



ABERDEEN

INTERNATIONAL

Management's Discussion and Analysis

**FOR THE THREE AND SIX MONTHS ENDED
JULY 31, 2011 AND 2010**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE AND MONTHS ENDED JULY 31, 2011**
(All amounts stated in Canadian dollars, unless otherwise indicated)

GENERAL

This management discussion and analysis of the operations, results and financial condition of Aberdeen International Inc. (“Aberdeen”, or the “Company”) should be read in conjunction with the unaudited condensed interim financial statements for the three and six months ended July 31, 2011 and 2010, including the notes thereto. The condensed interim financial statements and related notes of Aberdeen have been prepared in accordance with International Financial Reporting Standards (“IFRS”). A detailed summary of the Company’s significant accounting policies is included in Note 3 of the Company’s unaudited condensed interim financial statements for the three and six months ended July 31, 2011 and 2010, which have been consistently applied. The Company’s functional and reporting currency is the Canadian dollar. Unless otherwise noted, all references to currency in this Management Discussion and Analysis (“MD&A”) refer to Canadian dollars.

Additional information regarding Aberdeen, including our Annual Information Form (“AIF”) dated April 13, 2011 and press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval (“SEDAR”) and is available online under the Company’s profile at www.sedar.com. This MD&A reports on the Company’s activities through September 13, 2011.

Aberdeen’s common shares, and the share purchase warrants issued in June 2007, trade on the Toronto Stock Exchange (“TSX”) under the symbols AAB and AAB.WT, respectively.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Canadian Accounting Standards Board requires publicly accountable enterprises such as us to adopt IFRS for fiscal years beginning on or after January 1, 2011. Accordingly, the Company’s condensed interim financial statements for the six months ended July 31, 2011 have been prepared in accordance with IFRS as published by the International Accounting Standards Board.

For each reporting period in 2012, we will also present comparative information for 2011, both for condensed interim and annual financial statements, as applicable, on an IFRS basis. Our condensed interim financial statements for the year ending January 31, 2012, will be our first annual financial statements that comply with IFRS. As this will be our first year of reporting under IFRS, First time Adoption of IFRS (IFRS 1) is applicable.

In accordance with IFRS 1, we have applied IFRS retrospectively as of February 1, 2010 (the Transition Date) for comparative purposes. In preparing our opening condensed interim statements of financial position in accordance with IFRS, we have adjusted amounts reported previously in our financial statements prepared in accordance with pre-conversion Canadian GAAP (for detailed information see Changes in Accounting Policies).

For further information, please refer to the Company’s Condensed Interim Financial Statements and Notes for the three and six months ended July 31, 2011.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

The annual report, including this MD&A, may contain certain “Forward-Looking Information” within the meaning of applicable securities law, which are prospective and reflect management’s expectations regarding Aberdeen’s future growth, results of operations, performance and business prospects and opportunities. Forward-looking information can often be identified by forward-looking words such as “anticipate”, “believe”, “expect”, “goal”, “plan”, “intend”, “estimate”, “may” and “will” or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. All statements, other than statements of historical fact,

included herein, including without limitation, statements regarding the Company's plan of business operations; projections regarding future success based on past success; availability of financing on acceptable terms; ability to identify and execute investments; investment philosophy and business purposes; projected costs and expenditures; potential benefits of the business; anticipated returns; potential mineralization; projection of future revenue; targets for cash operating costs; and future plans and objectives of Aberdeen are forward-looking information that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from Aberdeen's expectations include, but are not limited to, in particular, past success or achievement does not guarantee future success; risks related to investment performance, market fluctuations, fluctuations in commodity prices, uncertainties relating to the availability and costs of financing needed in the future, the strength of the Canadian and US economies and financial markets, foreign exchange fluctuations, competition, political and economic risks in the countries and financial markets in which the Company's investments' interests are located and other risks included elsewhere in this MD&A under the heading "Risks and Uncertainties" as well as those factors discussed in or referred to in the AIF of the Company filed on April 13, 2011, under the profile of the Company at www.sedar.com. Estimates and assumptions that have been considered when formulating forward-looking information include, with respect to the valuation of the Simmer & Jack and First Uranium royalties, the dispute with Simmer & Jack over the interpretation of the Convertible Royalty and Loan Agreement, information disclosed by Simmer & Jack and First Uranium regarding their properties and expected production schedule and timeline, projections regarding mineral prices; and with respect to the investments and investment philosophy of Aberdeen, management expertise and knowledge of the resources industry and the continued involvement of the current management team with Aberdeen. With regard to all information included herein relating to investee companies, Aberdeen has relied exclusively on publicly available information disclosed by the respective companies.

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

OVERVIEW

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

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

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

The Company began operating as a global investment and merchant banking company in July 2007. As at July 31, 2011, the portfolio had investments in 48 companies with an estimated fair market value of \$91,407,892 (cost – \$55,088,500).

FISCAL 2012 PERFORMANCE HIGHLIGHTS

| Operating Results | For the three months ended | | For the six months ended | |
|-------------------------------------|----------------------------|------------------|--------------------------|---------------------|
| | 2011 | July 31, 2010 | 2011 | July 31, 2010 |
| Realized gain on investments, net | \$5,067,809 | \$778,005 | \$9,270,814 | \$7,083,644 |
| Unrealized loss on investments, net | 14,934,028 | 10,528,148 | 22,887,366 | 12,360,449 |
| Net Investment loss | 9,866,219 | 9,750,143 | 13,616,552 | 5,321,805 |
| Other revenue | 711,451 | 753,436 | 147,363 | 1,715,141 |
| Net loss for the period | 7,639,774 | 6,387,143 | 11,524,550 | 4,429,592 |
| Basic earnings per share | (0.09) | (0.07) | (0.13) | (0.05) |
| Fully diluted earnings per share | (0.09) | (0.07) | (0.13) | (0.05) |
| | | | July 31, 2011 | January 31, 2011 |
| Investments, at fair value | | | 91,407,892 | 104,809,740 |
| Shareholders' equity | | | 123,181,708 | 136,314,609 |

During the three months ended July 31, 2011, the Company realized gains on investments of \$5,067,809 compared to realized gains of \$778,005 the previous year's quarter. The Company had a net investment loss of \$9,866,219 compared to a net investment loss of \$9,750,143 for the three months ended July 31, 2010. The Company's net loss for the three months ended July 31, 2011 was \$7,639,774 (\$0.09 per basic share) compared to net loss of \$6,387,143 (\$0.07 per basic share) the previous year's quarter.

