ABERDEEN
INTERNATIONAL

Management's Discussion and Analysis

FOR THE YEARS ENDED
JANUARY 31, 2011 AND 2010

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE TWELVE MONTHS ENDED JANUARY 31, 2011

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

GENERAL

This management discussion and analysis of the operations, results and financial condition of Aberdeen International Inc. ("Aberdeen", or the "Company") for the twelve months ended January 31, 2011 should be read in conjunction with the related audited financial statements as at January 31, 2011 and 2010, including the notes thereto. A detailed summary of the Company's significant accounting policies is included in Note 2 of the Company's audited annual financial statements for the year ended January 31, 2011, which have been consistently applied. Additional information regarding Aberdeen, including our AIF dated April 13, 2011 and press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online under the Company's profile at www.sedar.com. This MD&A reports on the Company's activities through April 8, 2011.

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

CAUTION REGARDING FORWARD-LOOKING INFORMATION

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

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

OVERVIEW

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

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

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

The Company began operating as a global investment and merchant banking company in July 2007. As at January 31, 2011, the portfolio had investments in 40 companies with an estimated fair market value of $104,809,740 (cost – $46,406,176).

FISCAL 2011 PERFORMANCE HIGHLIGHTS

	For the year-ended January 31,	
Operating Results	**2011**	2010
Realized gain (loss) on investments, net	**$17,498,258**	(4,587,750)
Unrealized gains on investments, net	**43,746,429**	39,523,022
Loss on equity accounted investments	**(353,189)**	(972,268)
Net Investment gains	**60,891,498**	33,963,004
Other revenue	**(2,329,544)**	1,756,208
Net Income for the period	**34,840,202**	21,614,993
Earnings per common share - basic	**0.40**	0.24
Earnings per common share – diluted	**0.37**	0.23
Investments, at fair value	**104,809,740**	56,227,559
Shareholders' equity	**136,314,609**	103,167,673

During 2011, the Company net investments gains increased 79.3% to $60,891,498 compared to $33,963,004 the previous year. The Company realized gains on investments of $17,498,258 compared to a loss of $4,587,750 the previous year. The Company's net income for the period increased 61.2% to $34,840,202 ($0.40 per basic share) compared to $21,614,993 ($0.24 per basic share) the previous year. As at January 31, 2011, the Company's investments increased 86.4% to $104,809,740 from $56,227,559 as at January 31, 2010. During 2011, the Company's shareholders' equity increased 32.1% to $136,314,609 from $103,167,673 in 2010.

INVESTMENTS, AT FAIR VALUE, AS AT JANUARY 31, 2011

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

* publicly listed on March 29, 2011

** Penalty share 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
Aguia Resources Ltd.*	(ii)	1,521,583 common shares	$ 614,793	$ 3,682,904	3.5%
		4,145,556 performance shares A (Note 4)			
		3,318,763 performance shares B (Note 4)			
Alderon Resources Corp.	(iii)	500,000 common shares	500,000	1,775,000	1.7%
Alder Resources Ltd.	(iii)	1,000,000 common shares	250,000	175,000	0.2%
Apogee Minerals Ltd.	(iii)	5,350,000 common shares	1,039,945	2,766,735	2.6%
		1,175,000 warrants expire April 30, 2011			
		1,250,000 warrants expire Dec 22, 2011			
Avion Gold Corporation	(iii)	1,591,800 common shares	1,171,137	5,013,216	4.8%
		2,500,000 warrants expire May 8, 2011			
Belo Sun Mining Corp.**	(iii)	3,708,667 common shares	2,297,428	4,407,980	4.2%
		3,000,000 warrants expire March 3, 2012			
Castillian Resources Corp.	(iii)	11,410,000 common shares	2,032,656	1,766,400	1.7%
		1,000,000 warrants expire June 30, 2011			
Crocodile Gold Corp.	(iii)	1,245,866 common shares	1,053,914	1,669,460	1.6%
Dacha Strategic Metals Inc.***	(iii)	3,680,362 common shares	1,755,913	2,061,699	2.0%
		2,501,551 warrants expire June 16, 2014			
Eurocontrol Technics Inc.	(iii)	1,333,333 common shares	200,000	314,267	0.3%
		1,333,333 warrants expire Sep 27,2012			
Forbes & Manhattan (Coal) Corp.	(iii)	1,705,196 common shares	2,641,360	7,758,642	7.4%
		1,100,000 performance shares			
Kria Resources Ltd.	(iii)	2,299,000 common shares	2,163,278	977,075	0.9%
Largo Resources Ltd.	(iii)	3,983,333 common shares	551,000	2,111,166	2.0%
Longford Energy Inc.	(iii)	3,259,869 common shares	1,109,331	1,287,659	1.2%
Pitchblack Resources Ltd.****	(ii,iii)	3,030,303 common shares	500,000	2,301,818	2.2%
		3,030,303 warrants expire Oct 29, 2012			
Rodinia Lithium Inc.	(iii)	3,833,333 common shares	1,750,000	2,360,000	2.3%
		416,667 warrants expire Sep 10, 2012			
Stetson Oil & Gas Ltd.	(ii,iii)	10,000,000 preferred shares	-	200,000	0.2%
Sulliden Gold Corporation Ltd.	(iii)	13,239,141 common shares	7,240,259	31,185,004	29.8%
		769,231 warrants expire April 23, 2011			
Vast Exploration Inc.	(iii)	1,350,000 common shares	600,402	1,100,000	1.0%
		1,000,000 warrants expire June 5, 2011			
Total of 7 other investments	(iv)		1,217,596	13,316,107	12.7%
Total public investments			$ 28,689,012	$ 86,230,132	82.3%
Total investments			$ 46,406,176	$ 104,809,740	100.0%

Reconciliation:		
Investments held as financial assets	$ 47,401,879	$ 105,827,445
Investments held as financial liabilities	(995,703)	(1,017,705)
Total investments	$ 46,406,176	$ 104,809,740

* Formerly Newport Mining Ltd.,

** Formerly Verena Minerals Corp.

*** Formerly Dacha Captial Inc., exercise price at $0.42 until June 16, 2012, $0.50 after June 16, 2012

**** Formerly Cash Minerals Ltd.

(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.

