



ABERDEEN

INTERNATIONAL

CONDENSED INTERIM FINANCIAL STATEMENTS

for the three and six months ended
July 31, 2011 and 2010
(expressed in Canadian dollars)

UNAUDITED

ABERDEEN INTERNATIONAL INC.
Condensed Interim Statements of Financial Position
As at
(Unaudited)
(In Canadian dollars)

| | Notes | July 31, 2011 \$ | January 31, 2011 \$ (Note 20) |
|--|-------|---------------------|-------------------------------------|
| ASSETS | | | |
| Current | | | |
| Cash | | 4,299,989 | 14,049,856 |
| Investments, at fair value through profit and loss | 4 | 91,841,892 | 105,827,444 |
| Amounts receivable | 5 | 3,501,716 | 2,695,725 |
| Loans receivable | 6 | 6,981,688 | 7,023,452 |
| Loan - Simmer & Jack | 7 | 9,555,000 | 10,015,000 |
| Prepaid expenses | | 147,295 | 461,931 |
| | | 116,327,580 | 140,073,408 |
| Long-term | | | |
| Royalty interests on mineral properties, net | 8 | 26,580,431 | 28,183,500 |
| Equipment, net | | 30,688 | 37,794 |
| | | 142,938,699 | 168,294,702 |
| LIABILITIES | | | |
| Current | | | |
| Securities sold short | 4 | 434,000 | 1,017,704 |
| Due to broker | | 759,619 | - |
| Accounts payable and accrued liabilities | 9 | 2,490,718 | 6,445,771 |
| Income taxes payable | 10 | 1,016,654 | 1,815,618 |
| | | 4,700,991 | 9,279,093 |
| Long-term | | | |
| Deferred tax liability | 10 | 15,056,000 | 22,701,000 |
| | | 19,756,991 | 31,980,093 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 11 | 44,056,980 | 43,600,623 |
| Equity reserve | 12 | 20,825,844 | 20,818,067 |
| | | 64,882,824 | 64,418,690 |
| Retained earnings | | 60,919,180 | 73,618,578 |
| Accumulated comprehensive loss | 8 | (2,620,296) | (1,722,659) |
| | | 123,181,708 | 136,314,609 |
| | | 142,938,699 | 168,294,702 |
| Commitments and contingencies | 18 | | |
| Subsequent events | 19 | | |

Approved on behalf of the Board of Directors:

"Bernard Wilson" (signed)
Bernard Wilson, Director

"George Faught" (signed)
George Faught, Director

ABERDEEN INTERNATIONAL INC.
Condensed Interim Statements of Comprehensive (Loss) Income
(Unaudited)
(In Canadian dollars)

| | Notes | Three months ended | | Six months ended | |
|--|----------|---------------------|--------------------|---------------------|--------------------|
| | | July 31, 2011 | July 31, 2010 | July 31, 2011 | July 31, 2010 |
| | | \$ | \$ | \$ | \$ |
| Net investment gains (losses) | | | | | |
| Realized gain on investments, net | | 5,067,809 | 778,005 | 9,270,814 | 7,038,644 |
| Unrealized loss on investments, net | | (14,934,028) | (10,528,148) | (22,887,366) | (12,360,449) |
| | | (9,866,219) | (9,750,143) | (13,616,552) | (5,321,805) |
| Other revenue | | | | | |
| Royalties | 8 | 519,672 | 439,715 | 1,038,775 | 953,789 |
| Provision for loan and interest receivable | 6 | - | - | (1,258,688) | - |
| Interest income | | 150,409 | 184,149 | 325,906 | 385,893 |
| Advisory service fees | | 41,370 | 129,572 | 41,370 | 375,459 |
| | | 711,451 | 753,436 | 147,363 | 1,715,141 |
| Expenses | | | | | |
| Operating, general and administration | 12,14,17 | 1,179,313 | 795,672 | 2,430,030 | 2,186,558 |
| Transaction costs | | (8,575) | - | (8,575) | 2,396 |
| Interest expenses | | 4,256 | 165 | 11,140 | 22,109 |
| Depletion on royalty interests on mineral properties | 8 | 152,335 | 171,298 | 313,431 | 384,027 |
| Amortization | | 3,554 | 3,836 | 7,107 | 8,994 |
| | | 1,330,883 | 970,971 | 2,753,133 | 2,604,084 |
| Loss before the undernoted | | (10,485,651) | (9,967,678) | (16,222,322) | (6,210,748) |
| Foreign exchange gain (loss) | | 86,050 | 272,443 | (849,487) | (653,557) |
| Loss before income taxes | | (10,399,601) | (9,695,235) | (17,071,809) | (6,864,305) |
| Income tax recovery | 10 | 2,759,827 | 3,308,092 | 5,547,259 | 2,434,713 |
| Loss for the period | | (7,639,774) | (6,387,143) | (11,524,550) | (4,429,592) |
| Other comprehensive loss | | | | | |
| Currency translation adjustment, net of taxes | 8 | 262,388 | 299,096 | (897,637) | (991,803) |
| Total comprehensive loss for the period | | (7,377,386) | (6,088,047) | (12,422,187) | (5,421,395) |
| Earnings per common shares based on profit for the period | | | | | |
| Basic | 13 | (0.09) | (0.07) | (0.13) | (0.05) |
| Diluted | 13 | (0.09) | (0.07) | (0.13) | (0.05) |
| Weighted average number of common shares outstanding | | | | | |
| Basic | 13 | 86,701,269 | 87,503,839 | 86,640,593 | 87,503,839 |
| Diluted | 13 | 86,701,269 | 87,503,839 | 86,640,593 | 87,503,839 |

The accompanying notes are an integral part of the financial statements

ABERDEEN INTERNATIONAL INC.
Condensed Interim Statements of Cash Flows
(Unaudited)
(In Canadian dollars)

| | | Three months ended | | Six months ended | |
|---|-------|--------------------|------------------|--------------------|--------------------|
| | Notes | July 31, 2011 | July 31, 2010 | July 31, 2011 | July 31, 2010 |
| | | \$ | \$ | \$ | \$ |
| Cash flows from operating activities | | | | | |
| Loss before income taxes for the period | | (10,399,601) | (9,695,235) | (17,071,809) | (6,864,305) |
| Income tax paid | | (355,940) | (56,361) | (2,914,858) | (112,722) |
| Adjustments to reconcile net income to cash used in operating activities: | | | | | |
| Realized (gain) loss on investments, net | | (5,067,809) | (8,870,945) | (9,270,814) | (7,038,644) |
| Unrealized loss (gain) on investments, net | | 14,934,028 | 18,621,088 | 22,887,366 | 12,360,449 |
| Provision for loan receivable | 6 | - | - | 1,258,688 | - |
| Depletion on royalty interests on mineral properties | 8 | 152,335 | 171,298 | 313,431 | 384,027 |
| Arrangement fee income | | (4,566) | (381,327) | (14,766) | (543,434) |
| Stock-based compensation | 12 | 25,014 | 27,116 | 474,357 | 532,775 |
| Amortization | | 3,554 | 836 | 7,107 | 5,994 |
| Unrealized foreign exchange | | (106,783) | (204,600) | 712,804 | 579,377 |
| | | (819,767) | (388,130) | (3,618,494) | (696,483) |
| Adjustments for: | | | | | |
| Prepaid and other amounts receivable | | (509,423) | (35,551) | (1,334,015) | (101,560) |
| Due to broker | | 59,619 | - | 59,619 | - |
| Accounts payable and accrued liabilities | | (3,902,014) | (395,607) | (3,980,015) | (1,045,219) |
| Income taxes recoverable | | 410,152 | (30,129) | 410,152 | (2,680) |
| Net cash used in operating activities | | (4,761,433) | (849,417) | (8,462,753) | (1,845,942) |
| Cash flows from financing activities | | | | | |
| Dividend paid | | - | - | (867,141) | - |
| Shares repurchased and cancelled | 11 | (285,127) | - | (928,905) | - |
| Shares issued through options exercised | | 548,375 | - | 610,975 | - |
| Net cash provided by (used in) financing activities | | 263,248 | - | (1,185,071) | - |
| Cash flows from investing activities | | | | | |
| Purchase of investments | | (8,316,819) | (2,375,218) | (15,468,770) | (16,233,390) |
| Disposal of investments | | 11,957,252 | 6,084,292 | 18,046,384 | 20,430,879 |
| Advanced for investment | | (51,872) | - | (144,000) | - |
| Short-term loans provided | | (3,217,503) | (200,000) | (3,535,657) | (5,188,500) |
| Short-term loans repaid | | 1,000,000 | - | 1,000,000 | 3,189,000 |
| Net cash provided by (used in) investing activities | | 1,371,058 | 3,509,074 | (102,043) | 2,197,989 |
| CHANGE IN CASH | | (3,127,127) | 2,659,657 | (9,749,867) | 352,047 |
| CASH, beginning of period | | 7,427,116 | 958,746 | 14,049,856 | 3,266,356 |
| CASH, end of period | | 4,299,989 | 3,618,403 | 4,299,989 | 3,618,403 |
| Supplemental cash flow information | | | | | |
| Special warrants / shares received in conversion of debenture receivable | 6 | - | - | - | 2,160,000 |
| Warrants received on debt financing | 6 | - | 16,950 | - | 24,500 |
| Interest paid | | 4,090 | 165 | 10,974 | 22,109 |

The accompanying notes are an integral part of the financial statements

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

| | Number of shares | Common shares | Equity payment reserve | Treasury shares | Retained earnings | Accumulated other comprehensive loss | Total equity |
|---|---------------------|-------------------|------------------------------|--------------------|----------------------|---|--------------------|
| | # | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance - February 1, 2010 (Note 20) | 87,503,839 | 44,174,159 | 20,540,769 | - | 38,452,745 | - | 103,167,673 |
| Share-based compensation expense | - | - | 532,775 | - | - | - | 532,775 |
| Net loss for the period | - | - | - | - | (4,429,592) | - | (4,429,592) |
| Currency translation adjustment | - | - | - | - | - | (991,803) | (991,803) |
| Balance - July 31, 2010 | 87,503,839 | 44,174,159 | 21,073,544 | - | 34,023,153 | (991,803) | 98,279,053 |
| Balance - January 31, 2011 | 86,677,339 | 43,600,623 | 20,818,067 | - | 73,618,578 | (1,722,659) | 136,314,609 |
| Repurchase of common shares | - | - | - | (928,905) | - | - | (928,905) |
| Cancellation of repurchased common shares | (1,062,200) | (534,269) | (86,929) | 928,905 | (307,707) | - | - |
| Option exercised | 1,967,500 | 990,626 | (379,651) | - | - | - | 610,975 |
| Stock-based compensation expense | - | - | 474,357 | - | - | - | 474,357 |
| Dividend declared and paid | - | - | - | - | (867,141) | - | (867,141) |
| Net loss for the period | - | - | - | - | (11,524,550) | - | (11,524,550) |
| Currency translation adjustment | - | - | - | - | - | (897,637) | (897,637) |
| Balance - July 31, 2011 | 87,582,639 | 44,056,980 | 20,825,844 | - | 60,919,180 | (2,620,296) | 123,181,708 |

The accompanying notes are an integral part of the financial statements

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

1. Nature of operations

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

2. Basis of preparation and adoption of IFRS

These condensed interim financial statements are unaudited and are prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting and by IFRS 1, First-time Adoption of IFRS. These condensed interim financial statements have been prepared in accordance with the accounting policies the Company expects to adopt in its January 31, 2012 financial statements. Those accounting policies are based on the IFRS standards, International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and outstanding as of September 13, 2011, the date the Board of Directors approved these condensed interim financial statements. The policies set out below were consistently applied to all the periods presented unless otherwise noted below.

The Company's financial statements were previously prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). Canadian GAAP differs in some areas from IFRS. Certain information and footnote disclosures which are considered material to the understanding of the Company's interim financial statements and which are normally included in annual financial statements prepared in accordance with IFRS are provided in notes along with reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on equity, comprehensive income, and the statements of financial position and cash flows. These condensed interim financial statements should be read in conjunction with the Company's condensed interim financial statements for the three months ended April 30, 2011.

The preparation of condensed interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It requires management to exercise judgement in applying the Company's accounting policies.

3. Significant accounting policies

Basis of presentation

The condensed interim financial statements have been prepared using the historical cost convention except for certain financial instruments which have been measured at fair value unless otherwise noted. All monetary references expressed in these notes are references to Canadian dollar amounts ("\$").

In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for this interim period are not necessarily indicative of the results that may be expected for the full fiscal year ending January 31, 2012.

Significant accounting judgments, estimates and assumptions

The preparation of these condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The impacts of such estimates are pervasive throughout the condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

3. Significant accounting policies (continued)

Significant accounting judgments, estimates and assumptions (continued)

Information about critical judgments and estimates in applying accounting policies that have most significant effect on the amounts recognized in the condensed interim financial statements are as follows:

- Fair value of investment in securities not quoted in an active market or private company investments
- Fair value / impairment of loans receivable
- Assessment of impairment of royalties
- Asset carrying values and impairment charges
- Estimation of asset lives
- Recognition of deferred taxes
- Contingencies
- Share based payments
- Depletion, depreciation and amortization

Foreign currency translation

The functional currency for each division within the Company is the currency of the primary economic environment in which it operates. The Company's financial statements are presented in Canadian dollars. The Canadian dollar is the functional currency of the Company's global investment and merchant banking operations. The United States dollar is the functional currency of the Company's royalty division.

