ABERDEEN INTERNATIONAL INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

JANUARY 31, 2010 AND 2009

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

AUDITORS' REPORT

To the Shareholders of
Aberdeen International Inc.

We have audited the balance sheets of Aberdeen International Inc. as at January 31, 2010 and 2009 and the statements of operations and comprehensive income, cash flows and shareholders' equity for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
April 21, 2010

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ABERDEEN INTERNATIONAL INC.

BALANCE SHEET

As at January 31,

	2010	2009
	$	$
ASSETS		
Current		
Cash and cash equivalents	**3,266,356**	1,356,436
Investments, at fair value (Notes 3(a) and 13)	**56,227,559**	30,556,121
Equity accounted investments (Note 3(b))	**800,000**	1,924,387
Amounts receivable (Note 5)	**2,206,775**	2,295,956
Income taxes recoverable	**1,727,615**	333,137
Loan - Simmer & Jack (Note 5)	**10,693,000**	12,364,000
Loans receivable (Note 4)	**8,246,565**	3,025,187
Receivable on sale of mineral property (Note 7)	**-**	1,000,000
Prepaid expenses	**14,508**	21,418
Royalty, current portion (Note 5)	**-**	2,664,442
Future income taxes	**-**	5,693,000
	83,182,378	61,234,084
Long-term		
Royalty (Note 5)	**-**	38,809,360
Royalty interests on mineral properties, net (Note 6)	**35,045,928**	-
Equipment, net	**54,000**	56,023
	118,282,306	100,099,467
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 13)	**1,716,233**	419,274
Deferred revenue (Note 4)	**414,400**	-
Future income taxes (Note 15)	**4,468,000**	-
	6,598,633	419,274
Long-term		
Future income taxes (Note 15)	**8,516,000**	12,191,000
	15,114,633	12,610,274
SHAREHOLDERS' EQUITY		
Common shares (Note 8)	**44,174,159**	47,894,974
Warrants (Note 9)	**15,750,000**	17,203,500
Contributed surplus (Note 11)	**12,016,560**	8,503,997
Retained earnings	**35,501,715**	13,886,722
Comprehensive income (loss) (Note 6)	**(4,274,761)**	-
	103,167,673	87,489,193
	118,282,306	100,099,467

COMMITMENTS AND CONTINGENCIES (Notes 5 and 14)
SUBSEQUENT EVENTS (Notes 4, 12 and 18)

The accompanying notes are an integral part of the financial statements

ABERDEEN INTERNATIONAL INC.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
For the years ended January 31,

	2010	2009
	$	$
Net investment gains (losses)		
Realized gain (loss) on investments, net	**(4,587,750)**	671,061
Unrealized gain (loss) on investments, net	**39,523,022**	(32,628,522)
Loss from equity accounted investments	**(972,268)**	(75,613)
	33,963,004	(32,033,074)
Other revenue		
Royalties	**1,846,701**	7,168,009
Unrealized gain on Simmer & Jack convertible royalty loan (Note 5)	**300,987**	8,398,054
Provision for loan receivable (Note 4)	**(1,317,676)**	-
Interest income	**767,715**	1,610,644
Advisory service fees (Note 13)	**142,000**	1,272,500
Arrangement fees (Note 5)	**-**	89,770
	1,739,727	18,538,977
Expenses		
General and administration (Note 13)	**4,246,940**	541,660
Stock-based compensation (Note 10)	**120,305**	328,150
Transaction costs	**179,927**	59,196
Depletion royalty interests on mineral properties (Note 6)	**863,099**	-
Amortization	**13,255**	5,301
	5,423,526	934,307
Income (loss) before the undernoted	**30,279,205**	(14,428,404)
Foreign exchange gain (loss)	**(2,008,103)**	373,150
Income (loss) before income taxes	**28,271,102**	(14,055,254)
Income taxes (Note 15)		
Current income tax recovery (expense)	**1,347,891**	(1,092,125)
Future income tax recovery (provision)	**(8,004,000)**	6,096,000
Net income (loss) for the year	**21,614,993**	(9,051,379)
Other comprehensive income items		
Currency translation adjustment, net of taxes (Note 6)	**(4,274,761)**	-
Comprehensive income (loss) for the year	**17,340,232**	(9,051,379)
Basic income (loss) per share	**0.24**	(0.09)
Diluted income (loss) per share	**0.23**	(0.09)
Weighted average common shares outstanding		
- basic	**89,757,283**	99,242,524
- diluted	**92,146,032**	99,242,524

The accompanying notes are an integral part of the financial statements

ABERDEEN INTERNATIONAL INC.

