ABERDEEN INTERNATIONAL INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended January 31, 2009

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

The annual report, including this Management's Discussion & Analysis ("MD&A") may contain certain "Forward-Looking Information" within the meaning of applicable securities law, which are prospective and reflect management's expectations regarding Aberdeen's future growth, results of operations, performance and business prospects and opportunities. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding the Company's plan of business operations; projections regarding future success based on past success; availability of financing on acceptable terms; ability to identify and execute investments; investment philosophy and business purposes; projected costs and expenditures; potential benefits of the business; anticipated returns; potential mineralization; projection of future revenue; targets for cash operating costs; and future plans and objectives of Aberdeen are forward-looking information that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from Aberdeen's expectations include, but are not limited to, in particular, past success or achievement does not guarantee future success; risks related to investment performance, market fluctuations, fluctuations in commodity prices, uncertainties relating to the availability and costs of financing needed in the future, the strength of the Canadian and US economies and financial markets, foreign exchange fluctuations, competition, political and economic risks in the countries and financial markets in which the Company's investments' interests are located and other risks included elsewhere in this MD&A under the heading "Risks and Uncertainties" as well as those factors discussed in or referred to in the Annual Information Form ("AIF") of the Company filed on April 30, 2009, 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 and Jack royalty, the dispute with Simmer and Jack over the interpretation of the Convertible Royalty Loan Agreement, information disclosed by Simmer and Jack regarding the properties and their expected production schedule and timeline, projections regarding mineral prices; and with respect to the investments and investment philosophy of Aberdeen, management expertise and knowledge of the resources industry and the continued involvement of the current management team with Aberdeen. With regard to all information included herein relating to investee companies, Aberdeen has relied exclusively on publicly available information disclosed by the respective companies.

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

ABERDEEN INTERNATIONAL INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended January 31, 2009

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

Management's Discussion and Analysis of financial condition and results of operations for the year ended January 31, 2009

This discussion and analysis of the operations, results and financial condition of Aberdeen International Inc. ("Aberdeen", or the "Company") for the year ended January 31, 2009 should be read in conjunction with the related annual audited financial statements, 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, 2009, which have been consistently applied. The annual audited financial statements for the year ended January 31, 2009 have incorporated several new accounting standards, the impact of which is summarized in Note 2 of the annual audited financial statements. Additional information regarding Aberdeen is available under the profile of the Company on SEDAR at www.sedar.com. This MD&A reports on the Company's activities through April 22, 2009. All figures are in Canadian dollars, unless otherwise indicated.

On January 30, 2008, Aberdeen's common shares and the share purchase warrants issued in June 2007 began trading on the Toronto Stock Exchange ("TSX") under the symbols AAB and AAB.WT, respectively. Prior to that date, the Company's common shares and share purchase warrants issued in June 2007 traded on the TSX Venture Exchange under the symbol AAB.

OVERVIEW

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

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

Aberdeen provides valued-added managerial and board advisory services to these companies. The Company's intention is to optimize the return on its investments over an 18 to 24 month investment time frame. Aberdeen also has access to key experts in the mining and financial sector who can provide further assistance in evaluating and monitoring companies and their progress.

The Company began operating as a global investment and merchant bank in July 2007. Since July 2007, the Company has made net purchases of portfolio investments of over $55,000,000. As at January 31, 2009, the portfolio investments had an estimated fair market value of $30,556,121.

During the second half of Aberdeen's fiscal year, the lack of credit and growing concerns of a global recession negatively impacted commodity prices, driving down equity prices for stocks in the resource sector. This adversely affected the fair market value of Aberdeen's portfolio investments. However, with no debt on Aberdeen's balance sheet, the Company is well positioned to deal with the current downturn and management believes that the fundamentals of the investment portfolio will still bring value appreciation when growth returns to the global economy.

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

SIGNIFICANT DEVELOPMENTS

Investments

As at January 31, 2009, the Company held portfolio investments with an estimated fair market value of $30,556,121 and a cost base of $54,265,625 for a cumulative unrealized loss of $23,709,504. Investments consisted of the following:

Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
Allana Resources Inc.	(i,ii)	4,750,000 common shares			
		2,375,000 warrants expire June 16, 2010	$ 950,000	$ 541,738	1.8%
Amazon Potash Corp.**	(iii)	2,500,000 common shares	2,500,000	1,250,000	4.1%
Apogee Minerals Ltd.	(i,ii,iii)	5,000,000 common shares			
		5,000,000 warrants expire May 23, 2010	2,000,000	294,500	1.0%
Auger Resources Ltd.**	(ii, iii)	2,000,000 common shares			
		1,000,000 warrants expire Sept 16, 2010	1,000,000	500,000	1.6%
Avion Resources Corp.	(i,ii,iii)	7,818,700 common shares			
		2,818,700 warrants expire October 12, 2009			
		1,500,000 warrants expire July 31, 2010			
		2,500,000 warrants expire May 5, 2010			
		2,000,000 warrants expire Sept 30, 2009	3,432,114	2,062,575	6.8%
Cash Minerals Ltd.	(iii)	3,600,000 common shares			
		3,600,000 warrants expire July 2, 2010	900,000	228,600	0.7%
Castillian Resources Corp.	(iii)	2,500,000 common shares	1,075,000	125,000	0.4%
Central Sun Mining Inc.*	(i,ii,iii)	6,619,000 common shares			
		3,309,500 warrants expire October 22, 2010	6,949,950	7,341,464	24.0%
Consolidated Thompson	(iii)	692,200 common shares			
Iron Mines Ltd.		500,000 warrants expire January 10, 2010	6,343,413	1,074,796	3.5%
Crowflight Minerals Inc.	(iii)	5,000,000 common shares	3,068,200	1,000,000	3.3%
Franc-Or Resources Corp.	(i,ii,iii)	8,750,000 common shares			
		2,000,000 warrants expire June 6, 2011			
		6,750,000 warrants expire July 9, 2011	875,000	489,775	1.6%
Kria Resources Inc.**	(ii, iii)	2,750,000 common shares			
		375,000 warrants expire November 19, 2009			
		1,000,000 warrants expire June 9, 2010	2,750,000	1,375,000	4.5%
Largo Resources Inc.	(iii)	650,000 common shares	351,000	42,250	0.1%
Longford Energy Inc.	(i,ii,iii)	5,250,896 common shares			
		3,296,296 warrants expire February 28, 2010			
		1,000,000 warrants expire July 10, 2010	2,482,502	1,336,506	4.4%
Russo-Forest Corporation**	(ii,iii)	6,625,000 common shares			
		4,000,000 warrants expire January 25, 2013	2,274,565	1,137,283	3.7%
Scandinavian Metals Inc**	(ii,iii)	2,000,000 common shares			
		1,000,000 warrants expire Sept 12, 2010	1,000,000	500,000	1.6%
Stetson Oil & Gas Ltd.	(i,ii,iii)	10,000,000 common shares			
		10,000,000 preferred shares			
		10,000,000 warrants expire Sept 17, 2010	2,000,000	1,136,000	3.7%
Sulliden Exploration Inc.	(i,ii,iii)	9,526,072 common shares	3,910,060	6,477,729	21.2%
U-308 Corp.	(i,ii)	2,644,600 common shares	4,032,592	885,941	2.9%
Vast Exploration Inc.	(iii)	4,100,000 common shares			
		2,050,000 warrants expire June 12, 2010	2,460,000	626,480	2.1%
Total of 7 other investments	(iv)		3,911,229	2,130,484	7.0%
Total investments			$ 54,265,625	$ 30,556,121	100.0%

* Formerly named Glencairn Gold Corporation.

