

ABERDEEN INTERNATIONAL INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
October 31, 2008

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

The quarterly report, including this Management Discussion & Analysis 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, 2008, 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, information disclosed by Simmer and Jack regarding the properties and their expected production schedule and timeline, mineral prices, all parties complying with the applicable contracts; 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.

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Management's Discussion and Analysis of financial condition and results of operations for the three and nine months ended October 31, 2008

This Management's Discussion and Analysis ("MD&A") of the operations, results and financial condition of Aberdeen International Inc. ("Aberdeen", or the "Company") for the three and nine months ended October 31, 2008 should be read in conjunction with the related quarterly unaudited interim 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, 2008, which have been consistently applied. The financial statements and related notes of Aberdeen have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Additional information, including our AIF dated April 30, 2008 and press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online under the Company's profile at www.sedar.com. This MD&A reports on the Company's activities through December 5, 2008.

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 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. 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 approximately \$55,875,587. As at October 31, 2008, the portfolio investments had an estimated fair market value of \$27,678,037.

Beginning earlier in the year and continuing through the current quarter, the lack of credit and growing concerns of a global recession have negatively impacted commodity prices, driving down equity prices for stocks in the resource sector. This has significantly and adversely affected the fair market value of Aberdeen's portfolio investments and Convertible Royalty Loan. 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 market weakness is, to a large degree, liquidity driven and the fundamentals of the investment portfolio will still bring value appreciation when growth returns to the global economy.

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SIGNIFICANT DEVELOPMENTS

Investments

As at October 31, 2008, the Company held portfolio investments with an estimated fair market value of \$27,678,037 and a cost base of \$59,601,074, for a cumulative unrealized loss of \$31,923,037. Investments consisted of the following:

Issuer	Note	Security description	Cost	Estimated Fair value	% of (FV)
Allana Resources Inc.	(i,ii,iii)	4,750,000 common shares			
		2,375,000 warrants expire June 16, 2010	\$ 950,000	\$ 278,350	1.0%
Amazon Potash Corp.**	(iii)	2,500,000 common shares	2,500,000	2,500,000	9.0%
Apogee Minerals Ltd.	(iii)	5,000,000 common shares			
		5,000,000 warrants expire May 23, 2010	2,000,000	315,000	1.1%
Auger Resources Ltd.**	(iii)	2,000,000 common shares			
		1,000,000 warrants expire Sept 16, 2010	1,000,000	500,000	1.8%
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	451,102	1.6%
Cash Minerals Ltd.	(iii)	3,600,000 common shares			
		3,600,000 warrants expire July 2, 2010	900,000	136,080	0.5%
Castillian Resources Corp.	(iii)	2,500,000 common shares	1,075,000	112,500	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	1,065,328	3.8%
Consolidated Thompson Iron Mines Ltd.	(iii)	692,200 common shares			
		500,000 warrants expire January 10, 2010	6,436,860	1,438,640	5.2%
Crowflight Minerals Inc.	(iii)	5,000,000 common shares	3,068,200	800,000	2.9%
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	662,600	2.4%
Kria Resources Inc.**	(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	5.0%
Largo Resources Inc.	(iii)	650,000 common shares	351,000	81,250	0.3%
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	2,477,742	1,394,709	5.0%
Russo-Forest Corporation**	(ii,iii)	6,125,000 common shares			
		4,000,000 warrants expire January 25, 2013	2,214,030	2,214,030	8.0%
Scandinavian Metals Inc**	(ii,iii)	2,000,000 common shares			
		1,000,000 warrants expire Sept 12, 2010	1,000,000	500,000	1.8%
Stetson Oil & Gas Ltd.	(iii)	10,000,000 common shares			
		10,000,000 warrants expire Sept 17, 2010	2,000,000	2,177,000	7.9%
Sulliden Exploration Inc.	(iii)	9,526,072 common shares	3,845,554	5,715,643	20.7%
U-308 Corp.	(i,ii)	2,649,600 common shares	4,040,222	794,880	2.9%
Valencia Venture Inc.	(iii)	1,145,500 common shares	572,750	114,550	0.4%
Vast Exploration Inc.	(iii)	4,100,000 common shares			
		2,050,000 warrants expire June 12, 2010	2,460,000	890,315	3.2%
Total of 6 other investments	(iv)		8,702,652	4,161,060	15.1%
Total investments			\$ 59,601,074	\$ 27,678,037	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 and have a fair value of greater than \$500,000 as at October 31, 2008.
- (ii) The Company owns, on a partially diluted basis, at least a 10% interest in the company and these investments have a fair value greater than \$500,000 as at October 31, 2008.
- (iii) A director and/or officer of the Company is a director and/or officer of the investee corporation.
- (iv) Total other investments held by the Company, which are not individually listed as at October 31, 2008.