During the six months ended July 31, 2011, the Company realized gains on investments of \$9,270,814 compared to realized gains of \$7,083,644 for the six months ended July 31, 2010. The Company had a net investment loss of \$13,616,552 compared to a net investment loss of \$5,321,805 for the six months ended July 31, 2010. The Company's net loss for the six months ended July 31, 2011 was \$11,524,550 (\$0.13 per basic share) compared to net loss of \$4,429,592 (\$0.05 per basic share) the previous year's six months ended July 30, 2011.

As at July 31, 2011, the Company's investments decreased to \$91,407,892 from \$104,809,740 as at January 31, 2011. During the six months ended, the Company's shareholders' equity decreased to \$123,181,708 from \$136,314,609 as at January 31, 2011.

INVESTMENTS, AT FAIR VALUE THROUGH PROFIT AND LOSS, AS AT JULY 31, 2011

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 warrants expire Dec 3, 2012 | | | |
| Raven Minerals Corp.* | (ii) | 1,600,000 common shares | 400,000 | 1,440,000 | 1.6% |
| | | 800,000 warrants expired Jul 30, 2011 | | | |
| 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 warrants expire Nov 26, 2011 | | | |
| | | 600,000 warrants expire Jan 14, 2012 | | | |
| | | 4,545,455 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 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 4,145,556 performance shares A 3,318,763 performance shares B | \$ 614,793 | \$ 3,864,507 | 4.2% |
| 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 1,250,000 w arrants expire Dec 22, 2011 | 887,729 | 1,507,530 | 1.6% |
| 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 1,150,000 w arrants expire Nov 10, 2012 | 230,000 | 266,685 | 0.3% |
| Belo Sun Mining Corp.** | (iii) | 1,053,667 common shares 3,000,000 w arrants expire March 3, 2012 | 813,796 | 2,789,650 | 3.1% |
| 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 1,000,000 w arrants expired June 30, 2011 | 2,518,015 | 1,797,640 | 2.0% |
| Crocodile Gold Corp. | (iii) | 4,015,866 common shares 1,385,000 w arrants expire March 24, 2016 | 3,972,962 | 2,913,621 | 3.2% |
| 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 1,333,333 w arrants expire Sep 27,2012 | 226,253 | 168,607 | 0.2% |
| Forbes & Manhattan (Coal) Corp. | (iii) | 1,765,910 common shares 100,000 common shares - JSE 1,100,000 performance shares | 3,454,191 | 6,458,555 | 7.1% |
| Largo Resources Ltd. | (iii) | 2,063,333 common shares | 285,413 | 825,333 | 0.9% |
| Longford Energy Inc. | (iii) | 6,164,896 common shares 1,250,000 w arrants expire Jun 8, 2013 | 1,767,243 | 956,109 | 1.0% |
| Pitchblack Resources Ltd.*** | (ii,iii) | 3,030,303 common shares 3,030,303 w arrants expire Oct 29, 2012 | 500,000 | 1,281,212 | 1.4% |
| Rodinia Lithium Inc. | (iii) | 3,978,333 common shares 416,667 w arrants expire Sep 10, 2012 | 1,831,925 | 1,349,642 | 1.5% |
| 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 1,372,550 common shares expire Jul 29, 2014 | 700,001 | 1,241,883 | 1.4% |
| 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.

**** Formerly Kria Resources Ltd.

***** Warrant exercise request submitted to CT, awaiting for the shares to be issued

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 April 30, 2011. Directors and officers may hold investments personally.

INVESTMENTS, AT FAIR VALUE THROUGH PROFIT AND LOSS, AS AT JANUARY 31, 2011

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.

| 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% |
| 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 arrants 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 arrants expire Nov 26, 2011 | | | |
| | | 600,000 w arrants expire Jan 14, 2012 | | | |
| | | 4,545,455 w arrants 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 arrants expire April 30, 2011 | | | |
| | | 1,250,000 w arrants 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 arrants 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 arrants 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 arrants 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 arrants expire June 16, 2014 | | | |
| Eurocontrol Technics Inc. | (iii) | 1,333,333 common shares | 200,000 | 314,267 | 0.3% |
| | | 1,333,333 w arrants 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 | | | |
| 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 | 500,000 | 2,301,818 | 2.2% |
| | | 3,030,303 w arrants expire Oct 29, 2012 | | | |
| Rodinia Lithium Inc. | (iii) | 3,833,333 common shares | 1,750,000 | 2,360,000 | 2.3% |
| | | 416,667 w arrants expire Sep 10, 2012 | | | |
| Stetson Oil & Gas Ltd. | (ii,iii) | 10,000,000 preferred shares | - | 200,000 | 0.2% |
| Sulliden Gold Corporation Ltd. | (iii) | 13,239,141 common shares | 7,240,259 | 31,185,004 | 29.8% |
| | | 769,231 w arrants expire April 23, 2011 | | | |

| Private Issuer | Note | Security description | Cost | Estimated Fair value | % of FV |
|---|-------|---|---------------|----------------------|---------|
| Trevali Mining Corp.*** | (iii) | 2,299,000 common shares | 2,163,278 | 977,075 | 0.9% |
| Vast Exploration Inc. | (iii) | 1,350,000 common shares 1,000,000 w 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 Kria Resources Ltd. One Trevali common share to be exchanged for every five Kria common shares

***** Formerly Dacha Capital Inc., w 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.

During the six months ended July 31, 2011, the Company invested approximately \$15.5 million in portfolio acquisitions and disposed of investments receiving proceeds of \$18.0 million for a realized gain of \$9.3 million. During the six months ended July 31, 2011, the Company made new investments in Alexis Minerals Corp (gold), Black Iron Inc. (iron), Castillian Resources Corp. (gold), Copper One Inc. (copper), Crocodile Gold Inc. (gold), Legacy Platinum (private platinum), Longford Energy (oil), Rodinia Lithium Inc. (lithium) and Ursa Major Minerals Inc (nickel). The Company reduced its holdings in the following companies Allana Potash Inc. (potash), Avion Gold Corporation (gold), Belo Sun Mining Corp (gold) and Dacha Strategic Metals Inc. (rare earths).

