



ABERDEEN
INTERNATIONAL

Management's Discussion and Analysis

**FOR THE YEARS ENDED
JANUARY 31, 2012 AND 2011**

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JANUARY 31, 2012

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

GENERAL

This management's discussion and analysis of the operations, results and financial condition of Aberdeen International Inc. ("Aberdeen", or the "Company") should be read in conjunction with the annual audited financial statements for the years ended January 31, 2012 and 2011, including the notes thereto. The annual audited financial statements and related notes of Aberdeen have been prepared in accordance with International Financial Reporting Standards ("IFRS"). A detailed summary of the Company's significant accounting policies is included in Note 3 of the Company's annual audited financial statements for the year ended January 31, 2012, which have been consistently applied. The Company's functional and reporting currency is the Canadian dollar. Unless otherwise noted, all references to currency in this Management's Discussion and Analysis ("MD&A") refer to Canadian dollars.

Additional information regarding Aberdeen, including our Annual Information Form ("AIF") dated April 25, 2012 and press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online under the Company's profile at www.sedar.com. This MD&A reports on the Company's activities through April 25, 2012.

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Canadian Accounting Standards Board requires publicly accountable enterprises such as us to adopt IFRS for fiscal years beginning on or after January 1, 2011. Accordingly, the Company's annual audited financial statements for the year ended January 31, 2012 have been prepared in accordance with IFRS as published by the International Accounting Standards Board.

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

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

For further information, please refer to the Company's annual audited Financial Statements and Notes for the year ended January 31, 2012.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

The annual report, including this MD&A, may contain certain "Forward-Looking Information" within the meaning of applicable securities law, which are prospective and reflect management's expectations regarding Aberdeen's future growth, results of operations, performance and business prospects and opportunities. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding the Company's plan of business

operations; projections regarding future success based on past success; availability of financing on acceptable terms; ability to identify and execute investments; investment philosophy and business purposes; projected costs and expenditures; potential benefits of the business; anticipated returns; potential mineralization; projection of future revenue; targets for cash operating costs; and future plans and objectives of Aberdeen are forward-looking information that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from Aberdeen's expectations include, but are not limited to, in particular, past success or achievement does not guarantee future success; risks related to investment performance, market fluctuations, fluctuations in commodity prices, uncertainties relating to the availability and costs of financing needed in the future, the strength of the Canadian and US economies and financial markets, foreign exchange fluctuations, competition, political and economic risks in the countries and financial markets in which the Company's investments' interests are located and other risks included elsewhere in this MD&A under the heading "Risks and Uncertainties" as well as those factors discussed in or referred to in the AIF of the Company filed on April 25, 2012, under the profile of the Company at www.sedar.com. Estimates and assumptions that have been considered when formulating forward-looking information include, with respect to the valuation of the Village Main Reef (formerly Simmer & Jack) and First Uranium royalties, the dispute with Village Main Reef (formerly Simmer & Jack) over the interpretation of the Convertible Royalty and Loan Agreement and the settlement thereof, information disclosed by Village Main Reef (formerly Simmer & Jack) and First Uranium regarding their properties and expected production schedule and timeline, projections regarding mineral prices; and with respect to the investments and investment philosophy of Aberdeen, management expertise and knowledge of the resources industry and the continued involvement of the current management team with Aberdeen. With regard to all information included herein relating to investee companies, Aberdeen has relied exclusively on publicly available information disclosed by the respective companies.

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

OVERVIEW

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

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

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

The Company began operating as a global investment and merchant banking company in July 2007. As at January 31, 2012, the portfolio had investments in 43 companies with an estimated fair market value of \$72,327,350 (cost – \$63,139,485).

FISCAL 2012 PERFORMANCE HIGHLIGHTS

Operating Results	For the years ended January 31,	
	2012	2011
Realized gain on investments, net	\$ 9,828,111	\$ 17,498,258
Unrealized gain / (loss) on investments, net	(50,018,891)	43,393,240
Net investment gain/ (loss)	(40,190,780)	60,891,498
Other revenue	3,307,073	3,333,246
Net income / (loss) for the period	(37,813,636)	34,840,202
Basic earnings per share	(0.44)	0.40
Fully diluted earnings per share	(0.44)	0.37
	January 31, 2012	January 31, 2011
Investments, at fair value	\$ 72,327,350	\$ 104,809,740
Shareholders' equity	96,081,173	136,314,609

During 2012, the Company realized gain on investments of \$9,828,111 compared to \$17,498,258 for the previous year. The Company had a net investment loss of \$40,190,780 compared to a net investment gain of \$60,891,498 for 2011. The Company's net loss for 2012 was \$37,813,636 (\$0.44 per basic share) compared to net income of \$34,840,202 (\$0.40 per basic share) for the previous year. As at January 31, 2012 the Company's investments decreased to \$72,327,350 from \$104,809,740 as at January 31, 2011. During the year ended, the Company's shareholders' equity decreased to \$96,081,173 from \$136,314,609 as at January 31, 2011.

INVESTMENTS, AT FAIR VALUE THROUGH PROFIT AND LOSS, AS AT JANUARY 31, 2012

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

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

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

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

Public Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
Agua Resources Ltd.*		3,438,659 common shares	\$ 2,267,976	\$ 1,773,478	2.5%
		277,393 option expire Dec 31, 2014			
		4,145,556 performance shares A			
		3,318,763 performance shares B			
		1,917,074 performance rights - class A			
		2,875,615 performance rights - class B			
		2,875,615 performance rights - class C			
Alderon Iron Ore Corp.	(iii)	446,100 common shares	466,100	1,500,842	2.1%
Alder Resources Ltd.	(iii)	2,500,000 common shares	250,000	712,750	1.0%
		1,250,000 w warrants expire Feb 1, 2014			
Alexis Mineral Corp.		2,500,000 common shares	250,000	112,500	0.2%
Allana Potash Corp.		3,375,000 common shares	1,190,671	2,666,250	3.7%
Bell Copper Corp.	(iii)	1,150,000 common shares	230,000	93,150	0.1%
		1,150,000 w warrants expire Nov 25, 2012			
Belo Sun Mining Corp.**	(iii)	1,053,667 common shares	813,796	3,081,844	4.3%
		3,000,000 w warrants expire March 3, 2012			
Black Iron Inc.	(iii)	6,000,000 common shares	3,504,812	3,900,000	5.4%
Cap-Ex Ventures Limited		1,175,000 common shares			
		1,175,000 w warrants expire Jan 13, 2014	998,750	1,684,833	2.3%
Castillian Resources Corp.	(iii)	18,374,000 common shares	2,969,075	1,426,692	2.0%
		2,273,000 w warrants expire June 21, 2013			
Dacha Strategic Metals Inc.	(iii)	392,951 common shares	220,789	204,335	0.3%
Desert Eagle Resources Ltd.****		938,889 common shares	845,000	301,383	0.4%
		938,889 w warrants expire Sep 15, 2013			
East Asia Minerals Corporation	(iii)	3,800,000 common shares	1,890,180	2,993,840	4.1%
		3,600,000 w warrants expire Dec 15, 2013			
Eurocontrol Technics Group Inc.	(iii)	1,333,333 w warrants expire Sep 17, 2012	75,546	26,000	0.0%
Forbes & Manhattan (Coal) Corp.	(iii)	2,406,797 common shares	3,443,875	4,413,259	6.1%
		550,000 performance shares			
Largo Resources Ltd.	(iii)	2,063,333 common shares	285,413	598,367	0.8%
Longford Energy Inc.	(iii)	1,250,000 w warrants expire Jun 8, 2013	55,250	48,250	0.1%
Pitchblack Resources Ltd.***	(ii)	2,180,303 common shares	410,988	342,220	0.5%
		3,030,303 w warrants expire Oct 29, 2012			
Rodinia Lithium Inc.	(iii)	3,978,333 common shares	1,831,925	843,992	1.2%
		416,667 w warrants expire Sep 10, 2012			
Silver Bear Resources Inc.	(iii)	1,674,230 common shares	1,339,384	987,796	1.4%
Stetson Oil & Gas Ltd.		9,724,000 preferred shares	-	97,240	0.1%
Sulliden Gold Corporation Ltd.	(iii)	15,904,572 common shares	12,109,150	25,288,269	35.0%
United Silver Corp.		1,215,050 common shares	644,860	614,679	0.8%
		1,372,550 common shares expire Aug 2, 2014			
Vast Exploration Inc.	(iii)	10,000,000 common shares	805,770	550,000	0.8%
Total of 7 other investments	(iv)		2,508,992	1,740,004	2.3%
Total public investments			\$ 39,408,302	\$ 56,001,973	77.4%
Total investments			\$ 63,139,484	\$ 72,327,350	100.0%

