

**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**

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

*The annual report, including this Management's Discussion & Analysis ("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 Annual Information Form ("AIF") of the Company filed on May 3, 2010, under the profile of the Company at [www.sedar.com](http://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.*

**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**

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

**Management's Discussion and Analysis of financial condition and results of operations for the nine months ended October 31, 2010**

This discussion and analysis of the operations, results and financial condition of Aberdeen International Inc. ("Aberdeen", or the "Company") for the nine months ended October 31, 2010 should be read in conjunction with the related unaudited interim financial statements as at October 31, 2010, including the notes thereto. A detailed summary of the Company's significant accounting policies is included in Note 2 of the Company's audited annual financial statements for the year ended January 31, 2010, which have been consistently applied. Additional information regarding Aberdeen, including our AIF dated April 30, 2010 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](http://www.sedar.com). This MD&A reports on the Company's activities through December 7, 2010.

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.

## **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 or 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. The Company's strategy is to optimize the return on its investments over an 18 to 24 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 October 31, 2010, the portfolio had investments in 37 companies with an estimated fair market value of \$74,793,121 (cost – \$46,173,921).

## **SIGNIFICANT DEVELOPMENTS**

### **Investments**

As at October 31, 2010, the Company held portfolio investments with an estimated fair market value of \$74,793,121 and a cost base of \$46,173,921 for a cumulative unrealized gain of \$28,619,200. Investments consisted of the following:

**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**  
*(All amounts stated in Canadian dollars, unless otherwise indicated)*

Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
2248964 Ontario Inc.*	(iii)	4,000,000 common shares	1,100,000	2,000,000	2.7%
Agua Res Fpo	(iv)	1,521,583 common shares 4,145,556 performance shares A 3,318,763 performance shares B	141,875	911,124	1.2%
Alderon Resources Corp.	(iii)	500,000 common shares	500,000	825,000	1.1%
Alder Resources Ltd.	(iii)	1,000,000 common shares	250,000	415,000	0.6%
Allana Potash Corp.	(i,iii)	3,001,414 common shares 2,000,000 w arrants expire May 22, 2011 2,375,000 w arrants expire June 16, 2011	727,223	2,190,478	2.9%
Apogee Minerals Ltd.	(i,iii)	9,850,000 common shares 1,175,000 w arrants expire April 30, 2011 1,250,000 w arrants expire Dec 22, 2011	1,851,977	2,235,978	3.0%
Auger Resources Ltd.*	(iii)	2,000,000 common shares	1,000,000	200,000	0.3%
Avion Gold Corporation	(iii)	5,524,400 common shares 2,500,000 w arrants expire May 8, 2011	2,518,458	5,412,234	7.2%
Belo Sun Mining Corp.**	(iii)	4,042,000 common shares 3,000,000 w arrants expire March 3, 2012	1,147,245	3,561,800	4.8%
Brazil Potash Corp.*	(iii)	1,650,062 common shares	2,500,000	1,683,393	2.3%
Castillian Resources Corp.	(iii)	11,660,000 common shares 500,000 w arrants expire June 30, 2011	2,051,620	1,059,850	1.4%
Crocodile Gold Corp.	(iii)	3,700,866 common shares 2,500,000 w arrants expire June 15, 2012	2,765,780	7,940,007	10.6%
Dacha Strategic Metals Inc.***	(i,iii)	4,530,362 common shares 2,501,551 w arrants expire June 16, 2014	2,079,484	2,969,153	4.0%
Eurocontrol Technics Inc.	(iii)	1,333,333 common shares 1,333,333 w arrants expire Sep 27,2012	200,000	307,467	0.4%
Forbes & Manhattan (Coal) Corp.	(iii)	1,705,196 common shares 1,100,000 performance shares	2,641,360	5,371,367	7.2%
Kria Resources Ltd.	(iii)	2,599,000 common shares 200,000 w arrants expire Aug 16,2011	2,606,180	506,910	0.7%
Largo Resources Ltd.	(iii)	3,983,333 common shares	551,000	1,155,167	1.5%
Longford Energy Inc.	(iii)	3,259,869 common shares	1,109,331	749,776	1.0%
Pitchblack Resources Ltd.	(iii)	3,030,303 common shares 3,030,303 w arrants expire Oct 29, 2012	500,000	3,493,636	4.7%
Potash Atlantico Corp.*	(iii)	2,586,612 common shares	1,058,943	1,058,943	1.4%
Rodinia Lithium Inc.	(iii)	3,833,333 common shares 416,667 w arrants expire Sep 10, 2012	1,750,000	1,921,958	2.6%
Scandinavian Metals Inc.*	(ii,iii)	2,000,000 common shares	1,000,000	200,000	0.3%
Stetson Oil & Gas Ltd.	(iii)	10,000,000 preferred shares	0	50,000	0.1%
Sulliden Gold Corporation Ltd.	(iii)	11,877,195 common shares 769,231 w arrants expire April 23, 2011 1,361,946 w arrants expire October 6, 2012	5,878,313	17,021,184	22.8%
Temujin Mining Corp*	(ii,iii)	11,000,909 common shares 9,090,909 performance shares A 9,090,909 performance shares B 1,910,000 w arrants expire Nov 26, 2011 600,000 w arrants expire Jan 14, 2012 4,545,455 w arrants expire Jan 29, 2012	5,657,000	6,157,000	8.2%
Vast Exploration Inc.	(iii)	1,350,000 common shares 1,000,000 w arrants expire June 5, 2011	600,402	881,100	1.2%
Total of 11 other investments	(iv)		3,987,730	4,514,596	5.8%
<b>Total investments</b>			<b>\$ 46,173,921</b>	<b>\$ 74,793,121</b>	<b>100.0%</b>

\* Private company

\*\* Formerly Verena Minerals Corp.

\*\*\* Exercise price at \$0.42 until June 16, 2012, \$0.50 after June 16, 2012

- (i) The Company has issued a Section 101 report under the Securities Act (Ontario) for these investments.  
(ii) The Company owns, on a partially diluted basis, at least a 10% interest in the company as at October 31, 2010.  
(iii) A director and/or officer or 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 October 31, 2010.