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During the current quarter, Aberdeen completed investments in four additional companies. These companies 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 properties in Sweden; and, Franc-Or Resources Corporation, a company with properties in Peru and Nevada. In addition, the Company exercised warrants to acquire 5,114,286 shares on Sulliden Exploration Inc. at an exercise price of \$0.45 per share.

Along with the broader market in general, the resource sector has experienced a sharp downturn during the quarter and year-to-date. The Company's portfolio investments have recorded losses, both realized and unrealized, of \$49,413,164 for the three months ended October 31, 2008 and \$35,519,945 for the nine month period.

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	Fair value	(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 and it has a fair value of greater than \$500,000 as at January 31, 2008.
- (ii) The Company owns, on a partially diluted basis, at least a 10% interest in the investee and this investment has a fair value greater than \$500,000 as at January 31, 2008.
- (iii) A director and/or officer of the Company is a director and/or officer of the investee corporation.
- (iv) Total other investments held by the Company, which are not individually listed as at January 31, 2008.

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Equity Accounted Investment

As at October 31, 2008, 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 October 31, 2008 and January 31, 2008:

	October 31, 2008	January 31, 2008
Equity accounted investment – carrying value – beginning of period	\$ 2,000,000	\$ -
Purchase of investment	-	2,000,000
Loss on equity investment	(96,977)	-
Equity accounted investment – carrying value – end of period	\$ 1,903,023	\$ 2,000,000

Loans Receivable

Russo-Forest Short Term Loan

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 October 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.

Avion Short-Term Loan

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 which was repayable on or before September 30, 2008 with interest payable monthly at an annual rate of 10%. In addition, Avion provided, as consideration, 250,000 warrants with an exercise price of \$0.38 per common share and an expiry date of September 30, 2008. The grant date fair value of the warrants was estimated to be \$36,100, which was applied against the carrying value of the loan receivable and was recognized as income over the term of the loan. The 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 2.7%; and an expected life of five months. The loan agreement provided for a general security agreement in Aberdeen's favour against the US\$1,000,000 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-rated basis, beginning on October 1, 2008. 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 93.67%; risk-free

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interest rate of 2.93%; and an expected life of one year. The share purchase warrant previously issued to Aberdeen 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 and US\$25,000 is payable on March 31, 2009. The loan continues to be secured against the assets of Avion and in a senior position.

Largo Short-Term Loan

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, which was 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 in cash and 650,000 shares 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 to be recognized as income over the term of the loan. The principal of the loan plus interest was repaid in full on June 20, 2008.

Simmer and Jack Convertible Loan Agreement

The Company has a US\$10,000,000 Secured Gold Based Convertible Loan Agreement ("Convertible Loan Agreement") with Simmer and Jack Mines, Limited ("Simmers") of South Africa. The Convertible Loan Agreement has a three-year term with 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. Repayment of the Convertible Loan Agreement, including interest and royalty payments, is in US dollars and matures at December 31, 2008.

The Convertible Loan Agreement provides the Company the option to convert the loan to equity of Simmers at ZAR 0.80 per share at any time after the first year of the loan, subject to Simmers shareholders' approval. On October 16, 2008, the Company called for conversion to equity and a shareholder vote is expected in January 2009. Pursuant to the terms of the Convertible Loan Agreement, if shareholder approval is not granted then the US\$10,000,000 Convertible Loan Agreement will mature (provided that Simmers does not extend the loan) on December 31, 2008 and the Company will be entitled to a 1% NSR on gold produced for the life of the underlying assets consisting of the Greater Buffels property as further compensation for the failure to approve the loan conversion. However, Aberdeen has been informed by Simmers that it is their 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. If Simmers' shareholders do not approve the conversion request, Simmers' management contends that Aberdeen would receive the 1% NSR, but not the US\$10,000,000 principal.