* Formerly New port Mining Ltd.,

** Formerly Verena Minerals Corp., 3,000,000 w warrants exercised subsequent to January 31, 2012

*** Formerly Cash Minerals Ltd.

**** Formerly Garrison International Ltd.

Note

(i) The Company has issued a Section 102 report under the Ontario Securities Act for this investment;

(ii) The Company owns, on a partially diluted basis, at least a 10% interest in the investee as at January 31, 2012.

(iii) A director and/or officer of the Company is a director and/or officer of the investee corporation.

(iv) Total other investments held by the Company, which are not individually listed as at January 31, 2012. Directors and officers may hold investments personally.

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

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

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

* publicly listed on March 29, 2011

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

Public Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
Agua Resources Ltd.*		1,521,583 common shares 4,145,556 performance shares A 3,318,763 performance shares B	\$ 614,793	\$ 3,682,904	3.5%
Alderon Iron Ore Corp.	(iii)	500,000 common shares	500,000	1,775,000	1.7%
Alder Resources Ltd.	(iii)	1,000,000 common shares	250,000	175,000	0.2%
Apogee Silver Ltd.	(iii)	5,350,000 common shares 1,175,000 warrants expire April 30, 2011 1,250,000 warrants expire Dec 22, 2011	1,039,945	2,766,735	2.6%
Avion Gold Corporation	(iii)	1,591,800 common shares 2,500,000 warrants expire May 8, 2011	1,171,137	5,013,216	4.8%
Belo Sun Mining Corp.**	(iii)	3,708,667 common shares 3,000,000 warrants expire March 3, 2012	2,297,428	4,407,980	4.2%
Castillian Resources Corp.	(iii)	11,410,000 common shares 1,000,000 warrants expire June 30, 2011	2,032,656	1,766,400	1.7%
Crocodile Gold Corp.	(iii)	1,245,866 common shares	1,053,914	1,669,460	1.6%
Dacha Strategic Metals Inc.*****	(iii)	3,680,362 common shares 2,501,551 warrants expire June 16, 2014	1,755,913	2,061,699	2.0%
Eurocontrol Technics Group Inc.	(iii)	1,333,333 common shares 1,333,333 warrants expire Sep 27, 2012	200,000	314,267	0.3%
Forbes & Manhattan (Coal) Corp.	(iii)	1,705,196 common shares 1,100,000 performance shares	2,994,549	7,758,642	7.4%
Largo Resources Ltd.	(iii)	3,983,333 common shares	551,000	2,111,166	2.0%
Longford Energy Inc.	(iii)	3,259,869 common shares	1,109,331	1,287,659	1.2%

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

* Formerly New port Mining Ltd.,

** Formerly Verena Minerals Corp.

*** Formerly Cash Minerals Ltd.

**** Formerly Kria Resources Ltd.

***** Warrants have an exercise price of \$0.42 until June 16, 2012, \$0.50 after June 16, 2012

Note

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

During the year ended January 31, 2012, the Company invested approximately \$25 million in portfolio acquisitions and disposed of investments receiving proceeds of \$28.5 million for a realized gain of \$9.8 million. During the year ended January 31, 2012, the Company made new investments in Alexis Minerals Corp (gold), Alder Resources Ltd. (gold and based metal), Black Iron Inc. (iron), Capital Ex-Ventures Limited (iron), Castillian Resources Corp. (gold), Copper One Inc. (copper), Crocodile Gold Inc. (gold), Desert Eagle Resources Ltd. (gold), East Asia Minerals Corporation (gold, copper and uranium), Legacy Platinum (private platinum), Longford Energy (oil), Rodinia Lithium Inc. (lithium), Scandinavian Metals Inc. (private base metals), Silver Bear Resources Inc. (silver), Sulliden Gold Corporation (gold), United Silver (silver), and Windamere Ventures (gold). The Company reduced its holdings in the following companies Allana Potash Inc. (potash), Apogee Minerals Ltd. (silver) Avion Gold Corporation (gold), Belo Sun Mining Corp (gold), Crocodile Gold Inc. (gold), Dacha Strategic Metals Inc. (rare earths), Eurocontrol Technics Group Inc. (energy), Largo Resources Inc. (Vanadium-PGM), Longford Energy Inc. (oil), and Trevali Mining Corp. (base metals).

During the year ended January 31, 2012, the fair market value of the Company's investment portfolio had a cumulated unrealized gain of \$9,187,866. The Company's had unrealized gains of approximately \$7.6 million from its gold and silver holdings, and \$1.8 million from its agriculture holdings.

LOANS

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

Aberdeen's loan portfolio as at January 31, 2012 and 2011, and February 1, 2010:

	Nature of debt	January 31, 2012	January 31, 2011	February 1, 2010
Amazon Potash Corp.	Secured	\$ -	\$ -	\$ 1,830,765
Castillian Resources Corp.	Convertible	-	1,641,617	-
China Railway Mining Corp.	Convertible	-	1,251,875	-
Desert Eagle Resources Ltd.*	Unsecured	635,170	-	-
Legacy Platinum Corp.	Convertible	862,808	-	-
Pitchblack Resources Ltd.	Unsecured	100,000	-	-
Scandinavian Metals Inc.	Convertible	859,000	-	-
Temujin Mining Corp. +	Convertible	-	3,629,960	6,415,800
Trevali Mining Corp.**	Secured	-	500,000	-
		\$ 2,456,978	\$ 7,023,452	\$ 8,246,565

+ Debenture changed from secured to secured convertible October 1, 2010

* Formerly Garrison International Ltd.