INVESTMENTS, AT FAIR VALUE, AS AT JANAURY 31, 2010

Private Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
Auger Resources Ltd.	(ii,iii)	2,000,000 common shares	$ 1,000,000	$ 500,000	0.9%
		1,000,000 warrants expire Sept 16, 2010			
Brazil Potash Corp.	(iii)	1,650,062 common shares	2,500,000	1,776,127	3.2%
Raven Minerals Corp.	(ii)	1,600,000 common shares	400,000	400,000	0.7%
		800,000 warrants expire July 30, 2011			
Scandinavian Metals Inc.	(ii,iii)	2,000,000 common shares	1,000,000	500,000	0.9%
		1,000,000 warrants expire Sept 12, 2010			
Temujin Mining Corp.	(ii,iii)	7,364,545 common shares	3,667,200	3,758,400	6.6%
		7,364,545 warrants expire Nov 26, 2011			
		600,000 warrants expire Jan 14, 2012			
Amazon Potash Corp.	(iii)	2,800,000 common shares	-	-	
Total private investments			$ 8,567,200	$ 6,934,527	12.3%
Public Issuer	**Note**	**Security description**	**Cost**	**Estimated Fair value**	**% of FV**
Allana Resources Inc.	(iii)	6,750,000 common shares	$ 1,220,000	$ 3,348,300	6.0%
		2,000,000 warrants expire May 22, 2011			
		2,375,000 warrants expire June 16, 2011			
Apogee Minerals Ltd.	(ii,iii)	9,850,000 common shares	2,391,000	1,226,528	2.2%
		5,000,000 warrants expire May 23, 2010			
		1,175,000 warrants expire April 30, 2011			
		1,250,000 warrants expire Dec 22, 2011			
Avion Gold Corporation	(iii)	8,774,400 common shares	3,631,919	6,002,634	10.7%
		2,500,000 warrants expire May 8, 2011			
Castillian Resources Corp.	(iii)	11,660,000 common shares	2,034,670	1,179,350	2.1%
		500,000 warrants expire June 30, 2010			
Crocodile Gold Inc.	(i,ii,iii)	6,319,478 common shares	3,546,424	16,929,174	30.0%
		2,500,000 warrants expire June 15, 2012			
		317,460 warrants expire Feb 9, 2010			
		1,017,429 warrants expire Feb 9, 2010			
Crowflight Minerals Inc.	(iii)	3,379,724 common shares	1,508,039	607,682	1.1%
		1,470,612 warrants expire April 30, 2011			
Dacha Capital Inc.**	(i,ii,iii)	2,501,551 common shares	825,512	2,345,204	4.2%
		2,501,551 warrants expire June 16, 2014			
Kria Resources Ltd.	(iii)	2,599,000 common shares	2,599,000	561,880	1.0%
		375,000 warrants expire November 19, 2009			
		1,000,000 warrants expire June 9, 2010			
		50,000 warrants expire June 16, 2010			

Largo Resources Ltd.	(iii)	3,983,333 common shares	551,000	896,250	1.6%
Longford Energy Inc.	(iii)	3,659,869 common shares	1,941,090	1,207,170	2.1%
		3,296,296 warrants expire February 28, 2010			
		1,000,000 warrants expire June 5, 2011			
Stetson Oil & Gas Ltd.	(ii,iii)	10,000,000 preferred shares	740,290	177,000	0.3%
		10,000,000 warrants expire Sept 17, 2010			
Sulliden Gold Corporation Ltd.	(i,iii)	10,403,303 common shares	4,920,283	7,621,216	13.6%
		769,231 warrants expire April 23, 2011			
		625,000 warrants expire October 6, 2012			
Vast Exploration Inc.	(iii)	1,350,000 common shares	1,062,686	1,518,170	2.7%
		2,050,000 warrants expire June 12, 2010			
		1,000,000 warrants expire June 5, 2011			
Total of 10 other investments	(iv)		4,874,928	5,672,474	10.1%
Total public investments			$ 31,846,841	$ 49,293,032	87.7%
Total investments			$ 40,414,041	$ 56,227,559	100.0%

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

(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, 2011, the Company invested approximately $22.9 million in portfolio acquisitions and disposed of investments receiving proceeds of $38.2 million for a realized gain of $17.5 million. During the year ended January 31, 2011, the Company made new investments in a Colombia oil and gas company (private, merged with Sagres Energy after year end), Irati Oil Shale (private), Black Iron (private, iron ore), Potash Atlantico Corp. (private), Aguia Resources (public, phosphate), Alderon Resources Corp. (public, iron ore), Alder Resources Ltd. (public, gold exploration), Belo Sun Mining Corp (public, gold exploration), Forbes Coal (public, coal production), Macusani Yellowcake Inc. (public, uranium exploration), Rodinia Lithium Inc. (public, lithium exploration), Sagres Energy (public, oil and gas) and Pitchblack Resources Inc. (public, uranium and coal). During 2011, the Company increased its holdings in Amazon Potash Corp. (potash), Crocodile Gold Inc. (gold), Dacha Strategic Metals (rare earths), Sulliden Gold Corporation (gold) and Temujin Mining Corp (copper and gold). The Company reduced its holdings in the following companies Allana Potash Inc. (potash), Apogee Silver Ltd (silver), Avion Gold Corporation (gold), Crowflight Minerals Inc (nickel), Kria Resources Ltd (base metals) and Longford Energy (oil and gas).

During the year ended January 31, 2011, the fair market value of the Company's investment portfolio experienced a net unrealized gain of $43,746,429. The Company's had unrealized gains of approximately $14.5 million from its gold holdings, $15.2 million from its uranium, coal and energy holdings and $8.4M from its agriculture holdings.

EQUITY ACCOUNTED INVESTMENTS

Through the fourth quarter of fiscal 2010 and first quarter of fiscal 2011, the Company invested $1,300,000 in Forbes & Manhattan (Coal) Inc. ("Forbes Coal") to acquire a 40.7% interest. Following the acquisition of 100% of Slater Coal (Pty) Ltd., a South African coal company on July 30, 2010 by Forbes Coal by issuing of shares, the Company's ownership was reduced to 16.57%. The Company also purchased 605,196 special warrants of Forbes Coal in July 2010 for $1,694,549, which further reduced the Company's ownership to 8.3% upon conversion. As of January 31, 2011, the investment in Forbes Coal was no longer accounted for using the equity method.

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

A schedule of the equity accounted investments as at January 31, 2011 and 2010.

	January 31, 2011	January 31, 2010
Equity accounted investment – carrying value beginning of period	**$ 800,000**	$ 1,924,387
Acquisition of equity accounted investment	**500,000**	800,000
Loss on equity investment	**(353,189)**	(972,268)
Reclassification of equity accounted investment to portfolio investment	**(946,811)**	(952,119)
Equity accounted investment – carrying value end of period	**$ -**	$ 800,000

Directors of Aberdeen, Stan Bharti and Michael Hoffman, are also directors of Castillian. A director and an officer of Aberdeen, Stan Bharti and David Stein, also serve as directors of Forbes Coal.

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).

Kria Resources Ltd.

In June 2009, the Company entered into a secured debenture agreement with Kria Resources Ltd. ("Kria Resources") 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. Kria Resources is a base metals exploration and development company whose properties are located in Manitoba and in New Brunswick. In July 2009, Kria Resources completed the acquisition of Beartooth Platinum Corporation ("Beartooth") by way of a reverse take-over and began trading on the TSX Venture Exchange under the name Kria Resources Ltd. Consideration provided to the Company by Kria Resources for entering into the secured debenture agreement included a $25,000 fee plus up to 250,000 share purchase warrants, of which 50,000 have been issued, with each share purchase warrant entitling Aberdeen to purchase one common share of Kria Resources 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 Resources paid the $25,000 fee in April 2010 and drew down $500,000 under the secured debenture agreement in August, 2010. The $25,000 fee was recorded as deferred revenue and is being recognized as income over the term of the agreement. An additional 200,000 warrants were issued to the Company upon the draw-down to acquire Kria Resources' common shares for a period of one year from the date of grant. The grant date fair value of the warrants issued was estimated to be $7,760, 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 Resources at a price of $0.135.