STATEMENTS OF CASH FLOWS

For the years ended January 31,

	2010	2009
	$	$
CASH AND CASH EQUIVALENTS (USED IN) PROVIDED BY		
OPERATING ACTIVITIES:		
Net income (loss) for the year	**21,614,993**	(9,051,379)
Adjustments to reconcile net income (loss) to cash provided from operating activities:		
Unrealized (gain) loss on investments, net	**(39,523,022)**	32,628,522
Realized (gain) loss on investments, net	**4,587,750**	(671,061)
Loss from equity accounted investments	**972,268**	75,613
Unrealized gain on Simmer & Jack convertible royalty loan	**(300,987)**	(8,398,054)
Depletion on royalty interests on mineral properties	**863,099**	-
Provision for loan receivable	**1,317,676**	-
Arrangement fee income	**(28,098)**	(89,770)
Stock-based compensation (Note 9)	**120,305**	328,150
Amortization	**13,255**	5,301
Unrealized foreign exchange	**1,691,526**	(220,337)
Future income tax	**8,004,000**	(6,096,000)
Other	**-**	(513,523)
Net change in non-cash working capital	**412,122**	(3,761,236)
	(255,113)	4,236,226
FINANCING ACTIVITIES:		
Shares repurchased and cancelled (Note 12)	**(1,782,057)**	(2,589,728)
	(1,782,057)	(2,589,728)
INVESTING ACTIVITIES:		
Purchase of investments	**(22,870,540)**	(31,673,476)
Disposal of investments	**32,374,687**	4,088,556
Short-term loan provided	**(7,095,825)**	(6,167,070)
Short-term loan repaid	**1,550,000**	4,535,100
Change in mineral property working capital	**-**	50,255
Purchase of equipment	**(11,232)**	(59,835)
	3,947,090	(29,226,470)
CHANGE IN CASH AND CASH EQUIVALENTS	**1,909,920**	(27,579,972)
CASH AND CASH EQUIVALENTS, beginning of year	**1,356,436**	28,936,408
CASH AND CASH EQUIVALENTS, end of year	**3,266,356**	1,356,436
SUPPLEMENTAL INFORMATION		
Income taxes paid, net of refund	**221,241**	1,854,995
Shares and warrants received on debt financing	**7,550**	483,100

The accompanying notes are an integral part of the financial statements

ABERDEEN INTERNATIONAL INC.
STATEMENTS OF SHAREHOLDERS' EQUITY

	Common shares		Share purchase warrants	Contributed surplus	Retained earnings	Other Comprehensive income Item	Shareholders' equity
	#	$	$	$	$	$	$
Balance - January 31, 2008	**102,930,673**	**51,962,016**	**17,203,500**	**6,595,051**	**23,041,583**	-	**98,802,150**
Cancellation of repurchased common shares	(8,056,334)	(4,067,042)	-	1,580,796	(103,482)	-	(2,589,728)
Stock-based compensation expense	-	-	-	328,150	-	-	328,150
Net loss for the year	-	-	-	-	(9,051,379)		(9,051,379)
Balance - January 31, 2009	**94,874,339**	**47,894,974**	**17,203,500**	**8,503,997**	**13,886,722**	-	**87,489,193**
Cancellation of repurchased common shares	(7,370,500)	(3,720,815)	-	1,938,758	-	-	(1,782,057)
Warrants expired unexercised	-	-	(1,453,500)	1,453,500	-	-	-
Stock-based compensation expense	-	-	-	120,305	-	-	120,305
Net income for the year	-	-	-	-	21,614,993	-	21,614,993
Currency translation adjustment (Note 6)	-	-	-	-		(4,274,761)	(4,274,761)
Balance - January 31, 2010	**87,503,839**	**44,174,159**	**15,750,000**	**12,016,560**	**35,501,715**	**(4,274,761)**	**103,167,673**