** Formerly Kria Resources Ltd.

Temujin Mining Corp.

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

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

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

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

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

Castillian Resources Corp.

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

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

At January 31, 2011, the Company recognized an unrealized gain of \$1,156,383 on the convertible loan based on the fair market value of Castillian's shares. This amount was reversed subsequent to the 2011 year-end due to longer than anticipated time delays for regulatory approval. In October 2011, the Company was informed that the TSX Venture Exchange did not approve the loan extension agreement and the 1,000,000 warrants granted. Consequently, the Company recognized a loss on these warrants. On December 30, 2011, Castillian repaid the principal plus interest in full.

A director of Aberdeen, Stan Bharti was a former director of Castillian. A director of Aberdeen, Michael Hoffman, is a director of Castillian.

Legacy Platinum Corp.

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

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

An officer of Aberdeen, Richard Bishop, also serves as a director of Legacy.

United Silver Corp.

On July 20, 2011, the Company entered into an agreement with Forbes to acquire a 50% interest in and to all of Forbes' rights and obligations under the loan agreement issued by United Silver Corp. ("USC") on July 20, 2010 to Forbes in return for a cash payment to Forbes in the amount of \$1,000,000, equal to 50% of USC's loan obligations to Forbes. The loan was secured against all assets of USC. The principal of the loan plus interest of 9% calculated monthly was payable in full on December 31, 2011. Interest on overdue amounts is payable on demand. On December 22, 2011, the principal plus accrued interest was repaid by USC in full.

A director and an officer of Aberdeen, Stan Bharti and Ryan Ptolemy, were a former director and a former officer of USC.

China Railway Mining Corp.

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

The principal of the debenture plus interest of 6% per annum was repayable on December 31, 2010. On December 31, 2010, China Railway did not repay the loan and interest owed. At April 30, 2011, the value of the conversion was assessed as nominal. In February, 2011, the Company issued a demand letter to China Railway requesting repayment of the principal plus interest in full. The Company also made a provision for the loan and interest receivable totaling \$1,258,688 at July 31, 2011.

Scandinavian Metals Inc.

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

During the year ended January 31, 2012, the principal amount of \$1,038,138 loaned during fiscal 2011 and 2012 was converted into 20,762,765 shares of SMI at \$0.05 per share. As of January 31, 2012, a sum of principal plus accrued interest of \$924,372 remained outstanding.

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

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

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

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

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

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

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

During the year ended January 31, 2012, the Company provided a working capital facility to Desert Eagle Resources Ltd. ("Desert Eagle") interest free, unsecured and due on demand. The Company continued to advance funds to Desert Eagle. On September 16, 2011, the Company participated in Desert Eagle's equity financing and acquired 16,900,000 units (now 938,889 units because of 18:1 consolidation) of Desert Eagle at \$0.05 per unit. A sum of \$845,000 owed by Desert Eagle was applied against the subscription of the units. On January 31, 2012, the Company entered into a bridge loan agreement with Desert Eagle for the remaining balance of the working capital loan in the amount of \$670,791 consisting of \$635,171 in principal and \$35,620 in accrued and unpaid interest. The principal of the loan will mature, and becomes due and payable on December 31, 2012. Interest is calculated and payable semi-annually at the rate of 10% per annum.

Pitchblack Resources Ltd. (formerly Cash Minerals Ltd.)

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

On October 7, 2011, Pitchblack issued a promissory note to the Company for a loan of \$100,000. The note bears interest at a rate of 10% per annum, compounded annually. The outstanding principal amount and interest accrued are due and payable on demand anytime after March 1, 2012. Currently, Pitchblack is negotiating with the Company to extend the loan to June 30, 2012.

A director of Aberdeen, Stan Bharti, was a former director of Pitchblack.

Amazon Potash Corp.

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

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

In September 2009, Amazon Potash spun out some of its potash claims in Brazil to a wholly-owned subsidiary named Brazil Potash Corp. ("Brazil Potash"). The shares in Brazil Potash were distributed to the Amazon Potash shareholders. Aberdeen, as a shareholder of Amazon Potash, received 1,650,062 shares of Brazil Potash.

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

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

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

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

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

The loan also had an option that allowed Aberdeen to call for its conversion into equity of Simmers at ZAR 0.80 per share at any time from January 1, 2007 to December 31, 2008, subject to Simmers shareholders' approval. On October 16, 2008, the Company called for conversion to equity and a shareholder vote was held on February 16, 2009, whereby the Simmers' shareholders voted against the conversion as unanimously recommended by Simmers' board of directors. As a result, it was Aberdeen's position that the US\$10,000,000 loan was due, as of its maturity date of December 31, 2008, and Aberdeen was entitled to a 1% life of mine NSR on the gold produced on the underlying assets, starting October 16, 2008. In addition, it was the Company's position that a payment of approximately US\$1,363,000 was due from Simmers which is the graduated royalty calculated at a rate of 4.75% on the gold produced between October 16, 2008 and December 31, 2008, the maturity date of the loan, in addition to the a 1% life of mine NSR royalty on gold production starting October 16, 2008.

However, it was Simmers' position that the request for conversion into equity had caused the loan facility to term inate, ending the remaining graduated royalty payment and forfeiting repayment of the US\$10,000,000 principal and remaining interest payments. Accordingly, Simmers' management contends that the shareholder vote to deny the conversion request had resulted in Aberdeen receiving only the 1% NSR, but not the US\$10,000,000 loan principal.

On June 27, 2011, Simmers was acquired by Village Main Reef Limited ("Village Main Reef").

On October 8, 2011, through arbitration, a settlement agreement was reached for the outstanding claim of US\$10,000,000 loan principal and balance payable on the graduated gold royalty from the fourth quarter of calendar 2008. Village Main Reef has agreed to pay Aberdeen an amount of US\$9,000,000 in cash and will continue to pay Aberdeen in perpetuity, the 1% NSR on the gold produced from the Buffelsfontein mine. Accordingly, the Company has recognized a loss of \$2,399,198 on the settlement during the year ended January 31, 2012.

The US\$9,000,000 was received in installments, with US\$4,000,000 due and received on October 10, 2010. The remaining US\$5,000,000 plus interest (at the rate of 10% per annum), were received in five equal monthly installments, the first of which, on October 25, 2011. The remaining four installments were received on the twenty-fifth day of each succeeding month (the last installment was received subsequent to January 31, 2012). Village Main Reef has provided a corporate guarantee in respect of both the installment payments under the settlement and Aberdeen's continuing 1% NSR.