Pursuant to section 2.6 of the Convertible 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 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 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 Loan Agreement. The Company has provided Simmers' management and directors with a demand letter and a letter from Aberdeen's legal counsel outlining Aberdeen's

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interpretation of the Convertible Loan Agreement in advance of the upcoming Simmers shareholder meeting. Aberdeen has also filed the Convertible Loan Agreement between the Company and Simmers on SEDAR (www.sedar.com) under the Company's profile. The description of the Convertible Loan Agreement herein is subject to, and qualified in all respect by, the provisions of the Convertible Loan Agreement.

In connection with the Convertible Loan Agreement, Aberdeen holds a notarial special covering bond in the amount of US\$10,000,000 plus ZAR5,000,000 (\$617,000) over the assets of the North Plant on the greater Buffels property.

Simmers has announced that it produced 28,076 ounces of gold from its South African Buffels mine in the third calendar quarter of 2008, compared with 33,487 ounces of gold in the third calendar quarter of 2007. Based on the average gold price during the applicable periods, the royalty rate was 4.75% for the third quarter of the current year, versus 4.05% during the third quarter of the prior year. As a result, production from the Simmers' Buffels mine provided the Company with gold royalty revenue of \$1,437,374 for the three month period ended October 31, 2008, compared with \$846,204 during the comparative period in the prior year. Year to date, gold royalty revenue was \$3,994,163, compared with \$2,527,936 during the nine month period in the prior year. In addition to the royalty revenue, the Company earned a 2.5% fixed interest rate on the loan facility, which totaled \$65,941 during the current quarter, versus \$58,847 in the comparative quarter and \$173,919 year-to-date, versus \$153,938 during the prior year.

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.Geol. 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.

During the third calendar quarter of 2008, First Uranium's Buffels tailings dumps produced 12,118 ounces of gold. Year to date, the tailings dumps produced 26,379 ounces of gold. During the current fiscal quarter, the Company recorded royalty revenue of \$613,438 from the Buffels tailings dumps. Year to date, royalty revenue of \$1,386,800 from the tailings dumps has been recorded.

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The Company's Convertible Loan Agreement extends to all gold produced from the tailings dumps as well as the existing underground mining operations at Buffels. However, the royalty loan facility does not extend to uranium produced at Buffels.

Aberdeen carries the Convertible Loan Agreement on the balance sheet at its estimated fair value with the movement between periods charged to the statement of operations. In prior periods, the Company has estimated the fair value of the Convertible Loan Agreement based on a discounted cash flow analysis of expected cash flow from the remaining graduated royalty and interest payments, the repayment of the US\$10,000,000 principal and the 1% NSR for the life of the mines. The Convertible Loan Agreement has historically been fair valued using the discounted cash flow approach as the Company estimated this scenario to be the likely outcome due to Simmers' share price at previous reporting dates. However, as at October 31, 2008, with a weaker Simmers' share price, the value of the shares that would be received on conversion has fallen below the value, based on the discounted cash flow analysis, of the 1% NSR. In the Company's view, this has significantly increased the probability of the shareholders approving the conversion. As a result, the Company has estimated the fair value of the Convertible Loan Agreement based on receiving Simmers shares upon conversion in addition to the graduated royalty and interest payments for the balance of the fourth calendar quarter of 2008.

Based on the conversion price of ZAR 0.80 per share and an October 31, 2008 exchange ratio of ZAR 9.866 per \$1 U.S. dollar, the Company would receive 123,327,249 Simmers shares. At October 31, 2008, these shares had a fair market value of \$27,675,375 based on a Simmers' share price of ZAR 1.82 and an exchange rate of ZAR 8.110 per \$1 Cdn dollar. The fair value estimate also included an estimate of the remaining graduated royalty and interest payments for the balance of the fourth calendar quarter of 2008 of \$1,347,384, to provide a total estimated fair value of \$29,022,759.

If the conversion is not approved by shareholders and the NSR is received, the fair value of the Convertible Loan Agreement at October 31, 2008, based on a discounted cash flow analysis, would be estimated at \$53,609,000. This would include production from both Simmers and First Uranium and the key assumptions used in determining the fair value of the Convertible Loan Agreement include the following: 1) receipt of a graduated royalty until December 31, 2008; 2) repayment of the US\$10 million loan on December 31, 2008 and thereafter receipt of a 1% NSR for the life of the mines; 3) 5% discount rate; 4) US\$850 gold price through fiscal year 2010, and US\$700 thereafter; and, 5) life of mines and gold production estimates as publicly disclosed by Simmers and First Uranium.