During the six months ended July 31, 2011, the fair market value of the Company's investment portfolio had a cumulated unrealized gain of \$36,319,392. The Company's had unrealized gains of approximately \$24.2 million from its gold and silver holdings, \$2.7 million from its uranium, coal and energy holdings and \$7.7 million from its agriculture holdings.

LOANS

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

Aberdeen's loan portfolio as at July 31, 2011:

| | 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 |
| Trevali Mining Corp. 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

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.

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.

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.

As of 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.

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 convertible loan agreement with Legacy Platinum Corp. ("Legacy"). The Company loaned Legacy \$320,000, 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 equals the total value of the principals 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 term and condition as the first loan.

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") on July 20, 2010 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.

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. At April 30, 2011, the value of the conversion was assessed as nominal. 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. The Company also made a provision on the loan and interest receivable totaling \$1,258,688 at July 31, 2011.

Trevali Mining Corp. (Formerly Kria Resources Ltd.)

In June 2009, the Company entered into a secured debenture agreement with Trevali Mining Corp. ("Trevali") (formerly 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.

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. As of July 31, 2011, the Company has loaned a total of \$727,085 to Garrison. The working capital facility is interest free, unsecured and the amount is due on demand.

Amazon Potash Corp.

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 Agua Metais Ltda. to Agua 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 Aguia 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), Aguia 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 Aguia. 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.

A provision on the remaining balance of the loan US\$338,169 (AUD\$365,307) was taken on January 31, 2011. All the Aguia 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.

Simmer & Jack/First Uranium Royalty and Loan

During the fourth quarter of fiscal year 2006, the Company loaned US\$10,000,000 to Simmer & 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.

Valuation Following Simmers Shareholder Vote to Deny Equity Conversion Request

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% life of mine 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 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 the a 1% life of mine 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's statements 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); February 1, 2010 - US\$10,000,000 (\$10,693,000)) 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); February 1, 2011 - US\$1,579,992 (\$1,689,486)). 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 October 10, 2011. The litigation and pending court date has 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.

ROYALTY INTERESTS ON MINERAL PROPERTIES

Simmers' Buffels Mine

Simmers produced approximately 14,000 ounces of gold from its South African Buffels mine in the second quarter of calendar year, compared with approximately 17,000 ounces of gold in the previous

calendar quarter. Production from the Simmers' Buffels mine provided the Company with gold royalty revenue of \$181,528 for the three months ended July 31, 2011. During the three months ended July 31, 2010, royalty revenue from the Buffels mine was \$192,999. Production from the Buffels mine since the prior year was subject to the 1% NSR, versus a 4.75% rate on the graduated royalty during 2008.

First Uranium Mine Waste Solutions Tailings Recovery Operation

In December 2007, in addition to the royalty on Simmers' Buffels mine production, Aberdeen began receiving a gold royalty from the Mine Waste Solutions Tailings Recovery Operation ("MWS Tailings Dumps") owned by First Uranium. The MWS Tailings Dumps provide a gold and uranium resource of previously treated material. The MWS Tailings Dumps are 100%-owned and operated by First Uranium and are being mined using high-pressure water cannons to produce a slurry, that is pumped to the processing plants and separated into gold and uranium using a leaching process. First Uranium purchased a 600,000 tonne per month gold recovery plant adjacent to the MWS Tailings Dumps to help facilitate the acceleration of gold production.

First Uranium produced approximately 22,000 ounces of gold from treating the MWS Tailings Dumps in the second quarter of the calendar year, compared with approximately 21,000 ounces in the previous calendar quarter. Production from the MWS Tailings Dumps was subject to the 1% NSR since the prior year, versus the graduated royalty rate of 4.75% during most of 2008. As a result, the Company recorded royalty revenue of \$338,146 from the MWS Tailings Dumps for the three months ended July 31, 2011 versus \$246,715 for fiscal 2010.

RESULTS OF OPERATIONS

The net loss for the quarter ended July 31, 2011 was \$7,639,774 compared to net loss of \$6,387,143 for the quarter ended July 31, 2010. The net loss for the six months ended July 31, 2011 was \$11,524,550 compared to \$4,429,592 for the same period last year. This was a result of a larger unrealized loss on investments for the three and six months ended July 31, 2011 compared to the prior period in 2010.

The realized gain on investments of \$5,067,809 and \$9,270,814 and unrealized loss of \$14,934,028 and \$22,887,366 during the three and six months ended July 31, 2011 reflects the softer markets experienced in the investment portfolio and the equity markets. At July 31, 2011, the Company's investment portfolio had an estimated fair market value of \$91,407,892 and a cost base of \$55,088,500. At January 31, 2011, the Company's investment portfolio had an estimated fair market value of \$104,809,740 and a cost base of \$46,759,365.

During the six months ended July 31, 2011, the gold price averaged US\$1,480 per ounce and production from Simmers and First Uranium was approximately 71,600 ounces of gold, resulting in royalty revenue of \$1,038,775. The average US/Cdn dollar exchange rate during the year was approximately 0.9806. During the six month ended July 31, 2010, the gold price averaged US\$1,165 per ounce. Based on approximately 79,800 ounces produced and an average US/Cdn dollar exchange rate of approximately 1.0260, the Company recorded royalty revenue of \$953,789. The Company wrote down the carrying value of its royalty interests on mineral properties by \$3,904,772 in fiscal 2011. No write-down was taken in the two quarters of 2012.

During the three and six months ended July 31, 2011, the Company recorded interest revenue of \$150,409 and \$325,906 compared with \$184,149 and \$385,893 for the three and six months ended July 31, 2010. Interest was earned on the Company's loans outstanding. Loans receivable at July 31, 2011 totaled \$6,981,688 excluding Simmers loan. The Company made a provision on the loan and interest receivable totaled \$1,258,688 from China Railway Mining Corp. The Company did not record interest income on the disputed loan to Simmers during the year.