ROYALTY INTERESTS ON MINERAL PROPERTIES

Simmers' Buffels Mine (acquired by Village Main Reef)

Simmers produced approximately 58,119 ounces of gold from its South African Buffels mine in the 2011 calendar year, compared with approximately 77,589 ounces of gold in the previous calendar year. Production from the Simmers' Buffels mine provided the Company with gold royalty revenue of \$857,567 for the year ended January 31, 2012. During the year ended January 31, 2011, royalty revenue from the Buffels mine was \$978,271. Production from the Buffels mine was subject to the 1% NSR since January 2009.

First Uranium Mine Waste Solutions Tailings Recovery Operation

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

First Uranium produced approximately 96,274 ounces of gold from treating the MWS Tailings Dumps in the 2011 calendar year, compared with approximately 79,101 ounces in the previous calendar year. Production from the MWS Tailings Dumps was subject to the 1% NSR. As a result, the Company recorded royalty revenue of \$1,551,977 from the MWS Tailings Dumps for the year ended January 31, 2012 versus \$1,031,453 for fiscal 2011.

Sale of Royalty Interests

On April 25, 2012, the Company entered into an agreement to sell its two royalty interests to Premier Royalty Corporation ("Premier Royalty") for cash consideration of \$11.5 million and a convertible debenture in the amount of \$9.4 million. Refer to Subsequent events for details.

As at January 31, 2012, the Company wrote-down the carrying value of the royalty interests by \$5.4 million in anticipation of the sale to Premier Royalty.

RESULTS OF OPERATIONS

The net loss for the year ended January 31, 2012 was \$37,813,636 compared to net income of \$34,840,202 for the year ended January 31, 2011. This was a result of a lower realized gain and a larger unrealized loss on investments for the year ended January 31, 2012 compared to 2011. The decrease in revenue was offset by lower general and administration expenses and a deferred tax recovery in 2012.

The realized gain on investments of \$9,828,111 and unrealized loss of \$50,018,891 during the year ended January 31, 2012 reflecting the softer markets experienced in the investment portfolio and the equity markets. At January 31, 2012, the Company's investment portfolio had an estimated fair market value of \$72,327,350 and a cost base of \$63,139,485. At January 31, 2011, the Company's investment portfolio had an estimated fair market value of \$104,809,740 and a cost base of \$46,759,365.

During the year ended January 31, 2012, the gold price averaged US\$1,594 per ounce and production from Simmers and First Uranium was approximately 152,000 ounces of gold, resulting in royalty revenue of \$2,409,543. The average US/Cdn dollar exchange rate during the year was approximately 0.9908. During the year ended January 31, 2011, the gold price averaged US\$1,245 per ounce. Based on approximately 158,000 ounces produced and an average US/Cdn dollar exchange rate of approximately 1.0227, the Company recorded royalty revenue of \$2,009,725. The Company wrote down the carrying value of its royalty interests on mineral properties by \$3,904,772 in fiscal 2011 and \$5,428,640 in fiscal 2012.

During the year ended January 31, 2012, the Company recorded interest revenue of \$839,733 compared with \$764,177 for the year ended January 31, 2011. Interest was earned on the Company's loans outstanding. Loans receivable at January 31, 2012 totaled \$2,456,978.

During fiscal 2012, the Company recorded revenue for advisory service fees of \$57,797 compared with \$539,344 the year ended January 31, 2011 for debt financing / restructuring and equity financing services provided to pre-IPO or early stage public companies.

General and administrative expense for the year ended January 31, 2012 was \$4,602,138 compared to \$9,243,360 for the year ended January 31, 2011. For the year ended January 31, 2012, other major expenses of the Company that comprise general and administrative expenses include share-based compensation \$517,589 (2011 - \$644,683) as the Company granted 1,045,000 (2011 - 2,085,000) options to directors, officers, employees and consultants of the Company; bonus of \$nil (2011 - \$5,788,935); consulting, salaries, wages and administrative expense of \$1,525,943 (2011 - \$1,488,030); legal, accounting and professional fees \$736,453 (2011 - \$448,664); Filing and transfer agent fees of \$46,657 (2011 - \$36,541); shareholder communications and promotions \$374,769 (2011 - \$252,758), travel costs \$426,620 (2011 - \$165,988); office expenses of \$188,581 (2011 - \$196,970); and unrecoverable GST/HST \$785,523 (\$145,791). The Company made a provision on the loan and interest

receivable of \$1,258,688 from China Railway Mining Corp; a provision on the investment recoverable expenses of \$537,962 and recognized a loss of \$2,399,198 on the Simmers settlement.

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 year ended January 31, 2012, the Company recorded depletion expense on its royalty interest of \$682,030 compared to \$753,995 in the year ended January 31, 2011.

The Company recorded a foreign exchange gain of \$216,818 during the year ended January 31, 2012 compared with a foreign exchange loss of \$884,071 in 2011. The gain was largely the result of a weakening US dollar vis-à-vis the Canadian dollar over the year. As at January 31, 2012, the US/Cdn dollar exchange rate was 1.0028, compared with 1.0015, at January 31, 2011.

During the year ended January 31, 2012, the Company recorded a current income tax provision of \$770,475 and a deferred tax recovery of \$14,764,000. 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 deferred income tax gain resulted from the unrealized losses on the portfolio investments.

The functional currency of the Company's royalty division is the US dollar. As a result, all gains and losses on translation are included in equity as a separate component of other comprehensive income or loss. During the year ended January 31, 2012, a translation adjustment gain of \$28,984 (after taxes - \$91,984), (2011 - \$2,203,661 (net of taxes - \$1,722,659)) was recorded as part of other comprehensive income.

CASH FLOWS

Cash used in operating activities during the year ended January 31, 2012 was \$8,851,679 and compared with \$1,106,888 during the year ended January 31, 2011. The difference between the operating cash flow and the net income for the year ended January 31, 2012 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 year ended January 31, 2012 was \$3,029,373 compared to \$615,290 during the year ended January 31, 2011. The Company purchased and cancelled 2,544,700 shares at an average price of \$0.75 per share during the year ended January 31, 2012 under NCIB, which was offset by cash of \$610,974 generated through the exercise of share purchase options. The Company also paid dividends of \$1,742,297 during the current year.

Cash provided by investing activities during the year ended January 31, 2012 was \$5,203,314 compared to \$12,505,678 in the prior year. During the year ended January 31, 2012, \$25,002,874 was used in the purchase of portfolio investments, while proceeds on the disposal of portfolio investments were \$28,499,159, short-term loans provided of \$8,343,471 and short-term loans repaid of \$10,050,500 including \$8,050,500 received from Simmers settlement. In the prior year ended, \$22,911,789 was used to purchase portfolio investments, while proceeds on the disposal of portfolio investments were \$38,184,338, short-term loans totaling \$5,713,500 were provided and \$3,389,000 was repaid.

LIQUIDITY AND CAPITAL RESOURCES

As at January 31, 2012, the Company had working capital of \$81,829,779. The Company used cash of \$8,851,679 from its operating activities during the year ended January 31, 2012. The working capital consisted largely of the estimated fair value of its portfolio investments of \$72,327,350 loans receivable of \$2,456,978, amounts receivables of \$1,762,134, and cash of \$7,372,118. This was partially offset by current liabilities of \$2,242,570. The Company also maintains up to \$10 million margin loan facility with its prime broker to help managing its short-term cash flow needs.