On December 31, 2010, the Company and Kria Resources entered into an amendment agreement whereby Kria Resources agreed to pay the Company an annualized penalty fee at the rate of 10% per annum due and payable on the debenture redemption date. At January 31, 2011, the balance of the loan facility in the amount of $100,000 remained available to Kria Resources. Kria Resources has recently completed a business transaction with Trevali Resources Corp. ("Trevali"), whereby Trevali has acquired all of the issued and outstanding common shares of Kria Resources. It is expected that the loan will be repaid in April 2011.

Directors of Aberdeen, Stan Bharti, and Michael Hoffman, serve as directors and an officer of Kria Resources. Also, a director of Aberdeen, Stan Bharti, served as a director of Beartooth.

Castillian Resources Corp.

In January 2010, the Company entered into a secured debenture agreement with Castillian to loan 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 previously secured against Castillian's interest in the Kagera property in Tanzania. Castillian paid Aberdeen an advisory service fee in the amount of $25,000 and issued 500,000 share purchase warrants to Aberdeen, which 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 subsequent drawn against the line of credit. The warrants are subject to a statutory four month hold period. The grant date fair value of the warrants issued was estimated to be $7,550. The $25,000 advisory service fee and the $7,550 fair value of the warrants was discounted to the loan and recognized as income over the term of the agreement. During the three months ended April 30, 2010, Castillian drew down the $500,000 under the secured debenture agreement with an additional 500,000 share purchase warrants issued 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 Castillian's Mangabal property, located in Brazil. At July 31, 2010, the Company adjusted the fair value of the 500,000 share purchase warrants issued based on the extended term. An additional fair value of the warrants of $16,950 was discounted to the loan and is being recognized as income over the term of the amended agreement.

As of January 31, 2011, Castillian's share price was at $0.15 per common share. As such, the Company realized a gain of $1,156,383 from writing the loan up to the fair value from the convertible option.

Prior to January 31, 2011, Aberdeen gave notice to Castillian to convert the entire balance outstanding on the loan of $500,000 units into 8,333,333, common shares and 4,166,666 warrants to acquire one common shares of Castillian at $0.10 until December 31, 2012. Issuance of the Castillian common shares upon conversion remains subject to receipt of all necessary regulatory approvals, including the approval of the TSX Venture Exchange.

Directors of Aberdeen, Stan Bharti and Michael Hoffman, are also directors of Castillian.

Temujin Mining Corp.

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

On October 1, 2010, the Company entered into a secured debenture agreement with Temujin, where by 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. Furthermore, the advisory service fees along with accrued interest totalling US$624,523 ($625,460) were discounted to the loan and recognized as income over the term of the agreement. This brings the total outstanding principal to US$3,624,523 ($3,629,960). At January 31, 2011, the value of the conversion was assessed as nominal. As such, the Company did not recognize any gain or loss on the convertible debenture.

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

Pitchblack Resources Ltd. (formerly Cash Minerals Ltd.)

On February 2, 2010, the Company entered into a secured debenture subscription agreement with Pitchblack Resources Ltd. ("Pitchblack"), a Canadian based energy company focused on uranium and coal exploration and development, which owns the Division Mountain Coal Deposit and other prospective coal properties in the Yukon, and owns a 100% interest in the Mike Lake Gold Project, also in the Yukon. The Company loaned Pitchblack $500,000, which will mature and become due and repayable on February 2, 2013. The debenture bear 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 repaid to the Company.

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

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

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

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

A director and former officers of Aberdeen, Stan Bharti, Scott Moore and Brad Boland, also serve as a director and officers of Dacha.

Garrison International Ltd.

On February 22, 2010, the Company entered into a secured debenture subscription agreement with Garrison International Ltd. ("Garrison"), a company focused on the acquisition and exploration of mineral prospects in Asia through its wholly-owned subsidiary, Garrison Asia LLC. The Company loaned Garrison $600,000, which will mature and become due and repayable on February 22, 2013. The debenture bears interest at a rate of 10% calculated and payable semi-annually on the last day of June and December commencing June 30, 2010 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 principal amount of $600,000 and interest of $27,509.

China Railway Mining Corp.

On April 12, 2010, the Company entered into an agreement with Forbes & Manhattan, Inc. (“Forbes”) to transfer 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 USD$1,250,000. In addition as return for the consideration, the Company received (a) 40,000 shares of China Railway which represent 40% of the common shares that were issued; (b) 80,000 warrants of China Railway that were issued, which had expired unexercised on December 15, 2010. The loan is 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 CAD$0.20 per share or 95% of the 5 day volume weighted average trading price of the common shares ending on the date of conversion. Subsequent to January 31, 2011, Crystallex shares were trading below the conversion price option.

The principal of the debenture plus interest of 6% per annum were repayable on December 31, 2010. On December 31, 2010, China Railway did not repay the loan and interest owed. At January 31, 2011, the value of the conversion was assessed as nominal. As such, the Company did not recognize any gain or loss on the convertible debenture. The Company expects the debenture plus interest to be repaid in the next few months.

Rodinia Lithium Inc. (formerly Rodinia Minerals Inc.)

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

A director and officers of Aberdeen, Stan Bharti, David Stein and Ryan Ptolemy, also serve as directors and an officer of Rodinia.

Avion Gold Corporation. (formerly Avion Resources Corp.)

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

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

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

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

Amazon Potash Corp.

On May 27, 2009, the Company loaned an additional US$250,000 that was added to the existing secured note receivable balance from Amazon Potash of US$1,250,000. As consideration, the Company received a US$25,000 advisory service fee and 100,000 shares of Amazon Potash. Interest receivable accrued between assuming the secured note receivable on May 6, 2009 and May 27, 2009, totalling US$8,630, was capitalized as part of the loan. Amazon Potash did not repay the loan on June 30, 2009. The Company and Amazon Potash agreed to four separate quarterly extensions to the secured note receivable to June 30, 2010. As consideration for extending the 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 its Amazon Potash shareholders. Aberdeen, as a shareholder of Amazon Potash, received 1,650,062 shares of Brazil Potash. Subsequent to the distribution of the shares, Brazil Potash completed a private placement equity financing for gross proceeds of US$25,000,000 at a price of US$1.00 per common share.