**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**

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

As at January 31, 2010, the Company held portfolio investments with an estimated fair market value of \$56,227,559 and a cost base of \$40,414,041 for a cumulative unrealized gain of \$15,813,518. Investments consisted of the following:

Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
<b>Allana Resources Inc.</b>	(iii)	<b>6,750,000 common shares</b> <b>2,000,000 warrants expire May 22, 2011</b> <b>2,375,000 warrants expire June 16, 2011</b>	1,220,000	3,348,300	6.0%
<b>Apogee Minerals Ltd.</b>	(i,ii,iii)	9,850,000 common shares 5,000,000 w warrants expire May 23, 2010 1,175,000 w warrants expire April 30, 2011 1,250,000 w warrants expire Dec 22, 2011	2,391,000	1,226,528	2.2%
Auger Resources Ltd.*	(ii,ii)	2,000,000 common shares 1,000,000 w warrants expire Sept 16, 2010	1,000,000	500,000	0.9%
Avion Gold Corporation	(iii)	8,774,400 common shares 2,500,000 w warrants expire May 8, 2011	3,631,919	6,002,634	10.7%
Brazil Potash Corp.*	(iii)	<b>1,650,062 common shares</b>	2,500,000	1,776,127	3.2%
Castillian Resources Corp.	(iii)	11,660,000 common shares 500,000 w warrants expire June 30, 2010	2,034,670	1,179,350	2.1%
Crocodile Gold Inc.	(ii,iii)	6,319,478 common shares 2,500,000 w warrants expire June 15, 2012 317,460 w warrants expire Feb 9, 2010 1,017,429 w warrants expire Feb 9, 2010	3,546,424	16,929,174	30.1%
Crow flight Minerals Inc.	(iii)	3,379,724 common shares <b>1,470,612 w warrants expire April 30, 2011</b>	1,508,039	607,682	1.1%
Dacha Capital Inc.**	(i,ii,iii)	2,501,551 common shares 2,501,551 common shares expire June 16, 2014	825,512	2,345,204	4.2%
Kria Resources Inc.	(iii)	2,599,000 common shares 375,000 w warrants expire November 19, 2009 1,000,000 w warrants expire June 9, 2010 50,000 w warrants expire June 16, 2010	2,599,000	561,880	1.0%
Largo Resources Inc.	(iii)	3,983,333 common shares	551,000	896,250	1.6%
Longford Energy Inc.	(iii)	3,659,869 common shares 3,296,296 w warrants expire February 28, 2010 1,000,000 w warrants expire June 5, 2011	1,941,090	1,207,170	2.2%
Scandinavian Metals Inc*	(ii,iii)	2,000,000 common shares 1,000,000 w warrants expire Sept 12, 2010	1,000,000	500,000	0.9%
Stetson Oil & Gas Ltd.	(i,ii,iii)	10,000,000 preferred shares 10,000,000 w warrants expire Sept 17, 2010	740,290	177,000	0.3%
Sulliden Gold Corporation Ltd.	(iii)	10,403,303 common shares 769,231 w warrants expire April 23, 2011 625,000 w warrants expire October 6, 2012	4,920,283	7,621,216	13.6%
<b>Temujin Mining Corp*</b>	(ii,ii)	7,364,545 common shares 7,364,545 w warrants expire Nov 26, 2011 600,000 w warrants expire Jan 14, 2012	3,667,200	3,758,400	6.7%
Vast Exploration Inc.	(iii)	1,350,000 common shares 2,050,000 w warrants expire June 12, 2010 1,000,000 w warrants expire June 5, 2011	1,062,686	1,518,170	2.7%
Total of 11 other investments	(iv)		5,274,928	6,072,471	10.8%
<b>Total investments</b>			<b>\$ 40,414,041</b>	<b>\$ 56,227,556</b>	<b>100.0%</b>

\* Private company

\*\* Exercise price at \$0.42 until June 16, 2012, \$0.50 after June 16, 2012

- (i) The Company has issued a Section 101 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, 2010.
- (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, 2010.

**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**

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

During the quarter ended October 31, 2010, the Company invested approximately \$1.1 million portfolio acquisitions and disposed of investments receiving proceeds of \$2,692,231 for a realized loss of \$53,511. During the quarter, the Company acquired shares of Black Iron (private), Rodinia Lithium Inc., shares of Forbes & Manhattan Coal Inc. through the conversion of special warrants previously purchased, and shares of Pitchblack Resources Inc. through the conversion of debenture. The Company also reduced its holdings in companies such as Allana Resources Corporation, Avion Gold Corporation, Dacha Strategic Metals Inc., and Longford Energy Inc.

During the current quarter, the fair market value of the Company's investment portfolio experienced a net unrealized gain of \$25,166,131 leaving an aggregate unrealized gain of \$28,619,200.

**Equity Accounted Investments**

Through the fourth quarter of fiscal 2010 and first quarter of fiscal 2011, the Company made an investment of \$800,000 and \$500,000 respectively in Forbes & Manhattan (Coal) Inc. ("Forbes Coal") for a 40.7% interest. Following the acquisition of 100% of Slater Coal (Pty) Ltd., a South African coal company on July 30, 2010 by Forbes Coal by issuing of shares, the Company's ownership was reduced to 16.57%. The Company also purchased 605,196 special warrants of Forbes Coal in July 2010 for \$1,694,549, which will further reduce the Company's ownership to 8.3% upon conversion. As of October 31, 2010, the investment in Forbes Coal was no longer accounted for using the equity method.

The Company also equity accounted for its investment in Tucano Exploration Inc. ("Tucano") prior to Tucano's combination with Castillian Resources Corp. ("Castillian"), whereby Castillian acquired all of the issued and outstanding common shares of Tucano. Prior to the combination, Aberdeen held 4,000,000 shares of Tucano which represented an equity interest of approximately 36.7%. Following the completion of the combination on January 29, 2010, in which shareholders of Tucano received 2.29 Castillian common shares for each Tucano common share, the Company's ownership was reduced below 20% and the investment was no longer accounted for using the equity method. Directors of Aberdeen are also directors of Castillian.

The following is a schedule of the equity accounted investments as at October 31, 2010 and January 31, 2010:

	<b>Nine months ended October 31, 2010</b>	<b>Twelve months ended January 31, 2010</b>
Equity accounted investment – carrying value – beginning of period	\$ 800,000	\$ 1,924,387
Acquisition of equity accounted investment	500,000	800,000
Loss on equity investment	(353,189)	(972,268)
Reclassification of equity accounted investment to portfolio investment	(946,811)	(952,119)
Equity accounted investment – carrying value – end of period	\$ -	\$ 800,000

Directors of Aberdeen also serve as directors of Forbes Coal.

**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**

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

**Loans Receivable**

Kria Resources Ltd.

In June 2009, the Company entered into a secured debenture agreement with Kria Resources Inc. ("Kria Resources") to loan up to \$600,000, with any amounts drawn being due and repayable on December 31, 2010 and shall be subject to interest at a rate of 10% per annum. Kria Resources is a base metals exploration and development company whose properties are located in Manitoba and in New Brunswick. In July 2009, Kria Resources completed the acquisition of Beartooth Platinum Corporation ("Beartooth") by way of reverse take-over and began trading on the TSX Venture Exchange under the name Kria Resources Ltd. Consideration provided to the Company by Kria Resources 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 for a period of one year from the date of grant. The grant date fair value of the warrants issued was determined to be nominal and no value was recorded. These warrants expired unexercised on June 16, 2010. Kria Resources 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 drawn-down to acquire Kria Resources' 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 \$7,180, which was discounted to the loan and will be recognized as income over the term of the agreement. Directors of Aberdeen serve as directors and as an officer of Kria Resources. Also, a director of Aberdeen served as a director of Beartooth.

Castillian Resources Corp.

In January 2010, the Company entered into a secured debenture agreement with Castillian Resources Corp. to loan up to \$500,000, with any amounts drawn being due and repayable on June 30, 2010 and shall be subject to interest at a rate of 10% per annum. The debenture was previously 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 entitle 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 subsequent 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 issued.