** Private company

(i) The Company has issued a Section 101 report under the Ontario Securities Act for these investments.
(ii) The Company owns, on a partially diluted basis, at least a 10% interest in the company as at January 31, 2009.
(iii) A director and/or officer or the Company is a director and/or officer of the investee corporation.
(iv) Total other investments held by the Company, which are not individually listed as at January 31, 2009. Directors and officers may hold investments personally.

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

During the year, the number of investments within Aberdeen's portfolio increased from 13 at January 31, 2008 to 27 at January 31, 2009. Significant investments completed by Aberdeen during the year included:

- Amazon Potash Corp., a private company with potash properties in Brazil.
- Auger Resources Ltd., a private company with an option on a chrome property in Quebec.
- Scandinavian Metals Inc., a private company with prospective base metal properties in Sweden.
- Franc-Or Resources Corporation, a publicly traded company with properties in Peru and Nevada.
- Crowflight Minerals Inc., a publicly traded company bringing a nickel property into production in the Thompson Nickel Belt.
- Vast Exploration Inc., a publicly traded oil and gas company whose principal asset is in the Kurdistan region of Iraq.
- Apogee Minerals Ltd., a publicly traded exploration company with properties in the silver producing regions of Bolivia.
- Sulliden Exploration Inc., a publicly traded exploration company with a gold-silver project in Peru.
- Other investments during the year included Allana Resources Inc., Cash Minerals Ltd., Castillian Resource Corp., Largo Resources Inc., Magma Metals Limited and Stetson Oil & Gas Ltd.

Along with the broader market in general, the resource sector experienced a sharp downturn during the year. The Company's portfolio investments have recorded unrealized losses of $32,628,522 for the year. At January 31, 2009, the Company held 6 investments in private companies that were carried on the balance sheet at an estimated fair value of $10,524,565 (cost of $5,262,283).

As at January 31, 2008, the Company held portfolio investments with an estimated fair market value of $35,055,876 and a cost of $26,136,858. During the year, an unrealized gain of $8,919,018 was recorded. Investments, as at January 31, 2008, consisted of the following:

Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
Avion Resources Corp.	(i,ii,iii)	2,818,700 common shares			
		2,818,700 warrants expire October 12, 2009			
		1,500,000 warrants expire July 31, 2009	$ 836,114	$ 1,878,469	5.4%
Buchanan Renewable Energies**	(ii)	3,000,000 common shares			
		1,500,000 warrants expire August 23, 2009	750,000	750,000	2.1%
Central Sun Mining Inc.*	(i,ii,iii)	6,619,000 common shares			
		3,309,500 warrants expire October 22, 2010	6,949,950	16,197,686	46.2%
Kansai Mining Corp	(i,ii,iii)	4,000,000 common shares			
		4,000,000 warrants expire Sept 14, 2009	400,000	812,800	2.3%
Kria Resources Inc.**	(ii,iii)	750,000 common shares			
		375,000 warrants expire November 19, 2009	750,000	750,000	2.1%
Quinto Mining Corporation	(i,ii)	5,000,000 common shares			
		2,500,000 warrants expire January 10, 2010	3,250,000	3,062,500	8.7%
Russo-Forest Corporation**	(ii,iii)	6,125,000 common shares			
		4,000,000 warrants expire January 25, 2013	2,214,030	2,214,030	6.3%
U-308 Corp.	(i,ii)	2,300,600 common shares	3,797,112	2,070,540	5.9%
Total of 5 other investments	(iv)		7,189,652	7,319,851	21.0%
Total investments			$ 26,136,858	$ 35,055,876	100.0%

* Formerly named Glencairn Gold Corporation.
** Private company

(i) The Company has issued a Section 101 report under the Ontario Securities Act for this investment.
(ii) The Company owns, on a partially diluted basis, at least a 10% interest in the investee as at January 31, 2008.
(iii) A director and/or officer or the Company is a director and/or officer of the investee corporation.
(iv) Total other investments held by the Company, which are not individually listed as at January 31, 2008. Directors and officers may hold investments personally.

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

Equity Accounted Investment

As at January 31, 2009, the Company held an equity accounted investment, Tucano Exploration Inc. ("Tucano"). The ownership in Tucano consisted of 4,000,000 shares which represented an equity interest of 36.8%. The following is a schedule of the equity accounted investment as at January 31, 2009 and 2008:

	January 31, 2009	January 31, 2008
Equity accounted investment – carrying value – beginning of period	**$ 2,000,000**	$ -
Purchase of investment	-	2,000,000
Loss on equity investment	**(75,613)**	-
Equity accounted investment – carrying value – end of period	**$ 1,924,387**	$ 2,000,000

Loans Receivable

Russo-Forest Corporation
On August 19, 2008, the Company entered into a short-term loan agreement with Russo-Forest Corporation ("Russo-Forest"), a privately held company with timber operations in the Russian northwest. The Company loaned Russo-Forest $500,000 which is 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 November 10, 2008, the Company entered into a second short-term loan agreement, whereby, the Company loaned an additional US$100,000 ($123,640) to Russo-Forest. The loan is repayable on or before June 30, 2009 with interest payable on maturity at an annual rate of 15%. The agreement also provides Aberdeen with the right to convert the loan into shares of Russo-Forest at a rate of $0.12 per share. The loan is secured against all of the assets of Russo-Forest and its subsidiaries.

Subsequent to January 31, 2009, the Company advanced a further US$250,000 ($308,955) to Russo-Forest under similar terms as the second short-term loan agreement described above with a maturity date of June 30, 2009. On February 2, 2009, it was announced that Russo-Forest had entered into an acquisition agreement with Nyah Resources Corp. ("Nyah"), a junior resource company traded on the TSX Venture exchange. Following the proposed acquisition the current shareholders of Russo-Forest would hold approximately 80% of the combined company and the current Nyah shareholders would hold approximately 20%. A vote by Nyah's shareholders to approve the agreement is expected to be held in May 2009.

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

Avion Resources Corp.
On March 20, 2008, the Company entered into a short-term loan agreement with Avion Resources Corp. ("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 share purchase warrants with an exercise price of $0.38 per common share and an expiry date of September 30, 2008. The grant date estimated 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 fair value was calculated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%;

expected volatility of 98.5%; risk-free interest rate of 2.73%; and an expected life of five months. The loan agreement provided for a general security agreement in Aberdeen's favour against the loan.