In June 2010, Falcon Metais Ltda., a 100% owned subsidiary of Amazon Potash, sold its 100% ownership in Aguia Metais Ltda. to Aguia Resources Limited ("Aguia") (formerly Newport Mining Corp.), an Australian 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 Aguia. Through this transaction, the Company received 477,845 common shares, 666,426 Performance A Shares and 883,375 Performance B Shares of Aguia given its holding of 2,800,000 shares of Amazon Potash. As for the conversion of the balance of 50% of the Amazon Potash loan plus interest outstanding (US$927,390 or AUD$1,043,738), Aguia issued 1,043,738 common shares at a price of AUD$0.15 per share, and 3,479,130 Performance A Shares and 2,435,388 Performance B Shares of Aguia. Consequently, the value of the 1,043,738 shares in the amount of US$135,974 (AUD$156,561) and the value of the 3,479,130 Performance A shares in the amount of US$453,247 (AUD$521,870) was applied as a reduction to the Amazon Potash loan. A provision on the remaining balance of the loan US$338,169 (AUD$365,307) was taken on January 31, 2011. All the Aguia shares are to be held in escrow until June 22, 2011. The Performance A Shares will convert to common shares upon the completion of a technical report evidencing a combined Mineral Resource Estimate (including all categories of resources) of not less than 30,000,000 tonnes with a grade of not less than 10% P_2O_5 at the Mata da Corda or Lucena Project within 3 years of being issued. The Performance B Shares will convert to common shares upon the completion of a technical report evidencing a combined Mineral Resource Estimate (including all categories of resources) of not less than 70,000,000 tonnes with a grade of not less than 10% P_2O_5 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. A director and an officer of Aberdeen, Stan Bharti, Mike Hoffman and George Faught, hold a directors and an officer position in Amazon Potash and held director positions in Dynamite. A director of Aberdeen, Stan Bharti holds a director position in Brazil Potash. An officer of Aberdeen, Ryan Ptolemy holds an officer position in Potash Atlantico. Aberdeen officers and directors also may hold, or have held, investments personally in Amazon Potash, Avion, Brazil Potash, Potash Atlantico and Dynamite.

Russo-Forest Corporation

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

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

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

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

A director of Aberdeen, Stan Bharti was also a director of Russo-Forest. A director and an officer of Aberdeen, Stan Bharti and George Faught, also hold a director and an officer position in Nyah. Aberdeen officers and directors may hold investments personally in Russo-Forest and Nyah.

Simmer & Jack/First Uranium Royalty and Loan

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

Valuation Following Simmers Shareholder Vote to Deny Equity Conversion Request

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

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

Aberdeen's balance sheet, as at January 31, 2011, reflects Aberdeen's interpretation of the agreement. As a result, the US$10,000,000 ($10,015,000) loan is recorded as still outstanding at January 31, 2011 and continues to be outstanding subsequent to year end. In addition, as at January 31, 2011, the Company had recorded receivables from Simmers and First Uranium totaling US$1,623,666 ($1,626,102). This includes the amount related to the interest and graduated royalty for the period between October 16, 2008 and December 31, 2008. It is Simmers contention that these amounts are not due.

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

In connection with the Agreement, Aberdeen holds a notarial special covering bond in the amount of US$10,000,000 plus ZAR$5,000,000 ($698,000) over the assets of the North Plant on Simmers' greater Buffels property.

ROYALTY INTERESTS ON MINERAL PROPERTIES

Simmers' Buffels Mine

Simmers produced 77,589 ounces of gold from its South African Buffels mine in the 2010 calendar year, compared with 116,082 ounces of gold in the previous calendar year. Production from the Simmers' Buffels mine provided the Company with gold royalty revenue of $978,271 for the twelve months ended January 31, 2011. During the twelve months ended January 31, 2010, royalty revenue from the Buffels mine was $1,225,236. Production from the Buffels mine since the prior year was subject to the 1% NSR, versus a 4.75% rate on the graduated royalty during 2008.

First Uranium Mine Waste Solutions Tailings Recovery Operation

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

First Uranium produced 79,101 ounces of gold from treating the MWS Tailings Dumps in the 2010 calendar year, compared with 53,944 ounces in the previous calendar year. Production from the MWS Tailings Dumps was subject to the 1% NSR since the prior year, versus the graduated royalty rate of 4.75% during most of 2008. As a result, the Company recorded royalty revenue of $1,031,453 from the MWS Tailings Dumps for the fiscal 2011 versus $621,465 for fiscal 2010.

RESULTS OF OPERATIONS

The net income for the year ended January 31, 2011 was $34,840,202 compared to net income of $21,614,993 for the year ended January 31, 2010. This was largely a result of realized gains on investments in fiscal 2011 compared to a realized loss of in 2010. This increase in revenue was offset by a write-down of its royalty interests on mineral properties, higher general and administration expenses and larger tax provision in 2011.

The realized gain on investments of $17,498,258 and unrealized gain of $43,746,429 during the twelve months ended January 31, 2011 reflects the continued recovery of the investment portfolio and equity markets in general following the credit crisis of 2008-2009. The portfolio also benefitted from the strong performance in gold holdings resulting from the global economic uncertainty in the current year, and by the successful development and in several cases public listing of new resource investments made over the past two years. Share prices of junior resource companies, the sector in which the Company holds most of its investments, performed very well throughout most of the year as the market recognized the resumption of global growth led by the emerging markets. At January 31, 2011, the Company's investment portfolio had an estimated fair market value of $104,809,740 and a cost base of $46,406,176. At January 31, 2010, the Company's investment portfolio had an estimated fair market value of $56,227,559 and a cost base of $40,414,041.

During fiscal 2011, the gold price averaged US$1,245 per ounce and production from Simmers and First Uranium was approximately 157,833 ounces of gold, resulting in royalty revenue of $2,009,725. The average US/Cdn dollar exchange rate during the year was approximately 1.0227. During the year ended 2010, the gold price averaged US$995 per ounce. Based on approximately 168,628 ounces produced and an average US/Cdn dollar exchange rate of approximately 1.1006, the Company recorded royalty revenue of $1,846,701. The Company wrote-down the carrying value of its royalty interests on mineral properties by $3,904,772 in fiscal 2011. No write-down was taken in fiscal 2010.

During 2011, the Company had a provision of $1,758,018 (2009 - $1,317,676) against the outstanding loans and interest receivables on the Garrison International Inc. Amazon Potash Corp loan and recoverable investment expenses.

During the year ended January 31, 2011, the Company recorded interest revenue of $764,177 compared with $784,196 for fiscal 2010. Interest was earned on the Company's loans outstanding. Loans receivable at January 31, 2011 totaled $7,023,452 excluding Simmers loan. The Company did not record interest income on the disputed loan to Simmers during the year.

During 2011, the Company recorded revenue for advisory service fees of $539,344 compared with $142,000 in fiscal 2010 for debt financing / restructuring and equity financing services provided to pre-IPO or early stage public companies.