During the second quarter of 2008, Simmers filed a new technical report for Mine Waste Solutions (Buffels Tailings Recovery Project) and released new cash flow models dated April 18, 2008 for 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 a 1% tail royalty should Simmers deny Aberdeen's equity conversion request.

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The Convertible Loan Agreement also 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 Convertible Loan Agreement. On September 5, 2008, a lower court applied a narrow interpretation of the Convertible Loan Agreement and found that the right of first refusal only applies to debt financing. Aberdeen believes a broader interpretation is appropriate and is appealing the decision.

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 Resources Corp. ("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;
- (iii) \$1,000,000 on or before December 31, 2008;
- (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.

The payments to be made by Avion subsequent to the initial \$250,000 are to 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.

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 fair value of the warrants was estimated using the Black-Scholes option pricing model using the following assumptions: expected dividend yield of 0%; expected volatility of 91%; risk-free interest rate of 3.2%; and an expected life of 18 months.

The initial payment of \$250,000 under the agreement was received by the Company on February 14, 2008. However, the payment of \$750,000 due on June 30, 2008 was not received by the Company. Subsequent to the end of the quarter, and following discussions between Aberdeen and Avion, it was agreed that the \$750,000 would be added to the existing US\$1,000,000 loan from Aberdeen to Avion that is due September 30, 2009 (see the section Loans Receivable, above).

The Company currently owns 7,818,700 common shares and 8,818,700 common share purchase warrants of Avion. Stan Bharti, a director of Aberdeen, is also a director of Avion.

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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. The actual number of common shares to be purchased and the timing of such purchases will be determined by the Company considering market conditions, stock prices, its cash position, and other factors.

Purchases under the NCIB commenced on February 4, 2008 and will terminate on February 3, 2009, or the date upon which the maximum number of common shares have been purchased by the Company pursuant to the NCIB. The Company intends that shares acquired pursuant to the NCIB will be canceled. During the nine months ended October 31, 2008, 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 (\$1,580,797) and an increase to the deficit (\$103,482).

LIQUIDITY AND CAPITAL RESOURCES

As at October 31, 2008, the Company had working capital of \$65,088,409 and generated \$4,125,862 from its operating activities year-to-date. The working capital consisted largely of cash and cash equivalents of \$1,409,569, the estimated fair value of its portfolio investments of \$27,678,037, Convertible Royalty Loan of \$29,022,759 and a future income tax asset of \$8,493,000, partially offset by current liabilities of \$7,519,797. The current liabilities included future income taxes of \$5,772,000. Aberdeen currently does not have any debt.

RESULTS OF OPERATIONS

The loss for the quarter under review was \$44,639,165, compared to net income of \$3,565,461 in the prior year's corresponding quarter. The loss was largely from net losses on investments of \$49,472,934, an unrealized loss on the Convertible Royalty Loan of \$19,165,653, partially offset by an income tax recovery of \$19,442,875, a reduction in general and administrative expense of \$1,991,737 (due to a reversal of the management bonus accrual), royalties of \$2,050,812, advisory service fees of \$180,500, interest and other income of \$172,958 and a foreign exchange gain of \$267,083. The income in the comparable quarter was largely the result of an unrealized gain on investments and royalty and interest income, offset by an unrealized loss on the Convertible Royalty Loan, general and administration expenses and an income tax provision.

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The net loss of \$49,472,934 on Aberdeen's investments included net unrealized losses of \$47,597,465 and net realized losses of \$1,815,699. 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, along with the broader market in general. Year-to-date, the Company recorded net losses on investments, both realized and unrealized, of \$35,519,945. This included net realized gains of \$5,390,894, which is largely from the gain recorded on the Company's investment in the Quinto Mining Corporation ("Quinto") on its acquisition by Consolidated Thompson Iron Mines Limited ("Consolidated Thompson"). At October 31, 2008, the Company's investment portfolio had an estimated fair market value of \$27,678,037 and a cost base of \$59,601,074. 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.

The Company's Convertible Royalty Loan generated royalty income of \$2,050,812 in the third quarter of fiscal 2009 (\$846,204 for the comparable quarter in fiscal 2008). The increase was due to higher production, with the production from the Buffels tailings dumps coming online and higher gold prices, royalty rates and a stronger US dollar.