Avion did not repay the loan by September 30, 2008. Following discussions between Aberdeen and Avion, Aberdeen agreed to extend the term of the loan to September 30, 2009. In conjunction with the extension of the loan, it was agreed that the principal owing upon maturity shall increase by 30% for each US$100 incremental increase in the price of gold above US$900, based on the twelve month average of the London PM fix, to be calculated on a monthly, pro-rata basis, beginning on October 1, 2008. The value to this embedded derivative was estimated to be a nominal amount at both the date of issue and at January 31, 2009 and therefore no value has been attached to this derivative in the financial statements. Interest at a rate of 10% per year will accrue. As additional consideration for the extension of the loan, Avion has agreed to issue 2,000,000 share purchase warrants to Aberdeen, with each share purchase warrant entitling Aberdeen to purchase one common share at a price of $0.20 per share for a period of one year from September 30, 2008. 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 and will be recognized as income over the remaining term of the loan. The fair value was calculated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 93.7%; risk-free interest rate of 2.93%; and, an expected life of one year.

The 250,000 Avion share purchase warrants issued to Aberdeen in March 2008 in connection with the loan expired unexercised. Avion also agreed to pay Aberdeen an extension fee in the amount of US$50,000 of which US$25,000 was payable on October 31, 2008 (paid) and US$25,000 is payable on March 31, 2009 (paid subsequent to the year ended January 31, 2009). The loan continues to be secured against the assets of Avion and in a senior position. The carrying value of the loan receivable at January 31, 2009, was $1,093,997.

As part of the sale of Ethiopian property rights to Avion, completed during the year ended January 31, 2008, deferred payments were payable to the Company by Avion, as outlined in Note 6, "Receivable on Sale of Mineral Property". The payment of $750,000, due on June 30, 2008, was not received by the Company. Following discussions between Aberdeen and Avion, the $750,000 was added to the existing US$1,000,000 loan. In addition, the payment of $1,000,000, due on December 31, 2008, was also not received by the Company. At January 31, 2009, Avion had aggregate loans outstanding payable to Aberdeen of $1,750,000 and US$1,000,000, plus accrued interest.

Subsequent to January 31, 2009, following discussions between Avion and the Company, Avion tentatively entered into an agreement with the Company to repay all of its outstanding loans to Aberdeen through a cash payment of $1,550,000, plus accrued interest, and the assignment of the rights to a 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 is due June 30, 2009 with an annual interest rate of 12%, calculated monthly and payable upon maturity. In addition, the note agreement provides Aberdeen with the option to convert the principal, in whole or in part, into common shares of Amazon Potash on or before June 30, 2009 at $1.00 per share.

Subsequent to January 31, 2009, Avion entered into a definitive agreement with Dynamite Resources Ltd. ("Dynamite") whereby Avion would issue shares to acquire all of the issued and outstanding Dynamite common shares at an exchange ratio of 0.75 Avion common shares for each Dynamite common share. A meeting of Dynamite shareholders to vote on the proposed acquisition is scheduled for April 28, 2009.

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

Largo Resources Inc.
On April 30, 2008, the Company entered into a short-term loan agreement with Largo Resources Inc. ("Largo"). The Company loaned Largo US$4,500,000, repayable on or before June 30, 2008 with interest payable monthly at a rate of 1% per month. This loan was extendible to November 1, 2008 with the payment of a US$100,000 extension fee. In addition, Largo provided US$250,000 cash and 650,000 common shares in Largo as consideration to the Company. The fair value of these shares at the date of issue was estimated to be $351,000 based on the closing price of Largo's common shares on April 30, 2008. The cash payment along with the issue date fair value of the shares was applied against the carrying value of the loan receivable and was recognized as income over the term of the loan. The principal of the loan plus interest, totalling US$4,566,575, was fully repaid on June 20, 2008. Directors of Aberdeen also hold director positions in Largo and Aberdeen officers and directors may hold investments in Largo personally.

Other Loans
Loans receivable also includes a $557,550 demand note that was repaid subsequent to January 31, 2009. The demand note was unsecured, non-interest bearing and due on demand.

Simmer and Jack Convertible Loan Agreement

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

Valuation Following Simmers Shareholder Vote to Deny Conversion Request
The Convertible Royalty Loan also had an option that allowed the Company 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 the Simmers' shareholders voted against the conversion as unanimously recommended by Simmers' board of directors. As a result, it is Aberdeen's position that the US$10,000,000 loan was due, as of its maturity date of December 31, 2008, and Aberdeen was entitled to a 1% life of mine NSR on the gold produced on the underlying assets would commence October 16, 2008. In addition, it is the Company's position that a payment of $1,623,586 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, 2009, reflects Aberdeen's interpretation of the agreement. As a result, the US$10,000,000 ($12,364,000) loan is recorded as still outstanding at January 31, 2009 and continued to be outstanding subsequent to year-end.

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

Management's interpretation is that, pursuant to section 2.6 of the Convertible Royalty Loan agreement, the graduated royalty is calculated on production until December 31, 2008, notwithstanding Aberdeen's request for conversion. In addition, pursuant to section 2.10 of the Convertible Royalty Loan 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 Convertible Royalty Loan agreement, the principal is repayable in cash until shareholders approve the equity conversion. Aberdeen intends to aggressively contest any alternative interpretation of the Convertible Royalty Loan 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 Convertible Royalty Loan agreement in advance of the February 16, 2009 Simmers shareholder meeting. Aberdeen also filed the Convertible Royalty Loan agreement between the Company and Simmers on SEDAR (www.sedar.com) under the Company's profile. Following the vote by Simmers' shareholder not to allow for the conversion, the Company provided Simmers' board and management with a letter reiterating Aberdeen understanding of Simmers' obligations under the Convertible Royalty Loan 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 to enforce its rights under the loan agreement. Aberdeen firmly believes that its interpretation of the agreement is correct and expects to realize the values attached to the royalty and loan on the balance sheet as of January 31, 2009. The description of the Convertible Royalty Loan agreement herein is subject to, and qualified in all respect by, the provisions of the Convertible Royalty Loan agreement.

In connection with the Convertible Royalty Loan agreement, Aberdeen holds a notarial special covering bond in the amount of US$10,000,000 plus ZAR5,000,000 ($605,000) over the assets of the North Plant on Simmers' greater Buffels property.

Aberdeen's balance sheet, as at January 31, 2009, reflected the February 16, 2009 shareholder vote to deny the conversion requested by Aberdeen, along with the Company's interpretation of the Convertible Royalty Loan agreement. At January 31, 2009, the loan and royalty elements of the Convertible Royalty Loan had a total estimated fair value of US$43,544,000 ($53,837,802) based on a US/Cdn dollar foreign exchange rate of 1.2364 (January 31, 2008 – US$45,340,000 ($45,439,748)), excluding accrued interest and royalty receivables. The estimated fair value is recorded on the balance sheet as follows:

Loan – Simmers and Jack Mines, Limited		$12,364,000
Royalty		
Current	2,664,442	
Long-term	38,809,360	
	41,473,802	
	$53,837,802	

Aberdeen carries the Simmers loan and Simmers and First Uranium royalty on the balance sheet at its estimated fair value with the movement between periods being charged to the statement of operations. The US$10,000,000 Simmers loan is carried at the January 31, 2009 Cdn/US exchange rate of 1.2364. The estimated fair value of the royalty is based on a discounted cash flow analysis of expected cash flow from the 1% NSR, with the key assumptions being: 1) life of mines and gold production estimates as per Simmers and First Uranium; 2) US$850 gold price through fiscal 2010, and US$700 thereafter; and, 3) a 5% discount rate.