General and administrative expense increased from $4,246,940 in fiscal 2010 to $8,598,677 in the fiscal 2011. During 2011, the Company implemented a new bonus compensation policy for directors, officers and consultants of the Company, approved by the Compensation Committee and the Board of Directors of Aberdeen. The bonus pool is calculated as 10% of the investment portfolio performance above the high water mark multiplied by an outstanding share adjustment based on audited results. The high water mark shall be determined as the greater of a) the value of the investment portfolio on January 31, 2011 or b) the greatest value of the investment portfolio in which a bonus was paid after January 31, 2011. The outstanding share adjustment is calculated as the shares outstanding at the beginning of the period divided by shares outstanding at the end of the period. The investment portfolio is defined as the change in cash, investments at fair value, equity accounted investments and investment loans receivable (excluding the Loan - Simmer & Jack). In light of excellent performance of its investment portfolio in 2011, the Company accrued bonuses of $5,788,935 compared accrued bonuses of $2,055,500 in 2010. Other major expenses of the Company comprise general and administrative expenses include consulting, salaries, wages and administrative expense of $1,492,957 (2010 - $1,056,830), legal, accounting and professional fees $448,664 (2010 - $367,306), shareholder communications and promotions $231,558 (2010 – 74,408) and travel costs $165,998 (2010 – 451,117). The Company recorded stock-based compensation $644,683 (2010 - $120,305) as the Company granted 2,085,000 (2010 – 1,300,000) options to directors, officers and consultants of the Company. The Company also paid interest and penalty of $193,252 relating to SARS withholding taxes remitted to CRA.

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, 2011, the Company recorded depletion expense on its royalty interest of $753,995 compared to $863,099 in 2010.

The Company recorded a foreign exchange loss of $884,071 during the year ended January 31, 2011 compared with a loss of $2,008,103 in 2010. The loss was largely the result of a weakening US dollar vis-à-vis the Canadian dollar. As at January 31, 2011, the US/Cdn dollar exchange rate was 1.0015, compared with 1.0693, at January 31, 2010.

During the twelve months ended January 31, 2011, the Company recorded a current income tax provision of $2,135,673 and a future tax provision of $10,198,000. The current income tax provision was the result of gain realized from disposal of investments, royalty and interest income, partially offset by general and administrative expenses. The future income tax gain resulted from the unrealized gain on the portfolio investments.

The functional currency of the Company's royalty division is the US dollar. As a result, all gains and losses on translation are included in equity as a separate component of other comprehensive income or loss. During the twelve months ended January 31, 2011, a translation adjustment loss of $2,203,661 (net of taxes - $1,722,659), (2009 - $5,792,761 (net of taxes - $4,276,761)) was recorded as part of other comprehensive income.

CASH FLOWS

Cash used in operating activities during the year ended January 31, 2011 was $1,106,888, compared with $255,113 during the year ended January 31, 2010. The difference between the operating cash flow and the net income for the year ended January 31, 2011 largely reflects the unrealized nature of many of the gains and losses recorded on the investments and the royalty loan. Operating cash flow was largely generated by royalty and interest income, offset by general and administrative expenses and net changes in non-cash working capital.

Cash used in financing activities during the year ended January 31, 2011 was $615,290 compared to $1,782,057 during the year ended January 31, 2010. The Company purchased and cancelled 1,316,500 shares at an average price of $0.51 per share during the year ended January, 31, 2011 under NCIB, which was offset by cash of $58,000 generated through the exercise of share purchase options. For the year ended January 31, 2010, the Company purchased 7,370,500 shares at an average price of $0.24 per share.

Cash provided by investing activities during the year ended January 31, 2011 was $12,505,678, compared to $3,947,090 in the prior year. During the year ended January 31, 2011, $22,911,789 was used in the purchase of portfolio investments, while proceeds on the disposal of portfolio investments were $38,184,338, short-term loans of $3,389,000 were repaid and offset by loans of $5,713,500 provided and $442,371 was advanced for an investment. In the prior year, $22,870,540 was used to purchase portfolio investments, while proceeds on the disposal of portfolio investments were $32,374,687, short-term loans totaling $7,095,825 were provided and $1,550,000 was repaid.

LIQUIDITY AND CAPITAL RESOURCES

As at January 31, 2011, the Company had working capital of $114,596,315. The Company used cash of $1,106,888 from its operating activities during the twelve months ended January 31, 2011. The working capital consisted largely of the estimated fair value of its portfolio investments of $105,827,444, loans receivable of $17,038,452, amounts receivables of $2,695,725 and cash of $14,049,856. This was partially offset by current liabilities of $25,477,093 which included accounts payable and accrued liabilities of $6,445,771, securities sold short of $1,017,704, taxes payable of $1,815,618, and current portion of future income taxes of $16,198,000. At January 31, 2011, Aberdeen had a long term portion of future income taxes of $6,503,000.

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:

	2011	**2010**	**2009**
Net income (loss) for the year	$34,840,202	21,614,993	$(9,051,379)
Basic income (loss) per share	$0.40	$0.24	$(0.09)
Diluted income (loss) per share	$0.37	$0.23	$(0.09)
Total assets	$168,294,702	$118,282,306	$100,099,467
Total liabilities	$31,980,093	$15,114,633	$12,610,274
Working capital	$114,596,315	$76,583,745	$60,814,810

QUARTERLY INFORMATION

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

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

Summary Financial Information for the Eight Quarters Ended January 31, 2011

Period	Investment gains (losses) & revenues	Total assets	Net income (loss)	Basic and diluted income (loss) per share	Long-term liabilities
2011					
4th Qtr	36,645	168,295	21,514	0.24	6,503
3rd Qtr	25,877	133,773	18,000	0.21	7,704
2nd Qtr	(9,192)	106,961	(6,474)	(0.07)	8,144
1st Qtr	5,232	116,171	1,800	0.02	8,005
2010					
4th Qtr	12,655	118,282	8,663	0.09	8,516
3rd Qtr (*restated)*	8,746	106,644	5,253	0.06	9,874
2nd Qtr (*restated)*	6,820	100,984	3,305	0.04	9,924
1st Qtr (*restated)*	7,482	102,494	4,394	0.05	11,644

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

OUTLOOK

The past year has seen exceptional performance from our portfolio as demonstrated by our results. Our investment portfolio has more than tripled over the past two years. This is organic growth without raising capital and while implementing a substantial NCIB program. Our strategy of restructuring distressed public companies in 2008-2009 has resulted in tremendous profits, some of which we were able to crystallize in the past year. Increasingly, we have been investing in private situations where we can effectively exercise our active shareholder strategy and acquire interests in great resource assets at a much better price and valuation than we typically see in the public markets.

While the majority of the value increase in the portfolio this year came from growth in our public holdings, such as Sulliden Gold, Avion Gold and Allana Potash, we also realized significant growth from private holdings going public such as Forbes & Manhattan Coal Corp. and Aguia Resources. The Company sees a number of value-creating events within its portfolio that do not necessarily rely on a robust or 'hot' junior mining market. Currently, the Company has two additional private holdings which have completed 'going public' transactions since the end of the fiscal year (either through mergers with a public company or by initial public offerings) as well as one more which has been announced and completion of the transaction is pending. We also anticipate performance shares from Forbes & Manhattan Coal Corp., Aguia Resources and Sagres Energy to be vested to us this year as well, at no additional cost.

That being said, the portfolio is well positioned to take advantage of a broader shift into the commodities of global economic growth. This is represented by large investments in iron ore, coal, uranium, oil and gas, and agricultural minerals, while at the same time retaining a large weighting in gold and precious metals holdings.