Aberdeen also recorded an unrealized loss on its Convertible Royalty Loan of \$19,165,653 during the quarter under review, compared with a loss of \$2,086,124 in the comparative quarter. Prior to the current quarter, the Company has estimated the fair value of the Convertible Royalty Loan based on a discounted cash flow analysis of expected cash flow from the remaining graduated royalty and interest payments, the repayment of the US\$10,000,000 principal and the 1% NSR for the life of the mines. The Convertible Royalty Loan was fair valued using the discounted cash flow approach as this scenario had a significantly higher probability of occurring due to Simmers' share price at the time. However, as at October 31, 2008, with a weaker Simmers share price reducing the value of the shares that would be received on conversion, the probability of the shareholders approving the conversion has increased significantly. As a result, the Company has fair valued the Convertible Loan Agreement based on receiving Simmers shares in addition to the royalty and interest payments for the balance of the fourth calendar quarter of 2008.

During the quarter, the Company recorded revenue for advisory service fees of \$180,500 relating to services provided to pre-IPO or early stage public companies. Also during the quarter, the Company recorded total interest revenue of \$142,545, compared with \$690,826 in the comparative quarter. The decrease was due to lower cash balance as a result of investment activities over the last few quarters.

During the quarter, a reduction in general and administrative expense of \$1,991,737 was recorded, compared to an expense of \$1,363,152 for the comparative quarter. The net reduction in the current quarter is due to a reversal of \$2,395,956 to the prior quarter's management bonus accrual. Year-to-date, general and administrative expense is \$319,763, versus \$1,736,655 in the comparative period. The decrease is due to the reversal of the prior year's management bonus accrual of \$891,902. The bonus is accrued based on providing management with an annual bonus equal to 10% of the realized pre-tax profit on the Company's portfolio investments.

During the three months ended October 31, 2008, the Company recorded a current income tax provision of \$961,125 and a future tax recovery of \$20,404,000. The income tax expense, which was up from \$341,059 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 both the portfolio investments and the Convertible Royalty Loan. The tax provision on the realized gain on the Company's investment in Quinto following its acquisition by 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. A future income tax expense was recorded in the comparative quarter largely due to the unrealized gain recorded on portfolio investments, partially offset by the unrealized loss recorded on the Convertible Royalty Loan.

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Selected Annual Information

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

	2008	2007	2006
Net income (loss) for the year	\$2,584,409	\$2,478,763	\$(1,903,809)
Basic and diluted income (loss) per share	\$0.04	\$0.09	\$(0.12)
Total assets	\$113,842,465	\$15,168,428	\$12,945,093
Total liabilities	\$15,040,315	\$3,417,665	\$3,831,948
Working capital (deficiency)	\$81,244,913	\$(145,874)	\$595,850

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 October 31, 2008 (Third Quarter Fiscal 2009)					
<u>Period</u>	<u>Investment gains & revenues</u>	<u>Total assets</u>	<u>Net income (loss)</u>	<u>Basic and diluted income (loss) per share</u>	<u>Long-term liabilities</u>
3 rd Quarter 2009	(66,234)	72,609	(44,639)	(0.46)	-
2 nd Quarter 2009	2,284	132,455	1,420	0.01	10,324
1 st Quarter 2009	20,045	131,459	12,002	0.12	9,712
4 th Quarter 2008	2,876	113,842	2,258	0.02	7,395
3 rd Quarter 2008	10,460	111,466	3,565	0.03	9,999
2 nd Quarter 2008	(1,360)	107,564	(1,062)	(0.03)	11,832
1 st Quarter 2008	(2,928)	51,069	(2,177)	(0.08)	12,826
4 th Quarter 2007	820	15,168	1,227	0.04/0.03	102

The Company is currently generating royalty and interest revenue from its Convertible Royalty Loan which is tied to the price of gold, as previously discussed. In addition, the Company began making investments in pre-IPO and early stage public resource companies in the third quarter of fiscal 2008. These investments are fair valued with an unrealized gain or loss going through the statement of operations on a quarterly basis. 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, as a result of the global economic crisis and financial market down-turn which has negatively impacted the Company's portfolio investments, the Company recorded net losses on portfolio investments of \$49,413,164. The Company also adjusts the fair value of its Convertible Royalty Loan through income. As discussed above, under the section Simmer and Jack Convertible Loan Agreement, during the current quarter an unrealized loss of