In addition, at year-end, the Company had receivables from Simmers and First Uranium totaling $2,197,466. This included $1,623,586 related to the graduated royalty between October 16, 2008 and December 31, 2008 and $91,282, which related to the interest receivable on the US$10,000,000 loan between October 16, 2008 and January 31, 2009. It is Simmers' contention that these amounts are not due.

Simmers' Buffels Mine

Simmers has announced that it produced approximately 117,000 ounces of gold from its South African Buffels mine in the 2008 calendar year, compared with approximately 121,000 ounces of gold in 2007. Based on the average gold price during the applicable periods, the royalty rate was 4.75% for the current year. As a result, production from the Simmers' Buffels mine provided the Company with gold royalty revenue of $4,922,247 for the twelve month fiscal period. The royalty revenue includes $928,084 relating to ounces produced between October 16, 2008 and December 31, 2008, which Simmers contends is not due. During the previous year, the royalty rates were 3.75% for the first quarter, 3.85% for the second quarter, 4.05% for the third quarter and 4.75% for the fourth quarter, which provided royalty revenue of $3,909,945 for the twelve month fiscal period.

Effective October 16, 2008, the Company began receiving payments from its 1% life of mine NSR from the Buffels mine. Based on the average gold price during the applicable period and a royalty rate of 1%, the production from Simmers' Buffels mine provided the Company with gold royalty revenue of $341,364. In addition to the royalty revenue, the Company recorded interest income on the loan facility's 2.5% fixed interest rate, which totaled US$250,000 for the 2008 calendar year and 2007 calendar year. The interest includes $52,596 relating to interest between October 16, 2008 and December 31, 2008, which Simmers contends is not due.

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 Buffels tailings dumps owned by First Uranium Corporation ("First Uranium"). The Buffels tailings dumps provide a gold and uranium resource of previously treated material. The mineral resources contained in the tailings dumps were reviewed in a technical report entitled, "Technical Report - Preliminary Assessment of the Buffelsfontein Project, Northwest Province, Republic of South Africa" dated November 8, 2006, prepared by R. Dennis Bergen, P.Eng. and Wayne Valliant, P.Geo. of Scott Wilson Roscoe Postle Associates Inc. (Scott Wilson RPA), each of whom is a qualified person under NI 43-101 and is independent of Aberdeen.

The tailings recovery project is 100%-owned and operated by First Uranium. The tailings dumps 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 Buffels tailings dumps to help facilitate the acceleration of gold production. First Uranium plans to expand this gold plant and construct a new uranium plant. First Uranium's disclosed plan for the tailings recovery project is based on treating 1.8 million tonnes per month, producing an average 138,000 ounces of gold and 950,000 pounds of uranium per year over a 14-year mine life. Scott Wilson RPA estimated that a total of 1.9 million ounces of gold will be recovered from the tailings dumps.

These estimates were extracted from a NI 43-101 Technical Report entitled "Technical Report on the Mine Waste Solutions ("MWS") Tailings Recovery Project located near Stilfontein, North West Province, South Africa" dated March 31, 2008, prepared for First Uranium by Daniel van Heerden and N. Johan Odendaal of Minxcon, each of whom is a qualified person under NI 43-101 and is independent of Aberdeen.

First Uranium announced that it produced approximately 39,000 ounces of gold from treating the Buffels tailings dumps in the 2008 calendar year, compared with approximately 946 ounces in 2007. As a result, the Company recorded royalty revenue of approximately $1,765,770 from the Buffels tailings dumps for the 2009 fiscal year. The royalty revenue includes $378,969 relating to ounces produced between October 16, 2008 and December 31, 2008, which Simmers contends is not due.

Effective October 16, 2008, the Company also began receiving its 1% life of mine NSR from the Buffels mine. Based on the average gold price during the applicable periods and a royalty rate of 1%, production from First Uranium's Buffels tailings dumps provided the Company with gold royalty revenue of $138,628.

During the second quarter of 2008, Simmers filed a new technical report for Mine Waste Solutions Tailings Recovery Project and released a new cash flow model dated April 18, 2008 for the Buffels Underground. The estimates presented in the new technical reports will result in an extended life of mine for the underground operation, averaging 294,000 ounces of gold production per year for the next 21 years. They also announced the implementation of the Mega-Float project using the North Plant to process broken low grade ore to recover approximately 35,000 ounces of gold for seven years over which Aberdeen would receive a 1% tail royalty. Simmers also announced its intention to explore the conversion of 35 million conceptual ounces of gold in the past producing Strathmore shaft by exploration drilling over the next six years. Simmers has stated the possibility of recovering 11.9 million ounces from the Strathmore project over its potential life of mine. At current gold prices, this would equate to approximately $100 million of undiscounted cash flow to Aberdeen under the 1% NSR.

Right of First Refusal Litigation

The Convertible Royalty Loan agreement provides the Company with a right of first refusal on any future financings that Simmers completes on any of their properties. Under the agreement, the Company has 60 days to match financing terms provided by a third party to Simmers. During calendar 2007, Simmers completed a third party financing without providing the Company the right to match the terms offered. Following discussions with Simmers, which did not resolve the Company's concerns, Aberdeen initiated legal proceedings to claim damages caused by the breach of the agreement. On September 5, 2008, a lower court applied a narrow interpretation of the Convertible Royalty Loan agreement and found that the right of first refusal only applies to debt financing. Aberdeen believes a broader interpretation is appropriate and has requested and been granted leave to appeal to South Africa's Supreme Court of Appeal.

Sale of Mineral Property - Ethiopia

During the year ended January 31, 2008, the Company completed the sale of Ethiopian property rights it held to Avion. The Company obtained these Ethiopian property rights through an earn-in agreement with Ethio-Gibe Mining PLC ("Ethio-Gibe"). Aberdeen had earned 100% of the exclusive rights granted by the Ethiopian Government to Ethio-Gibe for consideration consisting of cash and shares payable over a five-year period. The terms of the agreement with Avion were as follows:

(i) $250,000 upon receipt of regulatory approval for the transaction (paid);
(ii) $750,000 on or before June 30, 2008 (not paid);
(iii) $1,000,000 on or before December 31, 2008 (not paid);
(iv) 1.5% net smelter royalty in respect of the exploration licences;
(v) 1,500,000 share purchase warrants of Avion exercisable at $0.48 for 18 months (issued); and
(vi) Avion will assume Aberdeen's obligations to Ethio-Gibe for cash and share payments.

At January 31, 2008, the cash payments to be received from Avion, including the initial $250,000, were recorded as a receivable at a discounted value of $1,837,477 and the 1,500,000 warrants were estimated to have a fair value of $216,000, for total consideration of $2,053,477. The initial payment of $250,000 under the agreement was received by the Company on February 14, 2008.

The agreement outlines that payments to be made by Avion subsequent to the initial $250,000 shall be made in cash or common shares of Avion, upon the mutual agreement of both parties, with any common shares to be issued at a price equal to the volume weighted average trading price for the 30 days prior to the payment due date for Avion common shares. The payment of $750,000 due on June 30, 2008 was not received by the Company. In December 2008, following discussions between Aberdeen and Avion, the $750,000 was added to the existing US$1,000,000 loan from Aberdeen to Avion that is due September 30, 2009. See the section entitled "Loans Receivable – Avion Resources Corp." under Significant Developments above.