Monetary assets and liabilities denominated in other than the functional currency are translated at the exchange rate in effect at the statement of financial position date. Non-monetary assets and liabilities are translated using historical rates. Revenues and expenses denominated in other than the functional currency are translated at rates of exchange in effect at the time of the transaction. Gains and losses on translation are included in the condensed interim statement of comprehensive (loss) income.

The results and financial position of the Company's royalty division that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

All assets and liabilities are translated at the exchange rate in effect at the statement of financial position date. Revenues and expenses are translated at rates of exchange in effect during the period. Gains and losses on translation are included in equity as a separate component of equity under accumulated other comprehensive income or loss.

When a foreign division is disposed of, a proportionate share of the cumulative exchange differences previously recognized in equity is recognized in the statement of comprehensive (loss) income, as part of the gain or loss on sale where applicable.

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

3. Significant accounting policies (continued)

Future accounting pronouncements

IFRS 9 *Financial Instruments* ("IFRS 9") was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet determined the impact of the amendments to IFRS 9 on its financial statements.

IFRS 7 *Financial instruments - Disclosures* ("IFRS 7") was amended by the IASB in October 2010 and provides guidance on identifying transfers of financial assets and continuing involvement in transferred assets for disclosure purposes. The amendments introduce new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained. The amendments to IFRS 7 are effective for annual periods beginning on or after July 1, 2011. The Company has not yet determined the impact of the amendments to IFRS 7 on its financial statements.

IFRS 10 *Consolidated Financial Statements* ("IFRS 10") provides a single model to be applied in the control analysis for all investees, including entities that currently are special purpose entities in the scope of SIC 12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 *Consolidated and Separate Financial Statements*. This standard is effective for annual period beginning on January 1, 2013. Earlier application is permitted. The Company has not yet determined the impact of the amendments to IFRS 10 on its financial statements.

IFRS 11 *Joint Arrangements* ("IFRS 11") replaces the guidance in IAS 31 *Interests in Joint Ventures*. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previous jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for the liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11 joint ventures are stripped of the free choice of equity accounting or proportionate consolidation; these entities must now use the equity method.

Upon application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value (including any allocation of goodwill) into a single investment balance at the beginning of the earliest period presented. The investment's opening balance is tested for impairment in accordance with IAS 28 *Investments in Associates* and IAS 36 *Impairment of Assets*. Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented. The Company intends to adopt IFRS 11 in its financial statements for the annual period beginning on January 1, 2013. The Company has not yet determined the impact of the amendments to IFRS 11 on its financial statements.

IFRS 13 *Fair Value Measurement* ("IFRS 13") converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company has not yet determined the impact of the amendments to IFRS 13 on its financial statements.

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

4. Investments at fair value through profit and loss

At July 31, 2011, the Company's investment portfolio consists of 13 privately-traded investments and 35 publicly-traded investments for a total fair value of \$91,407,982.

| Private Issuer | Note | Security description | Cost | Estimated Fair value | % of FV |
|------------------------------|----------|--|---------------|----------------------|---------|
| Auger Resources Ltd. | (iii) | 2,000,000 common shares | \$ 1,000,000 | \$ 200,000 | 0.2% |
| Brazil Potash Corp. | (iii) | 1,650,062 common shares | 2,500,000 | 1,576,634 | 1.7% |
| Legacy Platinum Corp. | (ii) | 3,015,000 common shares | 2,166,174 | 3,015,000 | 3.3% |
| Potash Atlantico Corp. | (iii) | 3,186,612 common shares | 1,653,183 | 3,044,808 | 3.3% |
| | | 300,000 w warrants expire Dec 3, 2012 | | | |
| Raven Minerals Corp.* | (ii) | 1,600,000 common shares | 400,000 | 1,440,000 | 1.6% |
| | | 800,000 w warrants | | | |
| Scandinavian Metals Inc. | (ii,iii) | 22,762,765 common shares | 2,038,139 | 1,138,138 | 1.2% |
| Temujin Mining Corp.** | (ii,iii) | 15,546,091 common shares | 7,156,850 | 7,156,850 | 7.8% |
| | | 9,090,909 penalty shares B | | | |
| | | 1,410,000 w warrants expire Nov 26, 2011 | | | |
| | | 600,000 w warrants expire Jan 14, 2012 | | | |
| | | 4,545,455 w warrants expire Jan 29, 2012 | | | |
| Total of 6 other investments | (iv) | | 1,210,341 | 1,337,939 | 1.5% |
| Total private investments | | | \$ 18,124,687 | \$ 18,909,369 | 20.6% |

* Warrants expiry date extended to 12 months after Raven Minerals Corp. is publicly listed

** 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

| Public Issuer | Note | Security description | Cost | Estimated Fair value | % of FV |
|--------------------------------|-------|--|------------|----------------------|---------|
| Agua Resources Ltd.* | | 1,521,583 common shares | \$ 614,793 | \$ 3,864,507 | 4.2% |
| | | 4,145,556 performance shares A | | | |
| | | 3,318,763 performance shares B | | | |
| Alderon Resources Corp. | (iii) | 446,100 common shares | 466,100 | 1,645,333 | 1.8% |
| Alder Resources Ltd. | (iii) | 749,000 common shares | 187,250 | 63,665 | 0.1% |
| Alexis Mineral Corp. | (iii) | 2,500,000 common shares | 250,000 | 212,500 | 0.2% |
| Allana Resources Inc. | (iii) | 3,375,000 common shares | 1,190,671 | 5,163,750 | 5.6% |
| Apogee Minerals Ltd. | (iii) | 4,964,000 common shares | 887,729 | 1,507,530 | 1.6% |
| | | 1,250,000 w warrants expire Dec 22, 2011 | | | |
| Avion Gold Corporation | (iii) | 1,000,000 common shares | 900,312 | 2,000,000 | 2.2% |
| Bell Copper Corp. | (iii) | 1,150,000 common shares | 230,000 | 266,685 | 0.3% |
| | | 1,150,000 w warrants expire Nov 10, 2012 | | | |
| Belo Sun Mining Corp.** | (iii) | 1,053,667 common shares | 813,796 | 2,789,650 | 3.1% |
| | | 3,000,000 w warrants expire March 3, 2012 | | | |
| Black Iron Inc. | (iii) | 5,500,000 common shares | 3,161,082 | 5,995,000 | 6.6% |
| Castillian Resources Corp.**** | (iii) | 13,828,000 common shares | 2,518,015 | 1,797,640 | 2.0% |
| | | 1,000,000 common shares to be issued | | | |
| Crocodile Gold Corp. | (iii) | 4,015,866 common shares | 3,972,962 | 2,913,621 | 3.2% |
| | | 1,385,000 w warrants expire March 24, 2016 | | | |

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

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

| Public Issuer | Note | Security description | Cost | Estimated Fair value | % of FV |
|--------------------------------|----------|---|---------------|----------------------|---------|
| Dacha Strategic Metals Inc. | (iii) | 1,321,551 common shares | 742,544 | 1,347,982 | 1.5% |
| Eurocontrol Technics Inc. | (iii) | 1,347,333 common shares | 226,253 | 168,607 | 0.2% |
| | | 1,333,333 warrants expire Sep 27, 2012 | | | |
| Forbes & Manhattan Coal Corp. | (iii) | 1,765,910 common shares | 3,454,191 | 6,458,555 | 7.1% |
| ***** | | 100,000 common shares - JSE | | | |
| | | 1,100,000 performance shares | | | |
| Largo Resources Ltd. | (iii) | 2,063,333 common shares | 285,413 | 825,333 | 0.9% |
| Longford Energy Inc. | (iii) | 6,164,896 common shares | 1,767,243 | 956,109 | 1.0% |
| | | 1,250,000 warrants expire Jun 8, 2013 | | | |
| Pitchblack Resources Ltd.*** | (ii,iii) | 3,030,303 common shares | 500,000 | 1,281,212 | 1.4% |
| | | 3,030,303 warrants expire Oct 29, 2012 | | | |
| Rodinia Lithium Inc. | (iii) | 3,978,333 common shares | 1,831,925 | 1,349,642 | 1.5% |
| | | 416,667 warrants expire Sep 10, 2012 | | | |
| Silver Bear Resources Inc. | (iii) | 1,674,230 common shares | 1,339,384 | 1,791,426 | 2.0% |
| Stetson Oil & Gas Ltd. | (iii) | 10,000,000 preferred shares | - | 100,000 | 0.1% |
| Sulliden Gold Corporation Ltd. | (iii) | 14,004,572 common shares | 7,853,513 | 25,908,458 | 28.3% |
| United Silver Corp. | (iii) | 1,372,550 common shares | 700,001 | 1,241,883 | 1.4% |
| | | 1,372,550 common shares expire Jul 29, 2014 | | | |
| Vast Exploration Inc. | (iii) | 1,350,000 common shares | 414,549 | 216,000 | 0.2% |
| Total of 11 other investments | (iv) | | 2,656,087 | 2,633,435 | 2.9% |
| Total public investments | | | \$ 36,963,813 | \$ 72,498,523 | 79.4% |
| Total investments | | | \$ 55,088,500 | \$ 91,407,892 | 100.0% |
| Reconciliation: | | | | | |
| | | Investments held as financial assets | \$ 55,613,936 | \$ 91,841,892 | |
| | | Investments held as financial liabilities | \$ (525,436) | \$ (434,000) | |
| | | | \$ 55,088,500 | \$ 91,407,892 | |

* Formerly New port Mining Ltd.,

** Formerly Verena Minerals Corp.

*** Formerly Cash Minerals Ltd.

**** Warrant exercise request submitted to Castilian prior to expiry, awaiting for the shares to be issued

***** Forbes & Manhattan Coal shares traded separately on the Johannesburg stock exchange, South Africa

Note

- (i) The Company has issued a Section 102 report under the Ontario Securities Act for this investment;
- (ii) The Company owns, on a partially diluted basis, at least a 10% interest in the investee as at July 31, 2011.
- (iii) A director and/or officer of the Company is a director and/or officer of the investee corporation.
- (iv) Total other investments held by the Company, which are not individually listed as at July 31, 2011. Directors and officers may hold investments personally.

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

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

At January 31, 2011, the Company's investment portfolio consists of 14 privately-traded investments and 26 publicly-traded investments for a total fair value of \$104,809,740, net investments held as financial liabilities.

| | | | | | |
|------------------------------|----------|--|---------------|---------------|-------|
| Auger Resources Ltd. | (iii) | 2,000,000 common shares | \$ 1,000,000 | \$ 200,000 | 0.2% |
| Black Iron Inc.* | (iii) | 4,000,000 common shares | 1,100,000 | 2,000,000 | 1.9% |
| Brazil Potash Corp. | (iii) | 1,650,062 common shares | 2,500,000 | 1,652,537 | 1.6% |
| Potash Atlantico Corp. | (ii,iii) | 3,186,612 common shares | 1,653,183 | 3,191,392 | 3.0% |
| Raven Minerals Corp. | (ii) | 1,600,000 common shares | 400,000 | 1,440,000 | 1.4% |
| | | 800,000 w warrants expire July 30, 2011 | | | |
| Scandinavian Metals Inc. | (ii,iii) | 2,000,000 common shares | 1,000,000 | 100,000 | 0.1% |
| Temujin Mining Corp.** | (ii,iii) | 12,819,091 common shares | 5,657,000 | 5,657,000 | 5.4% |
| | | 9,090,909 penalty shares B | | | |
| | | 1,410,000 w warrants expire Nov 26, 2011 | | | |
| | | 600,000 w warrants expire Jan 14, 2012 | | | |
| | | 4,545,455 w warrants expire Jan 29, 2012 | | | |
| Total of 7 other investments | (iv) | | 4,406,981 | 4,338,679 | 4.1% |
| Total private investments | | | \$ 17,717,164 | \$ 18,579,608 | 17.7% |