SELECTED ANNUAL INFORMATION

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

	<u>IFRS</u> <u>2012</u>	<u>IFRS</u> <u>2011</u>	<u>Canadian GAAP</u> <u>2010</u>
Investment (losses) gains and revenues	\$(36,883,707)	\$64,224,744	\$37,036,888
Net (loss) income for the year	\$(37,813,636)	\$34,840,202	\$21,614,993
Basic (loss) income per share	\$(0.44)	\$0.40	\$0.24
Diluted (loss) income per share	\$(0.44)	\$0.37	\$0.23
Total assets	\$106,197,743	\$168,294,702	\$118,282,306
Total liabilities	\$10,116,570	\$31,980,093	\$15,114,633
Total non-current liabilities	\$7,874,000	\$22,701,000	\$12,984,000
Working capital	\$81,829,779	\$130,794,315	\$76,583,745
Total dividends declared and distributed	\$1,742,297	\$-	\$-

QUARTERLY INFORMATION

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

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

Summary Financial Information for the Eight Quarters Ended January 31, 2012					
<u>Period</u>	<u>Investment</u> <u>(losses) gains</u> <u>& revenues</u>	<u>Total</u> <u>assets</u>	<u>Net (loss)</u> <u>income</u>	<u>Basic and</u> <u>diluted (loss)</u> <u>income per</u> <u>share</u>	<u>Long-term</u> <u>liabilities</u>
<u>2012</u>					
4 th Qtr – IFRS	(16,190)	106,198	(17,572)	(0.20)	7,874
3 rd Qtr – IFRS	(8,483)	130,849	(8,716)	(0.10)	12,955
2 nd Qtr – IFRS	(9,155)	142,939	(7,640)	(0.09)	15,056
1 st Qtr – IFRS	(3,056)	156,268	(3,885)	(0.05)	19,052
<u>2011</u>					
4 th Qtr – IFRS	36,645	168,295	21,513	0.24	22,701
3 rd Qtr – IFRS	25,524	133,773	17,756	0.20	15,242
2 nd Qtr – IFRS	(8,997)	107,314	(6,387)	(0.07)	8,795
1 st Qtr – IFRS	5,390	116,329	1,958	0.02	11,623

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 Company realized gains and recorded unrealized loss on its investment portfolio.

OUTLOOK

After enjoying a record year last year (2011-2012), Aberdeen experienced a forceful consolidation in the markets and indeed our portfolio. While our business model does not really rely on short-term performance, it is worth noting our portfolio outperformed the TSX Venture Index during this very tough year. We decided to completely exit positions in Avion Gold Corporation and Crocodile Gold Corp. in our fiscal 2012, which we deemed to be maturing. Aberdeen maintains a strategic stake in Sulliden Gold Corporation ("Sulliden"), which remains its largest holding. As disclosed by Sulliden, Sulliden is anticipating to report on an updated resource estimate and feasibility study in the second quarter of 2012. Also of note in our portfolio is a reduction in corporate debt held due to repayments and conversions that have occurred. The largest of which, is a conversion of Temujin debt into equity as we prepare to sell the assets to other publicly traded companies for shares in order to maintain exposure to the longer-term growth potential of these exciting assets. The first such transaction was announced on January 16 with Kincora Copper and we look forward to a long partnership with this very well-run Mongolia-based exploration company.

We initiated some very exciting new positions in the fourth quarter including East Asia Minerals Corporation, which owns interests in two major gold discoveries in resource-rich Indonesia, including the flagship Miwah project-one of the world's biggest new gold discoveries in the past five years; and Cap-Ex Ventures Ltd. which operates a commanding land position on the Labrador trough with several iron ore projects with huge potential for resource development and ultimately production. Both of these investments were entered into as public companies, which is in line with our long-term strategy. When markets are weak, we often find mineral assets with world-class potential can be acquired more cheaply in the public markets than privately. We expect both of these companies to become core parts of our portfolio this year and we are pleased that we are already sitting on some significant unrealized gains.

NORMAL COURSE ISSUER BID

On February 8, 2011, 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 could be purchased for cancellation pursuant to the NCIB is that number of common shares that represents 10% of the common shares in the public float on the date that the Exchange approves the NCIB. Based on the 74,423,505 common shares in the public float as at February 4, 2011, the maximum number of shares was 7,442,350. The number of shares in the Company's public float is less than the 86,677,339 issued and outstanding Aberdeen common shares as of February 4, 2011, because the public float number does not include common shares held by Aberdeen insiders. Daily purchases were limited to 66,652 common shares other than block purchase exceptions.

Purchases under the NCIB were permitted to commence on February 9, 2011 and terminated on February 8, 2012 or the date upon which the maximum number of common shares have been purchased by Aberdeen pursuant to the NCIB. Aberdeen cancelled all shares acquired pursuant to the NCIB.

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

During the year ended January 31, 2012, the Company purchased and cancelled 2,544,700 common shares (2011 – 1,316,500) at an average price of \$0.75 (2011 - \$0.51) per share under the NCIB.

Subsequent to January 31, 2012, the Company announced its intention to institute another NCIB. Under the new NCIB, the Company purchased and cancelled 71,400 additional shares at an average price of \$0.60 per share. See Subsequent events for detail.

COMMITMENT AND CONTINGENCIES

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$1,000,000 (2011 - \$700,000) ranging from 30 days to 12 months and additional contingent payments of approximately \$6,500,000 (2011 - \$3,700,000) upon the occurrence of a change of control. As the likelihood of a change of control is not determinable, the contingent payments have not been reflected in the financial statements.

FINANCIAL INSTRUMENTS

Fair value

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

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

- i. The carrying value of cash, amounts receivable and accounts payable and accrued liabilities reflected on the statements of financial position approximate fair value because of the limited terms of these instruments.
- ii. Loans, Simmer & Jack loan and investments are carried at amounts in accordance with the Company's accounting policy as set out in Note 3 of the annual audited financial statements for the year ended January 31, 2012.
- iii. Prior to maturity, the outstanding loans receivable are carried at their discounted value. Following their maturity, loans receivable are carried at their estimate realizable value.