During the first and second quarter of 2012, the Company recorded revenue for advisory service fees of \$41,370 and \$41,370 compared with \$129,572 and \$375,459 for the three and six months ended July 31, 2010 for debt financing / restructuring and equity financing services provided to pre-IPO or early stage public companies.

General and administrative expense for the three and six months ended July 31, 2011 were \$1,179,313 and \$2,430,030 compared to \$795,672 and \$2,186,558 for the three and six months ended July 31, 2010. For the six months ended July 31, 2011, other major expenses of the Company that comprise general and administrative expenses include stock-based compensation \$474,357 (2010 - \$532,774) as the Company granted 1,045,000 (2010 - 1,785,000) options to directors, officers, employees and consultants of the Company; consulting, salaries, wages and administrative expense of \$600,268 (2010 - \$798,126); legal, accounting and professional fees \$198,216 (2010 - \$230,262); shareholder communications and promotions \$199,932 (2010 - 95,969) and travel costs \$120,721 (2010 - \$284,915).

The accounting treatment of the royalty changed following the vote to deny the Company the conversion of the loan into shares. Aberdeen became entitled to a 1% NSR on the underlying assets of Simmers and First Uranium. Prior to the vote, the combined convertible royalty loan was carried at the estimated fair market value. Following the vote, the royalty interests are accounted for as tangible assets separate from the loan. The carrying value of royalty interests are depleted using the units-of-production method over the life of the property to which the royalty interest relates. During the three and six months ended July 31, 2011, the Company recorded depletion expense on its royalty interest of \$152,335 and \$313,431 compared to \$ 171,298 and \$384,027 in the first and second quarter of 2010.

The Company recorded a foreign exchange gain / (loss) of \$86,050 and \$(849,487) during the three and months ended July 31, 2011 compared with a foreign exchange gain / (loss) of \$272,443 and \$(653,557) in 2010. The loss was largely the result of a weakening US dollar vis-à-vis the Canadian dollar. As at July 31, 2011, the US/Cdn dollar exchange rate was 0.9555, compared with 1.0283, at July 31, 2010.

During the three and six months ended July 31, 2011, the Company recorded a current income tax of \$1,230,173 and \$1,705,741 and a future tax recovery of \$3,990,000 and \$7,253,000. The current income tax provision was the result of gain realized from disposal of investments, royalty and interest income, partially offset by general and administrative expenses. The future income tax gain resulted from the unrealized losses on the portfolio investments.

The functional currency of the Company's royalty division is the US dollar. As a result, all gains and losses on translation are included in equity as a separate component of other comprehensive income or loss. During the six months ended July 31, 2011, a translation adjustment loss of \$1,289,637 (net of taxes - \$897,637), (2010 - \$1,343,803 (net of taxes - \$991,803)) was recorded as part of other comprehensive income.

CASH FLOWS

Cash used in operating activities during the three and six months ended July 31, 2011 was \$4,761,433 and \$8,462,753, compared with \$849,417 and \$1,845,942 during the three and six months ended July 31, 2010. The difference between the operating cash flow and the net income for the six months ended July 31, 2011 largely reflects the unrealized nature of many of the gains and losses recorded on the investments and the royalty loan. Operating cash flow was largely generated by royalty and interest income, offset by general and administrative expenses and net changes in non-cash working capital.

Cash provided (used) in financing activities during the three and six months ended July 31, 2011 was \$263,248 and \$(1,185,071) compared to \$Nil and \$Nil during the three and six months ended July 31, 2010. The Company purchased and cancelled 1,062,200 shares at an average price of \$0.87 per share during the six months ended July 31, 2011 under NCIB, which was offset by cash of \$610,975 generated through the exercise of share purchase options. The Company also paid its first dividend on March 31, 2011 of \$867,141.

Cash provided (used) by investing activities during the three and six months ended July 31, 2011 was \$1,371,058 and \$(102,043), compared to \$3,509,074 and \$2,197,989 in the prior year's six months ended. During the six months ended July 31, 2011, \$15,468,770 was used in the purchase of portfolio investments, while proceeds on the disposal of portfolio investments were \$18,046,384, short-term loans provided of \$3,035,657 and short-term loans repaid of \$1,000,000 and advance made of \$144,000 provided. In the prior year's six months ended, \$16,233,390 was used to purchase portfolio investments, while proceeds on the disposal of portfolio investments were \$20,430,879, short-term loans totaling \$5,188,500 were provided and \$3,189,000 was repaid.

LIQUIDITY AND CAPITAL RESOURCES

As at July 31, 2011, the Company had working capital of \$111,626,589. The Company used cash of \$8,462,753 from its operating activities during the six months ended July 31, 2011. The working capital consisted largely of the estimated fair value of its portfolio investments of \$91,407,892, loans receivable of \$16,536,688, amounts receivables of \$3,501,716, and cash of \$4,299,989. This was partially offset by current liabilities of \$4,700,991. The Company also maintains up to \$10 million margin loan facility with its prime broker to help management its short-term cash flow needs.

SELECTED ANNUAL INFORMATION

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

| | IFRS 2011 | Canadian GAAP 2010 | Canadian GAAP 2009 |
|--|----------------------|-----------------------|-----------------------|
| Net income (loss) for the year | \$34,840,202 | 21,614,993 | \$(9,051,379) |
| Basic income (loss) per share | \$0.38 | \$0.24 | \$(0.09) |
| Diluted income (loss) per share | \$0.36 | \$0.23 | \$(0.09) |
| Total assets | \$168,294,702 | \$118,282,306 | \$100,099,467 |
| Total liabilities | \$31,980,093 | \$15,114,633 | \$12,610,274 |
| Working capital | \$130,794,315 | \$76,583,745 | \$60,814,810 |