The remaining $1,000,000 payment due on December 31, 2008 was also not received by the Company. Subsequent to January 31, 2009, following discussions between Avion and the Company, Avion tentatively entered into an agreement with the Company to repay all of its outstanding loans payable to Aberdeen through a cash payment and the assignment of a note receivable, as outlined above under the section entitled "Loan Receivable – Avion Resources Corp.".

Normal Course Issuer Bid

On January 31, 2008**,** the Company announced its intention to make a Normal Course Issuer Bid ("NCIB") to buy back its common shares for cancellation through the facilities of the Toronto Stock Exchange ("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 approved the NCIB. Based on the 81,888,340 common shares in the public float as at January 31, 2008, the maximum number of shares was 8,188,834. The number of shares in the public float is less than the number of issued and outstanding common shares because the public float number does not include common shares held by insiders of the Company.

Purchases under the NCIB commenced on February 4, 2008 and terminated on February 3, 2009. The shares acquired pursuant to the NCIB were cancelled. During the twelve months ended January 31, 2009, the Company used $2,589,728 to purchase and cancel 8,056,334 shares at an average price of approximately $0.32 per share. The stated value of these shares in the Company's shareholders' equity was $4,067,042, or approximately $0.50 per share. The difference between the cost to repurchase and stated value of $1,477,314 was allocated as an increase to contributed surplus ($1,580,796) and a decrease to retained earnings ($103,482).

On February 3, 2009, subsequent to January 31, 2009, the Company announced its intention to make a second NCIB to buy back its common shares through the facilities of the Exchange.

Based on the number of common shares in the public float, the maximum number of common shares that may be purchased for cancellation pursuant to this second NCIB is 7,370,700. The maximum number of common shares that may be repurchased on a daily basis is 25% of Aberdeen's average daily trading volume for the last six calendar months, which amounts to 33,951 shares. The actual number of common shares that will be purchased and the timing of such purchases will be determined by Aberdeen considering market conditions, stock prices, its cash position, and other factors.

Purchases under the NCIB were permitted to commence on February 5, 2009 and will terminate on February 4, 2010, or the date upon which the maximum number of common shares have been purchased by Aberdeen pursuant to 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.

As at April 22, 2009, Aberdeen had acquired for cancellation 295,500 securities under the current NCIB at a weighted average price of $0.24 per share.

LIQUIDITY AND CAPITAL RESOURCES

As at January 31, 2009, the Company had working capital of $60,814,810 and generated $4,236,226 from its operating activities during the year. The working capital consisted largely of the estimated fair value of its portfolio investments and equity investment of $32,480,508, loans receivable of $15,389,187, receivables of $3,295,956, cash and cash equivalents of $1,356,436, current portion of the royalty of $2,664,442 and a future income tax asset of $5,693,000. This was partially offset by current liabilities of $419,274. At January 31, 2009, Aberdeen did not have any debt.

RESULTS OF OPERATIONS

The net loss for the year under review was $9,051,379, compared to net income of $2,584,409 for the prior year. The net loss was largely from an unrealized loss on investments of $32,628,522 (after-tax of $21,861,110), general and administrative expense of $541,660 and stock-based compensation of $328,150. This was partially offset by royalty revenue of $7,168,009, interest revenue of $1,610,644, advisory service fees of $1,272,500, an unrealized gain of $8,398,054 on the Company's Convertible Royalty Loan and a net realized gain on investments of $671,061.

The unrealized loss on investments of $32,628,522 reflects the poor performance of the stock markets over the second half of the current fiscal year. Shares prices of junior resource companies, the sector in which the Company holds most of its investments, have experienced a sharp downturn over the last two quarters of the current fiscal year, along with the broader market in general. At January 31, 2009, the Company's investment portfolio had an estimated fair market value of $30,556,121 and a cost base of $54,265,625. At January 31, 2008, the Company's investment portfolio had an estimated fair market value of $35,055,876 and a cost base of $26,136,858 and the prior year's statement of operations reflected an unrealized gain on investments of $8,919,018.

During the prior year, the net income was largely the result of royalty revenue of $3,909,945, an unrealized gain on investments of $8,919,018 (after-tax of $5,931,147), interest income of $1,675,367, partially offset by an unrealized loss on the Convertible Royalty Loan of $5,727,800, general and administrative expense of $2,128,026 and, stock-based compensation of $2,363,300.

During the 2008 calendar year, the gold price averaged US$872 per ounce, which resulted in an average royalty rate of 4.75%. Production from Simmers and First Uranium during the twelve month period was approximately 156,000 gold ounces, resulting in royalty revenue during the Company's fiscal year of $7,168,009. The average US/Cdn dollar exchange rate for the fiscal year was 1.0660. During the prior calendar year, the gold price averaged $695 per ounce, resulting in an average royalty rate of 4.10%. Based on approximately 127,000 ounces produced and an average US/Cdn dollar exchange rate of 1.0758, the Company recorded royalty revenue of $3,909,945.

The unrealized gain on the Convertible Royalty Loan of $8,398,054 was largely due to a stronger US dollar. The US/Cdn dollar exchange rate at January 31, 2009 was 1.2364. Using the January 31, 2008 exchange rate of 1.0022, the fair value of the Convertible Royalty Loan would be $33,617,797, a difference of $7,856,005. The unrealized gain was also the result of a higher gold price assumption used in the fair value analysis. At January 31, 2009, a gold price of US$850 per ounce was used for the next year and US$700 per ounce thereafter. At January 31, 2008, a gold price of US$850 per ounce was used for the next two years and US$600 per ounce thereafter. The unrealized loss on the Convertible Royalty Loan of $5,727,800 in the prior year was largely due to a weaker US dollar. The US/Cdn dollar exchange rate at January 31, 2008 was 1.0022, compared with 1.1793 at January 31, 2007.

During the fiscal year ended January 31, 2009, the Company recorded total interest revenue of $1,610,644, compared with $1,675,367 in the prior year. The decrease during the current year was due to lower cash balances due to investing activities during the year and lower interest rates earned on cash holdings, partially offset by the higher interest rates earned on the various loans outstanding.

During the year, the Company recorded revenue for advisory service fees of $1,272,500 (2008 - $168,500) relating to services provided to pre-IPO or early stage public companies. In addition, Aberdeen recorded arrangement fee revenue of $89,770 (2008 - $103,113) related to the Convertible Royalty Loan.

The decrease in general and administrative expense, from $2,128,026 to $541,660, is largely due to the reversal of a management bonus accrual recorded during the prior year. While it is at the discretion of the Board, it is expected that an annual bonus equal to 10% of the realized pre-tax profit on the Company's portfolio investments will be paid to management. While the Company had net realized gains on investments of $671,061 during the year ended January 31, 2009, net unrealized losses of $32,628,522 were also recorded. As a result of the overall net loss on the portfolio investments during the twelve months ended January 31, 2009, no management bonuses were paid or accrued during the year and the bonus of $891,902 that was accrued on unrealized gains during the year ended January 31, 2008 was reversed as a credit to the statement of operations. This reduction in general and administrative expense was partially offset by an increase to consulting costs as Aberdeen transitioned into a resource investment and merchant banking company, and other increases from professional fees, shareholders communication, filing and transfer agent fees and travel costs.