The following table illustrates the classification of the Company's financial instruments, measured at fair value on the statements of financial position as at January 31, 2012 and 2011, and February 2010 categorized into levels of the fair value hierarchy:

Investments, fair value	Level 1	Level 2	Level 3	Total
	<i>Quoted Market price</i>	<i>Valuation technique- observable market Inputs</i>	<i>Valuation technique- non-observable market Inputs</i>	
Publicly traded investments	\$ 51,916,759	\$ -	\$ -	\$ 51,916,759
Non-trading w warrants on public investments	-	4,085,214	-	4,085,214
Private investments and performance shares	-	-	16,325,377	16,325,377
Convertible debenture	-	-	1,721,808	1,721,808
January 31, 2012	\$ 51,916,759	\$ 4,085,214	\$ 18,047,185	\$ 74,049,158
Publicly traded investments	\$ 68,463,448	\$ -	\$ -	\$ 68,463,448
Non-trading w warrants on public investments	-	15,072,612	-	15,072,612
Private investments and performance shares	-	-	21,273,680	21,273,680
Convertible debenture	-	2,893,492	3,629,960	6,523,452
January 31, 2011	\$ 68,463,448	\$ 17,966,104	\$ 24,903,640	\$ 111,333,192
Publicly traded investments	\$ 38,427,497	\$ -	\$ -	\$ 38,427,497
Non-trading w warrants on public investments	-	10,865,535	-	10,865,535
Private investments and performance shares	-	-	7,734,527	7,734,527
February 1, 2010	\$ 38,427,497	\$ 10,865,535	\$ 7,734,527	\$ 57,027,559

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the year ended January 31, 2012 and 2011 and February 1, 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.

Investments, fair value	January 31, 2012	January 31, 2011
Balance, beginning of year	\$ 24,903,640	\$ 7,734,527
Net purchases	5,771,063	11,344,514
Disposal	(222,198)	-
Realized loss, net	-	-
Unrealized and realized (losses) gains, net	(11,123,935)	4,275,117
Transfer of investment from private to public, net	(3,003,193)	(4,774,550)
Performance share additions	-	2,694,072
Convertible debenture additions	1,721,808	3,629,960
Balance, end of year	\$ 18,047,185	\$ 24,903,640

TRANSACTIONS WITH RELATED PARTIES

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

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

* Resigned as director subsequent to January 31, 2012

* Private company

** Formerly Verena Minerals Corp.

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

	Loans provided to related parties		Loans receivable from related parties as at		
	Years ended January 31		January 31	January 31	February 1
	2012	2011	2012	2011	2010
Amazon Potash Corp.*	\$ -	\$ -	\$ -	\$ -	\$ 1,830,765
Castillian Resources Corp.*	\$ -	\$ 500,000	\$ -	\$ 1,641,617	\$ -
Dacha Strategic Metals Inc.	\$ -	\$ 2,160,000	\$ -	\$ -	\$ -
Legacy Platinum Corp.**	\$ 818,350	\$ -	\$ 862,800	\$ -	\$ -
Longford Energy Inc.	\$ 500,000	\$ -	\$ -	\$ -	\$ -
Pitchblack Resources Ltd.***	\$ -	\$ 500,000	\$ -	\$ -	\$ -
Rodinia Lithium Inc.	\$ -	\$ 200,000	\$ -	\$ -	\$ -
Scandinavian Metals Inc.	\$ 1,454,767	\$ -	\$ 859,000	\$ -	\$ -
Temujin Mining Corp.*	\$ 3,021,729	\$ -	\$ -	\$ 3,629,960	\$ 6,415,800
Trevali Mining Corp.*	\$ -	\$ 500,000	\$ -	\$ 500,000	\$ -
United Silver Corp.***	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -

* loan receivable included capitalized interest, and advisory service fees

** loan receivable included capitalized interest

*** no longer related as of January 31, 2012

At January 31, 2012 and 2011, the Company had a provision of \$445,357 against the outstanding loan receivable from Amazon Potash Corp., and \$1,317,676 against the outstanding loan and interest receivable from Russo-Forest.

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

	Interests earned from related parties		Interests due from related parties as at		
	Years ended January 31		January 31	January 31	February 1
	2012	2011	2012	2011	2010
Amazon Potash Corp.*	\$ -	\$ 85,649	\$ -	\$ -	\$ -
Castillian Resources Corp.*	\$ 60,345	\$ 83,187	\$ -	\$ 7,858	\$ 18,840
Dacha Strategic Metals Inc.	\$ -	\$ 27,921	\$ -	\$ -	\$ -
Legacy Platinum Corp.***	\$ 51,869	\$ -	\$ 10,705	\$ -	\$ -
Longford Energy Inc.	\$ 3,630	\$ -	\$ -	\$ -	\$ -
Pitchblack Resources Ltd.***	\$ -	\$ 36,986	\$ -	\$ -	\$ -
Rodinia Lithium Inc.	\$ -	\$ 2,914	\$ -	\$ -	\$ -
Scandinavian Metals Inc.	\$ 65,372	\$ -	\$ 65,372	\$ -	\$ -
Temujin Mining Corp.*	\$ 475,439	\$ 361,889	\$ -	\$ 122,325	\$ 416,588
Trevali Mining Corp.*	\$ 44,767	\$ 31,019	\$ -	\$ 10,656	\$ -
United Silver Corp.***	\$ 38,219	\$ -	\$ -	\$ -	\$ -

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

** overdue interest was capitalized to loan receivable

*** no longer related as of January 31, 2012

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

	Advisory service fees		Advisory service fees		
	earned from related parties		due from related parties as at		
	Years ended January 31		January 31	January 31	February 1
	2012	2011	2012	2011	2010
Amazon Potash Corp.*	\$ -	\$ 43,138	\$ -	\$ -	\$ -
Apogee Silver Ltd.	\$ -	\$ -	\$ -	\$ -	\$ 12,500
Castillian Resources Corp.	\$ 15,000	\$ 25,000	\$ 15,000	\$ -	\$ -
Dacha Strategic Metals Inc.	\$ -	\$ 107,842	\$ -	\$ -	\$ -
Longford Energy Inc.	\$ 41,370	\$ -	\$ -	\$ -	\$ -
Temujin Mining Corp.*	\$ -	\$ 351,552	\$ -	\$ -	\$ -
Trevali Mining Corp.	\$ -	\$ 11,812	\$ -	\$ -	\$ -

* advisory service fees earned were capitalized to loans receivable

During the period, the Company entered into the following transactions in the ordinary course of business with related parties.

	Sales of goods and services		Purchases of goods and services	
	Years ended January 31		Years ended January 31	
	2012	2011	2012	2011
Forbes & Manhattan, Inc.	\$ 79,845	\$ -	\$ 180,807	\$ 90,000
Rodinia Lithium Inc.	\$ -	\$ 20,136	\$ -	\$ 570
Legacy Platinum Corp.	\$ 97,083	\$ -	\$ -	\$ -
Temujin Mining Corp.	\$ -	\$ 17,772	\$ -	\$ -
Other miscellaneous	\$ -	\$ 3,711	\$ 11,374	\$ 11,624

The Company shares office space with other companies who may have similar officers or directors. The costs associated with this space are administered by an unrelated Company.

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

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

	Amounts due from related parties			Amounts due to related parties		
	January 31	January 31	February 1	January 31	January 31	February 1
	2012	2011	2010	2012	2011	2010
Dacha Strategic Metals Inc.	\$ -	\$ -	\$ 1,160	\$ -	\$ -	\$ 43,989
Other miscellaneous	\$ -	\$ 1,454	\$ 1,160	\$ 541	\$ -	\$ 293

The amounts outstanding are unsecured. No guarantees have been given or received. No expense has been recognized in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

Compensation of Key Management Personnel of the Company

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

	Years ended January 31	
	2012	2011
Short-term benefits*	\$ 1,030,294	\$ 6,051,667
Share-based payments	\$ 378,630	\$ 488,650

* Benefits include fees paid to Forbes & Manhattan

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

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

CRITICAL ACCOUNTING ESTIMATES

The Company's accounting policies are described in Note 3 to annual financial statements for the year ended January 31, 2012. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions which affect the amounts reported in the financial statements and accompanying notes. The following is a list of the accounting policies that the Company believes are critical, due to the degree of uncertainty regarding the estimates and assumptions involved and the magnitude of the asset, liability, revenue or expense being reported.