NORMAL COURSE ISSUER BID

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

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

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

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

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

In February 2011, subsequent to the yearend, the Company announced its intention to make another NCIB. Subsequent to January 31, 2011, the Company purchased and cancelled 712,700 additional shares at an average price of $0.90 per share.

COMMITMENT AND CONTINGENCIES

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately $700,000 due ranging 30 days to 12 months and additional contingent payments of approximately $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 these financial statements.

As outlined above under the section entitled “Simmer & Jack Royalty and Loan”, Simmers’ management has adopted an interpretation of the Convertible Royalty Loan Agreement different to that of Aberdeen’s interpretation. The amounts under dispute on the balance sheet as at January 31, 2011 include the Simmers’ loan valued at $10,015,000 and a receivable for $1,626,102. While the Company is confident that its interpretation of the agreement is correct and has filed a claim against Simmers and First Uranium to recover the outstanding US$10,000,000 principal and balance payable on the graduated gold royalty, some uncertainty surrounds the timing and actual collectability of these amounts.

In June 2009, the Company entered into a secured debenture agreement to loan up to $600,000 to Kria Resources with any amounts drawn being due and payable on December 31, 2010. During the year ended January 31, 2011, Kria Resources drew down $500,000 and agreed to a 10% annual penalty interest on the principal as the loan was not repaid on December 31, 2010. Additional details are provided under Note 4, “Loans Receivable”.

FINANCIAL INSTRUMENTS

Fair value

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

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

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

The following table illustrates the classification of the Company's financial instruments, measured at fair value on the balance sheet as at January 31, 2011, categorized into levels of the fair value hierarchy in accordance with Section 3862 of the CICA Handbook.

	Level 1 *(Quoted Market price)*	**Level 2** *(Valuation technique- observable market Inputs)*	**Level 3** *(Valuation technique- non-observable market inputs)*
Investments			
Publicly traded investments	$ 68,463,448	$ -	$ -
Non-trading warrants on public investments	$ -	$ 15,072,612	$ -
Private investments	$ -	$ -	$ 21,273,680
Convertible debenture	$	$ 2,893,492	$ 3,629,960

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the twelve months ended January 31, 2011. These financial instruments are measured at fair value utilizing non-observable market inputs. The net realized losses and net unrealized gains are recognized in the statements of operations and comprehensive income.

Investments, fair value	
Opening balance, January 31, 2010	$ 6,934,527
Net purchases	11,791,324
Change in unrealized gain, net	4,628,306
Transfer of investment from private to public, net	(4,774,549)
Performance shares	2,694,072
Convertible debenture	3,629,960
Ending balance, January 31, 2011	$ 24,903,640

TRANSACTIONS WITH RELATED PARTIES

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

During the year ended January 31, 2011, the Company earned advisory service fees and other revenue of $559,344 (2010- $142,000) from corporations with common directors and officers. These companies included:

Year ended January 31, 2011:

- Amazon Potash Corp. - $43,138 in debt restructuring advisory fees;
- Castillian Resources Corp. - $25,000 in debt financing advisory fees;
- Dacha Strategic Metals Inc. - $107,842 in debt and equity financing advisory fees;
- Kria Resources Ltd. - $11,812 in debt financing advisory fees;
- Rodinia Lithium Inc. - $20,000 other revenue relating to debt financing; and
- Temujin Mining Corp. – $351,552 in debt and equity financing advisory fees.

Year ended January 31, 2010:

- Allana Potash Corp. - $13,500 in equity financing advisory fees;
- Apogee Minerals Ltd. - $12,500 in equity financing advisory services;
- Dacha Strategic Metals Inc. - $41,000 in equity financing advisory fees;
- Largo Resources Ltd. - $10,000 in equity financing advisory fees;
- Sulliden Gold Corporation Ltd. - $25,000 in equity financing advisory fees; and
- Vast Exploration Inc. - $40,000 in equity financing advisory fees.

Of the total service fees earned, $352,961 were receivable at January 31, 2011 (January 31, 2010 - $12,500). In addition, the Company earned or accrued interest income and debt arrangement fees of $629,565 during the year ended January 31, 2011 from Amazon Potash Corp., Castillian Resources Corp., Dacha Stragetic Metals Inc., Kria Resources Ltd., Pitchblack Resources Ltd., (formerly Cash Minerals Limited), Rodinia Lithium Inc., and Temujin Mining Corp., (2010 – $705,537 from Amazon Potash Corp., Avion Gold Corp., Kria Resources Ltd., Russo-Forest Corporation, and Temujin Mining Corp.), all of which have certain common directors and officers with Aberdeen. Of the total interest earned or accrued, $383,142 was receivable at January 31, 2011 (January 31, 2010 - $584,921).

The Company was charged $90,000 during the twelve months ended January 31, 2011 (2010 - $90,000) for administrative services by Forbes & Manhattan, Inc., corporation controlled by Stan Bharti, a director and the Chairman of the Company.

In accordance with the investment strategy of Aberdeen, the Company's officers and directors have investments in and/or hold officer and director positions in certain companies in which the Company invests. The following is a list of the investments as of January 31, 2011, and the nature of the relationship of the Company's officers or directors with the investment (estimated fair value as of January 31, 2011):

Investment	Nature of relationship		Estimated Fair value
Black Iron Inc.*	Director (Pierre Pettigrew), officer (Stan Bharti) and shareholders	$	2,000,000
Alderon Resources Corp.	Director (Stan Bharti) and shareholders		1,775,000
Alder Resources Ltd.	Director (Pierre Pettgrew), officer (Ryan Ptolemy) and shareholders		175,000
Apogee Minerals Ltd.	Director (Stan Bharti) and shareholders		2,766,735
Auger Resources Ltd.*	Director (Stan Bharti) and shareholders		200,000
Avion Gold Corporation	Directors (Stan Bharti, Pierre Pettgrew , George Faught) and shareholders		5,013,216
Belo Sun Mining Corp.**	Director (Stan Bharti) officer (Ryan Ptolemy) and shareholders		4,407,980
Brazil Potash Corp.*	Director (Stan Bharti) and shareholders		1,652,537
Castillian Resources Corp.	Directors (Stan Bharti, Michael Hoffman) and shareholders		1,766,400
Crocodile Gold Corp.	Directors (Stan Bharti, George Faught, Michael Hoffman) and shareholders		1,669,460
Dacha Strategic Metals Inc.***	Directors (Stan Bharti, George Faught) and shareholders		2,061,699
Eurocontrol Technics Inc.	Directors (Stan Bharti, Pierre Pettgrew) and shareholders		314,267
Forbes & Manhattan (Coal) Corp.	Directors (Stan Bharti,David Stein) and shareholders		7,758,642
Kria Resources Ltd.	Directors (Stan Bharti, Michael Hoffman) and shareholders		977,075
Largo Resources Ltd.	Directors (Stan Bharti, Michael Hoffman) and shareholders		2,111,166
Longford Energy Inc.	Directors (Stan Bharti, Pierre Pettgrew) and shareholders		1,287,659
Pitchblack Resources Ltd.****	Director (Stan Bharti) and shareholders		2,301,818
Potash Atlantico Corp.*	Officer (Ryan Ptolemy) and shareholders		3,191,392
Rodinia Lithium Inc.	Directors (Stan Bharti, David Stein), officer (Ryan Ptolemy) and shareholders		2,360,000
Scandinavian Metals Inc.*	Director (Stan Bharti) and shareholders		100,000
Stetson Oil & Gas Ltd.	Director (Stan Bharti) and shareholders		200,000
Sulliden Gold Corporation Ltd.	Directors (Stan Bharti,George Faught) and shareholders		31,185,004
Temujin Mining Corp.*	Directors (Stan Bharti,David Stein) and shareholders		5,657,000
Vast Exploration Inc.	Director (Stan Bharti) and shareholders		1,100,000
Total of 16 other investments	Shareholders/w arrant holders		22,777,690
Total Investments		$	104,809,740