Transaction costs on the purchase of portfolio investments are expensed as incurred. During the year, the Company incurred transaction costs of $59,197, which is slightly higher than the costs incurred in the prior year as a result of increased investing activities.

The Company incurred no interest expense during the current year (2008 - $199,161) as its long-term loan facility was repaid in September 2007. During the year ended January 31, 2008, the Company recorded a non-cash expense of $178,000, which related to the amortization of debt arrangement fees related to the loans.

During the year ended January 31, 2009, the Company recorded a current income tax provision of $1,092,125 and a future tax recovery of $6,096,000. The current income tax expense, which was down from $1,206,985 during the comparative period, was the result of royalty and interest income and advisory service fees, partially offset by general and administrative expenses that are currently deductible. The future income tax recovery resulted from the unrealized losses on the portfolio investments, partially offset by the unrealized gain on the Convertible Royalty Loan. The tax provision on the realized gain on the Company's investment in the Quinto Mining Corporation ("Quinto") following its acquisition by Consolidated Thompson Iron Mines Limited ("Consolidated Thompson") has been recorded as part of the future tax provision as the Company elected to defer the taxes on the share for share exchange.

Selected Annual Information

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

	2009	2008	2007
Net income (loss) for the year	$(9,051,379)	$2,584,409	$2,478,763
Basic and diluted income (loss) per share	$(0.09)	$0.04	$0.09
Total assets	$100,099,467	$113,842,465	$15,168,428
Total liabilities	$12,610,274	$15,040,315	$3,417,665
Working capital (deficiency)	$60,814,810	$81,244,913	$(145,874)

Quarterly Information

The quarterly results have been as follows:
Tabular amounts in $000, except for per share amounts.

Summary Financial Information for the Eight Quarters Ended January 31, 2009 (Fourth Quarter Fiscal 2009)

Period	Investment gains (losses) & revenues	Total assets	Net income (loss)	Basic and diluted income (loss) per share	Long-term liabilities
4th Quarter 2009	30,411	100,099	22,166	0.23	12,191
3rd Quarter 2009	(66,234)	72,609	(44,639)	(0.46)	-
2nd Quarter 2009	2,284	132,455	1,420	0.01	10,324
1st Quarter 2009	20,045	131,459	12,002	0.12	9,712
4th Quarter 2008	2,876	113,842	2,258	0.02	7,395
3rd Quarter 2008	10,460	111,466	3,565	0.03	9,999
2nd Quarter 2008	(1,360)	107,564	(1,062)	(0.03)	11,832
1st Quarter 2008	(2,928)	51,069	(2,177)	(0.08)	12,826

During the prior eight quarters, the Company generated royalty and interest revenue from its Convertible Royalty 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 statement of operations. During the third quarter of fiscal 2008, the Company recorded an unrealized gain on investments of $10,985,310 and during the fourth quarter of fiscal 2008 recorded an unrealized loss of $2,066,292. In the first quarter of fiscal 2009, the Company recorded a net gain in portfolio investment of $14,550,301 and during the second quarter of fiscal 2009, the Company recorded net losses on portfolio investments of $657,082. In the third quarter of fiscal 2009, as a result of the global economic crisis and financial market downturn, which has negatively impacted the Company's portfolio investments, the Company recorded net losses on portfolio investments of $49,413,164. During the fourth quarter of 2009, the Company recorded a net gain on portfolio investments of $3,562,484. The Company also adjusts the fair value of its Convertible Royalty Loan through the statement of operations. With a stronger US dollar against the Canadian dollar during the year, Aberdeen recorded an unrealized gain on the fair value of the Convertible Royalty Loan during the 2009 fiscal year.

Prior to the third quarter of 2008, the net losses have resulted primarily from corporate overheads, including non-cash stock-based compensation expenses. Stock-based compensation represents an estimate of the fair value of stock options granted to directors, officers and consultants of the Company, calculated by applying the Black-Scholes option pricing model.

The general trend of increasing total assets until the third quarter of 2009 resulted from the Company raising funds through private equity and debt placements and using these funds to acquire portfolio investments. The decrease in total assets in the third and fourth quarters of 2009 was mainly due to the decline in fair value of the Company's portfolio investments.

CASH FLOWS

Cash provided by operating activities during the year ended January 31, 2009 was $4,236,226, compared to $3,892,298 in the prior year. The difference between the positive operating cash flow and net loss for the year ended January 31, 2009 reflects the unrealized nature of the losses recorded during the year. Operating cash flow was largely generated by royalty and interest income and advisory service fees, offset by general and administrative expenses and net changes in non-cash working capital. During the year ended January 31, 2008, the operating cash flow reflected the royalty and interest income and net changes in non-cash working capital, partially offset by general and administrative expenses.

Financing activities used $2,589,728 during the year under review as a result of activity under the NCIB. This compared to $52,141,287 provided by financing activities in the prior year through a $60,000,000 private placement, less issue costs, completed in June 2007, partially offset by loan repayments of $3,000,000.

Cash used in investing activities during the year ended January 31, 2009 was $29,226,470, compared to $29,633,814 in the prior year. During the year, $31,673,476 was used for the purchase of portfolio investments and a net of $1,631,970 for short-term loans issued to related companies. This was partially offset by $4,088,556 generated through the disposal of investments. In the prior year, $27,920,858 was used for the purchase of portfolio investments and $1,670,893 on the Ethiopia mineral property that was sold during the prior year.

SIGNIFICANT FUTURE OBLIGATIONS

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately $570,000 and additional contingent payments of approximately $2,790,000 upon the occurrence of a change of control. As the likelihood of a change of control is not determinable, the contingent payments have not been reflected in the annual audited financial statements for the fiscal year ended January 31, 2009.

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 equivalents, 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. Investments are carried at amounts in accordance with the Company's accounting policy as set out below under "Significant Accounting Policies" and in Note 2 of the annual audited financial statements for the year ended January 31, 2009.
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.
iv. The Simmers and First Uranium royalty is carried at its estimated fair value based on management's assumptions as discussed in Note 5 of the annual audited financial statements for the year ended January 31, 2009.

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

TRANSACTIONS WITH RELATED PARTIES

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

In accordance with the investment strategy of Aberdeen, the Company's officers and directors may 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, 2009, and the nature of the relationship of the Company's officers or directors with the investment (estimated fair value as of January 31, 2009):

Investment	Nature of relationship		Estimated Fair value
Allana Resources Inc.	Shareholders	$	541,738
Amazon Potash Corp.**	Directors and shareholders		1,250,000
Apogee Minerals Ltd.	Directors and shareholders		294,500
Auger Resources Ltd.**	Directors and shareholders		500,000
Avion Resources Corp.	Directors and shareholders		2,062,575
Cash Minerals Ltd.	Directors and shareholders		228,600
Castillian Resources Corp.	Directors and shareholders		125,000
Central Sun Mining Inc.*	Directors and shareholders		7,341,464
Consolidated Thompson	Directors, officers and shareholders		1,074,796
Crowflight Minerals Inc.	Directors, officers and shareholders		1,000,000
Franc-Or Resources Corp.	Directors, officers and shareholders		489,775
Kria Resources Inc.**	Directors, officers and shareholders		1,375,000
Largo Resources Inc.	Directors and shareholders		42,250
Longford Energy Inc.	Directors and shareholders		1,336,506
Russo-Forest Corporation**	Directors and shareholders		1,137,283
Scandinavian Metals Inc**	Directors and shareholders		500,000
Stetson Oil & Gas Ltd.	Directors and shareholders		1,136,000
Sulliden Exploration Inc.	Directors and shareholders		6,477,729
Vast Exploration Inc.	Directors and shareholders		626,480
Total of 8 other investments	Shareholders		3,016,425
Total Investments		$	30,556,121

* Formerly named Glencairn Gold Corporation.
** Private company

In addition to the investments listed above, Aberdeen has an equity investment in Tucano Exploration Inc. and loans receivable from Avion Resource Corp and Russo-Forest Corporation. Directors and officers of Aberdeen hold director and officer positions in these companies and may hold investments.