The accompanying notes are an integral part of the financial statements

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Aberdeen International Inc. (“Aberdeen”, or the "Company") operates as a publicly traded global investment and merchant banking company focused on small capitalization companies in the resource sector. Aberdeen seeks to acquire equity participation in pre-IPO and early stage public resource companies with undeveloped or undervalued high-quality resources. Aberdeen focuses on companies that: (i) are in need of managerial, technical and financial resources to realize their full potential; (ii) are undervalued in foreign capital markets; and, (iii) operate in jurisdictions with low to moderate local political risk.

The Company’s management has prepared these audited annual financial statements for the year ended January 31, 2010 in accordance with generally accepted accounting principles in Canada. These financial statements have incorporated several new accounting standards, the impact of which is summarized in Note 2.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and their basis of application is largely consistent with that in the previous year. Outlined below are those policies considered particularly significant.

a) Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions affect the carrying value of assets, such as the Company’s investment portfolio, royalties and loans. Other significant estimates made by the Company include factors affecting, among other items, stock-based compensation, warrants and broker compensation options and income tax accounts. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material.

b) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and deposits that generally mature within 90 days from the date of acquisition. Deposits are held in Canadian chartered banks or in a financial institution controlled by a Canadian chartered bank.

c) Investments

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

Investments which are designated, based on management’s intentions, as held-for-trading using the fair value option are reported at fair value. The determination of fair value requires judgment and is based on market information where available and appropriate. At the end of each financial reporting period, the Company’s management estimates the fair value of investments based on the criteria below and reflects such valuations in the financial statements. The Company is also required to present its investments (and other financial assets and liabilities reported at fair value) into three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring the fair value, and to provide additional disclosure in connection therewith (see Note 2 (l) and Note 17, “Fair value of financial instruments”).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Investments (Continued)

(i) Publicly-traded investments:

1. Securities, including shares, options, and warrants which are traded on a recognized securities exchange and for which no sales restrictions apply are recorded at fair values based on quoted closing prices at the balance sheet date or the closing price on the last day the security traded if there were no trades at the balance sheet date. These are included in Level 1 in Note 17.

2. Securities which are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. Shares that are received as part of a private placement that are subject to a standard four-month hold period are not discounted. In determining the discount for such investments, the Company considers the nature and length of the restriction, business risk of the investee corporation, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments. These are included in Level 2 in Note 17.

3. Warrants or options of publicly-traded securities which do not have a quoted price are carried at an estimated fair value calculated using the Black-Scholes option pricing model based on the underlying security. These are included in Level 2 in Note 17.

(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. These are included in Level 3 in Note 17.

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. These are included in Level 3 in Note 17.

(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 prorated share of income or losses of the equity accounted investment and any dividends received from the investment. The Company's share of net income and losses of such investments are included in the statements of operations and comprehensive income (loss).

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Royalty interests on mineral properties

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

The Company evaluates its royalty interests on mineral properties for impairment whenever events or changes in circumstances, which may include significant changes in commodity prices and publicly available information from operators of the producing assets, indicate that the related carrying value of the royalty interests may not be recoverable. The recoverability of royalty interests is evaluated based upon estimated future undiscounted net cash flows from each royalty interest property using estimates of proven and probable reserves. Impairments in the carrying value of each property are measured and recorded to the extent that the carrying value of each property exceeds its estimated fair value, which is generally calculated using estimated discounted future cash flows.