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 warrants of Castillian at a conversion price of \$0.06 per unit at anytime on or before the maturity date. Each of the warrants 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 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 \$16,950 fair value of the warrants was discounted to the loan and is being recognized as income over the term of the amended agreement. Directors of Aberdeen serve as directors of Castillian. The terms of the amended loan remain subject to receipt of all regulatory approvals.

**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**

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

Temujin Mining Corp.

On January 14, 2010, the Company entered into a loan agreement with Temujin Mining Corp. ("Temujin"). The Company loaned Temujin US\$6,000,000 (\$6,121,200), repayable on or before January 14, 2011 with 10% interest per annum calculated monthly and payable on maturity. As consideration for arranging the loan, Temujin agreed to pay the Company advisory service fees of US\$360,000 (\$367,272), repayable on demand, and issued 600,000 warrants to purchase the 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 (\$3,060,600) of the loan was repaid. At October 31, 2010, the balance of the loan of US\$3,000,000 (\$3,060,600) and the advisory service fees of US\$360,000 (\$367,272) remained outstanding. A director and an officer of Aberdeen serve as directors of Temujin.

Pitchblack Resources Ltd. (formerly Cash Minerals Ltd.)

On February 2, 2010, the Company entered into a secured debenture subscription agreement with Pitchblack Resources Ltd. ("Pitchblack"), a Canadian based energy company focused on uranium and coal exploration and development, which owns the Division Mountain Coal Deposit and other prospective coal properties in the Yukon, and owns a 100% interest in the Mike Lake Gold Project, also in the Yukon. The Company loaned Pitchblack \$500,000, which will mature and become due and repayable on February 2, 2013. The debenture bears interest at a rate of 10% calculated and payable semi-annually on the last day of June and December commencing June 30, 2010 until full and complete payment of this debenture. This debenture is secured against all of the assets of Pitchblack and shall rank senior in priority to any and all other debts of the Cash Minerals subsequently incurred subject to applicable laws. On October 31, 2010, the Company acquired 3,030,303 units of Pitchblack through private placement financing. The \$500,000 loan outstanding was applied against the settlement of the Pitchblack units. Accrued interests totaling \$36,986 was paid to the Company subsequent to the quarter. A director of Aberdeen serves as a director of Pitchblack.

Dacha Strategic Metals Inc. (formerly Dacha Capital Inc.)

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

On March 24, 2010, the Company exercised its conversion right in the participation of Dacha's private placement. The Company converted the debenture plus interest totaling \$2,160,000 in exchange of 4,800,000 special warrants of Dacha at \$0.45 per warrant. The advisory service fees plus the remaining balance of accrued interest totaling \$132,593 were repaid to the Company. The special warrants were converted to common shares of Dacha on July 12, 2010. A director and an officer of Aberdeen serve as a director and an officer of Dacha.

Rodinia Lithium Inc.

On July 20, 2010, the Company entered into a short term bridge loan agreement with Rodinia Lithium Inc. ("Rodinia"), a Canadian mineral exploration company with a primary focus on lithium exploration and development in North and South America. The Company loaned Rodinia \$200,000, which was due and repayable on September 30, 2010. Rodinia agreed to a 10% interest per annum calculated monthly and payable on maturity. On September 10, 2010, the loan plus accrued interest totalling \$202,904 was repaid to the Company. Directors and an officer of Aberdeen also serve as directors and an officer of Rodinia.

**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**

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

Avion Gold Corporation (formerly Avion Resources Corp.)

On March 20, 2008, the Company entered into a short-term loan agreement with Avion Gold Corporation ("Avion"). The Company loaned Avion US\$1,000,000 (\$1,009,500) which was repayable on or before September 30, 2008 with interest payable monthly commencing April 30, 2008 at an annual rate of 10%. In addition, Avion provided, as consideration, 250,000 common share purchase warrants with an exercise price of \$0.38 per common share and an expiry date of September 30, 2008. The grant date fair value of the warrants was estimated to be \$36,100 which was applied against the carrying value of the loan receivable and was recognized as income over the term of the loan. The 250,000 common share purchase warrants expired unexercised.

Avion did not repay the loan by September 30, 2008. The Company and Avion agreed to an extension of the loan receivable to September 30, 2009. As consideration for extending the note receivable the Company received US\$50,000 (C\$62,285) cash and 2,000,000 common share purchase warrants entitling Aberdeen to purchase one common share of Avion at a price of \$0.20 per share until September 30, 2009. The grant date fair value of the warrants was estimated to be \$96,000, which was applied against the carrying value of the loan receivable to be recognized as income over the remaining term of the loan. In September 2009, the Company exercised its options to acquire 2,000,000 Avion common shares at a cost of \$400,000.

Pursuant to the sale of Ethiopian property rights to Avion completed during the year ended January 31, 2008 for \$2,000,000, the instalment payments of \$750,000 and \$1,000,000 due on June 30 and December 31, 2008 respectively were not received by the Company. Following discussions between Aberdeen and Avion, the \$1,750,000 owed was added to the US\$1,000,000 loan. At January 31, 2009, Avion had aggregate loans outstanding payable to Aberdeen of \$1,750,000 and US\$1,000,000, plus accrued interest.

Avion Gold Corporation (Assignment of Amazon Potash loan)

On May 6, 2009, 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 \$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 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.

Amazon Potash Corp.

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 note receivable the Company received an aggregate of US\$100,000 and 200,000 Amazon Potash shares.



**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**

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

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 its 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 Metais Ltda., a 100% owned subsidiary of Amazon Potash, sold its 100% ownership in Aguia Metais Ltda. to Aguia Resources Limited ("Aguia") (formerly Newport Mining Corp.), an Australian mining company. The transaction included the conversion of 50% of the Amazon Potash loan to be paid in common shares, Performance A Shares and Performance B Shares of Aguia. Through this transaction, the Company received 477,845 common shares given its holding of 2,800,000 shares of Amazon Potash, 666,426 Performance A Shares and 883,375 Performance B Shares of Aguia. As for the conversion of 50% of the Amazon Potash loan plus capitalized interest outstanding (US\$927,390 or AUD\$1,043,738), 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) was applied as reduction to the Amazon Potash loan. The remaining balance of the loan and capitalized interest (US\$791,416 or AUD\$887,178) will be carried by the Company interest free and redeemed upon the conversion of the Performance A and B Shares at any time prior to June 22, 2013. 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% P<sub>2</sub>O<sub>5</sub> 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% P<sub>2</sub>O<sub>5</sub> at the Mata da Corda or Lucena Project within 3 years of being issued.

In June 2010, Amazon Potash sold the 100% ownership of its 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. to the Company. This represents 50% of the Amazon Potash loan and capitalized interest (US\$926,797) owed to the Company. The proposed financing for Potash Atlantico Corp. is 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 Corp. 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 Amazon Potash loan plus capitalized interests outstanding.

Directors of Aberdeen hold director positions in Avion, Directors of Aberdeen hold a director and an officer position in Amazon Potash and Brazil Potash and held director positions in Dynamite. Aberdeen officers and directors also may hold, or have held, investments personally in Amazon Potash, Avion, Brazil Potash and Dynamite.