* publicly listed on March 29, 2011

** 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

| Public Issuer | Note | Security description | Cost | Estimated Fair value | % of FV |
|---------------------------------|-------|--|------------|----------------------|---------|
| Agua Resources Ltd.* | | 1,521,583 common shares | \$ 614,793 | \$ 3,682,904 | 3.5% |
| | | 4,145,556 performance shares A (Note 4) | | | |
| | | 3,318,763 performance shares B (Note 4) | | | |
| Alderon Resources Corp. | (iii) | 500,000 common shares | 500,000 | 1,775,000 | 1.7% |
| Alder Resources Ltd. | (iii) | 1,000,000 common shares | 250,000 | 175,000 | 0.2% |
| Apogee Minerals Ltd. | (iii) | 5,350,000 common shares | 1,039,945 | 2,766,735 | 2.6% |
| | | 1,175,000 w warrants expire April 30, 2011 | | | |
| | | 1,250,000 w warrants expire Dec 22, 2011 | | | |
| Avion Gold Corporation | (iii) | 1,591,800 common shares | 1,171,137 | 5,013,216 | 4.8% |
| | | 2,500,000 w warrants expire May 8, 2011 | | | |
| Belo Sun Mining Corp.** | (iii) | 3,708,667 common shares | 2,297,428 | 4,407,980 | 4.2% |
| | | 3,000,000 w warrants expire March 3, 2012 | | | |
| Castillian Resources Corp. | (iii) | 11,410,000 common shares | 2,032,656 | 1,766,400 | 1.7% |
| | | 1,000,000 w warrants expire June 30, 2011 | | | |
| Crocodile Gold Corp. | (iii) | 1,245,866 common shares | 1,053,914 | 1,669,460 | 1.6% |
| Dacha Strategic Metals Inc.**** | (iii) | 3,680,362 common shares | 1,755,913 | 2,061,699 | 2.0% |
| | | 2,501,551 w warrants expire June 16, 2014 | | | |
| Eurocontrol Technics Inc. | (iii) | 1,333,333 common shares | 200,000 | 314,267 | 0.3% |
| | | 1,333,333 w warrants expire Sep 27,2012 | | | |
| Forbes & Manhattan Coal Corp. | (iii) | 1,705,196 common shares | 2,994,549 | 7,758,642 | 7.4% |
| | | 1,100,000 performance shares | | | |

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

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

| Private Issuer | Note | Security description | Cost | Estimated Fair value | % of FV |
|--------------------------------|----------|--|---------------|----------------------|---------|
| Kria Resources Ltd. | (iii) | 2,299,000 common shares | 2,163,278 | 977,075 | 0.9% |
| Largo Resources Ltd. | (iii) | 3,983,333 common shares | 551,000 | 2,111,166 | 2.0% |
| Longford Energy Inc. | (iii) | 3,259,869 common shares | 1,109,331 | 1,287,659 | 1.2% |
| Pitchblack Resources Ltd.*** | (ii,iii) | 3,030,303 common shares 3,030,303 warrants expire Oct 29, 2012 | 500,000 | 2,301,818 | 2.2% |
| Rodinia Lithium Inc. | (iii) | 3,833,333 common shares 416,667 warrants expire Sep 10, 2012 | 1,750,000 | 2,360,000 | 2.3% |
| Stetson Oil & Gas Ltd. | (ii,iii) | 10,000,000 preferred shares | \$0.00 | 200,000 | 0.2% |
| Sulliden Gold Corporation Ltd. | (iii) | 13,239,141 common shares 769,231 warrants expire April 23, 2011 | 7,240,259 | 31,185,004 | 29.8% |
| Vast Exploration Inc. | (iii) | 1,350,000 common shares 1,000,000 warrants expire June 5, 2011 | 600,402 | 1,100,000 | 1.0% |
| Total of 7 other investments | (iv) | | 1,217,596 | 13,316,107 | 12.7% |
| Total public investments | | | \$ 29,042,201 | \$ 86,230,132 | 82.3% |
| Total investments | | | \$ 46,759,365 | \$ 104,809,740 | 100.0% |
| Reconciliation: | | | | | |
| | | Investments held as financial assets | \$ 47,401,879 | \$ 105,827,444 | |
| | | Investments held as financial liabilities | (642,514) | (1,017,704) | |
| Total investments | | | \$ 46,759,365 | \$ 104,809,740 | |

* Formerly New port Mining Ltd.,

** Formerly Verena Minerals Corp.

*** Formerly Cash Minerals Ltd.

**** Formerly Dacha Capital Inc., warrants have an exercise price of \$0.42 until June 16, 2012, \$0.50 after June 16, 2012

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, 2011.
- (iii) A director and/or officer of the Company is a director and/or officer of the investee corporation.
- (iv) Total other investments held by the Company, which are not individually listed as at January 31, 2011. Directors and officers may hold investments personally.

5. Amounts receivable

| | July 31, 2011 | January 31, 2011 |
|----------------------------------|---------------|------------------|
| Interest receivable | \$ 442,979 | \$ 336,813 |
| Royalty receivable (note 7, 8) | 1,624,536 | 1,491,112 |
| Investment settlement receivable | 227,403 | 633,753 |
| Recoverable expenses | 663,546 | 115,350 |
| Other receivable | 543,252 | 118,697 |
| | \$ 3,501,716 | \$ 2,695,725 |

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

6. Loans receivable

| | July 31, 2011 | January 31, 2011 |
|--|---------------------|---------------------|
| Temujin Mining Corp. convertible debenture * | \$ 3,463,232 | \$ 3,629,960 |
| Castillian Resources Corp. convertible debenture | 500,000 | 1,641,617 |
| Legacy Platinum Corp. | 797,750 | - |
| United Silver Corp. | 1,000,000 | - |
| China Railway Mining Corp. convertible debenture | - | 1,251,875 |
| Kria Resources Ltd. secured debenture | - | 500,000 |
| Garrison International Ltd. working capital | 727,085 | - |
| Temujin Mining Corp. working capital | 493,621 | - |
| | \$ 6,981,688 | \$ 7,023,452 |

* Debenture changed from secured to convertible October 1, 2010

Kria Resources Ltd. (Acquired by Trevali Mining Corp.)

In June 2009, the Company entered into a secured debenture agreement with Kria Resources Ltd. ("Kria") to loan up to \$600,000, with any amounts drawn being due and repayable on December 31, 2010 and subject to interest at a rate of 10% per annum. Consideration provided to the Company by Kria for entering into the secured debenture agreement included a \$25,000 fee plus up to 250,000 share purchase warrants, of which 50,000 have been issued, with each share purchase warrant entitling Aberdeen to purchase one common share of Kria at any time prior to June 16, 2010. The grant date fair value of the warrants issued was determined to be nominal and no value was recorded. These warrants expired unexercised. Kria paid the \$25,000 fee in April 2010 and drew down \$500,000 under the secured debenture agreement in August 2010. The \$25,000 fee was recorded as deferred revenue and is being recognized as income over the term of the agreement. An additional 200,000 warrants were issued to the Company upon the draw-down to acquire Kria's common shares for a period of one year from the date of grant. The grant date fair value of the warrants issued was estimated to be \$7,760, which was discounted to the loan and recognized as income over the term of the agreement. These warrants were exercised by the Company on December 31, 2010 for 200,000 common shares of Kria at a price of \$0.135.

On December 31, 2010, Kria did not repay the loan. As a result, an amendment agreement was made whereby Kria agreed to pay the Company an annualized penalty fee at the rate of 10% per annum due and payable on the debenture redemption date. On January 14, 2011, the Company entered into a subordination and postponement agreement with Cardero Resource Corp. ("Cardero") and Kria. This debenture is secured against all the assets of Kria and ranks subordinate in priority to that of the Cardero, the senior lender. On April 7, 2011, Kria was acquired by Trevali Mining Corp. ("Trevali") by issuing one Trevali common share for every five Kria common shares to Kria's existing shareholders. As at July 31, 2011, the principal and outstanding interest was repaid in full.

A director of Aberdeen, Michael Hoffman, serves as a director of Trevali. Directors of Aberdeen, Michael Hoffman and Stan Bharti, served as directors and an officer of Kria.

Castillian Resources Corp.

In January 2010, the Company entered into a secured debenture agreement with Castillian Resources Corp. ("Castillian") to loan Castillian up to \$500,000, with any amounts drawn being due and repayable on June 30, 2010 and subject to interest at a rate of 10% per annum. The debenture was initially secured against Castillian's interest in the Kagera property in Tanzania. Castillian paid Aberdeen an advisory service fee in the amount of \$25,000 and issued 500,000 share purchase warrants to Aberdeen, which entitled the Company to acquire one Castillian common share at a price of \$0.10 at any time prior to June 30, 2010. Castillian shall also issue 100,000 of the same share purchase warrants per \$100,000 subsequently drawn against the line of credit. The warrants are subject to a statutory four month hold period. The grant date fair value of the warrants issued was estimated to be \$7,550. The \$25,000 advisory service fee and the \$7,550 fair value of the warrants was discounted to the loan and recognized as income over the term of the agreement. During the three months ended April 30, 2010, Castillian drew down the \$500,000 under the secured debenture agreement with an additional 500,000 share purchase warrants issued to Aberdeen to acquire Castillian common shares at a price of \$0.10 each at any time prior to June 30, 2011. The estimated grant date fair value of the warrants issued of \$24,500 was discounted to the loan and recognized as income over the term of the loan.

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

6. Loans receivable (continued)

Castillian Resources Corp.

Castillian did not repay the loan on June 30, 2010. The Company entered into an amendment agreement with Castillian whereby the term of the loan was extended to December 31, 2012 with a conversion right granted to the Company to convert the loan into units consisting of one common share and one-half of one common share purchase warrant of Castillian at a conversion price of \$0.06 per unit at anytime on or before December 31, 2012. Each whole warrant will entitle the Company to acquire one common share of Castillian at \$0.10 until December 31, 2012. In addition, the security interest with respect to the loan was amended to include Castillian's Mangabal property, located in Brazil. At July 31, 2010, the Company adjusted the fair value of the 500,000 share purchase warrants issued based on the extended term. An additional fair value of the warrants of \$16,950 was discounted to the loan and is being recognized as income over the term of the amended agreement. The Company has requested the exercise of the 1,000,000 warrants prior to the expiry date and is waiting for the issuance of shares by Castillian.

At January 31, 2011, the Company recognized an unrealized gain of \$1,156,383 on the convertible loan based on the fair market value of the Castillian's shares. As of July 31, 2011, the convertible loan agreement has yet to be approved by the TSX Venture Exchange. Due to the longer than anticipated time delays for approval, the Company reversed the unrealized gain during the period ended April 30, 2011. Directors of Aberdeen, Stan Bharti and Michael Hoffman, are also directors of Castillian.

Temujin Mining Corp.

On January 14, 2010, the Company entered into a loan agreement with Temujin Mining Corp. ("Temujin"), a privately held company. The Company loaned Temujin US\$6,000,000 (\$6,009,000), repayable on or before January 14, 2011, with 10% interest per annum calculated monthly and payable on maturity. The debenture is secured against all of the assets of Temujin and shall rank senior in priority and preference to any other indebtedness or other encumbrance of Temujin. As consideration for arranging the loan, Temujin agreed to pay the Company advisory service fees of US\$360,000 (\$360,540), payable on demand, and issued 600,000 warrants to purchase common shares of Temujin at an exercise price of \$0.55 per share until January 14, 2012. On February 11, 2010, US\$3,000,000 (\$3,004,500) of the loan was repaid.

On October 1, 2010, the Company entered into a secured debenture agreement with Temujin, whereby the term of the previous loan was extended to July 14, 2011 with a conversion right granted to the Company to convert the loan into common shares of Temujin at a conversion price of US\$0.50 per share at anytime on or before the maturity date. The debenture is secured against all of the assets of Temujin and ranks senior 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 (\$3,629,960).

At July 31, 2011 and January 31, 2011, the value of the conversion feature was assessed as nominal. As such, the Company did not recognize any gain or loss on the convertible debenture.

During the six months ended July 31, 2011, the Company made available a working capital facility to Temujin and loaned a total of \$493,621 to Temujin. The working capital facility is interest free, unsecured and the amount is due on demand.

A director and an officer of Aberdeen, Stan Bharti and David Stein, respectively, serve as directors of Temujin.

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

6. Loans receivable (continued)

Pitchblack Resources Ltd. (formerly Cash Minerals Ltd.)

On February 2, 2010, the Company entered into a secured debenture subscription agreement with Pitchblack Resources Ltd. ("Pitchblack"). The Company loaned Pitchblack \$500,000, which will mature and become due and repayable on February 2, 2013. The debenture bears interest at a rate of 10% calculated and payable semi-annually on the last day of June and December, commencing June 30, 2010, and continuing until the debenture is repaid in full. This debenture was secured against all of the assets of Pitchblack and ranked senior in priority to any and all other debts of Pitchblack subsequently incurred subject to applicable laws. On January 31, 2011, the Company acquired 3,030,303 units of Pitchblack through a private placement financing at a price of \$0.165 per unit. The \$500,000 loan outstanding was applied against the settlement of the Pitchblack units. Accrued interest totaling \$36,986 was subsequently paid to the Company.

A director of Aberdeen, Stan Bharti, serves as a director of Pitchblack.

Dacha Strategic Metals Inc.

On February 8, 2010, the Company entered into a secured convertible debenture agreement with Dacha Strategic Metals Inc. ("Dacha"). The Company loaned Dacha \$2,156,830, which matured and was repayable on March 31, 2010. Dacha agreed to pay a 5% advisory service fee in consideration of the debenture and 10% interest per annum calculated monthly and payable on maturity. The Company had the option to convert the principal and interest outstanding, in whole or in part, into funds to be used for a participation in Dacha's private placement announced on March 1, 2010.

On March 24, 2010, the Company exercised its conversion right in the participation of Dacha's private placement. The Company converted the debenture plus interest totaling \$2,160,000 into 4,800,000 special warrants of Dacha at \$0.45 per special warrant. The advisory service fees plus the remaining balance of accrued interest totaling \$132,593 were also repaid to the Company at this time. The special warrants were converted to common shares of Dacha on July 23, 2010.

A director and an officer of Aberdeen, Stan Bharti and Ryan Ptolemy, also serve as an executive director and an officer of Dacha.