* Private company

** Formerly Verena Minerals Corp.

*** Formerly Dacha Capital Inc.

**** Formerly Cash Minerals Ltd.

In addition to the investments listed above, at January 31, 2011 Aberdeen has loans receivable from Amazon Potash Corp., Temujin Mining Corp., Castillian Resources Corp., and Kria Resources Ltd. Directors and officers of Aberdeen hold director and officer positions in these companies. Directors and officers of Aberdeen may also hold investments.

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

The Company shares its premises with other corporations that have common directors and/or officers. The Company reimburses and recovers from the related corporation for their proportional share of expenses. Included in accounts payable at January 31, 2011 is $7,245 (January 31, 2010 - $44,282) owing to, $1,454 (January 31, 2010 - $2,320) owing from, and $Nil (January 31, 2010 - $2,862) advanced to such corporations. Such amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

MANAGEMENT APPOINTMENTS

On October 7, 2010, the Company announced that Ryan Ptolemy has been appointed CFO of the Company effective immediately. Mr. Ptolemy is a certified general accountant and CFA charter holder. Mr. Ptolemy currently serves as CFO to a number of public companies in the mining sector. From August, 2005, to September, 2009, Mr. Ptolemy was at an independent investment dealer in Toronto, most recently serving as CFO, where he was responsible for financial reporting, auditing, budgeting and internal controls. Mr. Ptolemy replaced Mr. Theron as the Chief Financial Officer of the Company. On December 13, 2010, the Company appointed Mr. Ptolemy as the Corporate Secretary of the Company.

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

CRITICAL ACCOUNTING ESTIMATES

The Company's accounting policies are described in Note 2 to the annual audited financial statements for the year ended January 31, 2011. The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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

At 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.

Investments which are designated, based on management's intentions, as held-for-trading using the fair value option are reported at fair value. 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 valuations in the financial statements. 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 (see the section above entitled, "Financial Instruments").

(i) 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 balance sheet date or the closing price on the last day the security traded if there were no trades at the balance sheet date. These are included in Level 1.
2. Securities which are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. Shares that are received as part of a private placement that are subject to a standard four-month hold period are not discounted. In determining the discount for such investments, the Company considers the nature and length of the restriction, business risk of the investee corporation, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments. These are included in Level 2.
3. Warrants or options of publicly-traded securities which do not have a quoted price are carried at an estimated fair value calculated using the Black-Scholes option pricing model based on the underlying security. These are included in Level 2.

4. Performance Shares are convertible into common shares 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.

(ii) Privately-held investments:

1. Securities in privately-held companies (other than options and warrants) are recorded at cost unless 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. 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. These are included in Level 3. Warrants or options of private companies are carried at nil.

(iii) Other investment instruments:

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

(iv) Equity accounted investments:

Investments in which the Company has significant influence, but does not control, are accounted for using the equity method. Under the equity method, the investment is initially recorded at cost and the carrying value is adjusted thereafter, to reflect the Company’s prorated share of income or losses of the equity accounted investment and any dividends received from the investment. The Company’s share of net income and losses of such investments are included in the statements of operations and comprehensive income.

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

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 estimated fair value, which is generally calculated using estimated discounted future cash flows.

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

Security transactions are recorded on a trade basis. Previously, security transactions were recorded on a settlement basis. Additional detail on this change in accounting policy is provided below in this note under "Accounting changes". Realized gains and losses on the disposal of investments and unrealized gains and losses in the value of investments are reflected in the statements of operations and comprehensive income 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 ultimate collection is reasonably assured. The change in the estimated fair value of the convertible royalty loan agreement, prior to its conversion to separate loan and royalty agreements in February 2010, was recorded as revenue on the statement of operations and comprehensive income.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and the income tax bases of assets and liabilities, and are measured using the enacted or substantively enacted income tax rates and laws that are expected to be in effect when the temporary differences are expected to reverse. The effect on future income tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of enactment or substantive enactment of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized.

Stock-Based Compensation

The Company records compensation cost based on the fair value method of accounting for stock-based compensation. The fair value of stock options is determined using the Black-Scholes option pricing model. The fair value of the options is recognized over the vesting period as compensation expense and contributed surplus. When options are exercised, the proceeds received, together with any related amount in contributed surplus, will be credited to common shares.

SIGNIFICANT ACCOUNTING POLICIES

Except as disclosed below, the audited financial statements are prepared using the same accounting policies and methods of application as those disclosed in Note 2 to the Company's annual audited financial statements for the year ended January 31, 2011.

Future accounting pronouncements

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

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

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

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS

In February 2008, the Canadian Accounting Standards Board (“AcSB”) confirmed January 1, 2011, as the date International Financial Reporting Standards (“IFRS”) will replace current Canadian generally accepted accounting principles (“GAAP”) for publicly accountable enterprises. As a result, the Company will report under IFRS starting with the interim period ending March 31, 2011, with restatement for comparative purposes of amounts reported under Canadian GAAP.

IFRS Project Update

The Company’s IFRS conversion plan consists of three phases: Scoping and Diagnostic; Detailed Evaluation; and Implementation and Review. The Scoping and Diagnostic phase included the completion of a high-level impact assessment to identify key areas that may be affected by the conversion and the development of a detailed implementation plan. The Detailed Evaluation phase included a detailed analysis of the IFRS – Canadian GAAP differences and accounting policy choices under IFRS, and the initial assessment of the nonfinancial reporting related impacts. The Scoping phase has been completed.

The Diagnostic and Detailed Evaluation and Implementation and Review phases are in progress and will be completed in the first quarter of 2012.

Based on the work completed to date, the transition to IFRS did not result in significant impacts to the Company's business activities or its covenants, capital requirements or compensation arrangements. The transition did not result in significant changes to key controls during or after the transition to IFRS. Changes to financial reporting processes and data systems were required as a result of changes in accounting policies, and internal control and disclosure control documentation is being updated accordingly. The initial training of finance personnel is ongoing.

The International Accounting Standards Board responsible for the development and publication of IFRS has a significant number of projects underway, many of which could impact the differences between Canadian GAAP and IFRS applicable to the Company. Changes in IFRS could result in additional adjustments and/or changes to the adjustments currently being recognized in the IFRS opening balance sheet. Accordingly, the Company continues to monitor and evaluate changes in IFRS, and to update the conversion plan as required.