While it is at the discretion of the Board, it is expected that an annual bonus equal to 10% of the realized pre-tax profit on the Company's portfolio investments will be paid to management. For the year ended January 31, 2009, the Company had net realized gains on investments of $671,061 and net unrealized losses of $32,628,522. The net realized gains on investments included a gain of $4,743,004 which resulted from the acquisition of Quinto by Consolidated Thompson and the subsequent sale of a portion of Aberdeen's position in Consolidated Thompson. As a result of the overall net loss on the portfolio investments during the twelve months ended January 31, 2009 no management bonuses were paid or accrued during the year and the bonus of $891,902 that was accrued on unrealized gains during the year ended January 31, 2008 was reversed as a credited to the statement of operations.

The Company was charged $90,000 during the year ended January 31, 2009 (2008 - $30,000) by a corporation controlled by a director of the Company for administration services. In addition, a company controlled by a director of Aberdeen received fees in connection to a private placement by Franc-Or Resources Corporation in which Aberdeen participated.

The Company paid or accrued $500,917 during the year ended January 31, 2009 (2008 - $1,383,333) to directors and officers of the Company for consulting services and fees for acting as directors and officers. Of the amounts paid, $nil was paid by way of bonus (2008 – $1,105,000). Option granted to officers and directors during the year ended January 31, 2009 totaled 3,850,000 at an average exercise price of $0.13 per share (2008 – 4,275,000 options at an average exercise price of $0.80).

During the year ended January 31, 2009, the Company earned advisory service fees of $1,272,500 (2008 – $168,500) from corporations with common directors and officers. In addition, the Company earned interest income totaling $872,076 during the year ended January 31, 2009 (2008 – $Nil) from Avion, Largo and Russo-Forest, all of which have certain common directors with Aberdeen.

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, 2009 is $20,258 (2008 - $65,479) owing to, and $Nil (2008 - $353) owing from such corporations. Such amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies are described in Note 2 to the annual audited financial statements for the year ended January 31, 2009. 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
- Revenue recognition
- Income taxes
- Stock-based compensation

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.

(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.
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.

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.

(ii) Privately-held investments:

1. Securities in privately-held companies 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.

2. Warrants or options of privately-held securities are carried at cost unless there is an upward or downward adjustment supported by pervasive and objective evidence such as significant subsequent equity financing by an unrelated, professional investor at a transaction price higher or lower than the Company's carrying value.

(iii) 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 pro-rated share of income or loss 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 statement of operations. 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.

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.

Revenue recognition

Security transactions are recorded on a settlement basis. Realized gains and losses on the disposal of investments and unrealized gains and losses in the value of investments are reflected in the statement of operations 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 earned royalty income from the graduated royalty on its convertible royalty loan based on gold production, which is tied to the price of gold through its convertible royalty loan and, as of October 16, 2008, on a 1% net smelter royalty ("NSR"). As well, the Company earned interest income through its convertible royalty loan. Such revenue is recognized based on contractual obligations and when ultimate collection is reasonably assured. The change in the fair value of the convertible royalty loan, as estimated by management using a discounted cash flow analysis, was recorded as other revenue on the statement of operations. The arrangement fees related to convertible royalty loan were recorded over the term of the loan.

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 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.

CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING PRONOUNCEMENTS

Section 1535, *Capital Disclosures*

Effective February 1, 2008, the Company adopted CICA Handbook Section 1535, *Capital Disclosures*. This standard requires disclosure of information that enables users of the Company's financial statements to evaluate its objectives, policies and processes for managing capital. As a result of the adoption of this new standard, the Company has developed the additional disclosure as described in Note 15 to its audited annual financial statements for the year ended January 31, 2009.

Section 3862, *Financial Instruments - Disclosure* and Section 3863 *Financial Instruments – Presentation*

Effective February 1, 2008, the Company adopted the requirements of the CICA Handbook Section 3862, *Financial Instruments - Disclosure* and Section 3863, *Financial Instruments - Presentation*, which apply to fiscal years beginning on or after October 1, 2007. The objective of Sections 3862 and 3863 is to provide financial statement disclosure to enable users to evaluate the significance of financial instruments on the Company's financial position and performance and the nature and extent of risks arising from financial instruments that the Company is exposed to during the reporting period and the balance sheet date and how those risks are managed. As a result of the adoption of these new standards, the Company has developed additional disclosure as described in Note 16 to its audited annual financial statements for the year ended January 31, 2009.

Recent Accounting Pronouncements

(i) Section 3064, *Goodwill and Intangible Assets*

In February 2008, the CICA issued Handbook Section 3064, *Goodwill and Intangible Assets*, in replacing Section 3062, *Goodwill and Other Intangible Assets,* and Section 3450, *Research and Development Costs*. Various changes have been made to other sections of the CICA Handbook for consistency purposes. The new Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. This new standard is applicable to fiscal years beginning on or after October 1, 2008. The Company will implement this standard in its first quarter of fiscal year 2010 and is currently evaluating the impact of its adoption on its financial statements. This new Section is not expected to have an impact on the Company's financial statements.

(ii) International Financial Reporting Standards ("IFRS")

In 2005, the Accounting Standards Board of Canada ("AcSB") announced that accounting standards in Canada are to converge with IFRS. In May 2007, the CICA published an updated version of its "Implementation Plan for Incorporating International Financial Reporting Standards into Canadian GAAP". This plan includes an outline of the key decisions that the CICA will need to make as it implements the Strategic Plan for publicly accountable enterprises that will converge Canadian generally accepted accounting standards with IFRS. In April 2008, the AcSB published the exposure draft: *Adopting IFRS in Canada* ("Exposure Draft"). The AcSB proposes to incorporate the IFRS set out in this Exposure Draft into the CICA Handbook–Accounting ("Handbook"). The Handbook will be updated as necessary thereafter so that, at any point in time, it includes the full body of IFRS then in effect. Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, IFRS will replace current Canadian GAAP for most publicly accountable enterprises. Companies will be required to provide comparative IFRS information for the previous fiscal year. At the same time, the AcSB proposes to amend Section 1506, *Accounting Changes*, to accommodate the adoption of IFRS in Canada by providing relief in respect of the requirement to disclose information about new primary sources of GAAP that have been issued but are not yet effective. The Company will implement this change in its first quarter of fiscal year 2012 and is currently in the process of establishing a changeover plan to adopt IFRS by this date.