Russo-Forest Corporation

Through August 2008 to August 2009, the Company loaned an aggregate total of US\$663,710 (\$709,705) and CDN\$500,000 to Russo-Forest Corporation ("Russo-Forest"), a privately held company with timber operations in the Russian northwest. These loans were repayable on or before August 18, 2009 with interest payable on maturity at an annual rate of 15%. The loan is secured against all of the assets of Russo-Forest and its subsidiaries.

**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**

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

On February 2, 2009, Russo-Forest entered into a share exchange agreement with Nyah Resources Corp. ("Nyah"), a junior resource company traded on the TSX Venture exchange. On October 13, 2009, Nyah's shareholders voted in favour of the share exchange agreement; however, the finalization of the acquisition was delayed past October 31, 2009 which triggered a required payment from Russo-Forest to Nyah for \$500,000, as outlined in the agreement. In December 2009, Nyah exercised its right to terminate the share exchange agreement.

As a result of Russo-Forest's inability to finalize the share exchange agreement with Nyah and its difficulties executing its business plans and securing financing, the Company has recorded a provision against loans of \$1,209,705 and accrued interest of \$107,971 outstanding from Russo-Forest.

In May 2010, the Company issued a legal letter to Russo-Forest demanding a repayment of the loan and interest owed to the Company by Russo-Forest by May 31, 2010. Russo-Forest has not responded and the Company is examining its options with respect to the receivable.

A director of Aberdeen is also a director of Russo-Forest. A director and an officer of Aberdeen also hold a director and an officer position in Nyah. Aberdeen officers and directors may hold investments personally in Russo-Forest and Nyah.

**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, where Simmers' shareholders, as unanimously recommended by Simmers' board of directors, voted against the conversion. 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, beginning October 16, 2008. In addition, it is the Company's position that a payment of 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 1% life of mine NSR royalty on gold produced 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 on 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 principal.

Aberdeen's balance sheet, as at October 31, 2010, reflects Aberdeen's interpretation of the agreement. As a result, the US\$10,000,000 (\$10,202,000) loan is recorded as still outstanding at October 31, 2010 and continues to be outstanding subsequent to the quarter.

**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**

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

Management's interpretation is that, pursuant to section 2.6 of the Convertible Royalty Loan Agreement (the "Agreement"), the graduated royalty was 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 also filed the Agreement between the Company and Simmers on SEDAR ([www.sedar.com](http://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 told by Simmers' board and management that their position regarding the agreement, as described above, had not changed. As a result, the Company has 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 loan on the balance sheet as of October 31, 2010. In November 2009, Simmers filed their 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 2011. The Company is still waiting to confirm a new hearing date.

In connection with the Agreement, Aberdeen holds a notarial special covering bond in the amount of US\$10,000,000 plus ZAR5,000,000 (\$730,000) over the assets of the North Plant on Simmers' greater Buffels property.

Aberdeen's balance sheet, as at October 31, 2010, reflects the Simmers' shareholders' February 16, 2009 vote to deny the conversion requested by Aberdeen, along with the Company's interpretation of the Agreement. At October 31, 2010, the Simmers loan was carried at US\$10,000,000 (\$10,202,000), excluding accrued interest, based on a US/Cdn dollar foreign exchange rate of 1.0202 (January 31, 2010 – 1.0693).

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. The royalty interests were capitalized at the estimated fair value on date of the vote and recorded on the balance sheet as a tangible asset with the carrying value being the estimated fair market value of the royalty portion on February 16, 2009. The fair value was estimated using the following assumptions: 1) life of mines and gold production estimates as per Simmers and First Uranium; 2) US\$850 gold price through fiscal 2010, and US\$700 thereafter; and, 3) 5% discount rate. 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. The following table summarizes the carrying values of the Company's royalty interests as at October 31, 2010 and January 31, 2010:

**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**

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

	<b>October 31, 2010</b>		
	<b>Cost</b>	<b>Accumulated Depletion</b>	<b>Net</b>
Royalty interests			
Simmer and Jack Mines, Limited	\$ 23,323,442	\$ (725,383)	\$ 22,598,059
First Uranium Corporation	10,884,297	(605,061)	10,279,236
<b>Total</b>	<b>\$ 34,207,739</b>	<b>\$ (1,330,444)</b>	<b>\$ 32,877,295</b>

	<b>January 31, 2010</b>		
	<b>Cost</b>	<b>Accumulated Depletion</b>	<b>Net</b>
Royalty interests			
Simmer & Jack Mines, Limited	\$ 24,445,948	\$ (501,983)	\$ 23,943,965
First Uranium Corporation	11,408,134	(306,171)	11,101,963
<b>Total</b>	<b>\$ 35,854,082</b>	<b>\$ (808,154)</b>	<b>\$ 35,045,928</b>

Simmer's Buffels Mine

Simmer's produced 19,029 ounces of gold from its South African Buffels mine in the third quarter of fiscal 2011, compared with 29,692 ounces of gold in the comparative period. Production from the Simmer's Buffels mine provided the Company with gold royalty revenue of \$251,676 for the three months ended October 31, 2010. During the three months ended October 31, 2009, royalty revenue from the Buffels mine was \$319,405. 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 Simmer's 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.

During the third quarter of fiscal 2011, First Uranium produced 18,985 ounces of gold from treating the MWS Tailings Dumps, compared with 15,965 ounces in the comparative period. 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 \$251,909 from the MWS Tailings Dumps for the third quarter of fiscal 2011 versus \$162,423 for the second quarter of fiscal 2010.

**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**

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

**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 would be 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 will be limited to 70,144 common shares other than block purchase exceptions. The actual number of common shares that would be purchased, if any, and the timing of such purchases will be determined by Aberdeen considering market conditions, stock prices, its cash position, and other factors.

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 intends to cancel any 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 nine months ended October 31, 2010, the Company purchased and cancelled 835,600 common shares available under the NCIB at an average price of \$0.41 per share. Subsequent to October 31, 2010, the Company purchased and cancelled 140,000 additional shares at an average price of \$0.59 per share.

**OUTLOOK**

The Company believes that the continued money creation by weak western economies and seasonal demand remains supportive for gold. However, barring any new macroeconomic developments, the Company will be cautious with respect to gold prices going into 2011 and watching for a temporary correction. That being said, the Company does not manage its investments for the short term and expects to continue to hold large exposure to gold stocks, primarily on the basis of the growth and valuation upside that it sees with its individual holdings. In addition to the strong performance of its gold holdings, which has continued on into the month of December 2010, Aberdeen also enjoys exposure to increasing gold prices through its gold mining royalties. Aberdeen also believes that the Asian growth story has been muted due to the market's focus on currencies, weak growth among western economies and the strong performance of the precious metals. The company believes that the materials that fuel the secular growth in Asia will continue to perform well, including oil and gas, coal, uranium, agricultural minerals, iron ore, and copper. Aberdeen intends to maintain exposure to these other commodities in order to best benefit from this secular growth story.