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

e) Equipment

Amortization of equipment is calculated on an annual basis using the following rate and method:

Computer - 30% declining balance
Leasehold improvement – 20% straight line

f) Income taxes

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

g) Foreign currency translation

The Company's reporting currency is the Canadian dollar. The functional currency of the Aberdeen's operations is the Canadian dollar with the exception of the Company's royalty division, which has a United States dollar ("US dollar") functional currency. Monetary assets and liabilities denominated in other than the functional currency are translated at the exchange rate in effect at the balance sheet date. Non-monetary assets and liabilities are translated using historical rates. Revenues and expenses denominated in other than the functional currency are translated at rates of exchange in effect during the fiscal year. Gains and losses on translation are included in results from operations for the period.

g) Foreign currency translation (Continued)

The functional currency of the Company's royalty division, which has been determined to be a self-sustaining division, is the US dollar. All assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at rates of exchange in effect during the period. Gains and losses on translation are included in equity as a separate component of other comprehensive income or loss.

h) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net earnings (loss) by the weighted-average number of the Company's common shares outstanding during the period. Diluted earnings (loss) per share is calculated by dividing the applicable net earnings (loss) by the sum of the weighted-average number of common shares outstanding if dilutive common shares had been issued during the period. The treasury stock method is used to compute the dilutive effect of common share purchase warrants and stock options. The treasury stock method assumes that outstanding stock options and warrants with an average exercise price below market price of the underlying shares are exercised and the assumed proceeds are used to repurchase common shares of the Company at the average market price for the period. If the Company has a net loss, diluted loss per share is calculated using the basic weighted average shares outstanding because to do otherwise would be anti-dilutive. For 2009, the diluted weighted average number of common shares outstanding excluded 1,750,000 options and 42,000,000 warrants as they were anti-dilutive. For 2008, all outstanding options and warrants were excluded from the diluted weighted average number of common shares outstanding as they were anti-dilutive.

i) 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.

j) Revenue recognition

Security transactions are recorded on a trade basis. Previously, security transactions were recorded on a settlement basis. Additional detail on this change in accounting policy is provided below in this note under "Accounting changes". Realized gains and losses on the disposal of investments and unrealized gains and losses in the value of investments are reflected in the statement of operations and comprehensive income and are calculated on an average cost basis. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. All transaction costs are expensed as incurred. Dividend income is recorded on the ex-dividend date. Interest income and other income are recorded on an accrual basis. Deferred revenue is recognized over the period for which the revenue is earned.

The Company earns royalty income as well as interest income. Such revenue is recognized based on contractual obligations and when ultimate collection is reasonably assured. The change in the estimated fair value of the convertible royalty loan agreement, prior to its conversion to separate loan and royalty agreements in February 2010, was recorded as revenue on the statement of operations and comprehensive income.

k) Comparative figures

Certain comparative amounts have been reclassified to conform to the current year's presentation.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Accounting changes

Effective February 1, 2009, the Company adopted prospectively the following new CICA Handbook accounting and reporting standards for annual and interim financial statements:

(a) In January 2009, the CICA's Emerging Issues Committee concluded 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. The application of incorporating credit risk into the fair value should result in entities re-measuring the financial assets and financial liabilities as at the beginning of the period of adoption. This abstract should be applied retrospectively without restatement of prior periods to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. Retrospective application with restatement of prior periods is also permitted. The adoption of this standard did not impact the position or earnings of the Company.

(b) The CICA Handbook Section 3064, Goodwill and Intangible Assets, which clarifies that costs can be deferred only when they relate to an item that meets the definition of an asset. CICA Handbook Section 1000, Financial Statement Concepts, was also amended to provide consistency with this new standard. The adoption of this standard did not impact the financial position or earnings of the Company.

(c) In June 2009, the Canadian Accounting Standards Board ("AcSB") issued the amendments to CICA Handbook Section 3862, Financial Instruments - Disclosures, which reflect the corresponding amendments made by the International Accounting Standards Board to IFRS 7, Financial Instruments: Disclosures, in March 2009. The amendments require that all financial instruments measured at fair value be presented into one of the three hierarchy levels set forth below for disclosure purposes (see Note 17). Each level is based on the transparency of the inputs used to measure the fair value of assets and liabilities.

(i) Level 1: Inputs are unadjusted quoted prices of identical instruments in active markets.