(ii) Credit risk and the fair value of financial assets and financial liabilities

On January 20, 2009, the Emerging Issues Committee ("EIC") of the Canadian Accounting Standards Board ("AcSB") issued EIC Abstract 173, Credit Risk and Fair Value of Financial Assets and Financial Liabilities, which establishes that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. This EIC should be applied retrospectively without restatement of prior years to all financial assets and financial liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. The Company is currently assessing the impact of this EIC on its financial statements.

OUTLOOK

With no debt on its balance sheet, the Company believes that it is well positioned to deal with the current downturn and believes that the fundamentals of the investment portfolio will still bring value appreciation when growth returns to the global economy. Aberdeen will continue to actively investigate potential investment opportunities; however, with a cash position, as at January 31, 2008, of only $1,356,436, additions to Aberdeen's investment portfolio will be limited. In April 2009, the Company announced its intention to complete a non-brokered private placement for gross proceeds of $4,000,000. The Company will also continue to actively monitor its existing investments and assess opportunities to dispose of certain holdings and redeploy any proceeds. Subsequent to January 31, 2009, the value of portfolio investment had improved with an estimated fair value of $37.3 million, using closing prices as of the date of the MD&A, compared with $30.6 million as at January 31, 2009. With respect to the Convertible Royalty Loan, the Company has engaged a leading South African law firm to enforce its rights under the loan agreement. Aberdeen firmly believes that its interpretation of the loan agreement is correct and expects to realize the values attached to the royalty and the loan as was outlined above.

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 30, 2009, under the profile of the Company at www.sedar.com.

Risks relating to the Company and its Investment Business

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 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 employed with 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
The current significant global economic downturn, combined with the dislocation in the financial markets and decreased availability of credit, has resulted in significant declines for certain sectors of the mining industry and the underlying prices of certain commodities. Due to the Company's focus on the resource industry, Aberdeen depends on the strength of the mining, agriculture and other commodity industries. The Company has been 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. It has also been affected by the falling prices at which resource companies can sell their product. The factors affecting current macro-econoic conditions are beyond the control of the Company. Nonetheless, the Company and its share price is expected to continue to be adversely and materially affected by any continued weakness in the global economy.

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. 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 price of the Company's common shares has 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 Aberdeen's common shares. The purchase of the Company's common shares 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 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 the 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 Parties 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.

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 result in delays in cash flow from 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.

Impact of Adverse Developments Related to Subject Properties
The net smelter royalties that Aberdeen holds are significant to the business and valuation of Aberdeen. Any adverse development affecting the operation of, production from or recoverability of reserves from the Simmers properties and the Mine Waste Solutions operation, unusual and unexpected geologic formations, seismic activity, 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, hiring suitable personnel and engineering contractors, or securing supply agreements on commercially suitable terms, may have a material adverse effect on Aberdeen's profitability, financial condition and results of operations. In addition, Aberdeen has no control over operational decisions made by the third party owners and operators of these projects. Any adverse decision made by the owners and operators, including for example, alterations to mine plans or production schedules, may impact the timing and amount of royalty revenue that Aberdeen receives and may have a material adverse effect on Aberdeen's profitability, financial condition and results of operation.

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, 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 which 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 Licenses

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 which 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.

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.

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. Where Simmers and First Uranium considers it practical to do so, it maintains 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. 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 3, 2009**,** the Company announced its intention to make a Normal Course Issuer Bid ("NCIB") to buy back its common shares for cancellation through the facilities of the Toronto Stock Exchange ("Exchange"). During the year ended January 31, 2009, under a previous NCIB announced in January 2008, Aberdeen repurchased for cancellation 8,056,334.

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 73,707,006 common shares in the public float as at February 2, 2009, the maximum number of shares would be 7,370,700. The number of its shares in the public float is less than the 94,874,339 issued and outstanding common shares as of February 2, 2009, because the public float number does not include common shares held by Aberdeen insiders. The maximum number of common shares that may be repurchased on a daily basis is 25% of Aberdeen's average daily trading volume for the last six calendar months, which amounts to 33,951 shares. The actual number of common shares that will be purchased and the timing of such purchases will be determined by Aberdeen considering market conditions, stock prices, its cash position, and other factors.

Purchases under the NCIB were permitted to commence on February 5, 2009 and will terminate on February 4, 2010, or the date upon which the maximum number of common shares have been purchased by Aberdeen pursuant to 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.

As of April 22, 2009, Aberdeen had acquired 295,500 securities under the current NCIB with a weighted average price of $0.24 per share.

Convertible Royalty Loan

On February 16, 2009, Simmers' shareholders voted to deny Aberdeen's request for conversion of the US$10,000,000 loan into equity. As a result, Aberdeen was granted a 1% gold royalty on all of Simmers' Northwest Assets which includes the Mine Waste Solutions project held by First Uranium. As of the date of the MD&A, Aberdeen has received payment on the 1% royalty for the period October 16, 2008 through March 31, 2009. Additional details are provided in the section entitled "Convertible Royalty Loan" under Significant Developments.

Russo-Forest Loan

Subsequent to January 31, 2009, the Company advanced US$250,000 to Russo-Forest in addition to $500,000 and US$100,000 advanced during the year ended January 31, 2008. The terms of the loan were similar to the terms under which the US$100,000 was advanced, as described above in the section entitled "Loans Receivable – Russo Forest Corporation" under Significant Developments. On February 2, 2009, it was announced that Russo-Forest had entered into an acquisition agreement with Nyah Resources Corp. ("Nyah"), a resources company traded on the TSX Venture exchange. Following the proposed acquisition the current shareholders of Russo-Forest would hold approximately 80% of the combined company and the current Nyah shareholders would hold approximately 20%. A vote by Nyah's shareholders to approve the agreement is expected in May 2009.

Avion Resources Corp.
Subsequent to January 31, 2009, following discussions between Avion and the Company, Avion tentatively entered into an agreement with the Company to repay all of its outstanding loans payable to Aberdeen through a cash payment and the assignment of a note receivable, as outlined in the section entitled "Loans Receivable – Avion Resources Corp." under Significant Developments.

Investments
As of April 22 2009, the Company had spent $1,072,450 and US$250,000 on various new portfolio investments subsequent to January 31, 2009. The Company also sold investments having a cost base of $2,381,489 for proceeds of $1,918,798, realizing a loss of $462,691.

MULTILATERAL INSTRUMENT 52-109 DISCLOSURE

<u>Evaluation of disclosure controls and procedures</u>
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.

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

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

The CEO and CFO, together with other members of Management, have evaluated the effectiveness of internal controls over financial reporting as defined by National Instrument 52-109, and have concluded, based on our evaluation that they are operating effectively as at January 31, 2009.

SUPPLEMENT TO THE FINANCIAL STATEMENTS

As at April 22, 2009, the following common shares, common share purchase options and share purchase warrants were issued and outstanding:

- 94,578,839 common shares;
- 37,500,000 share purchase warrants with an exercise price of $1.00, expiring June 6, 2012;
- 5,850,000 common share purchase options with exercise prices ranging from $0.12 to $0.90, expiring between September 19, 2010 and January 14, 2014; and,
- 4,500,000 Compensation Option Warrants with an exercise price of $0.80 expiring June 6, 2009.