**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**

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

**LIQUIDITY AND CAPITAL RESOURCES**

As at October 31 2010, the Company had working capital of \$ 88,347,208, and used cash of \$1,425,223 from its operating activities during the nine months ended October 31, 2010. The working capital consisted largely of the estimated fair value of its portfolio investments of \$74,793,121, loans receivable of \$16,927,746, amounts receivables of \$3,591,402 and cash of \$4,968,479. This was partially offset by current liabilities of \$10,611,062 which included accounts payable and accrued liabilities of \$1,558,974, taxes payable of \$1,514,088, and current portion of future income taxes of \$7,538,000. At October 31, 2010, Aberdeen had a long term portion of future income taxes of \$7,704,000.

**RESULTS OF OPERATIONS**

The net income for the quarter under review was \$18,000,936 compared to earnings of \$5,252,831 for the comparative period. This was largely as a result of unrealized gain on investments of \$25,166,131, royalty revenue of \$503,585, advisory service fees of \$87,381, interest revenue of \$153,257, and other revenue of \$20,000. This was partially offset by realized loss on investments of \$53,511, general and administrative expense of \$494,532, and interests and penalties of \$193,439.

During the comparative quarter of fiscal 2010, the net income of \$5,252,831 was largely the result of an unrealized gain on investment of \$12,981,523, royalties of \$481,828, interest income of \$142,443, partially offset by an realized loss on investment of \$3,490,464, provision of loan receivable of \$1,317,676, administrative expenses of \$393,515 and a foreign exchange gain of \$125,300.

The realized gain on investments of \$6,985,133 and unrealized gain of \$12,805,682 during the nine months ended October 31, 2010 reflects a recovery of the investment portfolio following the poor performance of the portfolio, and equity markets in general, during the previous fiscal year, while benefiting from the strong performance in gold holdings resulting from the global economic uncertainty in the current quarter. Share prices of junior resource companies, the sector in which the Company holds most of its investments, experienced a sharp downturn in the first half of last year but recovered in the second half of the year. At October 31, 2010, the Company's investment portfolio had an estimated fair market value of \$74,793,121 and a cost base of \$46,173,921. At January 31, 2010, the Company's investment portfolio had an estimated fair market value of \$56,227,556 and a cost base of \$40,414,041.

During the third quarter of fiscal 2011, the gold price averaged US\$1,276 per ounce and production from Simmers and First Uranium was approximately 38,000 ounces of gold, resulting in royalty revenue of \$503,585. The average US/Cdn dollar exchange rate during the quarter was 1.0313. During the third quarter of fiscal 2010, the gold price averaged US\$996 per ounce. Based on approximately 46,000 ounces produced and an average US/Cdn dollar exchange rate of 1.0756, the Company recorded royalty revenue of \$481,828.

**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**

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

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 months ended October 31, 2010, the Company recorded depletion expense on its royalty interest of \$182,375 compared to \$221,859 in the comparative period

During the third quarter of fiscal 2011, the Company recorded interest revenue of \$153,257 compared with \$142,443 in the same quarter of fiscal 2010. Interest was earned on the Company's loans outstanding. Loans receivable at October 31, 2010 totaled \$6,725,746 excluding Simmers loan. The Company did not record interest income on the disputed loan to Simmers during the period.

During the quarter, the Company recorded revenue for advisory service fees of \$87,381 compared with \$nil in the third quarter of fiscal 2010 relating to services provided to pre-IPO or early stage public companies.

General and administrative expense increased from \$393,515 in the third quarter of the previous year to \$494,532 in the current fiscal year. The Company also paid interest and penalty of \$193,252 relating to SARS withholding taxes remitted to CRA. General and administrative expenses included consulting and administrative expense of \$271,466 (2009 - \$209,744), stock-based compensation \$22,597 (2009 - \$96,795), professional fees of \$125,448 (2009 - \$37,689), shareholder communication related expenses of \$79,230 (2009 - \$18,264) and travel expense recovery of \$114,596 (2009 - expense \$33,183).

The Company recorded a foreign exchange loss of \$12,548 during the third quarter of fiscal 2011, compared with a gain of \$125,300 in the comparative period. The loss was largely the result of a weakening US dollar vis-à-vis the Canadian dollar. As at October 31, 2010, the US/Cdn dollar exchange rate was 1.0202, compared with 1.0693, at January 31, 2010.

During the nine months ended October 31, 2010, the Company recorded a current income tax provision of \$1,834,143 and a future tax provision of \$2,590,000. 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 gain 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 nine months ended October 31, 2010, a translation adjustment loss of \$1,606,267 (net of taxes - \$1,274,267), (2009 - \$5,792,761 (net of taxes - \$4,276,761)) was recorded as part of other comprehensive income.

**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**

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

**Selected Annual Information**

The following are highlights of audited financial data of the Company for the most recently completed three financial years ended 31 January 2010:

	<b>2010</b>	<b>2009</b>	<b>2008</b>
Net income (loss) for the year	\$21,614,993	\$(9,051,379)	\$2,584,409
Basic income (loss) per share	\$0.24	\$(0.09)	\$0.04
Diluted income (loss) per share	\$0.23	\$(0.09)	\$0.04
Total assets	\$118,282,306	\$100,099,467	\$113,842,465
Total liabilities	\$15,114,633	\$12,610,274	\$15,040,315
Working capital	\$76,583,745	\$60,814,810	\$81,244,913

**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)*

<b>Summary Financial Information for the Eight Quarters Ended October 31, 2010</b>					
<u>Period</u>	<u>Investment gains (losses) &amp; 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>2011</u>					
3rd Qtr	25,877	133,773	18,000	0.21	7,704
2nd Qtr	(9,945)	106,961	(6,474)	(0.07)	8,144
1st Qtr	4,270	116,171	1,800	0.02	8,005
<u>2010</u>					
4 <sup>th</sup> Qtr	12,655	118,282	8,663	0.09	8,516
3 <sup>rd</sup> Qtr (restated)	8,746	106,644	5,253	0.06	9,874
2 <sup>nd</sup> Qtr (restated)	6,820	100,984	3,305	0.04	9,924
1 <sup>st</sup> Qtr (restated)	7,482	102,494	4,394	0.05	11,644
<u>2009</u>					
4th Qtr	30,411	100,099	22,166	0.23	12,191

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 Consolidated Thompson Iron Mines Ltd., Crocodile Gold Corp., Allana Resources Inc., Avion Gold Corp., Magma Metals Ltd., and Pinetree Capital Ltd. The Company has also been affected by another market downturn which resulted in a significant decline in the fair value of the portfolio investments in the current quarter.



**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**

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

**Restatement Resulting from Change in Accounting for Royalty Interest in Mineral Properties**

The statements of operations and comprehensive income for the periods ended April 30, 2009, July 31, 2009 and October 31, 2009 have been restated as a result of changes to the accounting for the Company's royalty interest in mineral properties. The 1% NSR royalties that were received following the Simmers' shareholders' vote to deny Aberdeen its conversion request have been capitalized as tangible assets. The carrying value of these royalty interests are depleted using the unit-of-production method over the life of the property to which the royalty interest relates. In addition, the functional currency of the royalty division has been determined to be the US dollar with any gain or loss on translation included in equity as a separate component of other comprehensive income or loss. The April 30, 2009, July 31, 2009 and October 31, 2009 financial statements as filed continued to account for the royalties as financial instruments that were marked-to-market on a quarterly basis with any unrealized gain or loss included in results from operations for the period.