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\$19,165,653 was recorded on the Convertible Royalty Loan. With the weakening of the US dollar against the Canadian dollar during the previous fiscal year, as well as having the loan delivering income to the Company, Aberdeen also recorded unrealized losses on the fair value of the Convertible Royalty Loan in each of the four fiscal quarters in 2008. During the first quarter of 2009, due to higher gold price assumptions and increased production estimates, an unrealized gain on the Convertible Royalty Loan was recorded. During the second quarter, the Company recorded an unrealized loss of \$812,718 on the Convertible Royalty Loan.

Historically, prior to the change of business in the second quarter of fiscal 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 current quarter has resulted from the Company raising funds through private equity and using these funds to acquire portfolio investments. In addition, the large increase in total assets during the first fiscal quarter of 2008 was the result of the Company applying the new accounting standards for financial instruments that required the Convertible Royalty Loan be carried at fair value. The increase of total assets for the second fiscal quarter of 2008 was the result of the \$60,000,000 private placement, which was completed in July 2007.

CASH FLOWS

Cash provided by operating activities during the quarter ended October 31, 2008 was \$1,778,637, compared to \$1,174,622 in the prior year's quarter. The difference between the operating cash flow and net earnings reflects the unrealized nature of the losses recorded during the quarter. Year-to-date, the difference between the cash flow from operations of \$4,125,862 and net loss of \$31,217,012 is also largely due to the unrealized nature of the losses recorded. Operating cash flow is 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.

Financing activities used \$1,583,781 during the quarter under review, which related to the NCIB announced in January 2008. Year-to-date, \$2,589,727 has been used on the NCIB. Purchases under the NCIB commenced on February 4, 2008 and as of October 31, 2008, the Company has repurchased and canceled 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 the stated value of \$2,589,727 has been allocated as an increase to contributed surplus (\$1,580,796) and an increase to the deficit (\$103,482).

Cash used in investing activities during the third quarter was \$6,445,725, compared to \$12,744,108 in the comparative quarter during the prior year. During the quarter under review, \$8,801,429 was used for the purchase of portfolio investments and \$500,000 was used on the loan to Russo-Forest. This was partially offset by proceeds of \$2,855,704 received on the disposal of investments. Cash used during the comparative quarter related to the purchase of investments and expenditures on the Ethiopian mineral property rights.

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SIGNIFICANT FUTURE OBLIGATIONS

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$550,000 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 these financial statements.

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 and the nature of the relationship of the Company's officers or directors with the investment (estimated fair value as of October 31, 2008):

Investment	Nature of relationship	Fair value
Allana Resources Inc.	Shareholders	\$ 278,350
Amazon Potash Corp.**	Directors and shareholders	2,500,000
Apogee Minerals Ltd.	Directors and shareholders	315,000
Auger Resources Ltd.**	Directors and shareholders	500,000
Avion Resources Corp.	Directors and shareholders	451,102
Cash Minerals Ltd.	Directors and shareholders	136,080
Castillian Resources Corp.	Directors and shareholders	112,500
Central Sun Mining Inc.*	Directors and shareholders	1,065,328
Consolidated Thompson	Directors, officers and shareholders	1,438,640
Crowflight Minerals Inc.	Directors, officers and shareholders	800,000
Franc-Or Resources Corp.	Directors, officers and shareholders	662,600
Kria Resources Inc.**	Directors, officers and shareholders	1,375,000
Largo Resources Inc.	Directors and shareholders	81,250
Longford Energy Inc.	Directors and shareholders	1,394,709
Russo-Forest Corporation**	Directors and shareholders	2,214,030
Scandinavian Metals Inc**	Directors and shareholders	500,000
Stetson Oil & Gas Ltd.	Directors and shareholders	2,177,000
Sulliden Exploration Inc.	Directors and shareholders	5,715,643
Valencia Venture Inc.	Directors and shareholders	114,550
Vast Exploration Inc.	Directors and shareholders	890,315
Total of 7 other investments	Directors, officers and shareholders	4,955,940
Total Investments		\$ 27,678,037

* 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 and Russo-Forest. Directors of Aberdeen are directors in these companies and may hold investments personally.