Garrison International Ltd.

On February 22, 2010, the Company entered into a secured debenture subscription agreement with Garrison International Ltd. ("Garrison"). The Company loaned Garrison \$600,000, which will mature and become due and repayable on February 22, 2013. The debenture bears interest at a rate of 10% calculated and payable semi-annually on the last day of June and December, commencing June 30, 2010 and continuing until the debenture is repaid in full. This debenture is secured against all of the assets of Garrison and ranks senior in priority to any and all other debts of Garrison subsequently incurred subject to applicable laws. On December 31, 2010, Garrison did not make its semi-annual interest payment. The Company notified Garrison of default in writing. As a result of failing to receive a rectification of default from Garrison, the Company made a provision on the full principal amount of \$600,000 and interest of \$27,509. Subsequent to January 31, 2011, the Company made available a working capital facility to Garrison. During the six months ended July 31, 2011, the Company loaned a total of \$727,085 to Garrison. The working capital facility is interest free, unsecured and the amount is due on demand.

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

6. Loans receivable (continued)

China Railway Mining Corp.

On April 12, 2010, the Company entered into an agreement with Forbes & Manhattan, Inc. ("Forbes") to acquire 50% of the convertible debenture issued by China Railway Mining Corp ("China Railway") on March 9, 2009 to Forbes in return for a cash payment to Forbes in the amount of US\$1,250,000. In addition, as return for the consideration, the Company received (a) 40,000 common shares of China Railway which represent 40% of the common shares that were issued and outstanding; and (b) 80,000 warrants of China Railway that were issued, which expired unexercised on December 15, 2010. The loan was convertible at the option of the lender on or before November 30, 2010 for common shares of Crystallex International Corporation ("Crystallex") at a price equal to the greater of \$0.20 per share or 95% of the 5 day volume weighted average trading price of the common shares ending on the date of conversion. Subsequent to January 31, 2011, the Crystallex shares were trading below the conversion price.

The principal of the debenture plus interest of 6% per annum were repayable on December 31, 2010. On December 31, 2010, China Railway did not repay the loan and interest owed. During the three month period ended April 30, 2011, the Company issued a demand letter to China Railway requesting repayment of the principal plus interests in full. During the six months ended July 31, 2011, the Company made a provision on the loan and interest receivable totaling \$1,258,688.

Rodinia Lithium Inc.

On July 20, 2010, the Company entered into a short term bridge loan agreement with Rodinia Lithium Inc. ("Rodinia"). The Company loaned Rodinia \$200,000, which was due and repayable on September 30, 2010. The loan included interest of 10% per annum calculated monthly and payable on maturity. The loan plus accrued interest totalling \$202,904 was repaid to the Company on September 10, 2010.

Officers of Aberdeen, David Stein and Ryan Ptolemy, also serve as a director and an officer of Rodinia.

Longford Energy Inc.

On April 27, 2011, the Company entered into a loan agreement with Longford Energy Inc. ("Longford"). The Company loaned Longford \$500,000, which will mature and become due and repayable on the earlier of (i) the closing date of Longford's bought deal financing; and (ii) sixty days from the date of the agreement which is June 27, 2011. The loan is unsecured and included an interest of 5% per annum calculated on the principal, and unpaid interest. The loan was repaid on June 24, 2011 by the Company purchasing shares in the Longford's financing. The accrued interest was paid to the Company subsequent to July 31, 2011.

Directors of Aberdeen, Stan Bharti and Pierre Pettigrew, also serve as directors of Longford.

Legacy Platinum Corp.

On June 10, 2011, the Company entered into a loan agreement with Legacy Platinum Corp. ("Legacy"). The Company loaned Legacy \$320,000 ("the First Loan"), which is due and payable on June 10, 2012. The loan is unsecured and included an interest of 10% per annum calculated and payable semi-annually. Legacy has an option to either repay the loan plus accrued interests any time prior to the maturity date in cash, or issue shares of Legacy that equal the total value of the principal plus accrued interest based on the share value of its most recent equity financing.

On June 21, 2011, the Company entered into a second loan agreement with Legacy for an additional loan of US\$500,000, which is due and payable on June 21, 2012. This loan is unsecured and carries the same terms and conditions as the First Loan.

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

6. Loans receivable (continued)

United Silver Corp.

On July 20 2010, the Company entered into an agreement with Forbes & Manhattan, Inc. ("Forbes") to acquire 50% interest in and to all of Forbes' rights and obligations under the loan agreement issued by United Silver Corp. ("USC") to Forbes in return for a cash payment to Forbes in the amount of \$1,000,000. The loan is secured against all assets of USC. The principal of the loan plus interest of 9% calculated monthly is payable in full on December 31, 2011. Interest on overdue amount is payable on demand.

A director and an officer of Aberdeen, Stan Bharti and Ryan Ptolemy, also serve as director and officer of United Silver.

Amazon Potash Corp. / Loan assignment from Avion Gold Corporation

On May 6, 2009, Avion Gold Corporation ("Avion") acquired all of the issued and outstanding common shares of Dynamite Resources Ltd. ("Dynamite") at an exchange ratio of 0.75 Avion common shares for each Dynamite common share. Following the acquisition, Avion repaid all of its outstanding loans to Aberdeen through a cash payment of \$1,550,000, plus accrued interest of \$38,004, and the assignment of the rights to a secured note receivable from Amazon Potash Corp. ("Amazon Potash") for US\$1,250,000. Amazon Potash is a private company with potash properties in Brazil. The note receivable was due June 30, 2009 with an annual interest rate of 12%, calculated monthly and payable upon maturity and was secured by Amazon Potash's assets. In addition, the note agreement also provided Aberdeen with the option to convert the principal, in whole or in part, into common shares of Amazon Potash on or before June 30, 2009 at US\$1.00 per share. The secured note receivable was recorded on Aberdeen's books at a discounted value of US\$1,170,488 (\$1,373,100) against a face value of US\$1,250,000 (\$1,466,365) and no gain or loss was recorded on the retirement of loans outstanding from Avion to the Company in exchange for cash and the Amazon Potash secured note receivable.

On May 27, 2009, the Company loaned an additional US\$250,000 that was added to the existing secured note receivable balance from Amazon Potash of US\$1,250,000. As consideration, the Company received a US\$25,000 advisory service fee and 100,000 shares of Amazon Potash. Interest receivable accrued between assuming the secured note receivable on May 6, 2009 and May 27, 2009, totalling US\$8,630, was capitalized as part of the loan. Amazon Potash did not repay the loan on June 30, 2009. The Company and Amazon Potash agreed to four separate quarterly extensions to the secured note receivable to June 30, 2010. As consideration for extending the term of the note receivable, the Company received an aggregate fee of US\$100,000 and 200,000 Amazon Potash shares.

In September 2009, Amazon Potash spun out some of its potash claims in Brazil to a wholly-owned subsidiary named Brazil Potash Corp. ("Brazil Potash"). The shares in Brazil Potash were distributed to the Amazon Potash shareholders. Aberdeen, as a shareholder of Amazon Potash, received 1,650,062 shares of Brazil Potash. Subsequent to the distribution of the shares, Brazil Potash completed a private placement equity financing for gross proceeds of US\$25,000,000 at a price of US\$1.00 per common share.

In June 2010, Falcon Metals Ltda., a 100% owned subsidiary of Amazon Potash, sold its 100% ownership in Aguia Metais Ltda. to Aguia Resources Limited ("Agua") (formerly Newport Mining Corp.), an Australian publicly traded mining company. The transaction included the conversion of 50% of the Amazon Potash loan into common shares, Performance A Shares and Performance B Shares of Agua. Through this transaction, the Company received 477,845 common shares, 666,426 Performance A Shares and 883,375 Performance B Shares of Agua given its holding of 2,800,000 shares of Amazon Potash. As for the conversion of the balance of 50% of the Amazon Potash loan plus interest outstanding (US\$927,390), Agua issued 1,043,738 common shares at a price of AUD\$0.15 per share, and 3,479,130 Performance A Shares and 2,435,388 Performance B Shares of Agua. Consequently, the value of the 1,043,738 shares in the amount of US\$135,974 (AUD\$156,561) and the value of the 3,479,130 Performance A Shares in the amount of US\$453,247 (AUD\$521,870) was applied as a reduction to the Amazon Potash loan.

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

6. Loans receivable (continued)

Amazon Potash Corp. / Loan assignment from Avion Gold Corporation (continued)

A provision on the remaining balance of the loan US\$338,169 (AUD\$365,307) was taken on January 31, 2011. All the Agua shares are to be held in escrow until June 22, 2011. The Performance A Shares will convert to common shares upon the completion of a technical report evidencing a combined Mineral Resource Estimate (including all categories of resources) of not less than 30,000,000 tonnes with a grade of not less than 10% P₂O₅ at the Mata da Corda or Lucena Project within 3 years of being issued. The Performance B Shares will convert to common shares upon the completion of a technical report evidencing a combined Mineral Resource Estimate (including all categories of resources) of not less than 70,000,000 tonnes with a grade of not less than 10% P₂O₅ at the Mata da Corda or Lucena Project within 3 years of being issued.

In June 2010, Amazon Potash sold its 100% owned subsidiary Potassio do Atlantico Ltda. to Potash Atlantico Corp. in exchange for shares that were issued to the shareholders of Amazon Potash (including Aberdeen), assumption of certain obligations and the issuance of an additional 1,005,965 shares of Potash Atlantico Corp. ("Potash Atlantico") to the Company. This represented 50% of the Amazon Potash loan (US\$926,797) owed to the Company. The proposed financing for Potash Atlantico was being done at a valuation that would represent US\$1.00 per share minimum. Consequently, the 50% of the Amazon Potash loan outstanding and due June 30, 2010 was extended to September 30, 2010 with an annual interest rate of 12%. Pursuant to the financing, the Company received 1,580,647 shares of Potash Atlantico given its holding of 2,800,000 shares of Amazon Potash. The Company also received 1,005,965 shares of Potash Atlantico from the conversion of 50% of the Amazon Potash loan and interest outstanding.

Directors and an officer of Aberdeen, Stan Bharti, Pierre Pettigrew and George Faught hold director positions in Avion. Directors and an officer of Aberdeen, Stan Bharti, Michael Hoffman and George Faught, hold directors and an officer position in Amazon Potash and held director positions in Dynamite. A director of Aberdeen, Stan Bharti holds a director position in Brazil Potash. An officer of Aberdeen, Ryan Ptolemy holds an officer position in Brazil Potash and Potash Atlantico. Aberdeen officers and directors also may hold, or have held, investments personally in Amazon Potash, Avion, Brazil Potash, Potash Atlantico and Dynamite.

7. Loan - Simmer & Jack

During the fourth quarter of fiscal 2006, the Company loaned US\$10,000,000 to Simmer and Jack Mines, Limited ("Simmers"). The loan had a three-year term maturing December 31, 2008, a 3% coupon at gold prices up to US\$400 per ounce (2.5% at gold prices above US\$400 per ounce) and a net smelter royalty ("NSR") tied to the price of gold, ranging from a 0.5% NSR at US\$300 per ounce to a 4.75% NSR at gold prices of US\$750 per ounce or higher, on a graduated scale. The NSR was payable against gold produced from Simmers' northwest assets and included First Uranium Corporation's ("First Uranium") Mine Waste Solutions tailings recovery operation.

The loan also had an option that allowed Aberdeen to call for its conversion into equity of Simmers at ZAR 0.80 per share at any time from January 1, 2007 to December 31, 2008, subject to Simmers' shareholders' approval. On October 16, 2008, the Company called for conversion to equity and a shareholder vote was held on February 16, 2009, whereby the Simmers' shareholders voted against the conversion as unanimously recommended by Simmers' board of directors. As a result, it is Aberdeen's position that the US\$10,000,000 loan was due, as of its maturity date of December 31, 2008, and Aberdeen was entitled to a 1% NSR on the gold produced on the underlying assets starting October 16, 2008. In addition, it is the Company's position that a payment of approximately US\$1,363,000 is due from Simmers which is the interest and graduated royalty calculated at a rate of 4.75% on the gold produced between October 16, 2008 and December 31, 2008, the maturity date of the loan, in addition to a 1% NSR royalty on gold production starting October 16, 2008. However, it is Simmers' position that the request for conversion into equity has caused the loan facility to terminate, ending the remaining graduated royalty payment and forfeiting repayment of the US\$10,000,000 principal and remaining interest payments. Accordingly, Simmers' management contends that the shareholder vote to deny the conversion request has resulted in Aberdeen receiving only the 1% NSR, but not the US\$10,000,000 loan principal.

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

7. Loan - Simmer & Jack (continued)

Aberdeen's statement of financial position as at July 31, 2011, reflects Aberdeen's interpretation of the agreement. As a result, the US\$10,000,000 (\$9,555,000) loan was still outstanding at July 31, 2011 (January 31, 2011 – US\$10,000,000 (\$10,015,000)) and is recorded in the statement of financial position. In addition, as at July 31, 2011, the Company had receivables from Simmers and First Uranium totaling US\$1,834,982 (\$1,753,324) (January 31, 2011 – US\$1,623,666 (\$1,626,102)). This includes the amount related to the interest and graduated royalty for the period between October 16, 2008 and December 31, 2008. It is Simmers' contention that these amounts are not due.