The net effect of the restatements was to increase net income by \$1,379,000, \$2,825,000 and \$155,000 for the three month periods ending April 30, 2009, July 31, 2009 and October 31, 2009, respectively. For each of these periods there was an offsetting cumulative translation adjustment loss recorded as part of other comprehensive income. The net comprehensive income for each of the three periods remained unchanged.

**CASH FLOWS**

Cash provided by operating activities during the third quarter was \$420,719, compared with \$653,059 used in the comparative period. The difference between the operating cash flow and net loss for the current and the net income in the comparative periods 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 used in financing activities during the third quarter of the fiscal year was \$316,874 compared with \$Nil in the prior year. The Company purchased and cancelled 836,500 shares during the quarter ended October, 31, 2010 under NCIB, which was offset by cash of \$27,600 generated through the exercise of share purchase options.

Cash provided by investing activities during the current quarter was \$1,246,231, compared to \$5,120,522 used in the prior year. During the current quarter, \$1,146,000 was used in the purchase of portfolio investments, while proceeds on the disposal of portfolio investments were \$2,692,231, short-term loans of \$200,000 were repaid and offset by loans of \$500,000 provided. In the same quarter of the prior year, \$2,574,987 was used to purchase portfolio investments, while proceeds on the disposal of portfolio investments were \$8,189,189, short-term loans of \$232,410 were provided, \$260,567 were used in deferred charges and \$703 in the purchase of equipment.

**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**

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

**COMMITMENT AND CONTINGENCIES**

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$495,000 and additional contingent payments of approximately \$3,600,000 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 on the financial statements for the three and nine months ended October 31, 2010.

As outlined above under the section entitled, "Simmer & Jack 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 balance sheet as at October 31, 2010 include the Simmers loan valued at \$10,202,000 and a receivable for \$1,666,710. 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.

In June 2009, the Company entered into a secured debenture agreement to loan up to \$600,000 to Kria Resources with any amounts drawn being due and payable on December 31, 2010. In August 2010, \$500,000 under the debenture agreement was drawn down. Additional details are provided above under the section entitled, "Loans Receivable".

**FINANCIAL INSTRUMENTS**

**Fair value**

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet 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, the Simmer & Jack loan, and accounts payable and accrued liabilities reflected on the balance sheet approximate fair value because of the limited terms of these instruments.
- ii. 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, 2010.
- 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.

**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**

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

The following table illustrates the classification of the Company's financial instruments, measured at fair value on the balance sheet as at October 31, 2010, categorized into levels of the fair value hierarchy in accordance with Section 3862 of the CICA Handbook.

	<b>Level 1</b> <i>(Quoted Market price)</i>	<b>Level 2</b> <i>(Valuation technique- observable market Inputs)</i>	<b>Level 3</b> <i>(Valuation technique- non-observable market inputs)</i>
Cash	\$ 4,968,479	\$ -	\$ -
Investments			
Publicly traded investments	\$ 52,053,920	\$ -	\$ -
Non-trading warrants on public investments	\$ -	\$ 8,542,991	\$ -
Private investments	\$ -	\$ -	\$ 14,196,210

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the nine months ended October 31, 2010. 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.

<b>Investments, fair value</b>	
Opening balance, January 31, 2010	\$ 6,934,527
Net purchases	9,320,936
Change in unrealized gain, net	2,715,296
Transfer of investment from private to public, net	(4,774,549)
<b>Ending balance, October 31, 2010</b>	<b>\$ 14,196,210</b>

**TRANSACTIONS WITH RELATED PARTIES**

All of the related party transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

In accordance with the investment strategy of Aberdeen, the Company's officers and directors have investments in and/or hold officer and director positions in certain companies in which the Company invests. The following is a list of the investments as of October 31, 2010, and the nature of the relationship of the Company's officers or directors with the investment (estimated fair value as of October 31, 2010):

**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**

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

Investment	Nature of relationship	Estimated Fair value
2248964 Ontario Inc.*	Directors and shareholders	\$ 2,000,000
Alderon Resources Corp.	Directors and shareholders	825,000
Alder Resources Ltd.	Directors, officers and shareholders	415,000
Allana Potash Corp.	Shareholders	2,190,478
Apogee Minerals Ltd.	Directors and shareholders	2,235,978
Auger Resources Ltd.*	Directors and shareholders	200,000
Avion Gold Corporation	Directors and shareholders	5,412,234
Belo Sun Mining Corp.**	Directors, officer and shareholders	3,561,800
Brazil Potash Corp.*	Directors and shareholders	1,683,393
Castillian Resources Corp.	Directors and shareholders	1,059,850
Crocodile Gold Corp.	Directors, officers and shareholders	7,940,007
Dacha Strategic Metals Inc.	Directors, officers and shareholders	2,969,153
Eurocontrol Technics Inc.	Directors and shareholders	307,467
Forbes & Manhattan (Coal) Corp.	Directors and shareholders	5,371,367
Kria Resources Ltd.	Directors, officers and shareholders	506,910
Largo Resources Ltd.	Directors and shareholders	1,155,167
Longford Energy Inc.	Directors and shareholders	749,776
Pitchblack Resources Ltd.	Directors and shareholders	3,493,636
Potash Atlantico Corp.*	Directors, officers and shareholders	1,058,943
Rodinia Lithium Inc.	Directors, officers and shareholders	1,921,958
Scandinavian Metals Inc.*	Directors and shareholders	200,000
Stetson Oil & Gas Ltd.	Directors and shareholders	50,000
Sulliden Gold Corporation Ltd.	Directors and shareholders	17,021,184
Temujin Mining Corp*	Directors and shareholders	6,157,000
Vast Exploration Inc.	Directors and shareholders	881,100
Total of 12 other investments	Shareholders/w arrant holders	5,425,720
<b>Total Investments</b>		<b>\$ 74,793,121</b>

\* Private company

\*\* Formerly Verena Minerals Corp.

In addition to the investments listed above, at October 31, 2010, Aberdeen had loans receivable from Amazon Potash Corp., Temujin Mining Corp., Pitchblack Resources Ltd. (formerly Cash Minerals Limited), Castillian Resources Corp., Rodinia Lithium Inc. and undrawn loan facilities with Kria Resources Ltd. Directors and officers of Aberdeen hold director and officer positions in these companies and may hold investments in such companies.

The Company was charged \$67,500 during the nine months ended October 31, 2010 (2009 - \$67,500) by a corporation controlled by Stan Bharti, a director of the Company for administration services.

During the nine months ended October 31, 2010, the Company earned advisory service fees and other revenue of \$482,840 (2009 - \$179,500) from corporations with common directors and officers. These companies included:

Nine months ended October 31, 2010

- Amazon Potash Corp. - \$43,138 in advisory fees;
- Castillian Resources Corp. - \$25,000 in advisory fees;
- Dacha Strategic Metals Inc. - \$107,842 in advisory fees;
- Kria Resources Ltd. - \$11,812 in advisory fees;
- Rodinia Lithium Inc. - \$20,000 other revenue; and
- Temujin Mining Corp. - \$275,048 in advisory fees.