(ii) Level 2: Valuation models which utilize predominately observable market inputs.

(iii) Level 3: Valuation models which utilize predominately non-observable market inputs.

The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The amendments to Section 3862 also require additional disclosure relating to the liquidity risk associated with financial instruments (see Note 17, "Fair value of financial instruments"). The amendments improve disclosure of financial instruments specifically as it relates to fair value measurements and liquidity risk. The adoption of the amendments did not impact the Company's financial position or results of operations.

(d) *Change in accounting policy* - Previously, security transactions were recorded on a settlement basis. Beginning the year ended January 31, 2010, the Company has recorded security transactions on a trade basis. As at January 31, 2010, the Company had recorded the purchase of investments with a market value of $464,078 that had not settled, resulting in an accrued liability of an equal and offsetting amount. This change in accounting policy did not result in any changes to the comparative figures at January 31, 2009 or for the periods then ended.

m) New accounting pronouncements

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) New accounting pronouncements (Continued)

This new standard is applicable to business combinations realized during fiscal years beginning on or after January 1, 2011. The Company expects to implement this standard in its first quarter of fiscal year 2012. This new Section requires that most identifiable assets, liabilities, non-controlling interests and goodwill acquired in a business combination be recorded at “full fair value” and that liabilities associated with restructuring or exit activities be recognized only if they meet the definition of a liability as of the acquisition date. In addition, direct acquisition costs must be expensed when incurred. As a result, if the Company realizes significant business combinations, this new Section could have a material impact on its consolidated financial statements because the Company’s current policy is to include these costs in the purchase price of the acquired business.

At January 31, 2010, the Company does not believe the adoption of this standard will have a material impact on the Company.

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

Sections 1601 and 1602 must be implemented concurrently with Section 1582, *Business Combinations*, discussed above. Both Sections are applicable for fiscal years beginning on or after January 1, 2011 with earlier adoption permitted as of the beginning of a fiscal year. Section 1602 is to be applied retrospectively, with certain exceptions. Entities planning business combinations for the years beginning on or after January 1, 2010 should consider adopting these new standards in or before that year to avoid restatement on transition to IFRS in 2011. The Company expects to implement this standard in its first quarter of fiscal year 2011.

The Company does not believe the implementation of this new standard will have a material impact on the Company’s financial statements.

(c) 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 as 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. The Company will implement these standards in its first quarter of fiscal year 2012 (April 30, 2011) and is currently evaluating the impact of their adoption on its financial statements.

3. INVESTMENTS

(a) At January 31, 2010, the Company's investments consisted of the following:

Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
Temujin Mining Corp.*	(ii,iii)	7,364,545 common shares			
		7,364,545 warrants expire Nov 26, 2011			
		600,000 warrants expire Jan 14, 2012	$ 3,667,200	$ 3,758,400	6.7%
Allana Resources Inc.	(i,ii)	6,750,000 common shares			
		2,000,000 warrants expire June 16, 2011			
		2,375,000 warrants expire May 22, 2011	1,220,000	3,348,300	6.0%
Apogee Minerals Ltd.	(i,ii,iii)	9,850,000 common shares			
		5,000,000 warrants expire May 23, 2010			
		1,175,000 warrants expire April 30, 2011			
		1,250,000 warrants expire Nov 22, 2011	2,391,000	1,226,528	2.2%
Auger Resources Ltd.*	(ii,iii)	2,000,000 common shares			
		1,000,000 warrants expire Sept 16, 2010	1,000,000	500,000	0.9%
Avion Gold Corp.	(iii)	8,774,400 common shares			
		2,500,000 warrants expire May 8, 2011	3,631,919	6,002,634	10.7%
Brazil Potash Corp.*	(iii)	1,650,062 common shares	2,500,000	1,776,127	3.2%
Castillian Resources Corp.	(iii)	11,660,000 common shares			
		500,000 warrants expire June 30, 2010	2,034,670	1,179,350	2.1%
Crocodile Gold Inc.	(iii)	6,319,478 common shares			
		2,500,000 warrants expire June 15, 2012			
		317,460 warrants expire Feb 9, 2010			
		1,017,429 warrants expire Feb 9, 2010	3,546,424	16,929,174	30.1%
Crowflight Minerals Inc.	(iii)	3,379,724 common shares			
		1,470,612 warrants expire April 30, 2011	1,508,039	607,682	1.1%
Dacha Capital Inc.	(i,ii,iii)	2,501,551 common shares			
		2,501,551 common shares expire June 16, 2014	825,512	2,345,204	4.2%
Kria Resources Inc.	(iii)	2,599,000 common shares			
		1,000,000 warrants expire June 9, 2010			
		50,000 warrants expire June 16, 2010	2,599,000	561,880	1.0%
Largo Resources Inc.	(iii)	3,983,333 common shares	551,000	896,250	1.6%
Longford Energy Inc.	(iii)	3,659,869 common shares			
		3,296,296 warrants expire February 28, 2010			
		1,000,000 warrants expire June 5, 2011	1,941,090	1,207,170	2.1%
Scandinavian Metals Inc.*	(ii,iii)	2,000,000 common shares			
		1,000,000 warrants expire Sept 12, 2010	1,000,000	500,000	0.9%
Stetson Oil & Gas Ltd.	(iii)	10,000,000 preferred shares			
		10,000,000 warrants expire Sept 17, 2010	740,290	177,000	0.3%
Sulliden Gold Corporation Ltd.	(iii)	10,404,303 common shares			
		769,231 warrants expire April 23, 2011			
		625,000 warrants expire October 6, 2012	4,920,283	7,621,216	13.6%
Vast Exploration Inc.	(iii)	1,350,000 common shares			
		2,050,000 warrants expire June 12, 2010			
		1,000,000 warrants expire June 5, 2011	1,062,686	1,518,170	2.7%
Total of 11 other investments	(iv)		8,942,128	9,830,874	17.5%
Total investments			$ 40,414,041	$ 56,227,559	100.0%

* 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, 2010.
(iii) A director and/or officer of the Company is a director and/or officer of the investee corporation.
(iv) Total other investments held by the Company, which are not individually listed as at January 31, 2010. Directors and officers may hold investments personally.

3. **INVESTMENTS** (Continued)

At January 31, 2009, the Company's 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	$ 541,738	1.8%
Amazon Potash Corp.**	(iii)	2,500,000 common shares	2,500,000	1,250,000	4.1%
Apogee Minerals Ltd.	(iii)	5,000,000 common shares			
		5,000,000 warrants expire May 23, 2010	2,000,000	294,500	1.0%
Auger Resources Ltd.**	(iii)	2,000,000 common shares			
		1,000,000 warrants expire Sept 16, 2010	1,000,000	500,000	1.6%
Avion Gold Corp.	(i,ii,iii)	7,818,700 common shares			
(Formerly Avion Resources Corp)		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.**	(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.	(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.	(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 this investment.
(ii) The Company owns, on a partially diluted basis, at least a 10% interest in the investee as at January 31, 2009.
(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, 2009. Directors and officers may hold investments personally.

3. INVESTMENTS (Continued)

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

During the fourth quarter of 2010, the Company made an investment of $800,000 for a 38.5% interest in a privately held coal company. The investment has been accounted for as an equity investment.

The following is a schedule of the Company's equity accounted investments as at January 31, 2010 and January 31, 2009:

	January 31, 2010	January 31, 2009
Equity accounted investment – carrying value – beginning of year	**$ 1,924,387**	$ 2,000,000
Acquisition of equity accounted investment	**800,000**	-
Loss on equity investment	**(972,268)**	(75,613)
Reclassification of equity accounted investment to portfolio investment	**(952,119)**	-
Equity accounted investment – carrying value – end of year	**$ 800,000**	$ 1,924,387

4. 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 was 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 US$100,000 ($122,470) to Russo-Forest. The loan was 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.

In April and June 2009, the Company advanced a further US$250,000 ($308,955) and US$100,000 ($111,460), respectively, to Russo-Forest under similar terms as the second short-term loan agreement described above with a maturity date of June 30, 2009.