QUARTERLY INFORMATION

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

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

| Summary Financial Information for the Eight Quarters Ended July 31, 2011 | | | | | |
|---|---|-------------------------|----------------------------------|--|----------------------------------|
| <u>Period</u> | <u>Investment gains (losses) & revenues</u> | <u>Total assets</u> | <u>Net income (loss)</u> | <u>Basic and diluted income (loss) per share</u> | <u>Long-term liabilities</u> |
| <u>2012</u> | | | | | |
| 2 nd Qtr – IFRS | (9,155) | 142,939 | (7,640) | (0.09) | 15,056 |
| 1 st Qtr – IFRS | (4,314) | 156,268 | (3,885) | (0.04) | 19,052 |
| <u>2011</u> | | | | | |
| 4 th Qtr – IFRS | 36,645 | 168,295 | 21,513 | 0.24 | 22,701 |
| 3 rd Qtr – IFRS | 25,524 | 133,773 | 17,756 | 0.20 | 15,242 |
| 2 nd Qtr – IFRS | (8,997) | 107,314 | (6,387) | (0.07) | 8,795 |
| 1 st Qtr – IFRS | 5,390 | 116,329 | 1,958 | 0.02 | 11,623 |
| <u>2010</u> | | | | | |
| 4 th Qtr – C GAAP | 12,655 | 118,282 | 8,663 | 0.09 | 8,516 |
| 3 rd Qtr (<i>restated</i>) | 8,746 | 106,644 | 5,253 | 0.06 | 9,874 |

During the eight quarters listed above, the Company generated royalty and interest revenue from its Simmers and First Uranium royalty and Simmers loan which is tied to the price of gold, as previously discussed. The Company began making investments in pre-IPO and early stage public resource companies in the third quarter of 2008. These investments are fair valued with an unrealized gain or loss going through the statements of operations and comprehensive income. For the past four financial quarters, the investment portfolio has strongly recovered and the Company realized gains from investments in Allana Potash Inc., Apogee Minerals Ltd., Avion Gold Corp., Belo Sun Mining Corp., and Sulliden Gold.

OUTLOOK

The junior equity markets continued to weaken during our second quarter and this made a material impact on our portfolio. The S&P TSX Venture Index was down 12.1 per cent during the same period, so basically our portfolio performed in line with the market over this short period of significant weakness. We still see a very bright outlook, as commodity prices remain robust. As the majority of the value of our investments are dedicated to advanced-stage or producing companies, we are confident these companies, such as Sulliden Gold Corporation Ltd., Black Iron Inc. and Forbes & Manhattan Coal Corp., will benefit from these high prices.

The record gold prices create exciting opportunities for many of our investments in the portfolio, even though the recent equity performance has been disappointing, and we have maintained our gold and precious metals weighting consistent throughout the year, and we continue to have a positive outlook as the traditional gold demand season commences in August-September

During this period of weakness, Aberdeen has been putting capital to work opportunistically to achieve its long-term growth objectives.

NORMAL COURSE ISSUER BID

On February 4, 2010, the Company announced its intention to make a Normal Course Issuer Bid ("NCIB"), subject to TSX approval, to buy back its common shares through the facilities of the Exchange.

The maximum number of common shares that may be purchased for cancellation pursuant to the NCIB is that number of common shares that represents 10% of the common shares in the public float on the date that the Exchange approves the NCIB. Based on the 75,350,006 common shares in the public float as at January 29, 2010, the maximum number of shares was 7,535,000. The number of shares in the Company's public float is less than the 87,503,839 issued and outstanding Aberdeen common shares as of January 29, 2010, because the public float number does not include common shares held by Aberdeen insiders. Daily purchases were limited to 70,144 common shares other than block purchase exceptions.

Purchases under the NCIB were permitted to commence on February 5, 2010 and will terminate on February 4, 2011 or the date upon which the maximum number of common shares have been purchased by Aberdeen pursuant to the NCIB. Aberdeen cancelled all shares acquired pursuant to the NCIB.

Any purchases made pursuant to the NCIB will be made in accordance with the rules of the TSX and will be made at the market price of the common shares at the time of the acquisition. Aberdeen will make no purchases of common shares other than open market purchases that may be made during the period that the NCIB is outstanding.

During the six months ended July 31, 2011, the Company purchased and cancelled 1,062,200 common shares available under the NCIB at an average price of \$0.87 per share. Subsequent to July 31, 2011, the Company purchased and cancelled an additional 67,000 common shares available under the NCIB at an average price of \$0.83.

COMMITMENT 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 the financial statements.

As outlined above under the section entitled "Simmer & Jack/First Uranium Royalty and Loan", Simmers' 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.

FINANCIAL INSTRUMENTS

Fair value

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

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

- i. The carrying value of cash, amounts receivable and accounts payable and accrued liabilities reflected on the condensed interim statements of financial position approximate fair value because of the limited terms of these instruments.
- ii. Loans, Simmer & Jack loan and investments are carried at amounts in accordance with the Company's accounting policy as set out in Note 2 of the annual audited financial statements for the year ended January 31, 2011.
- iii. Prior to maturity, the outstanding loans receivable are carried at their discounted value. Following their maturity, loans receivable are carried at their estimate realizable value.

The following table illustrates the classification of the Company's financial instruments, measured at fair value on the condensed interim statements of financial position as at July 31, 2011, categorized into levels of the fair value hierarchy:

| Investments, fair value | Level 1 | Level 2 | Level 3 | Total |
|--|------------------------------------|--|--|-----------------------|
| | <i>Quoted Market price</i> | <i>Valuation technique- observable market Inputs</i> | <i>Valuation technique- non-observable market Inputs</i> | |
| Publicly traded investments | \$ 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 |
| Publicly traded investments | \$ 38,427,497 | \$ - | \$ - | \$ 38,427,497 |
| Non-trading w warrants on public investments | - | 10,865,535 | - | 10,865,535 |
| Private investments | - | - | 7,734,527 | 7,734,527 |
| February 1, 2010 | \$ 38,427,497 | \$ 10,865,535 | \$ 7,734,527 | \$ 57,027,559 |

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the six months ended July 31, 2011 and the twelve months ended 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 statements of operations and comprehensive income.

| Investments, fair value | July 31, 2011 | 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 |

TRANSACTIONS WITH RELATED PARTIES

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

| Investment | Nature of relationship | Estimated Fair value |
|---------------------------------|---|----------------------|
| Alderon Resources Corp. | Director (Stan Bharti) and shareholders | \$ 1,645,333 |
| Alder Resources Ltd. | Director (Pierre Pettgrew), 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 Pettgrew, 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 Pettgrew), 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 Pettgrew) 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 Pettgrew) 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 Dacha Capital Inc.