**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**

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

Nine months ended October 31, 2009

- Allana Potash Corp. - \$13,500 in advisory fees;
- Crowflight Minerals Inc. - \$50,000 in advisory fees;
- Dacha Strategic Metals Inc. - \$41,000 in advisory fees;
- Largo Resources Ltd. - \$10,000 in advisory fees;
- Sulliden Gold Corporation Ltd. - \$25,000 in advisory fees; and
- Vast Exploration Inc. - \$40,000 in advisory fees.

Of the total service fees earned, \$293,192 were receivable at October 31, 2010 (January 31, 2010 - \$12,500). In addition, the Company earned or accrued interest income and debt arrangement fees of \$449,053 during the nine months ended October 31, 2010 from Amazon Potash Corp., Castillian Resources Corp, Dacha Strategic Metals Inc., Kria Resources Ltd., Pitchblack Resources Ltd., (formerly Cash Minerals Limited) Rodinia Lithium Inc., and Temujin Mining Corp., (2009 – \$571,364 from Amazon Potash Corp., Avion Gold Corp., Kria Resources Ltd., and Russo-Forest Corporation), all of which have certain common directors and officers with Aberdeen. Of the total interest earned or accrued, \$333,318 was receivable at October 31, 2010 (January 31, 2010 - \$584,921).

As at October 31, 2010, the Company has provision of \$1,317,676 against the outstanding loans and interest receivable from Russo-Forest.

The Company paid or accrued \$556,667 during the nine months ended October 31, 2010 (2009 – \$1,410,917) to directors and officers of the Company for consulting services and fees for acting as directors and officers.

The Company shares its premises with other corporations that have common directors and/or officers. The Company reimburses and recovers from the related corporations for their proportional share of expenses. Included in accounts payable at October 31, 2010 is \$Nil (January 31, 2010 - \$44,282) owing to, \$54,951 (January 31, 2010 - \$2,320) owing from, and \$23,276 (January 31, 2010 - \$2,862) advanced to such corporations. Such amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

## **MANAGEMENT APPOINTMENTS**

On October 7, 2010, the Company announced that Ryan Ptolemy has been appointed CFO of the Company effective immediately. Mr. Ptolemy is a certified general accountant and CFA charter holder. Mr. Ptolemy currently serves as CFO to a number of public companies in the mining sector. From August, 2005, to September, 2009, Mr. Ptolemy was at an independent investment dealer in Toronto, most recently serving as CFO, where he was responsible for financial reporting, auditing, budgeting and internal controls. With Aberdeen's second quarter ending October 31, 2010, Mr. Ptolemy will work with Mr. Stephan Theron (Aberdeen's outgoing CFO), Aberdeen's management team and outside advisors to achieve a seamless transition.

On February 1, 2010, the Company announced that Stephan Theron had joined Aberdeen in the role of Chief Financial Officer ("CFO") and Senior Analyst effective. In addition to acting as Aberdeen's CFO, Mr. Theron will also assist in the analysis and management of Aberdeen's investment portfolio. Mr. Theron has over ten years of extensive financial management, project finance and equity analysis experience in the mining, energy and infrastructure sectors. Prior to joining Aberdeen, Mr. Theron was Sector Head, Materials and Energy at an independent investment research firm, with a focus on emerging markets. He also worked on various capital projects in Southern Africa, North America and Europe. Mr. Theron is a Certified General Accountant and has a Bachelor of Commerce degree from the University of Johannesburg.

**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**  
*(All amounts stated in Canadian dollars, unless otherwise indicated)*

**CRITICAL ACCOUNTING ESTIMATES**

The Company's accounting policies are described in Note 2 to the annual audited financial statements for the year ended January 31, 2010. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses and cash flows for the periods reported. Such estimates and assumptions affect, among other items, the carrying value of its investments and other assets and valuations of stock-based compensation, warrants and tax accounts. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material.

**SIGNIFICANT ACCOUNTING POLICIES**

Except as disclosed below, these unaudited interim financial statements are prepared using the same accounting policies and methods of application as those disclosed in Note 2 to the Company's annual audited financial statements for the year ended January 31, 2010.

***Future accounting pronouncements***

- (a) In January 2009, the CICA issued Handbook Section 1582, *Business Combinations*, replacing Section 1581, *Business Combinations*. The previous Section was removed in order to adopt the relevant extracts of the International Financial Reporting Standard, IFRS 3, *Business Combinations*. The new Section establishes standards for the recognition, measurement, presentation and disclosure of business combinations.

This new standard is applicable to business combinations realized during fiscal years beginning on or after January 1, 2011. The Company expects to implement this standard in its first quarter of fiscal year 2012. This new Section requires that most identifiable assets, liabilities, non-controlling interests and goodwill acquired in a business combination be recorded at "full fair value" and that liabilities associated with restructuring or exit activities be recognized only if they meet the definition of a liability as of the acquisition date. In addition, direct acquisition costs must be expensed when incurred. As a result, if the Company realizes significant business combinations, this new Section could have a material impact on its financial statements because the Company's current policy is to include these costs in the purchase price of the acquired business. At October 31, 2010, the Company does not believe the adoption of this standard will have a material impact on the Company.

**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**

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

- (b) Section 1601, *Consolidated Financial Statements*, replaces and carries forward existing guidance from Section 1600, *Consolidated Financial Statements*, on the aspects of the preparation of consolidated financial statements subsequent to a business combination other than non-controlling interests. Section 1602, *Non-controlling interests*, provides guidance on accounting for non-controlling interests subsequent to a business combination. This Section replicates the provisions of IAS 27, *Consolidated and Separate Financial Statements*, other than the disclosure requirements. Under this new Section, non-controlling interests in subsidiaries must be presented in the consolidated balance sheet with equity, but separated from the parent shareholders' equity. In the statements of operations and comprehensive income, a non-controlling interest must not be deducted in arriving at the consolidated net income, but must be allocated to the controlling interest and the non-controlling interest according to their percentage of ownership.

Sections 1601 and 1602 must be implemented concurrently with Section 1582, *Business Combinations*, discussed above. Both Sections are applicable for fiscal years beginning on or after January 1, 2011 with earlier adoption permitted as of the beginning of a fiscal year. Section 1602 is to be applied retrospectively, with certain exceptions. Entities planning business combinations for the years beginning on or after January 1, 2010 should consider adopting these new standards in or before that year to avoid restatement on transition to IFRS in 2011. The Company expects to implement this standard in its first quarter of fiscal year 2011. The Company does not believe the implementation of this new standard will have a material impact on the Company's financial statements.

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board has confirmed January 1, 2011 as the date that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publicly accountable enterprises. As a result, Aberdeen will report under IFRS for interim and annual periods beginning February 1, 2011, with comparative information for fiscal 2011 restated for IFRS. Adoption of IFRS will require the Company to make certain accounting policy choices that could materially impact the reported financial position and results of operations. The Company's goal is to make policy changes that are compliant with IFRS but also provide the most meaningful information to the Company's shareholders.

The Company has developed a changeover plan which includes the following three phases and sets out activities to be performed in each phase over the life of the project.

