or at an acceptable level. Any additional equity financing may cause shareholders to experience dilution, and any debt financing would result in interest expense and possible restrictions on the Company's operations or ability to incur additional debt. Any limitations on the Company's ability to access the capital markets for additional funds could have a material adverse effect on its ability grow its investment portfolio.

No Guaranteed Return

There is no guarantee that an investment in the Company's securities will earn any positive return in the short term or long term. The task of identifying investment opportunities, monitoring such investments and realizing a significant return is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize a return on such investments successfully. In addition, past performance provides no assurance of future success.

Management of Aberdeen's Growth

Significant growth in the business, as a result of acquisitions or otherwise, could place a strain on the Company's managerial, operational and financial resources and information systems. Future operating results will depend on the ability of senior management to manage rapidly changing business conditions, and to implement and improve the Company's technical, administrative and financial controls and reporting systems. No assurance can be given that the Company will succeed in these efforts. The failure to effectively manage and improve these systems could increase costs, which could have a materially adverse effect the Company's operating results and overall performance.

Due Diligence

The due diligence process undertaken by the Company in connection with investments may not reveal all facts that may be relevant in connection with an investment. Before making investments, the Company conducts due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, the Company may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Company relies on resources available, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that is carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

Exchange Rate Fluctuations

A significant portion of the Company's investment portfolio could be invested in US dollar denominated investments or other foreign currencies. Changes in the value of the foreign currencies in which the Company's investments are denominated could have a negative impact on the ultimate return on its investments and overall financial performance.

Non-controlling Interests

The Company's investments include debt instruments and equity securities of companies that it does not control. Such instruments and securities may be acquired through trading activities or through purchases of securities from the issuer. These investments are subject to the risk that the company in which the investment is made may make business, financial or management decisions with which Aberdeen does not agree or that the majority stakeholders or the management of the investee company may take risks or otherwise act in a manner that does not serve the company's interests. If any of the foregoing were to occur, the values of the Company's investments could decrease and its financial condition, results of operations and cash flow could suffer as a result.

CHANGE OF MANAGEMENT

On June 4, 2012, the Company announced that David Stein, the current President and Chief Operating Officer, was appointed as the Chief Executive Officer of the Company. George Faught resigned as Chief Executive Officer, and was appointed as the Vice-Chairman of the board of directors and will remain a director of the Company.

TRANSACTION WITH DACHA STRATEGIC METALS INC. (“DACHA”)

On October 15, 2012, the Company terminated the previously announced business combination agreement entered into between Aberdeen and Dacha made on August 15, 2012 as a result of failing the income test required by TSX. No break fees will be paid as result of the termination and each party will pay its respective expenses incurred in connection to the proposed business combination.

SUBSEQUENT EVENT

Subsequent to January 31, 2013, the Company approved the adoption of a Restricted Share Unit (“RSU”) Incentive Plan and a Deferred Share Unit (“DSU”) Incentive Plan. Upon adoption of the new plans, the Company is authorized to grant and issue an aggregate of 8,600,000 RSUs to directors and officers of the Company. Each RSU shall entitle the director or officer to receive one common share of the Company upon completion of certain terms. The common shares will be repurchased from open market and held in trust for subsequent issuance. The Company will also grant and issue 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 director ceases to be a director of the Company.

Subsequent to January 31, 2013, the Company announced it is suspending its dividend policy in fiscal 2014.

MULTILATERAL INSTRUMENT 52-109 DISCLOSURE

Evaluation of disclosure controls and procedures

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

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

Internal controls over financial reporting

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

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

The CEO and CFO, together with other members of Management, have evaluated the effectiveness of internal controls over financial reporting as defined by National Instrument 52-109, and have concluded, based on our evaluation that they are operating effectively as at January 31, 2013.

SUPPLEMENT TO THE ANNUAL FINANCIAL STATEMENTS

As at April 29, 2013, the following common shares, common share and purchase options were issued and outstanding:

- 85,994,602 common shares;
- 7,522,500 common share purchase options with exercise prices ranging from \$0.12 to \$0.87, expiring between August 11, 2013 and June 12, 2017.