Management's interpretation is that, pursuant to section 2.6 of the Convertible Royalty Loan Agreement (the "Agreement"), the graduated royalty is calculated on production until December 31, 2008, notwithstanding Aberdeen's request for conversion. In addition, pursuant to section 2.10 of the Agreement, if the Simmers' shareholders do not approve the loan conversion, the 1% NSR would be in addition to the repayment of the US\$10,000,000 principal and, pursuant to section 2.4 of the Agreement, the principal is repayable in cash until shareholders approve the equity conversion. Aberdeen intends to aggressively contest any alternative interpretation of the Agreement. The Company provided Simmers' management and directors with a demand letter and a letter from Aberdeen's legal counsel outlining Aberdeen's interpretation of the Agreement in advance of the February 16, 2009 Simmers' shareholder meeting. Aberdeen has also filed the Agreement between the Company and Simmers on SEDAR (www.sedar.com) under the Company's profile. Following the vote by Simmers' shareholders not to allow for the conversion, the Company provided Simmers' board and management with a letter reiterating Aberdeen's understanding of Simmers' obligations under the Agreement. Aberdeen was informed by Simmers' board and management that their position regarding the Agreement, as described above, had not changed. As a result, the Company engaged a leading South African law firm and in July 2009 filed a claim against Simmers and First Uranium to recover the outstanding US\$10,000,000 principal and balance payable on the graduated gold royalty from the fourth quarter of calendar 2008. The aggregate amount of damages claimed by the Company is approximately US\$11,400,000. Aberdeen firmly believes that its interpretation of the Agreement is correct and expects to realize the values attached to the royalty and loan on the statements of financial position as of January 31, 2011. In November 2009, Simmers filed a statement of defense. The description of the Agreement herein is subject to, and qualified in all respects by, the provisions of the Agreement. The case moves forward and the trial date was originally set for November 18, 2010 but has been postponed until October 22, 2011. In May 2010, the Company agreed to an arbitration process with Simmers which is scheduled to commence on October 10, 2011. The litigation and pending court date have been superseded by the arbitration.

In connection with the Agreement, Aberdeen holds a notarial special covering bond in the amount of US\$10,000,000 plus ZAR5,000,000 (\$711,000) over the assets of the North Plant on Simmers' greater Buffels property.

8. Royalty interests on mineral properties

The following tables summarize the Company's royalty interests as at July 31, 2011 and January 31, 2011:

| Simmer and Jack Mines, Limited | Cost | Accumulated | | Net |
|-------------------------------------|----------------------|-----------------------|-----------------------|----------------------|
| | | Depletion | Impairment | |
| Simmer and Jack Mines, Limited | \$ 22,895,929 | \$ (791,189) | \$ (3,904,772) | \$ 18,199,968 |
| First Uranium Corporation | 10,684,790 | (701,258) | - | 9,983,532 |
| Total as of January 31, 2011 | \$ 33,580,719 | \$ (1,492,447) | \$ (3,904,772) | \$ 28,183,500 |
| Simmer and Jack Mines, Limited | \$ 22,059,985 | \$ (884,918) | \$ (3,904,772) | \$ 17,270,295 |
| First Uranium Corporation | 10,226,235 | (916,099) | - | 9,310,136 |
| Total as of July 31, 2011 | \$ 32,286,220 | \$ (1,801,017) | \$ (3,904,772) | \$ 26,580,431 |

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

8. Royalty interests on mineral properties (continued)

| Simmer and Jack Mines, Limited | Cost | Accumulated | | Net |
|---------------------------------------|----------------------|---------------------|-----------------------|----------------------|
| | | Depletion | Impairment | |
| Balance, January 31, 2011 | \$ 22,895,929 | \$ (791,189) | \$ (3,904,772) | \$ 18,199,968 |
| Depletion / impairment | - | (95,251) | - | (95,251) |
| CTA adjustment | (835,944) | 1,522 | - | (834,422) |
| Balance, July 31, 2011 | \$ 22,059,985 | \$ (884,918) | \$ (3,904,772) | \$ 17,270,295 |

| First Uranium Corporation | Cost | Accumulated | | Net |
|----------------------------------|----------------------|---------------------|-------------------|---------------------|
| | | Depletion | Impairment | |
| Balance, January 31, 2011 | \$ 10,684,790 | \$ (701,258) | \$ - | \$ 9,983,532 |
| Depletion / impairment | - | (218,181) | - | (218,181) |
| CTA adjustment | (458,555) | 3,340 | - | (455,215) |
| Balance, July 31, 2011 | \$ 10,226,235 | \$ (916,099) | \$ - | \$ 9,310,136 |

The Company owns a 1% NSR royalty interest on gold production from Simmers' producing Northwest assets and on First Uranium's Mine Waste Solutions tailings recovery operation. The Company received both the Simmers and First Uranium royalties as a result of the Simmers' shareholder February 16, 2009 vote against the conversion of the US\$10,000,000 loan outstanding as more fully described above in Note 7, "Loan - Simmer & Jack". Prior to the vote to deny the conversion of the loan into shares of Simmers, the Company had carried the convertible loan on its statements of financial position at its estimated fair market value based on a discounted cash flow analysis. Following the vote to deny conversion, the Company began accounting for the resulting 1% NSR royalties as tangible assets with the carrying value being the estimated fair market value of the royalty portion on February 16, 2009. The fair value was estimated using the following assumptions: 1) life of mines and gold production estimates as per Simmers and First Uranium; 2) US\$850 gold price through fiscal 2010, and US\$700 thereafter; and, 3) discount rate ranging from 2.5% to 5%. The carrying values of the royalty interests are depleted using the unit-of-production method over the life of the property to which the royalty interest relates.

At January 31, 2011, the Company impaired the carrying value of the Simmer and Jack Mines royalty as production was slower than originally estimated. As a result, the Company wrote-down the carrying value on the Simmers royalty interests by \$3,904,772.

On June 27, 2011, Village Main Reef successfully acquired Simmers. Management has assessed the impact of this acquisition and has determined that at this time, this transaction does not have a material impact on the valuation of the royalty interest on mineral properties and the collectability of the Simmers loan.

The functional currency of the Company's royalty interests on mineral properties division is the US dollar. During the six months ended July 31, 2011, a translation adjustment loss \$1,289,637 (net of taxes - \$897,637); (six months ended July 31, 2010 - \$1,343,803 (net of taxes \$991,803)) was recorded.

The translation adjustment loss of \$5,792,761 (net of taxes - \$4,274,761) recorded during the year ended January 31, 2010 was reallocated from other comprehensive loss to retained earnings on the IFRS transition date.

9. Accounts payable and accrued liabilities

| | July 31, 2011 | January 31, 2011 |
|--|----------------------|-------------------------|
| Trade payables | \$ 1,998,604 | \$ 72,647 |
| Investment settlement payable | 59,400 | 30,795 |
| Payroll liabilities | 183,127 | 2,591 |
| Bonus accruals | - | 5,788,935 |
| Non-trade payable and accrued expenses | 249,587 | 550,803 |
| | \$ 2,490,718 | \$ 6,445,771 |

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

10. Income taxes

Significant component of income tax (expense) benefit

| | July 31, 2011 | July 31, 2010 |
|----------------------|---------------------|---------------------|
| Current tax expense | \$ (1,705,741) | \$ (1,402,287) |
| Deferred tax benefit | 7,253,000 | 3,837,000 |
| | <u>\$ 5,547,259</u> | <u>\$ 2,434,713</u> |

Provision for income taxes

Major items causing the Company's income tax rate to differ from the Canadian combined federal and provincial statutory rate of approximately 28% (2011 - 31%) are as follows:

| | July 31, 2011 | July 31, 2010 |
|--|------------------------|-----------------------|
| Income before income taxes | <u>\$ (17,071,809)</u> | <u>\$ (6,843,305)</u> |
| Expected income tax expense | \$ (4,795,000) | \$ (2,237,000) |
| Adjustments to benefit resulting from: | | |
| Stock-based compensation | 133,000 | 165,000 |
| Net realized gain on foreign exchange | (10,000) | (42,000) |
| Change in Future Assets and Liabilities Tax Rate | (653,050) | - |
| Other | (222,209) | (320,713) |
| Provision for income tax expense | <u>\$ (5,547,259)</u> | <u>\$ (2,434,713)</u> |

Deferred taxes

| | July 31, 2011 | January 31, 2011 |
|--|------------------------|------------------------|
| Deferred taxes | | |
| Non capital losses | \$ - | \$ - |
| Investments | (9,506,000) | (16,746,000) |
| Royalty interest in mineral properties | (6,645,000) | (7,046,000) |
| Simmers Loan | 560,000 | 445,000 |
| Resource properties | 103,000 | 120,000 |
| Share issue costs | 205,000 | 273,000 |
| Other | 227,000 | 253,000 |
| Deferred tax liability | <u>\$ (15,056,000)</u> | <u>\$ (22,701,000)</u> |

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

11. Share capital

Authorized: Unlimited common shares with no par value

Common shares

| Issued and outstanding common shares | Number of shares | Amount |
|---|-----------------------------|----------------------|
| Balance, February 1, 2010 | 87,503,839 | \$ 44,174,159 |
| Shares issued on exercise of options | 490,000 | 58,800 |
| Option valuation on options exercised | | 31,457 |
| Shares repurchased and cancelled (NCIB) | (1,316,500) | (663,793) |
| Balance, January 31, 2011 | 86,677,339 | \$ 43,600,623 |
| Shares issued on exercise of options | 1,967,500 | 610,975 |
| Option valuation on options exercised | | 379,650 |
| Shares repurchased and cancelled (NCIB) | (1,062,200) | (534,268) |
| Balance, July 31, 2011 | 87,582,639 | \$ 44,056,980 |

Dividends

On February 16, 2011, the Company declared a semi-annual dividend in the amount of \$0.01 per share payable on March 31, 2011 and September 30, 2011 respectively.

At March 31, 2011, 86,780,739 shares were recorded for the first semi-annual dividend of \$0.01. A dividend payment in the amount of \$867,141 (2010 - \$nil) was paid to shareholders during the six month period ended July 31, 2011.

Normal course issuer bid

On February 4, 2010, the Company instituted a normal course issuer bid ("NCIB"), in respect of its common shares. Pursuant to the terms of the NCIB, and in accordance with the policies of the TSX, during the period commencing February 5, 2010 and ending on February 4, 2011, the Company could purchase up to 7,535,000 common shares, representing approximately 10% of the common shares in the public float as at January 29, 2010. Daily purchases were limited to 70,144 common shares other than block purchase exceptions. Purchases were made in open market transactions through the facilities of the TSX and on other published markets at market prices prevailing at the time of acquisition. All common shares purchased under the NCIB were cancelled.

During the year ended January 31, 2011, the Company purchased and cancelled 1,316,500 common shares available under the NCIB at an average price of \$0.51 per share.

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

During the six months ended July 31, 2011, the Company purchased and cancelled 1,062,200 common shares (2010 - nil) at an average price of \$0.87 (2010 - \$0) per share under the new NCIB approved by the TSX.

Subsequent to July 31, the Company purchased and cancelled 67,000 of its common shares at an average price of \$0.83 per share under the NCIB commencing February 9, 2011.

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

12. Equity reserve

| | Number of warrants | Weighted average exercise price | Value of warrants | Number of options | Weighted average exercise price | Value of options | Treasury shares adjustment | Total Value |
|------------------|--------------------|---------------------------------|-------------------|-------------------|---------------------------------|------------------|----------------------------|--------------|
| February 1, 2010 | 37,500,000 | \$ 1.00 | \$15,750,000 | 6,900,000 | \$ 0.31 | \$ 1,360,283 | \$ 3,519,554 | \$20,629,837 |
| Granted | - | - | - | 2,085,000 | 0.46 | 576,257 | - | 576,257 |
| Options unvested | - | - | - | - | - | (20,642) | - | (20,642) |
| Exercised | - | - | - | (490,000) | 0.12 | (31,458) | - | (31,458) |
| Expired | - | - | - | (650,000) | 0.72 | (365,150) | - | (365,150) |
| Forfeited | - | - | - | (50,000) | 0.43 | (9,248) | - | (9,248) |
| NCIB allocation | - | - | - | - | - | - | 38,471 | 38,471 |
| January 31, 2011 | 37,500,000 | \$ 1.00 | \$15,750,000 | 7,795,000 | \$ 0.33 | \$ 1,510,042 | \$ 3,558,025 | \$20,818,067 |
| Granted | - | - | - | 1,045,000 | \$ 0.85 | \$ 524,098 | - | 524,098 |
| Options unvested | - | - | - | - | - | (49,741) | - | (49,741) |
| Exercised | - | - | - | (1,967,500) | 0.31 | (379,651) | - | (379,651) |
| Expired | - | - | - | - | - | - | - | - |
| Forfeited | - | - | - | - | - | - | - | - |
| NCIB allocation | - | - | - | - | - | - | (86,929) | (86,929) |
| July 31, 2011 | 37,500,000 | \$ 1.00 | \$15,750,000 | 6,872,500 | \$ 0.41 | \$ 1,604,748 | \$ 3,471,096 | \$20,825,844 |

Warrants and compensation options

| No. outstanding | No. exercisable | Grant date | Expiry date | Exercise price | Fair value at grant date | Grant date share price | Expected Volatility | Risk-free Rate | Expected Life (years) | Expected Dividend Yield |
|-----------------|-----------------|------------|-------------|----------------|--------------------------|------------------------|---------------------|----------------|-----------------------|-------------------------|
| 37,500,000 | 37,500,000 | 27-Jul-07 | 12-Jun-12 | \$ 1.00 | \$ 15,750,000 | \$ 0.92 | 92% | 4.50% | 5.00 | 0% |

Employee share option plan

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

During the six months ended July 31, 2011, 1,045,000 stock options (2010 – 1,785,000) were granted to certain directors, officers and employees of the Company with a weighted-average grant date fair value of \$0.50 per option (2010 - \$0.27). Of the total options granted, 845,000 (2010 – 1,735,000) vest immediately, 200,000 (2010 – 50,000) vest quarterly in eight equal tranches with the first tranche vesting on the date of grant. Share based compensation expense of \$474,357 (2010 - \$532,775) relating to these options and others that vested during the six months ended July 31, 2011 was recorded in operations, general and administration fees. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, expected forfeiture rate, and behavioral considerations. Expected volatility is based on the historical share price volatility over the past 5 years.