The Company has identified several areas where potential differences between Canadian GAAP and IFRS could result in changes to the amounts reported by the Company in its financial statements. While the quantification of these potential changes has not yet been finalized, the areas where the changes are most anticipated include:

Share-based payments

While there is convergence between IFRS and Canadian GAAP in that share-based payments are recognized as an expense, there are a number of measurement differences. Under Canadian GAAP, the Company records forfeitures on unvested stock options as they occur. Unlike Canadian GAAP, IFRS requires that the rate of forfeiture be estimated every reporting period and an adjustment be made to stock based compensation expense. Canadian GAAP also allows the vesting of employee stock options to be recognized to operations on a straight-line basis whereas IFRS requires the use of a graded vesting model.

Financial Instruments

IFRS 9 prescribes the accounting treatment required for financial instruments. The Company expects no significant impact on the financial instruments of the Company

Income Taxes

IFRS requires a deferred tax asset or liability to be recognized for exchange gains and losses related to nonmonetary assets and liabilities that are re-measured into the functional currency using the historical exchange rates. Under Canadian GAAP, a deferred tax asset or liability is not recognized for a temporary difference arising from the difference between the historical exchange rate and the current exchange rate translations of the cost of non-monetary assets and liabilities of integrated foreign operations.

Furthermore, Canadian GAAP requires that the current and long-term portions of future income tax assets, and future income tax liabilities, be shown separately on the financial statements, whereas IFRS does not.

Foreign Currency

IFRS requires that the functional currency of the Company and its subsidiaries be determined independently for each entity, and under IFRS the factors considered to determine the entity's functional currency are somewhat different than current Canadian GAAP.

Investments in Associates

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

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

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

Impairment of Assets

IAS 36, *Impairment of Assets* (“IAS 36”) uses a one-step approach for testing and measuring asset impairments, with asset carrying values being compared to the higher of their value in use and fair value less costs to sell. Value in use is defined as being equal to the present value of future cash flows expected to be derived from the asset in its current state. In the absence of an active market, fair value less costs to sell may also be determined using discounted cash flows. The use of discounted cash flows under IFRS to test and measure asset impairment differs from Canadian GAAP where undiscounted future cash flows are initially used to compare against the asset’s carrying value to determine if impairment exists. This may result in more frequent adjustments in the carrying value of assets under IFRS. However, under IAS 36, previous impairment losses may be reversed where circumstances change such that the impairment has been reduced. This also differs from Canadian GAAP, which prohibits the reversal of previously recognized impairment losses.

IFRS 1, First-Time Adoption of IFRS

IFRS 1 provides the framework for the first-time adoption of IFRS and specifies that, in general, an entity shall apply the principles under IFRS retrospectively. Certain optional exemptions and mandatory exceptions to retrospective application are provided for under IFRS 1. Prior to reporting the first IFRS compliant financial statements for the quarter ending March 31, 2011, the Company may decide to apply certain exemptions contained in IFRS 1.

i) Business combinations

IFRS 1 provides an option to not restate business combinations that occurred prior to the transition date or to only restate business combinations that occurred after a designated date prior to the transition date.

ii) Fair value as deemed cost

IFRS 1 allows an entity to initially measure an item of property, plant and equipment upon transition to IFRS at fair value on the transition date or at an event-driven fair value (i.e. a fair value determined through a business combination or initial public offering). This elective exemption can be applied on an individual asset basis.

iii) Cumulative translation account (“CTA”)

IFRS 1 allows cumulative translation differences for all foreign operations to be deemed zero at the date of transition to IFRS, with future gains or losses on subsequent disposal of any foreign operations to exclude translation differences arising from prior to the date of transition to IFRS.

v) Share-based payment

IFRS 1 encourages, but does not require a first time adopter to apply IFRS 2 – Share-based Payment ("IFRS 2") to equity instruments that were granted on or before November 7, 2002, or were granted after November 7, 2002 but vested before the Company's IFRS transition date. Accordingly, an entity may elect not to retrospectively apply IFRS 2 to these equity instruments.

RISKS AND UNCERTAINTIES

The investment in pre-IPO and early stage public resource companies involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Certain risk factors listed below are related to investing in the resource industry in general while others are specific to Aberdeen. For an additional discussion of risk factors and other information please refer to the Company's Annual Information Form filed on April 13, 2010, 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 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 or 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-econoic 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

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

Dependence on Good Relations with Employees

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

Uninsured Risks

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

Land Title

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

South African Country Risks

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

SUBSEQUENT EVENTS

Normal Course Issuer Bid

On February 8, 2011, the Company announced its intention to make a Normal Course Issuer Bid, 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. Based on the 74,423,505 common shares in the public float as at February 4, 2011, the maximum number of shares would be 7,442,350. Aberdeen notes that the number of its shares in the 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 will be limited to 66,652 common shares other than block purchase exceptions. The actual number of common shares that would be purchased, if any, and the timing of such purchases will be determined by Aberdeen considering market conditions, stock prices, its cash position, and other factors.

Purchases under the NCIB are permitted to commence on February 9, 2011 and will terminate on February 8, 2012 or the date upon which the maximum number of common shares have been purchased by Aberdeen pursuant to the NCIB. There cannot be any assurance as to how many common shares, if any, will ultimately be acquired by Aberdeen under the NCIB. Aberdeen intends that any shares acquired pursuant to the NCIB will be cancelled.

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, 2011, the Company purchased and cancelled 712,700 additional shares at an average price of $0.90 per share under the new NCIB.

New Dividend Policy

On February 16, 2011, the Company announced that Aberdeen's board of directors has approved a $0.02 per year dividend to be paid semi-annually. The first payment date for the semi-annual dividend of $0.01 occurred on March 31st with the second payment anticipated to be made on September 30th The record date to determine those shareholders entitled to receive the dividend payment will be set in accordance with the policies of the Toronto Stock Exchange.

On March 15, 2011, 86,780,739 shares were recorded for the first semi-annual dividend of $0.01. An aggregate dividend payable in the amount of $867,807 will be made to the shareholders on March 31, 2011.

Share Issuance

Subsequent to the year ended January 31, 2011, 230,000 options were exercised for shares of the Company at a weighted average price of $0.272 per share.

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.

The Management, including the Chief Executive Officer and Chief Financial Officer, carried out an assessment of the design of the Company's internal controls over financial reporting and concluded that a material weakness existed during the year-ended January 31, 2010. To strengthen the internal control process over financing reporting, the Company has recruited additional accounting staff during the first quarter 2011.

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, 2011.

SUPPLEMENT TO THE FINANCIAL STATEMENTS

As at April 8, 2011, the following common shares, common share purchase options and share purchase warrants were issued and outstanding:

- 86,194,639 common shares;
- 37,500,000 share purchase warrants with an exercise price of $1.00, expiring June 6, 2012; and,
- 7,565,000 common share purchase options with exercise prices ranging from $0.12 to $0.82, expiring between October 4, 2011 and November 30, 2015.