**** Formerly Cash Minerals Ltd.

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

At January 31, 2011, the Company had a provision of \$445,357 against the outstanding loan receivable from Amazon Potash Corp. At January 31, 2011 and 2010, the Company had a provision of \$1,317,676 against the outstanding loan and interest receivable from Russo-Forest.

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

During the period, 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 similar officers or directors. The costs associated with this space are administered by 2227929 Ontario Inc. 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 period:

| | 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. 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 period 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.

CRITICAL ACCOUNTING ESTIMATES

The Company's accounting policies are described in Note 3 to the unaudited condensed interim financial statements for the three and six months ended July 31, 2011. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions which affect the amounts reported in the financial statements and accompanying notes. The following is a list of the accounting policies that the Company believes are critical, due to the degree of uncertainty regarding

the estimates and assumptions involved and the magnitude of the asset, liability, revenue or expense being reported.

Investments

Purchases and sales of investments are recognized on a trade date basis. Investments at fair value through profit or loss are initially recognized at fair value.

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

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

Publicly-traded investments:

1. Securities, including shares, options, and warrants which are traded on a recognized securities exchange and for which no sales restrictions apply are recorded at fair values based on quoted closing prices at the statements of financial position date or the closing price on the last day the security traded if there were no trades at the statements of financial position date. These are included in Level 1 as disclosed in Note 16.
2. Securities which are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. Shares that are received as part of a private placement that are subject to a standard four-month hold period are not discounted. In determining the discount for such investments, the Company considers the nature and length of the restriction, business risk of the investee corporation, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments. These are included in Level 2 in Note 16.
3. Warrants or options of publicly-traded securities which do not have a quoted price are carried at an estimated fair value calculated using the Black-Scholes option pricing model based on the underlying security. These are included in Level 2 as disclosed in Note 16.
4. Performance Shares are convertible into common shares if or when the investee companies meet certain milestones. These Performance Shares are recorded at fair value when the certainty of meeting these milestones is probable. These are included in Level 3 as disclosed in Note 16.

Privately-held investments:

1. Securities in privately-held companies (other than options and warrants) are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the financial statements. Options and warrants of private companies are carried at nil. These are included in Level 3 as disclosed in Note 16.
2. An upward adjustment is considered appropriate and supported by pervasive and objective evidence such as a significant subsequent equity financing by an unrelated, professional investor at a transaction price higher than the Company's carrying value; or if there have been significant corporate, political or operating events affecting the investee company that, in management's

opinion, have a positive impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable. Such events include, without limitation:

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

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

Loans Receivable:

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

feature of convertible debentures and convertible notes issued to private companies are carried at nominal value. Convertible debentures and convertible notes are financial instruments classified as held for trading.

Financial assets other than investments at fair value

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

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

Impairment of financial assets

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

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

Royalty Interests on Mineral Properties

The Company holds royalty interests in production stage mineral properties. Royalty interests are recorded at cost and capitalized as tangible assets. The carrying value of royalty interests are depleted using the unit-of-production method over the life of the property to which the royalty interest relates, which is estimated using available estimates of proven and probable reserves specifically associated with the mineral properties.

The Company evaluates its royalty interests on mineral properties for impairment whenever events or changes in circumstances, which may include significant changes in commodity prices and publicly available information from operators of the producing assets, indicate that the related carrying value of the royalty interests may not be recoverable. The recoverability of royalty interests is evaluated based upon estimated future undiscounted net cash flows from each royalty interest property using estimates of proven and probable reserves. Impairments in the carrying value of each property are measured and recorded to the extent that the carrying value of each property exceeds its recoverable amount, which is the higher of fair value less costs to sell or value in use, which is generally calculated using estimated discounted future cash flows.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of comprehensive (loss) income to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Estimates of gold prices, operator's estimates of proven and probable reserves related to the royalty properties, and the operator's production profile are subject to certain risks and uncertainties which may affect the recoverability of the Company's investment in these royalty interests in mineral properties. Although the Company has made its best assessment of these factors based on current conditions, it is possible that changes could occur, which could adversely affect the net cash flows expected to be generated from these royalty interests.

Revenue Recognition

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

The Company earns royalty income as well as interest income. Such revenue is recognized based on contractual obligations and when collection is reasonably assured. The period change in the estimated fair value of the convertible royalty loan agreement described in Note 3, prior to its conversion to separate loan and royalty agreements in February 2010, was recorded as revenue on the condensed interim statement of comprehensive (loss) income.

Income Taxes

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

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

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

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

Stock-Based Payments

Share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

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

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. For options that expire unexercised, the recorded value is transferred to retained earnings (deficit).

SIGNIFICANT ACCOUNTING POLICIES

Except as disclosed below, the audited financial statements are prepared using the same accounting policies and methods of application as those disclosed in Note 3 to the Company's unaudited condensed interim financial statements for the three months ended April 30, 2011.

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 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* 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.

RISKS AND UNCERTAINTIES

The investment in pre-IPO and early stage public resource companies involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Certain risk factors listed below are related to investing in the resource industry in general while others are specific to Aberdeen. For an additional discussion of risk factors and other information please refer to the Company's Annual Information Form filed on April 13, 2011, under the profile of the Company at www.sedar.com.

Portfolio Exposure

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

Dependence on Management, Directors and Investment Committee

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

Sensitivity to Macro-Economic Conditions

Due to the Company's focus on the resource industry, the success of Aberdeen's investments is interconnected to the strength of the mining, agriculture and other commodity industries. The Company

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

Cash Flow and Revenue

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

Private Issuers and Illiquid Securities

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

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

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

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

Possible Volatility of Stock Price

The market prices of the Company's Common Shares and warrants have been and may continue to be subject to wide fluctuations in response to factors such as actual or anticipated variations in its results of operations, changes in financial estimates by securities analysts, general market conditions and

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

Trading Price of Common Shares Relative to Net Asset Value

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

Available Opportunities and Competition for Investments

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

Share Prices of Investments

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

Concentration of Investments

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

Additional Financing Requirements

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

No Guaranteed Return

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

Management of Aberdeen's Growth

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

Due Diligence

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

Exchange Rate Fluctuations

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

Non-controlling Interests

The Company's investments include debt instruments and equity securities of companies that it does not control. Such instruments and securities may be acquired through trading activities or through purchases of securities from the issuer. These investments are subject to the risk that the company in which the investment is made may make business, financial or management decisions with which

Aberdeen does not agree or that the majority stakeholders or the management of the investee company may take risks or otherwise act in a manner that does not serve the company's interests. If any of the foregoing were to occur, the values of the Company's investments could decrease and its financial condition, results of operations and cash flow could suffer as a result.