The loans outstanding were not repaid at their respective due dates. On August 18, 2009, the Company advanced an additional US$213,710 ($232,410) to Russo and agreed to extend the maturity date of the loans initially to September 30, 2009 and subsequently to December 31, 2009. Interest charged on the outstanding US dollar short-term loan initially outstanding to June 30, 2009 was increased from 15% to 17% per annum as provided for in the loan agreement.

4. LOANS RECEIVABLE (Continued)

Russo-Forest Corporation (Continued)
On February 2, 2009, it was announced that Russo-Forest had entered into a share exchange 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 have held approximately 80% of the combined company and the current Nyah shareholders would have held approximately 20%. On October 13, 2009, Nyah's shareholders voted in favour of the share exchange agreement; however, the finalization of the acquisition was delayed past October 31, 2009 which triggered a required payment from Russo-Forest to Nyah for $500,000, as outlined in the agreement. In December 2009, Nyah exercised its right to terminate the share exchange agreement.

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

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 Gold Corp. (formerly Avion Resources Corp.)
On March 20, 2008, the Company entered into a short-term loan agreement with Avion Gold Corporation ("Avion"). The Company loaned Avion US$1,000,000 ($1,009,500) which was repayable on or before September 30, 2008 with interest payable monthly commencing April 30, 2008 at an annual rate of 10%. In addition, Avion provided, as consideration, 250,000 common share purchase warrants with an exercise price of $0.38 per common share and an expiry date of September 30, 2008. The grant date fair value of the warrants was estimated to be $36,100 which was applied against the carrying value of the loan receivable and was recognized as income over the term of the loan. The estimated grant date 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 250,000 common share purchase warrants expired unexercised. 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-rated basis, beginning on October 1, 2008. The value to this embedded derivative was estimated to be a nominal amount at the date of issue and subsequent period ends and therefore no value was attached to this derivative in the financial statements. Interest at a rate of 10% per year accrued.

As additional consideration for the extension of the loan, Avion issued 2,000,000 common 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 to 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. In September 2009, the Company exercised its options to acquire 2,000,000 Avion common shares at a cost of $400,000.

4. LOANS RECEIVABLE (Continued)

Avion Gold Corp. (Continued)
Avion also agreed to pay Aberdeen an extension fee in the amount of US$50,000 ($62,285) of which US$25,000 ($30,413) was paid on October 31, 2008 and US$25,000 ($31,872) was paid on March 6, 2009. The loan was secured against the assets of Avion and in a senior position.

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 7, "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.

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

Amazon Potash Corp.
On May 27, 2009, the Company loaned an additional US$250,000 that was added to the existing secured note receivable from Amazon Potash. As consideration, the Company received a US$25,000 advisory service fee and 100,000 shares of Amazon Potash. Interest receivable accrued between assuming the secured note receivable on May 6, 2009 and May 27, 2009, totalling US$8,630, was capitalized as part of the loan.

Amazon Potash did not repay the loan on June 30, 2009. The Company and Amazon Potash agreed to three separate quarterly extensions to the secured note receivable to March 31, 2010. As consideration for extending the note receivable, the Company received an aggregate of US$75,000 ($80,198) and 150,000 Amazon Potash shares. Subsequent to January 31, 2010, the loan was extended to June 2010 and as consideration Aberdeen received US$25,000 ($26,733) and 50,000 Amazon Potash shares. At January 31, 2010, the carrying value of the secured note receivable was US$1,712,115 ($1,830,765), excluding accrued interest.

The note receivable is secured by Amazon Potash's assets. In September 2009, Amazon Potash spun out some of its potash claims in Brazil to a wholly-owned subsidiary named Brazil Potash Corp. ("Brazil Potash"). The shares in Brazil Potash were distributed to its Amazon Potash shareholders. Aberdeen, as a shareholder of Amazon Potash, received 1,650,025 shares of Brazil Potash. Subsequent to the distribution of the shares, Brazil Potash completed a private placement equity financing for gross proceeds of approximately US$25,000,000 at a price of US$1.00 per common share.