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 nine months ended October 31, 2008, the Company had net realized gains on investments of \$5,390,894 and net unrealized loss of \$40,910,839. As at October 31, 2008, there was no accrual related to bonus expense.

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The Company was charged \$67,500 during the quarter under review (fiscal 2008 - \$22,500) by a company controlled by a director of the Company for administration services. As well, the Company paid or accrued \$371,417 during the nine months ended October 31, 2008 (nine months ended October 31, 2007 - \$1,172,083) 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 (nine months ended October 31, 2007 - \$965,000).

During the nine months ended October 31, 2008, the Company earned advisory service fees of \$1,272,500 (nine months ended October 31, 2007 - \$nil) from corporations with common directors and officers. In addition, the Company earned interest income during the nine months ended October 31, 2008 from Avion, Largo and Russo-Forest, all of which have common directors with Aberdeen.

The Company shares its premises with other corporations that have common directors and/or officers. The Company reimburses the related corporations for their proportional share of expenses.

CRITICAL ACCOUNTING ESTIMATES

The Company's accounting policies are described in Note 2 to the annual audited financial statements for the year ended January 31, 2008. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses and cash flows for the periods reported. Such estimates and assumptions affect, among other items, the carrying value of its investments and other assets and valuations of stock-based compensation, warrants and tax accounts. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material.

SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. There is a full discussion and description of the Company's critical accounting policies in the MD&A for the year ended January 31, 2008.

CHANGES IN ACCOUNTING POLICIES AND RECENT 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 14 to its unaudited interim financial statements for the nine months ended October 31, 2008.

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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 15 to its unaudited interim financial statements for the nine months ended October 31, 2008.

Recent Accounting Pronouncements

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.

OUTLOOK

With no debt on its balance sheet, the Company is well positioned to deal with the current downturn and management believes that the market weakness is, to a large degree, liquidity driven and 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 October 31, 2008, of only \$1,409,569, additions to Aberdeen's investment portfolio will be limited. The Company will continue to actively monitor its existing investments and assess opportunities to dispose of certain holdings and redeploy any proceeds. With respect to the Convertible Royalty Loan, the Company is following the progress on the Buffels mines closely and has requested conversion of the loan to equity, thereby allowing the Company to crystallize the full value of the royalty loan. A Simmers shareholder vote on the conversion request is expected in January 2009.

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RISKS AND UNCERTAINTIES

As the Company's future revenue stream is based on gold production operations in foreign jurisdictions and gains on its portfolio investments, risks include, but are not limited to, uneconomic grades or costs of recovery, falling commodity prices, a strengthening Canadian dollar versus particularly the United States dollar, unfavourable costs, capital market weakness, key personnel changes, changes in domestic and foreign laws, environmental legislation, labour relations, and other risks and hazards associated with mining operations. For further discussion of risk factors and other information please refer to Aberdeen's AIF filed on April 30, 2008 under the profile of the Company at www.sedar.com.

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

MULTILATERAL INSTRUMENT 52-109 DISCLOSURE

Evaluation of disclosure controls and procedures

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

Internal controls over financial reporting

The Chief Executive Officer and Chief Financial Officer, together with other members of management, after having designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reporting in accordance with the issuer's GAAP as of October 31, 2008, have not identified any changes to the Company's internal controls over financial reporting which would materially affect, or is reasonably likely to materially affect the Company's internal control over financial reporting.

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SUPPLEMENT TO THE FINANCIAL STATEMENTS

As at December 5, 2008, the following common shares, common share purchase options and share purchase warrants were issued and outstanding:

- 94,874,339 common shares;
- 37,500,000 share purchase warrants, exercisable for an equal number of common shares at an exercise prices of \$1.00, expiring June 6, 2012;
- 6,300,000 common share purchase options exercisable for an equal number of common shares at exercise prices ranging from \$0.29 to \$0.90, expiring between September 19, 2010 and October 1, 2013; and,
- 4,500,000 Compensation Option Warrants each of which is exercisable for one common share and one-half of one share purchase warrant at an exercise price of \$0.80 expiring June 6, 2009.

The general weakening in the resource sector that the market experienced leading up to October 31, 2008 has continued. At October 31, 2008, the estimated fair market value of the investment portfolio, based on closing share prices, was \$27.6 million. The estimated fair market value of the same portfolio, as at December 5, 2008, was \$19.7 million.

December 5, 2008