Risks relating to the Company's Royalty Portfolio

Gold Prices

The revenue derived by Aberdeen from the net smelter royalties that it holds will be significantly affected by changes in the market price of gold. Gold prices fluctuate substantially and are affected by numerous factors beyond the control of Aberdeen, including levels of supply and demand, inflation and the level of interest rates, the strength of the US dollar and geopolitical events. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments.

Gold, by its nature, is subject to wide price fluctuations and future material price declines will result in a decrease in revenue or, in the case of severe declines that cause a suspension or termination of production, a complete cessation of revenue from these royalties. The gold market tends to be cyclical, and a general downturn in overall commodity prices could result in a significant decrease in overall revenue. Any such price decline may result in a material and adverse effect on Aberdeen's profitability, results of operation and financial condition.

Third Party Operations

The revenue derived from the net smelter royalties that Aberdeen holds is based on production by third party property owners and operators. Aberdeen does not participate in the decision making process, as the owners and operators have the power to determine the manner in which the subject properties are exploited, including decisions to expand, continue or reduce production from a property, decisions about the marketing of products extracted from the property and decisions to advance exploration efforts and conduct development of non-producing properties. The interests of third party owners and operators and those of Aberdeen on the relevant properties may not always be aligned. As an example, it will usually be in the interest of Aberdeen to advance development and production on properties as rapidly as possible in order to maximize near-term cash flow, while third party owners and operators may take a more cautious approach to development as they are at risk on the cost of development and operations. The inability of Aberdeen to control the operations for the properties in which it has a royalty interest may result in a material and adverse effect on Aberdeen's profitability, results of operation and financial condition.

Exploration, Development and Operating Risks

The exploration for, development, mining and processing of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. Mining operations generally involve a high degree of risk. The mining operations of Simmers and First Uranium (the "Mining Operations") are subject to most of the hazards and risks normally encountered in the exploration, development and production of ore, including unusual and unexpected geology formations, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Further, First Uranium has publicly disclosed difficulties regarding maintaining certain environmental permits required for development projects and also the need for additional financing. Any inability of First Uranium to resolve these issues could adversely affect Aberdeen and the revenue generated from its royalty.

Limited Access to Operations Information

As a royalty holder, Aberdeen has limited access to data on the operations and to the actual properties themselves. This could affect its ability to enhance the royalty's performance. This could also

result in delays in cash flow that are anticipated by Aberdeen based on the stage of development of the properties covered by the Aberdeen's royalties. Aberdeen's royalty payments may be calculated by the royalty payors in a manner different from Aberdeen's projections and Aberdeen only has limited rights of audit with respect to such royalty interests. The limited access to data and disclosure regarding the operations of the properties in which Aberdeen has an interest may restrict Aberdeen's ability to enhance its performance that may result in a material and adverse effect on Aberdeen's profitability, results of operation and financial condition.

In addition, the Company relies on projections of gold production from the Mining Operations that are prepared by Simmers and First Uranium and their respective advisors for royalty valuation purposes. Differences between estimated and actual future gold production could result in an adverse effect on Aberdeen's results of operations and financial condition.

Potential Delays and Failures to Make Royalty Payments

Aberdeen is dependent to a large extent upon the financial viability and operational effectiveness of owners and operators of the properties that are subject to the royalties held by Aberdeen. Payments from production flow through the operator and there is a risk of delay and additional expense in receiving such revenues. Payments may be delayed by restrictions imposed by lenders, accidents, delays in the sale or delivery of products, accidents, recovery by the operators of expenses incurred in the operation of the royalty properties, the establishment by the operators of reserves for such expenses or the insolvency of the operator. Aberdeen's rights to payment under the royalties must, in most cases, be enforced by contract without the protection of a security interest over property that Aberdeen could readily liquidate. This inhibits Aberdeen's ability to collect outstanding royalties upon a default. In the event of a bankruptcy of an operator or owner, Aberdeen will be treated as an unsecured creditor and, therefore, have a limited prospect for full recovery of royalty revenue. Failure to receive any payments from Simmers or First Uranium may result in a material and adverse effect on Aberdeen's profitability, results of operation and financial condition.

Exchange Rate Fluctuations

Revenue from the Company's royalty is generated in US dollars based on the price of gold, which is quoted in US dollars. The fair value of the Company's royalty is estimated, for financial statement purposes, using a discounted cash flow analysis of expected cash flow from the royalty revenue. As a result, changes in the value of the US dollar against the Canadian dollar could have a negative impact on the valuation and eventual cash flow from the royalty and negatively affect the operating results and financial condition of the Company.

In addition, the Mining Operations on which the royalty is based are located in South Africa and a substantial portion of the Mining Operations' operating and capital costs are denominated in the South African rand. As a result, changes in the value of the US dollar against the South African rand could have an impact on operational decisions at the Mining Operations, which could negatively affect the operating results and financial condition of the Company.

Environmental Risks and Hazards

All phases of the Mining Operations are subject to environmental regulation in the various jurisdictions in which they operate. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Mining Operations. Environmental hazards may exist on the properties that are unknown to the Mining Operations at present that have been caused by previous or existing owners or operators of the properties. Simmers and First Uranium may become liable for such environmental hazards caused by previous owners or operators of the properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Government Regulation, Permits and Licences

The exploration and development activities related to the Mining Operations are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substance and other matters. Exploration, development and mining activities are also subject to various laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards and land reclamation. These laws also place limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Although the Company is not aware that the Mining Operations are not currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development, mining and milling or that more stringent implementation thereof could have a substantial adverse impact on the Mining Operations.