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

12. Equity reserve (continued)

The following share-based payment arrangements were in existence as at July 31, 2011:

| No. outstanding | No. exercisable | Grant date | Expiry date | Exercise price | Fair value at grant date | Grant date share price | Expected Volatility | Risk-free Rate | Expected Life (years) | Expected Dividend Yield |
|------------------|------------------|------------|-------------|----------------|--------------------------|------------------------|---------------------|----------------|-----------------------|-------------------------|
| 900,000 | 900,000 | 4-Oct-07 | 4-Oct-12 | \$ 0.80 | \$ 437,400 | \$ 0.64 | 89% | 4.50% | 5.00 | 0% |
| 100,000 | 100,000 | 11-Aug-08 | 11-Aug-13 | \$ 0.48 | \$ 30,640 | \$ 0.46 | 83% | 3.11% | 5.00 | 0% |
| 50,000 | 50,000 | 5-Sep-08 | 5-Sep-13 | \$ 0.35 | \$ 11,890 | \$ 0.35 | 84% | 3.00% | 5.00 | 0% |
| 200,000 | 200,000 | 1-Oct-08 | 1-Oct-13 | \$ 0.29 | \$ 39,400 | \$ 0.29 | 74% | 2.04% | 5.00 | 0% |
| 2,980,000 | 2,980,000 | 14-Jan-09 | 14-Jan-14 | \$ 0.12 | \$ 191,316 | \$ 0.12 | 68% | 1.52% | 5.00 | 0% |
| 62,500 | 62,500 | 1-Feb-10 | 1-Feb-15 | \$ 0.47 | \$ 19,000 | \$ 0.47 | 79% | 2.47% | 5.00 | 0% |
| 50,000 | 37,500 | 23-Feb-10 | 23-Feb-15 | \$ 0.45 | \$ 13,320 | \$ 0.45 | 70% | 2.51% | 5.00 | 0% |
| 1,185,000 | 1,185,000 | 25-Feb-10 | 25-Feb-15 | \$ 0.43 | \$ 311,537 | \$ 0.43 | 70% | 2.49% | 5.00 | 0% |
| 100,000 | 50,000 | 5-Oct-10 | 5-Oct-15 | \$ 0.48 | \$ 25,650 | \$ 0.47 | 64% | 2.00% | 5.00 | 0% |
| 200,000 | 200,000 | 30-Nov-10 | 30-Nov-15 | \$ 0.64 | \$ 70,880 | \$ 0.64 | 64% | 2.35% | 5.00 | 0% |
| 845,000 | 845,000 | 20-Apr-11 | 20-Apr-16 | \$ 0.87 | \$ 438,978 | \$ 0.87 | 70% | 2.65% | 5.00 | 0% |
| 200,000 | 25,000 | 30-Jun-11 | 30-Jun-16 | \$ 0.79 | \$ 85,120 | \$ 0.78 | 63% | 2.30% | 5.00 | 0% |
| 6,872,500 | 6,610,000 | | | | \$ 1,675,131 | | | | | |

13. Earnings per share

During the three and six month period ended July 31, 2011, 6,872,500 options and 37,500,000 warrants were excluded from the diluted weighted average number of common shares calculation as their effect would be anti-dilutive. During the three and six month period ended July 31, 2010, 2,000,000 options and 37,500,000 warrants were excluded from the diluted weighted average number of common shares calculation as their effect would be anti-dilutive.

14. Expenses by nature

Included in operating, general and administrative expenses for the period ended July 31 are:

| | Three months ended July 31 | | Six months ended July 31 | |
|---|-------------------------------|-------------------|-----------------------------|---------------------|
| | 2011 | 2010 | 2011 | 2010 |
| Salaries, consulting and benefits | \$ 277,321 | \$ 406,809 | \$ 600,268 | \$ 798,126 |
| Stock options granted to directors, officers, employees and consultants | 25,014 | 27,115 | 474,357 | 532,774 |
| Legal, accounting and professional fees | 157,402 | 126,708 | 198,216 | 230,262 |
| Filing and transfer agent fees | 2,010 | 1,324 | 35,233 | 29,101 |
| Shareholders communication and promotion | 136,767 | 46,472 | 199,932 | 95,969 |
| Travel | 52,863 | 79,140 | 120,721 | 284,915 |
| General office and administration costs | 51,582 | 60,454 | 128,885 | 125,415 |
| Others | 476,354 | 47,650 | 672,418 | 89,996 |
| | \$ 1,179,313 | \$ 795,672 | \$ 2,430,030 | \$ 2,186,558 |

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

15. Capital disclosure

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

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

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

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

The Company may on occasion utilize leverage in the form of broker margin or bank indebtedness. Aberdeen is not subject to any capital requirements imposed by a regulator and there were no changes to capital management during the six months ended July 31, 2011 and 2010. The Company expects that its capital resources will be sufficient to discharge its liabilities as of the current statements of financial position date.

On February 16, 2011, the Company declared a semi-annual dividend in the amount of \$0.01 per share payable on March 31, 2011 and September 30, 2011, respectively.

16. Financial instruments

Financial assets and financial liabilities as at July 31, 2011 and January 31, 2011 were as follows:

| | Assets & liabilities at amortized cost | Assets & liabilities at fair value through profit or loss | TOTAL |
|--|---|---|---------------|
| July 31, 2011 | | | |
| Cash | \$ 4,299,989 | \$ - | \$ 4,299,989 |
| Investments | | 91,841,892 | 91,841,892 |
| Amounts receivables | 3,501,716 | - | 3,501,716 |
| Loans receivable | 2,220,706 | 4,760,982 | 6,981,688 |
| Loans receivable - Simmer & Jack | | 9,555,000 | 9,555,000 |
| Securities sold short | | (434,000) | (434,000) |
| Due to broker | (759,619) | - | (759,619) |
| Accounts payable and accrued liabilities | (2,490,718) | - | (2,490,718) |
| January 31, 2011 | | | |
| Cash | \$ 14,049,856 | \$ - | \$ 14,049,856 |
| Investments | | 105,827,444 | 105,827,444 |
| Amounts receivables | 2,695,725 | | 2,695,725 |
| Loans receivable | 500,000 | 6,523,452 | 7,023,452 |
| Loans receivable - Simmer & Jack | | 10,015,000 | 10,015,000 |
| Securities sold short | | (1,017,704) | (1,017,704) |
| Accounts payable and accrued liabilities | (6,445,771) | - | (6,445,771) |

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

16. Financial instruments (continued)

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

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favorable prices. In addition, most of the Company's investments are in the resource sector. The Company mitigates this risk by attempting to have a portfolio which is not singularly exposed to any one issuer, with exception to the Company having one position on July 31, 2011 made up of approximately 28% (January 31, 2011 – 30%) of the portfolio.

For the six months ended July 31, 2011, a 10% decrease in the closing prices on its portfolio investments would result in an estimated increase in net loss of \$6.2 million, or \$0.08 per share (Year ended January 31, 2011 - \$7.3 million, or \$0.08 per share). This estimated impact on the condensed interim statement of comprehensive (loss) income includes the estimated value of the non-traded warrants held, as determined using the Black-Scholes option pricing model.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company's investments declines, resulting in losses upon disposition. In addition, some of the investments the Company holds are lightly traded public corporations or not publicly traded and may not be easily liquidated. The Company generates cash flow from its royalty interests, interest on loans, financing activities and proceeds from the disposition of its investments, in addition to interest income and advisory service fees. As the Company currently has no debt, Aberdeen believes that it has sufficient marketable securities which are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions.

Commodity price risk

Commodity price risk is the risk that the fair value of the Company's financial instruments will fluctuate because of changes in commodity prices. The estimated fair market value of the Company's investments are sensitive to the prevailing and expected commodity prices and changes in commodity prices could have a significant adverse effect on the value of the Company's investment.

The estimated fair value of the Company's royalty assets and related royalty income are sensitive to the prevailing and expected gold price. A 1% decrease in the gold price could result in an impairment to royalty interest on mineral properties, net of up to \$2,658,043.

Interest rate risk

The Company's interest rate risk is primarily related to the Company's loans receivable. The loans were extended based partially on interest rates in effect at the time. Changes in market interest rates affect the fair market value of the loans receivable. However, as substantially all of the loans are short-term in nature, the impact of changes in market interest rates are not expected to be significant.

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

16. Financial instruments (continued)

Credit risk

Credit risk is the risk associated with the inability of a third party to fulfill its payment obligations. The Company is exposed to the risk that third parties that owe it money or securities will not perform their underlying obligations. The Company's largest credit risk is due to the loan outstanding with Simmers. Security was obtained against specific assets of the counterparty, in case of non-performance.

The Company also has credit risk in the form of other loans receivable and amount receivable. The total carrying value of these financial instruments at July 31, 2011 was \$20,038,404 (January 31, 2011 - \$19,734,177).

At July 31, 2011, the Company had a total provision of \$1,258,688 against the outstanding loans and interest receivable from China Railway Mining Corp.

At July 31, 2011 and January 31, 2011, the Company had a total provision of \$1,758,018 against the outstanding loans and interest receivable from Garrison, Amazon Potash, and recoverable investment pool expenses.

At January 31, 2011 and April 30, 2011, the Company had a provision of \$1,317,676 against the outstanding loan and interest receivable from Russo-Forest.

At July 31, 2011, the Company has a disputable loan of US\$10,000,000 (\$9,555,000), (January 31, 2011 – US\$10,000,000 (C\$10,015,000)) and amounts receivables of US\$1,834,983 (\$1,753,324), (January 31, 2011 – US\$1,623,666 (\$1,626,102)). from Simmers and First Uranium. See Note 7 and 8.

Currency risk

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

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

The following assets and liabilities were denominated in foreign currencies as of July 31, 2011 and January 31, 2011.

| | July 31, 2011 | January 31, 2011 |
|--|----------------------|----------------------|
| Denominated in U.S dollars: | | |
| Cash | \$ 1,360,607 | \$ 159,994 |
| Amounts receivables | 2,314,804 | 1,875,874 |
| Loans receivable | 5,832,066 | 4,881,835 |
| Simmer & Jack loan | 9,555,000 | 10,015,000 |
| Accounts payable | (4,161) | 10,894 |
| Denominated in Australian dollars: | | |
| Loans receivable | 80,465 | - |
| Denominated in South African Rand: | | |
| Cash | 8,244 | - |
| Amounts receivables | 34,309 | 6,302 |
| Income taxes recoverable | - | - |
| Accounts payable and accrued liabilities | (24,202) | - |
| | \$ 19,157,132 | \$ 16,949,899 |

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

16. Financial instruments (continued)

Currency risk (continued)

A 10% increase in the value of the Canadian dollar against all foreign currencies in which the Company held financial instruments as of July 31, 2011 would result in an estimated increase in net loss of approximately \$1.3 million or \$0.02 per share (January 31, 2011 - \$1.2 million; \$0.01 per share). The Company does not currently hedge its foreign currency exposure.

Fair value of financial instruments

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

- i. The carrying values of cash, amounts receivable, and accounts payable approximate their fair values due to the short-term nature of these instruments.
- ii. Loans receivable, Simmer & Jack loan, and investments are carried at amounts in accordance with the Company's accounting policy as set out in Note 3.
- iii. Prior to maturity, the outstanding loans receivable are carried at their discounted value. Following their maturity, loans receivable are carried at their estimated realizable value.