Investments

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

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

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

Level 1 – investment with quoted market price;

Level 2 – investment which valuation technique is based on observable market inputs; and

Level 3 – investment which valuation technique is based on non-observable market inputs.

Publicly-traded investments:

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

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

Privately-held investments:

1. Securities in privately-held companies (other than options and warrants) are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the financial statements. Options and warrants of private companies are carried at nil. These are included in Level 3 as disclosed in Note 16.
2. An upward adjustment is considered appropriate and supported by pervasive and objective evidence such as a significant subsequent equity financing by an unrelated, professional investor at a transaction price higher than the Company's carrying value; or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a positive impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable. Such events include, without limitation:
 - political changes in a country in which the investee company operates which, for example, reduce the corporate tax burden, permit mining where, or to an extent that, it was not previously allowed, or reduce or eliminate the need for permitting or approvals;
 - receipt by the investee company of environmental, mining, aboriginal or similar approvals, which allow the investee company to proceed with its project(s);
 - filing by the investee company of a National Instrument 43-101 technical report in respect of a previously non-compliant resource;
 - release by the investee company of positive exploration results, which either proves or expands their resource prospects; and
 - important positive management changes by the investee company that the Company's management believes will have a very positive impact on the investee company's ability to achieve its objectives and build value for shareholders.
3. Downward adjustments to carrying values are made when there is evidence of a decline in value as indicated by the assessment of the financial condition of the investment based on third party financing, operational results, forecasts, and other developments since acquisition, or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a negative impact on the investee company's prospects and therefore its fair value. The amount of the change to the fair value of the investment is based on management's judgment and any value estimated may not be realized or realizable. Such events include, without limitation:
 - political changes in a country in which the investee company operates which increases the tax burden on companies, which prohibit mining where it was previously allowed, which increases the need for permitting or approvals, etc.;
 - denial of the investee company's application for environmental, mining, aboriginal or similar approvals which prohibit the investee company from proceeding with its projects;
 - the investee company releases negative exploration results;
 - changes to the management of the investee company take place which the Company believes will have a negative impact on the investee company's ability to achieve its objectives and build value for shareholders;
 - the investee company is placed into receivership or bankruptcy; and
 - based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern.

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

Loans Receivable:

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

Financial assets other than investments at fair value

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

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

Impairment of financial assets

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

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

Royalty Interests on Mineral Properties

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

The Company evaluates its royalty interests on mineral properties for impairment whenever events or changes in circumstances, which may include significant changes in commodity prices and publicly available information from operators of the producing assets, indicate that the related carrying

value of the royalty interests may not be recoverable. The recoverability of royalty interests is evaluated based upon estimated future undiscounted net cash flows from each royalty interest property using estimates of proven and probable reserves. Impairments in the carrying value of each property are measured and recorded to the extent that the carrying value of each property exceeds its recoverable amount, which is the higher of fair value less costs to sell or value in use, which is generally calculated using estimated discounted future cash flows.

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

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

Revenue Recognition

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

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

Income Taxes

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

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

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

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

Stock-Based Payments

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

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

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

SIGNIFICANT ACCOUNTING POLICIES

Except as disclosed below, the audited financial statements are prepared using the same accounting policies and methods of application as those disclosed in Note 3 to the Company's annual audited financial statements for the year ended January 31, 2012.

Future accounting pronouncements

IFRS 9 *Financial Instruments* ("IFRS 9") was issued in November 2009 and contains requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. On December 16, 2011, the IASB deferred the mandatory effective date of IFRS 9 TO January 1, 2015. The amendments also provides relief from restating comparative information and requires disclosures (in IFRS7) to enable users of financial statements to understand the effect of applying IFRS. The Company has not yet determined the impact of the amendments to IFRS 9 on its financial statements.

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

IFRS 10 *Consolidated Financial Statements* ("IFRS 10") provides a single model to be applied in the control analysis for all investees, including entities that currently are special purpose entities in the scope of SIC 12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 *Consolidated and Separate Financial Statements*. This standard is effective for annual

period beginning on or after January 1, 2013. Earlier application is permitted. The Company has not yet determined the impact of the amendments to IFRS 10 on its financial statements.

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

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

IFRS 12, *Disclosure of Interests in Other Entities*, establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet determined the impact of this standard on its financial statements.

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

IAS 1 – *Presentation of Financial Statements* was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. The Company has not yet determined the impact of the standard on its financial statements.

RISKS AND UNCERTAINTIES

The investment in pre-IPO and early stage public resource companies involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Certain risk factors listed below are related to investing in the resource industry in general while others are specific to Aberdeen. For an additional discussion of risk factors and other information please refer to the Company's Annual Information Form filed on April 25, 2012, under the profile of the Company at www.sedar.com.

Portfolio Exposure

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

Dependence on Management, Directors and Investment Committee

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

Sensitivity to Macro-Economic Conditions

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

Cash Flow and Revenue

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

Private Issuers and Illiquid Securities

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

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

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

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

Possible Volatility of Stock Price

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

Trading Price of Common Shares Relative to Net Asset Value

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

Available Opportunities and Competition for Investments

The success of the Company's operations will depend upon: (i) the availability of appropriate investment opportunities; (ii) the Company's ability to identify, select, acquire, grow and exit those investments; and (iii) the Company's ability to generate funds for future investments. Aberdeen can

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

Share Prices of Investments

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

Concentration of Investments

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

Additional Financing Requirements

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

No Guaranteed Return

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

Management of Aberdeen's Growth

Significant growth in the business, as a result of acquisitions or otherwise, could place a strain on the Company's managerial, operational and financial resources and information systems. Future

operating results will depend on the ability of senior management to manage rapidly changing business conditions, and to implement and improve the Company's technical, administrative and financial controls and reporting systems. No assurance can be given that the Company will succeed in these efforts. The failure to effectively manage and improve these systems could increase costs, which could have a materially adverse effect the Company's operating results and overall performance.