- Assessment phase: in this phase, the Company formed a working group, developed an initial project plan, and identified high level differences between Canadian GAAP and IFRS that may impact the Company. This phase was completed in fiscal 2010 in conjunction with external consulting resources.
- Design phase: This phase involves the completion of analyses of the differences between Aberdeen's accounting policies and IFRS to provide a basis for accounting policy recommendations. The working group in this phase will be comprised of the CFO, the accounting/finance team, external consultants with regular updates to the audit committee.
- Implementation phase: this phase involves the implementation of the necessary changes to the Company's information systems and business processes as identified through the assessment and design phases of the changeover plan. The implementation of the Company's fiscal 2011 dual reporting strategy, the amendment and testing of internal controls over financial reporting and disclosure controls and procedures impacted by accounting policy changes are key tasks that will allow for the preparation of a February 1, 2010 opening balance sheet and fiscal 2011 comparative data under IFRS, with reconciliations from Canadian GAAP. The final phase will result in the preparation of financial reporting under IFRS beginning in fiscal 2012.

**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**

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

Updates regarding the progress of the IFRS changeover plan are provided quarterly to the Company's Audit Committee.

As the Company is still in the evaluation and development phases and has not yet selected all of its accounting policy choices and IFRS 1 exemptions, the Company is unable to quantify the impact of IFRS on its financial statements. The Company has identified the areas noted below as those expected to have the most significant impact on its financial statements. The items listed below do not represent a complete list of areas impacted. As the Company progresses further into the design and implementation phases and decision are made regarding accounting policies, and as changes to Canadian GAAP and IFRS standards may occur prior to the changeover date, the areas impacted and the effect may be subject to change. The Company will disclose impacts on or financial reporting, including expected quantitative impacts, systems and processes and other areas of the Company's business in future MD&As as they are determined.

**IFRS 1 – First time adoption** – IFRS 1 generally requires that an entity apply all IFRS effective at the end of its first IFRS reporting period retrospectively, with a number of optional exemptions and mandatory exceptions. The Company is currently evaluating these available exemptions in the areas of fair value as deemed cost and share-based payments.

- Deemed Cost – The Company may elect to measure certain assets at the date of transition to IFRS at its fair value and use that fair value as its deemed cost at that date. The option is available on an individual asset by asset basis, The Company is currently evaluating the impact of this exemption.
- Share-based payments - IFRS 1 provides the option to adjust the share-based payments and related expense only to those instruments that have not yet vested as at the transition date. Share-based payments that vested prior to the transition date do not get retrospective application of IFRS 2. The Company is currently evaluating this exemption.

**IFRS 2 – Share based payments** - Under IFRS, each installment of share options that vest in installments shall be treated as a separate award with a different fair value. Unlike Canadian GAAP, IFRS does not provide for an election to treat such options as a pool and recognize the expense on a straight line basis. The Company has established that the use of the Black-Scholes model will be an acceptable method to estimate the fair value of the options at the date of grant under IFRS, and this is consistent with the Company's current practice. The aforesaid differences may result in a difference in valuation of the share based awards and timing differences for the recognition of compensation expenses.

**IAS 28 – Investments in associates** - There are a number of differences between IFRS and Canadian GAAP relating to accounting for equity accounted investments, including the rules surrounding the determination of "significant influence". Per IAS 28.38, investments in associates accounted for using the equity method shall be classified as non-current assets. The investor's share of the profit or loss of such associates, and the carrying amount of those investments, shall be separately disclosed. The investor's share of any discontinued operations of such associates shall also be separately disclosed.

Previously, in CICA 3051, investments did not provide specific guidance on whether to treat equity investments as short term or long term. The equity investment made in Forbes Coal was classified as a short-term investment because it was Aberdeen's intent to dispose of this investment within 12 months. As a result, per IFRS, the \$800,000 Equity accounted investment in 2010 should be reclassified from short-term to long-term.

A review of investments to identify if any other investments would qualify for treatment in accordance with "investments in associates" is being completed.



**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**

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

**IAS 36 – Impairment of assets** - Canadian GAAP generally uses a two-step approach to impairment testing: first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists; and then measuring any impairment by comparing asset carrying values with fair values. IFRS uses a one-step approach for both testing for and measurement of impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use, which is based on discounted future cash flows. This may potentially result in more impairment losses where carrying values of assets were previously supported under Canadian GAAP on an undiscounted cash flow basis, but could not be supported on a discounted cash flow basis. In addition, under IFRS if the conditions which gave rise to an impairment no longer exist, the previous impairment charge, other than for goodwill, must be reversed, to a maximum of the net carrying value of the property, plant and equipment had the impairment charge not been recorded. This is expected not to have an impact at the transition date. Subsequent to the transition date, any potential impact will be dependent upon future circumstances as described above.

Other key standards:

IAS 12 – Income taxes

IFRS 37 – Provisions, contingent liabilities and contingent assets

## **RISKS AND UNCERTAINTIES**

As the Company's expected future revenue stream is based on gold production operations in foreign jurisdictions and gains on its portfolio investments, risks include, but are not limited to, uneconomic grades or costs of recovery, falling commodity prices, a strengthening Canadian dollar versus foreign currencies, particularly the United States dollar, increasing costs, capital market weakness, key personnel changes, changes in domestic and foreign laws, environmental legislation, labour relations, and other risks and hazards associated with mining operations. For further discussion of risk factors and other information please refer to Aberdeen's AIF filed on April 30, 2010 under the profile of the Company at [www.sedar.com](http://www.sedar.com).

The Company is required to value its investments on a periodic basis. The investment valuations, often in the absence of readily ascertainable market values will be estimated by management and approved by the Board of Directors. However, because of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

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 balance sheet as at October 31, 2010 include the Simmers loan valued at \$10,202,000 and a receivable for \$1,642,979. 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.

## **SUBSEQUENT EVENTS**

Subsequent to October 31, 2010, the Company purchased and cancelled 140,000 of its common shares under NCIB at an average price of \$0.59 per share.

On November 30, 2010, the Company issued 200,000 options to a director and an officer of the Company to purchase the shares of the Company at \$0.64 until November 30, 2015.

## **MULTILATERAL INSTRUMENT 52-109 DISCLOSURE**

**ABERDEEN INTERNATIONAL INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Nine Months Ended October 31, 2010**

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

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.

The Management, including the Chief Executive Officer and Chief Financial Officer, carried out an assessment of the design of the Company's internal controls over financial reporting and concluded that a material weakness existed during the year-ended January 31, 2010. To strengthen the internal control process over financing reporting, the Company has recruited additional accounting staff during the first quarter.

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 October 31, 2010.

**SUPPLEMENT TO THE FINANCIAL STATEMENTS**

As at December 7, 2010, the following common shares, common share purchase options and share purchase warrants were issued and outstanding:

- 86,757,339 common shares;
- 37,500,000 share purchase warrants with an exercise price of \$1.00, expiring June 6, 2012; and,
- 8,155,000 common share purchase options with exercise prices ranging from \$0.12 to \$0.85, expiring between January 20, 2011 and November 30, 2015.