The following table illustrates the classification of the Company's financial instruments, measured at fair value on the statements of financial positions as at July 31, 2011 and January 31, 2011, categorized into levels of the fair value hierarchy.

| | Level 1 | Level 2 | Level 3 | |
|--|------------------------------------|--|--|-----------------------|
| | <i>Quoted Market price</i> | <i>Valuation technique- observable market Inputs</i> | <i>Valuation technique- non-observable market Inputs</i> | Total |
| Investments, fair value | | | | |
| Publicly traded investments | \$ 66,380,118 | \$ - | \$ - | \$ 66,380,118 |
| Non-trading w warrants on public investments | - | 3,291,488 | - | 3,291,488 |
| Private investments | - | - | 21,736,286 | 21,736,286 |
| Convertible debenture | - | 500,000 | 4,260,982 | 4,760,982 |
| July 31, 2011 | \$ 66,380,118 | \$ 3,791,488 | \$ 25,997,268 | \$ 96,168,874 |
| Publicly traded investments | \$ 68,463,448 | \$ - | \$ - | \$ 68,463,448 |
| Non-trading w warrants on public investments | - | 15,072,612 | - | 15,072,612 |
| Private investments | - | - | 21,273,680 | 21,273,680 |
| Convertible debenture | - | 2,893,492 | 3,629,960 | 6,523,452 |
| January 31, 2011 | \$ 68,463,448 | \$ 17,966,104 | \$ 24,903,640 | \$ 111,333,192 |

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the periods ended July 31, 2011 and January 31, 2011. 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 condensed interim statements of comprehensive (loss) income.

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

16. Financial instruments (continued)

Fair value of financial instruments (continued)

| Investments, fair value | Six months ended July 31, 2011 | Year ended January 31, 2011 |
|---|---|--|
| Balance, beginning of period | \$ 24,903,640 | \$ 7,734,527 |
| Net purchases | 2,439,362 | 17,668,545 |
| Disposal | (222,198) | - |
| Realized loss, net | - | - |
| Unrealized realized (loss) gains, net | (111,644) | 4,275,117 |
| Transfer of investment from private to public | (1,809,642) | (4,774,549) |
| Performance shares additions | - | 2,694,072 |
| Convertible debenture additions | 797,750 | 3,629,960 |
| Balance, end of period | \$ 25,997,268 | \$ 24,903,640 |

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

17. Related party disclosures

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

| Investment | Nature of relationship | Estimated Fair value |
|--------------------------------|---|----------------------|
| Alderon Resources Corp. | Director (Stan Bharti) and shareholders | \$ 1,645,333 |
| Alder Resources Ltd. | Director (Pierre Pettigrew), officer (Ryan Ptolemy) and shareholders | 63,665 |
| Alexis Mineral Corp. | Director (Stan Bharti) and shareholders | 212,500 |
| Apogee Minerals Ltd. | Director (Stan Bharti) and shareholders | 1,507,530 |
| Auger Resources Ltd.* | Director (Stan Bharti) and shareholders | 200,000 |
| Avion Gold Corporation | Directors (Stan Bharti, Pierre Pettigrew, George Faught) and shareholders | 2,000,000 |
| Bell Copper Corp. | Director (Stan Bharti) and shareholders | 266,685 |
| Belo Sun Mining Corp.** | Director (Stan Bharti), officer (Ryan Ptolemy) and shareholders | 2,789,650 |
| Black Iron Inc. | Director (Pierre Pettigrew), officer (Stan Bharti) and shareholders | 5,995,000 |
| Brazil Potash Corp.* | Director (Stan Bharti), officer (Ryan Ptolemy) and shareholders | 1,576,634 |
| Castillian Resources Corp. | Directors (Stan Bharti, Michael Hoffman) and shareholders | 1,797,640 |
| Crocodile Gold Corp. | Directors (Stan Bharti, George Faught, Michael Hoffman) and shareholders | 2,913,621 |
| Dacha Strategic Metals Inc. | Directors (Stan Bharti, George Faught) officer (Ryan Ptolemy), and shareholders | 1,347,982 |
| Eurocontrol Technics Inc. | Directors (Stan Bharti, Pierre Pettigrew) and shareholders | 168,607 |
| Forbes & Manhattan Coal Corp. | Directors (Stan Bharti, David Stein) and shareholders | 6,458,555 |
| Largo Resources Ltd. | Directors (Stan Bharti, Michael Hoffman) and shareholders | 825,333 |
| Longford Energy Inc. | Directors (Stan Bharti, Pierre Pettigrew) and shareholders | 956,109 |
| Pitchblack Resources Ltd.*** | Director (Stan Bharti) and shareholders | 1,281,212 |
| Potash Atlantico Corp.* | Officer (Ryan Ptolemy) and shareholders | 3,044,808 |
| Rodinia Lithium Inc. | Directors (Stan Bharti, David Stein), officer (Ryan Ptolemy) and shareholders | 1,349,642 |
| Scandinavian Metals Inc.* | Directors (Stan Bharti, David Stein) and shareholders | 1,138,138 |
| Silver Bear Resources Inc. | Director (Stan Bharti) and shareholders | 1,791,426 |
| Stetson Oil & Gas Ltd. | Director (Stan Bharti) and shareholders | 100,000 |
| Sulliden Gold Corporation Ltd. | Directors (Stan Bharti, George Faught) and shareholders | 25,908,458 |
| Temujin Mining Corp.* | Directors (Stan Bharti, David Stein) and shareholders | 7,156,850 |
| United Silver Corp. | Director (Stan Bharti), Officer (Ryan Ptolemy) and shareholders | 1,241,883 |
| Vast Exploration Inc. | Director (Stan Bharti) and shareholders | 216,000 |
| Total of 21 other investments | Shareholders/w arrant holders | 17,454,631 |
| Total Investments | | \$91,407,892 |

* Private company

** Formerly Verena Minerals Corp.

*** Formerly Cash Minerals Ltd.

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

17. Related party disclosures (continued)

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

| | Loans provided to related parties | | | | Loans receivable | |
|-----------------------------|-----------------------------------|------|--------------------------|------------|----------------------------|------------------|
| | Three months ended July 31 | | Six months ended July 31 | | from related parties as at | |
| | 2011 | 2010 | 2011 | 2010 | July 31, 2011 | January 31, 2011 |
| Castillian Resources Corp.* | \$ - | \$ - | \$ - | \$ 500,000 | \$ 500,000 | \$ 1,641,617 |
| Pitchblack Resources Ltd | \$ - | \$ - | \$ - | \$ 500,000 | \$ - | \$ - |
| United Silver Corp. | \$ 1,000,000 | \$ - | \$ 1,000,000 | \$ - | \$ 1,000,000 | \$ 500,000 |
| Temujin Mining Corp.* | \$ - | \$ - | \$ - | \$ - | \$ 3,463,232 | \$ 3,629,960 |
| Temujin Mining Corp.** | \$ 493,621 | \$ - | \$ - | \$ - | \$ 493,621 | \$ - |

* loan receivable included capitalized interests and advisory service fees

** working capital facility

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

| | Advisory service fees earned from related parties | | | | Advisory service fees | |
|-----------------------------|---|-----------|--------------------------|------------|--------------------------------|------------------|
| | Three months ended July 31 | | Six months ended July 31 | | due from related parties as at | |
| | 2011 | 2010 | 2011 | 2010 | July 31, 2011 | January 31, 2011 |
| Amazon Potash Corp.* | \$ - | \$ 17,743 | \$ - | \$ 43,138 | \$ - | \$ - |
| Castillian Resources Corp. | \$ - | \$ 5,740 | \$ - | \$ 25,000 | \$ - | \$ - |
| Temujin Mining Corp.* | \$ - | \$ 93,308 | \$ - | \$ 182,473 | \$ - | \$ - |
| Trevali Mining Corp. | \$ - | \$ 4,085 | \$ - | \$ 8,037 | \$ - | \$ - |
| Dacha Strategic Metals Inc. | \$ - | \$ - | \$ - | \$ 107,842 | \$ - | \$ - |
| Longford Energy Inc. | \$ 41,370 | \$ - | \$ 41,370 | \$ - | \$ 41,370 | \$ - |

* advisory service fees earned were capitalized to loans receivable

In addition, 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:

| | Interests earned from related parties | | | | Interests owed by | |
|-----------------------------|---------------------------------------|-----------|--------------------------|------------|-----------------------|------------------|
| | Three months ended July 31 | | Six months ended July 31 | | related parties as at | |
| | 2011 | 2010 | 2011 | 2010 | July 31, 2011 | January 31, 2011 |
| Castillian Resources Corp.* | \$ 17,179 | \$ 12,603 | \$ 39,524 | \$ 22,918 | \$ 7,260 | \$ 7,858 |
| Trevali Mining Corp.* | \$ 16,137 | \$ - | \$ 44,767 | \$ - | \$ - | \$ 10,656 |
| Temujin Mining Corp.* | \$ 87,292 | \$ 77,756 | \$ 170,934 | \$ 161,910 | \$ 288,445 | \$ 122,325 |
| Amazon Potash Corp.* | \$ - | \$ 45,708 | \$ - | \$ 97,855 | \$ - | \$ - |
| Pitchblack Resources Ltd. | \$ - | \$ 12,603 | \$ - | \$ 24,658 | \$ - | \$ - |
| Dacha Strategic Metals Inc. | \$ - | \$ - | \$ - | \$ 27,921 | \$ - | \$ - |
| Rodinia Lithium Inc. | \$ - | \$ 658 | \$ - | \$ 658 | \$ - | \$ - |
| United Silver Corp. | \$ 4,932 | \$ - | \$ 4,932 | \$ - | \$ 4,932 | \$ - |
| Longford Energy Inc. | \$ 3,630 | \$ - | \$ 3,630 | \$ - | \$ 3,630 | \$ - |

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

At January 31, 2011, the Company had a provision of \$445,357 against the outstanding loan receivable from Amazon Potash Corp. and \$1,317,676 against the outstanding loan and interest receivable from Russo-Forest.

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

17. Related party disclosures (continued)

During the three and six month periods ended July 31, 2011 and 2010, the Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

| | Sales of goods and services | | | | Purchases of goods and services | | | |
|--------------------------|-----------------------------|------|--------------------------|------|---------------------------------|-----------|--------------------------|------------|
| | Three months ended July 31 | | Six months ended July 31 | | Three months ended July 31 | | Six months ended July 31 | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| 2227929 Ontario Inc. | \$ 291,135 | \$ - | \$ 291,135 | \$ - | \$ 94,126 | \$ 42,080 | \$ 142,077 | \$ 106,003 |
| Forbes & Manhattan, Inc. | \$ 48,523 | \$ - | \$ 79,845 | \$ - | \$ 27,232 | \$ 22,500 | \$ 49,732 | \$ 45,000 |
| Avion Gold Corporation | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 28 | \$ - | \$ 11,038 |
| Other miscellaneous | \$ - | \$ - | \$ - | \$ - | \$ 2,867 | \$ - | \$ 2,867 | \$ 570 |

The Company shares office space with other companies who may have common officers or directors. The Company reimburses and recovers from related corporations their proportional share of expenses.

Mr. Stan Bharti, a director of the Company, is an officer of Forbes & Manhattan, Inc. An administration fee of \$7,500 per month is charged by Forbes & Manhattan, Inc.

The following balances were outstanding at the end of the reporting periods:

| | Amounts owed by related parties | | Amounts owed to related parties | |
|--------------------------|---------------------------------|------------------|---------------------------------|------------------|
| | July 31, 2011 | January 31, 2011 | July 31, 2011 | January 31, 2011 |
| 2227929 Ontario Inc. | \$ 287,931 | \$ - | \$ 53,584 | \$ 7,425 |
| Forbes & Manhattan, Inc. | \$ 9,008 | \$ - | \$ - | \$ - |
| Other miscellaneous | \$ - | \$ 1,454 | \$ 2,867 | \$ - |

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

Compensation of key management personnel of the Company

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

| | Three months ended July 31 | | Six months ended July 31 | |
|----------------------|----------------------------|------------|--------------------------|------------|
| | 2011 | 2010 | 2011 | 2010 |
| Short-term benefits* | \$ 212,000 | \$ 207,500 | \$ 454,823 | \$ 415,000 |
| Share-based payments | \$ 19,936 | \$ - | \$ 339,429 | \$ 462,360 |

* Benefits included fees paid to Forbes & Manhattan

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.

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

18. Commitments and contingencies

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$1,000,000 ranging from 30 days to 12 months and additional contingent payments of approximately \$9,000,000 upon the occurrence of a change of control. As the likelihood of a change of control is not determinable, the contingent payments have not been reflected in these financial statements.

As outlined in Note 7, "Loan - Simmer & Jack", Simmer's management has adopted an interpretation of the Convertible Royalty Loan Agreement different to that of Aberdeen's interpretation. The amounts under dispute on the statement of financial position as at July 31, 2011 include the Simmers' loan valued at \$9,555,000 and a receivable for \$1,753,324. While the Company is confident that its interpretation of the agreement is correct and has filed a claim against Simmers and First Uranium to recover the outstanding US\$10,000,000 principal and balance payable on the graduated gold royalty, some uncertainty surrounds the timing and actual collectability of these amounts.

19. Subsequent events

Subsequent to July 31, 2011, the Company purchased and cancelled 67,000 of its common shares at an average price of \$0.83 per share under the NCIB commencing February 9, 2011.

20. Transition to IFRS

The Company's financial statements for the year ending January 31, 2012 will be the first annual financial statements that comply with IFRS and these condensed interim financial statements were prepared as described in Note 2, including the application of IFRS 1. IFRS 1 requires an entity to adopt IFRS in its first annual financial statements prepared under IFRS by making an explicit and unreserved statement in those financial statements of compliance with IFRS. The Company will make this statement when it issues its 2012 annual financial statements.