Due Diligence

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

Exchange Rate Fluctuations

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

Non-controlling Interests

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

Risks relating to the Company's Royalty Portfolio

Gold Prices

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

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

Third Party Operations

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

Exploration, Development and Operating Risks

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

Limited Access to Operations Information

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

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

Potential Delays and Failures to Make Royalty Payments

Aberdeen is dependent to a large extent upon the financial viability and operational effectiveness of owners and operators of the properties that are subject to the royalties held by Aberdeen. Payments from production flow through the operator and there is a risk of delay and additional expense in receiving such revenues. Payments may be delayed by restrictions imposed by lenders, accidents, delays in the sale or delivery of products, accidents, recovery by the operators of expenses incurred in the operation of the royalty properties, the establishment by the operators of reserves for such expenses or the insolvency of the operator. Aberdeen's rights to payment under the royalties must, in most cases, be enforced by

contract without the protection of a security interest over property that Aberdeen could readily liquidate. This inhibits Aberdeen's ability to collect outstanding royalties upon a default. In the event of a bankruptcy of an operator or owner, Aberdeen will be treated as an unsecured creditor and, therefore, have a limited prospect for full recovery of royalty revenue. Failure to receive any payments from Simmers or First Uranium may result in a material and adverse effect on Aberdeen's profitability, results of operation and financial condition.

Exchange Rate Fluctuations

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

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

Environmental Risks and Hazards

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

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

Government Regulation, Permits and Licences

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

Government approvals, licences and permits are currently, and will in the future be, required in connection with the Mining Operations. To the extent such approvals are required and not obtained, the

Mining Operations may be curtailed or prohibited from proceeding with planned operations, which could have an impact on the business and financial condition of the Company. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed.

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

Permitting

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

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed. Parties engaged in Mining Operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, may have a material adverse impact on the owners or operators of the Mining Operations, resulting in increased capital expenditures or production costs, reduced levels of production at producing properties or abandonment or delays in development of properties.

Uncertainty of Mineral Reserve and Resource Estimates

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

Dependence on Good Relations with Employees

Production at the Mining Operations depends on the efforts of its employees. There is intense competition for geologists and persons with mining expertise. The ability of Simmors and First Uranium to hire and retain geologists and persons with mining expertise is key to the Mining Operations. Further, relations with employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant South African governmental authorities. Changes in such legislation or otherwise in Simmors' and First Uranium's relationships with their employees may result in strikes,

lockouts or other work stoppages, any of which could have a material adverse effect on the Mining Operations. To the extent these factors cause Simmers and First Uranium to decide to cease or curtail production at one or more of the properties, such decision could have a material adverse effect on the business and financial condition of the Company.

Uninsured Risks

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

Land Title

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

South African Country Risks

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

SUBSEQUENT EVENTS

Normal Course Issuer Bid

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

Purchases under the NCIB are permitted to commence on February 27, 2012 and will terminate on February 6, 2013 or the date upon which the maximum number of common shares have been purchased by Aberdeen pursuant to the NCIB. Aberdeen intends to cancel all shares acquired pursuant to the NCIB.

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

Subsequent to January 31, 2012, the Company purchased and cancelled 71,400 additional shares at an average price of \$0.60 per share under the new NCIB. At April 25, 2012, a balance of 7,402,830 common shares remains available for purchase under the NCIB commencing February 27, 2012.

Dividend Policy

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

On March 16, 2012, 86,928,739 shares were recorded for the first semi-annual dividend of \$0.01. Total dividend payments of \$869,287 were made to shareholders on March 30, 2012.

Share Issuance

Subsequent to January 31, 2012, an officer of the Company exercised 900,000 options at \$0.12 per share and he continues to hold these shares.

Sale of Royalty Interests

On April 25, 2012, the Company entered into an agreement (the "Agreement") with Premier Royalty Corporation ("Premier Royalty"), a private Ontario company, wholly-owned by Premier Gold Mines Limited (TSX:PG) ("Premier"), regarding the sale by Aberdeen of its 1% net smelter return royalty on gold produced from certain mineral concessions comprising Village Main Reef Limited's Buffelsfontein Mine and First Uranium Corporation's Mine Waste Solutions tailings recovery project located in South Africa (the "Royalty").

Pursuant to the terms of the Agreement, Premier Royalty has agreed to purchase the Royalty in consideration for an aggregate purchase price of \$20,900,000, which shall consist of a cash payment in the amount of \$11,500,000 and the issuance by Premier Royalty of a convertible debenture payable to

Aberdeen in the amount of \$9,400,000 (the "Convertible Debenture"). The unpaid amounts owing under the Convertible Debenture shall accrue interest at a rate of 8% per annum and upon Premier Royalty completing a public offering, or any other comparable going public transaction (a "Going Public Transaction"), the Convertible Debenture shall automatically convert into that number of common shares of Premier Royalty equal to the principal amount and accrued interest divided by the amount equal to the offering price or deemed price in connection with the Going Public Transaction less a 10% discount.

In the event that a Going Public Transaction is not completed on or before the first anniversary of the closing date of the purchase and sale of the Royalty (the "Closing Date"), the principal amount and accrued interest under the Convertible Debenture shall be repaid by Premier Royalty in cash to Aberdeen in full, or if Premier Royalty elects, and subject to the approval of Premier Gold, Premier Gold shall satisfy the Convertible Debenture on Premier Royalty's behalf by issuing that number of common shares of Premier Gold equal to the principal amount and accrued interest divided by the volume weighted average price of the common shares of Premier Gold for the five trading days immediately prior to the one year anniversary of the Closing Date.

Further, in the event Premier Royalty completes a Going Public Transaction, Premier Royalty shall issue to Aberdeen that number of warrants of Premier Royalty equal to 0.5 multiplied by the number of common shares of Premier Royalty issued under the Convertible Debenture (each whole warrant, a "Warrant"). Each Warrant shall entitle Aberdeen to acquire one common share of Premier Royalty at a price which represents a 25% premium to the price per Premier Royalty common share issued in connection with a Going Public Transaction for a period of two years from the closing date of the Going Public Transaction.

The Closing Date is expected to occur on or before May 31, 2012 and remains subject to the receipt of all necessary regulatory approvals, including the approval of the TSX and applicable approval of the South African Reserve Bank. The Agreement includes customary representations and warranties of both parties and includes a commitment by Aberdeen to obtain all necessary third party consents and approvals with respect to the assignment of Aberdeen's interest in the Royalty to Premier Gold and a commitment by Aberdeen not to sell or assign its interest in the Convertible Debenture, the Warrants or any common shares of Premier Royalty issued upon conversion or exercise of the Convertible Debenture or Warrants until 180 days following the closing of a Going Public Transaction.

MULTILATERAL INSTRUMENT 52-109 DISCLOSURE

Evaluation of disclosure controls and procedures

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

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

Internal controls over financial reporting

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

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

The CEO and CFO, together with other members of Management, have evaluated the effectiveness of internal controls over financial reporting as defined by National Instrument 52-109, and have concluded, based on our evaluation that they are operating effectively as at January 31, 2012.

SUPPLEMENT TO THE ANNUAL FINANCIAL STATEMENTS

As at April 25, 2012, the following common shares, common share purchase options and share purchase warrants were issued and outstanding:

- 86,928,739 common shares;
- 37,500,000 share purchase warrants with an exercise price of \$1.00, expiring June 6, 2012; and,
- 5,972,500 common share purchase options with exercise prices ranging from \$0.12 to \$0.87, expiring between October 4, 2012 and June 30, 2016.