Government approvals, licences and permits are currently, and will in the future be, required in connection with the Mining Operations. To the extent such approvals are required and not obtained, the Mining Operations may be curtailed or prohibited from proceeding with planned operations, which could have an impact on the business and financial condition of the Company. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Mining Operations and cause reduction in levels of production or require abandonment or delays in operations at the Mining Operations. In particular, there have been calls in South Africa from the nationalization and expropriation without compensation of domestic mining assets. Any such development would have an adverse effect on Aberdeen.

Permitting

The Mining Operations are subject to receiving and maintaining permits from appropriate governmental authorities. Although the Company believes that the owners and operators of the Mining Operations currently have, or will obtain in due course, all required permits for their respective operations, there is no assurance that delays will not occur in connection with obtaining all necessary renewals of such permits for the existing operations, additional permits for any possible future changes to operations or additional permits associated with new legislation. Prior to any development on any of the properties, permits from appropriate governmental authorities may be required. There can be no assurance that the owners or operators of the Mining Operations will continue to hold all permits necessary to develop or continue operating at any particular property. In particular, First Uranium has publicly announced that it has received conflicting and ambiguous information regarding the status of the environmental authorization for a new tailings storage facility at its Mine Waste Solutions operation, which has caused First Uranium to delay construction of the tailing facility, has disrupted negotiation regarding required financing and has compromised First Uranium's financial position. Subject to a resolution of these issues, the uncertainty regarding the status of the environmental authorization could be expected to adversely affect Aberdeen and the revenue it receives under its royalties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed. Parties engaged in Mining Operations may be required to

compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, may have a material adverse impact on the owners or operators of the Mining Operations, resulting in increased capital expenditures or production costs, reduced levels of production at producing properties or abandonment or delays in development of properties.

Uncertainty of Mineral Reserve and Resource Estimates

Simmers and First Uranium, and consequently Aberdeen, have based their projection on future production and cash flows on estimates regarding mineral reserves and resources that are estimates only and no assurance can be given that the anticipated tonnage and grades will be achieved or that the expected level of recovery will be realized. The ore grade actually recovered may differ from the estimated grades of the reserves and resources. Such figures have been determined based upon assumed metal prices and operating costs.

Dependence on Good Relations with Employees

Production at the Mining Operations depends on the efforts of its employees. There is intense competition for geologists and persons with mining expertise. The ability of Simmers and First Uranium to hire and retain geologists and persons with mining expertise is key to the Mining Operations. Further, relations with employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant South African governmental authorities. Changes in such legislation or otherwise in Simmers' and First Uranium's relationships with their employees may result in strikes, lockouts or other work stoppages, any of which could have a material adverse effect on the Mining Operations. To the extent these factors cause Simmers and First Uranium to decide to cease or curtail production at one or more of the properties, such decision could have a material adverse effect on the business and financial condition of the Company.

Uninsured Risks

The mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. The Company believes that, where Simmers and First Uranium considers it practical to do so, they maintain insurance in amounts that it believes to be reasonable. Such insurance, however, contains exclusions and limitations on coverage. Accordingly, Simmers' and First Uranium's insurance policies may not provide coverage for all losses related to their business (and specifically do not cover environmental liabilities and losses). The occurrence of losses, liabilities or damage not covered by such insurance policies could have a material adverse effect on Simmers' and First Uranium's profitability, results of operations and financial condition. To the extent that these factors cause Simmers or First Uranium to cease or curtail production, such decision could have a material adverse effect on the business and financial condition of the Company.

Land Title

There can no assurances that there are no title defects affecting the Mining Operations. Simmers and First Uranium may not have conducted surveys of the claims in which they hold direct or indirect interests; therefore, the precise area and location of such claims may be in doubt. It is possible that the Mining Operations may be subject to prior unregistered liens, agreements, transfers or claims and title may be affected by, among other things, undetected defects. In addition, Simmers and First Uranium may be unable to operate the Mining Operations as permitted or to enforce its rights with respect to its Mining Operations. To the extent these factors cause Simmers or First Uranium to decide to cease or curtail production at one or more of the Mining Operations, such decision could have a material adverse effect on the business and financial condition of the Company.

South African Country Risks

The Mining Operations are subject to risks normally associated with the conduct of business in South Africa. Risks may include, among others, problems relating to power supply, labour disputes, delays or invalidation of governmental orders and permits, corruption, uncertain political and economic environments, civil disturbances and crime, arbitrary changes in laws or policies, foreign taxation and exchange controls, opposition to mining from environmental or other non-governmental organizations or changes in the political attitude towards mining, limitations on foreign ownership, limitations on repatriation of earnings, infrastructure limitations and increased financing costs. There have been recent calls in South Africa from the nationalization and expropriation without compensation of domestic mining assets. Any such development would have an adverse effect on Aberdeen. HIV is prevalent in Southern Africa. Employees of Simmers and First Uranium may have or could contract this potentially deadly virus. The prevalence of HIV could cause substantial lost employee man-hours and may make finding skilled labour more difficult. The above risks may limit or disrupt Simmers' and First Uranium's business activities. The Mining Operations must remain compliant with the Mining Charter and the Black Economic Empowerment ("BEE") participation requirements. However, no assurance can be given that Simmers and First Uranium will be able to meet the objectives of the Mining Charter going forward, including the 26% historically disadvantaged South Africans ownership objective. There is also no guarantee that the interests of Simmers and First Uranium will be wholly aligned with the interests of its (direct or indirect) BEE shareholders.

SUBSEQUENT EVENTS

Normal Course Issuer Bid

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

MULTILATERAL INSTRUMENT 52-109 DISCLOSURE

Evaluation of disclosure controls and procedures

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

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

Internal controls over financial reporting

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

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

The CEO and CFO, together with other members of Management, have evaluated the effectiveness of internal controls over financial reporting as defined by National Instrument 52-109, and have concluded, based on our evaluation that they are operating effectively as at July 31, 2011.

SUPPLEMENT TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

As at September 13, 2011, the following common shares, common share purchase options and share purchase warrants were issued and outstanding:

- 87,515,639 common shares;
- 37,500,000 share purchase warrants with an exercise price of \$1.00, expiring June 6, 2012; and,
- 6,872,500 common share purchase options with exercise prices ranging from \$0.12 to \$0.87, expiring between October 4, 2012 and June 30, 2016.