IFRS 1 also requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was February 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be January 31, 2012. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adopters.

Reconciliations of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile its equity, comprehensive loss and cash flows for prior periods. The changes made to the condensed interim statements of financial position and condensed interim statements of comprehensive (loss) income have resulted in reclassifications of various amounts on the statements of cash flows, however as there have been no changes to the net cash flows, no reconciliations have been presented.

Changes in accounting policies

In addition to the exemptions and exceptions discussed above, the following narratives explain the significant differences between the previous historical Canadian GAAP accounting policies and the current IFRS policies applied by the Company. Please refer to the Company's April 30, 2011 condensed interim financial statements for a complete description of the accounting policies used.

The reconciliations between the previously reported financial results under Canadian GAAP and the current reported financial results under IFRS are provided as follows:

- (i) Reconciliation of the condensed interim statement of financial position and equity as at July 31, 2010;
- (ii) Reconciliation of the condensed interim statement of income and comprehensive income for the three months ended July, 31, 2010;
- (iii) Reconciliation of the condensed interim statement of income and comprehensive income for the six months ended July, 31, 2010;

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

20. Transition to IFRS (continued)

Reconciliations of Canadian GAAP to IFRS (continued)

(i) Reconciliation of the condensed interim statement of financial position and equity as at July 31, 2010

| Canadian GAAP accounts | Notes | Canadian GAAP Balances \$ | IFRS adjustments \$ | IFRS Balance \$ |
|--|-------|---------------------------------|---------------------------|--------------------|
| ASSETS | | | | |
| <i>Current</i> | | | | |
| Cash | | 3,618,403 | - | 3,618,403 |
| Investments, at fair value | 20a | 48,685,063 | 353,189 | 49,038,252 |
| Equity accounted investments | 20a | - | - | - |
| Amounts receivable | | 2,534,344 | - | 2,534,344 |
| Income taxes recoverable | | 443,730 | - | 443,730 |
| Loan - Simmer & Jack | | 10,283,000 | - | 10,283,000 |
| Loans receivable | | 6,770,934 | - | 6,770,934 |
| Prepaid expenses | | 160,612 | - | 160,612 |
| | | 72,496,086 | 353,189 | 72,849,275 |
| Long-term | | | | |
| Royalty interests on mineral properties, net | | 1,100,000 | - | 1,100,000 |
| Equipment, net | | 33,320,173 | - | 33,320,173 |
| | | 45,006 | - | 45,006 |
| | | 106,961,265 | 353,189 | 107,314,454 |
| LIABILITIES | | | | |
| Current | | | | |
| Accounts payable and accrued liabilities | | 233,607 | - | 233,607 |
| Deferred revenue | | 6,794 | - | 6,794 |
| Deferred taxes liability | 20f | 543,000 | (543,000) | - |
| | | 783,401 | (543,000) | 240,401 |
| Long-term | | | | |
| Deferred revenue | | - | - | - |
| Deferred tax liability | 20a,f | 8,144,000 | 651,000 | 8,795,000 |
| | | 8,927,401 | 108,000 | 9,035,401 |
| SHAREHOLDERS' EQUITY | | | | |
| Common shares | | 44,174,159 | - | 44,174,159 |
| Warrants | 20d | 15,750,000 | (15,750,000) | - |
| Equity reserve | 20d | 12,549,335 | 8,524,209 | 21,073,544 |
| | | 72,473,494 | (7,225,791) | 65,247,703 |
| Retained earnings | 20d,e | 30,826,934 | 3,196,219 | 34,023,153 |
| Accumulated comprehensive loss | 20e | (5,266,564) | 4,274,761 | (991,803) |
| | | 98,033,864 | 245,189 | 98,279,053 |
| | | 106,961,265 | 353,189 | 107,314,454 |

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

20. Transition to IFRS (continued)

Reconciliations of Canadian GAAP to IFRS (continued)

(iii) Reconciliation of condensed interim statement of operations for the six months ended July 31, 2010

| Canadian GAAP accounts | Notes | Canadian GAAP Balances \$ | IFRS adjustments \$ | IFRS Balance \$ |
|--|-------|---------------------------------|---------------------------|--------------------|
| Net investment gains (losses) | | | | |
| Realized gain (loss) on investments, net | | 7,038,644 | - | 7,038,644 |
| Unrealized gain on investments, net | | (12,360,449) | - | (12,360,449) |
| Loss from equity accounted investments | 20a | (353,189) | 353,189 | - |
| | | (5,674,994) | 353,189 | (5,321,805) |
| Other revenue | | | | |
| Royalties | | 953,789 | - | 953,789 |
| Interest income | | 385,893 | - | 385,893 |
| Advisory service fees | | 375,459 | - | 375,459 |
| | | 1,715,141 | - | 1,715,141 |
| Expenses | | | | |
| General and administration | | 1,653,783 | - | 1,653,783 |
| Share-based payments | | 532,775 | - | 532,775 |
| Transaction costs | | 2,396 | - | 2,396 |
| Interest expenses | | 22,109 | - | 22,109 |
| Depletion on royalty interests on mineral properties | | 384,027 | - | 384,027 |
| Amortization | | 8,994 | - | 8,994 |
| | | 2,604,084 | - | 2,604,084 |
| Income before the undernoted | | (6,563,937) | 353,189 | (6,210,748) |
| Foreign exchange loss | | (653,557) | - | (653,557) |
| Income (loss) before income taxes | | (7,217,494) | 353,189 | (6,864,305) |
| Income taxes | | | | |
| Current income tax (provision) | | (1,402,287) | - | (1,402,287) |
| Deferred income tax recovery | 20a | 3,945,000 | (108,000) | 3,837,000 |
| | | - | - | - |
| Loss (income) for the period | | (4,674,781) | 245,189 | (4,429,592) |
| Other comprehensive income (loss) | | | | |
| Currency translation adjustment, net of taxes | | (991,803) | - | (991,803) |
| | | - | - | - |
| Total comprehensive (loss) income for the period | | (5,666,584) | 245,189 | (5,421,395) |
| Earnings per common shares based on profit for the period | | | | |
| Basic | | (0.05) | 0.00 | (0.05) |
| Diluted | | (0.05) | 0.00 | (0.05) |
| | | - | - | - |
| Weighted average number of common shares outstanding | | | | |
| Basic | | 87,503,839 | 87,503,839 | 87,503,839 |
| Diluted | | 87,503,839 | 87,503,839 | 87,503,839 |

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

20. Transition to IFRS (continued)

Reconciliations of Canadian GAAP to IFRS (continued)

(ii) Reconciliation of condensed interim statement of operations for the three months ended July 31, 2010

| Canadian GAAP accounts | Notes | Canadian GAAP Balances \$ | IFRS adjustments \$ | IFRS Balance \$ |
|--|-------|---------------------------------|---------------------------|--------------------|
| Net investment gains (losses) | | | | |
| Realized gain (loss) on investments, net | | 778,005 | | 778,005 |
| Unrealized gain on investments, net | | (10,528,148) | - | (10,528,148) |
| Loss from equity accounted investments | 20a | (195,194) | 195,194 | - |
| | | (9,945,337) | 195,194 | (9,750,143) |
| Other revenue | | | | |
| Royalties | | 439,715 | - | 439,715 |
| Interest income | | 184,149 | - | 184,149 |
| Advisory service fees | | 129,572 | - | 129,572 |
| | | 753,436 | - | 753,436 |
| Expenses | | | | |
| General and administration | | 768,556 | - | 768,556 |
| Share-based payments | | 27,116 | - | 27,116 |
| Transaction costs | | - | - | - |
| Interest expenses | | 165 | - | 165 |
| Depletion on royalty interests on mineral properties | | 171,298 | - | 171,298 |
| Amortization | | 3,836 | - | 3,836 |
| | | 970,971 | - | 970,971 |
| Income (loss) before the undernoted | | (10,162,872) | 195,194 | (9,967,678) |
| Foreign exchange loss | | 272,443 | - | 272,443 |
| Income (loss) before income taxes | | (9,890,429) | 195,194 | (9,695,235) |
| Income taxes | | | | |
| Current income tax (provision) | | 372,092 | - | 372,092 |
| Deferred income tax recovery | 20a | 3,044,000 | (108,000) | 2,936,000 |
| | | - | - | - |
| Loss (income) for the period | | (6,474,337) | 87,194 | (6,387,143) |
| Other comprehensive income (loss) | | | | |
| Currency translation adjustment, net of taxes | | 299,096 | - | 299,096 |
| | | - | - | - |
| Total comprehensive (loss) income for the period | | (6,175,241) | 87,194 | (6,088,047) |
| Earnings per common shares based on profit for the period | | | | |
| Basic | | (0.07) | 0.00 | (0.07) |
| Diluted | | (0.07) | 0.00 | (0.07) |
| Weighted average number of common shares outstanding | | | | |
| Basic | | 87,503,839 | 87,503,839 | 87,503,839 |
| Diluted | | 87,503,839 | 87,503,839 | 87,503,839 |

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

20. Transition to IFRS (continued)

Reconciliations of Canadian GAAP to IFRS (continued)

a) Equity accounted investments

Canadian GAAP – Equity accounted investments are initially recorded at cost and the carrying value is adjusted thereafter, to reflect the Company's pro-rata share of income or loss of the equity accounted investments. The Company's share of profits or losses of such investments is included in the statements of operations.

IFRS – Under IAS 28, "Investments in Associates", the Company's investments in associates are held as a part of the Company's investment portfolio and carried in the statement of financial position at fair value. IAS 28 permits investments held by venture capital or similar organizations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IAS 39, "Financial Instruments: Recognition and Measurement", with changes in fair value recognized in the statement of comprehensive (loss) income within unrealized gains or losses on investments in the period of the change. The impact of this change was to increase investment, at fair value by \$353,189 at July 31, 2011 and reverse the loss in equity accounted investment by \$195,194 for the three months ended July 31, 2011 and \$353,189 for the six months ended July 31, 2011; and increase in deferred tax provision for \$108,000 for the three and six months ended July 31, 2011.

b) Share-based compensation

IFRS 2 is effective for the Company as of January 1, 2010 and is applicable to stock options and grants that are unvested at that date. The transition rules in IFRS 1 and IFRS 2 as applied by the Company result in the following:

- Stock options and share grants prior to November 7, 2002 are not taken into account for IFRS 2;
- Stock options and share grants subsequent to November 7, 2002 are only taken into account if they have not vested as at February 1, 2010; and,
- From February 1, 2010, all unvested stock options, share grants and other share-based payments will be expensed in accordance with the policy stated in Note 3.

c) Share-based compensation - Forfeitures

Canadian GAAP - Forfeitures of awards are recognized as they occur and to make appropriate estimates upon grant.

IFRS – An estimate is required of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate. The Company has estimated the forfeiture rate of 3%. However, no material adjustment was required as a result of this difference.

d) Expiry of share-based compensation and warrants

Canadian GAAP – Under Canadian GAAP, the Company's policy was to leave the value recorded for expired unexercised stock options in contributed surplus and to record the value of expired unexercised warrants in contributed surplus.

d) Expiry of share-based compensation and warrants (continued)

IFRS – The Company has changed its policy related to expired stock options and warrants whereby amounts recorded for expired unexercised stock options and warrants are transferred to retained earnings on expiry. The impact of this change was to decrease equity reserve and increase retained earnings by \$7,225,791 at July 31, 2010. The Company also combined warrants with stock options and classified the amount to equity reserve. The impact of this change was to decrease the warrants account by \$15,750,000 with a corresponding increase of the same amount to equity reserve at July 31, 2010.

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
July 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

20. Transition to IFRS (continued)

Reconciliations of Canadian GAAP to IFRS (continued)

e) Functional currency and foreign currency translation

Canadian GAAP – The basis of measurement for foreign operations is dependent upon whether an operation is classified as integrated or self-sustaining. The measurement currency of a self-sustaining foreign operation is the foreign currency.

IFRS – Under IAS 21, the concepts of integrated and self-sustaining are not included. Instead the functional currency of each individual entity must be considered. The functional currency of the Company's royalty division is the US dollar. All assets and liabilities are translated at the exchange rate in effect at the date of the statement of financial position date. Revenues and expenses are translated at rates of exchange in effect during the period. Gains and losses on translation are included in equity as a separate component of other comprehensive income or loss. On transition to IFRS, the Company has elected under the option available under the IFRS 1 cumulative translation difference exemption and deemed the foreign currency translation adjustment at the transition date to be zero. The impact of this change was to reclassify the \$4,274,761 cumulative translation loss from accumulated comprehensive loss to retaining earnings at February 1, 2010.

f) Deferred taxes

Canadian GAAP - The Company has previously reflected deferred taxes to be current or long-term dependant on the nature of the item giving rise to the temporary difference.

IFRS - Under IAS 1 *Presentation of Financial Statements*, when an entity presents current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position, it shall not classify deferred tax assets (liabilities) as current assets (liabilities).

The impact of this adjustment was to decrease current liabilities and increase non-current liabilities. Since the Company is only taxed in one jurisdiction, the long-term classification of assets and liabilities may result in the netting of tax assets and liabilities. The impact on this change was to reclassify \$543,000 from short-term to long-term deferred income taxes at July 31, 2010.