On May 6, 2009, Avion completed a previously announced acquisition of Dynamite Resources Ltd. ("Dynamite") whereby Avion acquired all of the issued and outstanding Dynamite common shares at an exchange ratio of 0.75 Avion common shares for each Dynamite common share.

4. LOANS RECEIVABLE (Continued)

Avion Gold Corp. (Continued)
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, Brazil Potash and held director positions in Dynamite. Aberdeen officers and directors also may hold, or have held, investments personally in Amazon Potash, Brazil Potash and Dynamite.

Kria Resources Inc.
In June 2009, the Company entered into a secured debenture agreement with Kria Resources Inc. ("Kria Resources") to loan up to $600,000, with any amounts drawn being due and payable on December 31, 2010 and shall be subject to interest at a rate of 10% per annum. Kria Resources is a base metals exploration and development company whose properties are located in Manitoba and in New Brunswick. In July 2009, Kria Resources completed the acquisition of Beartooth Platinum Corporation ("Beartooth") and began trading on the TSX Venture Exchange under the name Kria Resources Inc. Consideration provided to the Company by Kria Resources for entering into the secured debenture agreement included a $25,000 fee plus up to 250,000 share purchase warrants, of which 50,000 have been issued, with each share purchase warrant entitling Aberdeen to purchase one common share for a period of one year from the date of grant. The grant date fair value of the warrants issued was determined to be nominal and no value was recorded. As at January 31, 2010, Kria Resources had not drawn down funds under the secured debenture agreement. The $25,000 fee was recorded as deferred revenue and is being recognized as income over the term of the agreement. Directors of Aberdeen serve as a director and officer in Kria Resources. Also, a director of Aberdeen served as a director of Beartooth.

Castillian Resources Corporation
In January 2010, the Company entered into a secured debenture agreement with Castillian Resources Corporation ("Castillian Resources") to loan up to $500,000, with any amounts drawn being due and payable on June 30, 2010 and shall be subject to interest at a rate of 10% per annum. The debenture is secured against Castillian's interest in the Kagera property in Tanzania. Castillian paid Aberdeen a facility fee in the amount of $25,000 and issued 500,000 share purchase warrants to Aberdeen, which entitle the Company to acquire one Castillian Resources common share at a price of $0.10 at any time prior to June 30, 2010. Castillian shall also issue 100,000 of the same share purchase warrants per $100,000 drawn against the line of credit. The warrants are subject to a statutory four month hold period. The grant date fair value of the warrants issued was estimated to be $7,550. Castillian Resources drew down the $500,000 under the secured debenture agreement subsequent to January 31, 2010. The $25,000 fee was recorded as deferred revenue and is being recognized as income over the term of the agreement. Directors of Aberdeen serve as directors of Castillian Resources.

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 ($4,535,100), 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 ($254,650) 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 ($4,603,583), 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.

4. LOANS RECEIVABLE (Continued)

Temujin Mining Corp.
On January 14, 2010, the Company entered into a loan agreement with Temujin Mining Corp. ("Temujin"). The Company loaned Temujin US$6,000,000 ($6,415,800), repayable on or before January 14, 2011 with interest payable at 10% per annum. As consideration for arranging the loan, Temujin agreed to pay the Company debt arrangement fees of US$360,000 ($384,948) and issued 600,000 warrants to purchase the common shares of Temujin at an exercise price of $0.55 until January 14, 2012. Subsequent to January 31, 2010, US$3,000,000 of the loan was repaid. The loan balance of US$3,000,000 and debt arrangement fees of US$360,000 remained outstanding.

5. SIMMER & JACK LOAN

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

The loan also had an option that allowed Aberdeen to call for its conversion into equity of Simmers at ZAR 0.80 per share at any time from January 1, 2007 to December 31, 2008, subject to Simmers shareholders' approval. On October 16, 2008, the Company called for conversion to equity and a shareholder vote was held on February 16, 2009, where 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% NSR on the gold produced on the underlying assets starting October 16, 2008. In addition, it is the Company's position that a payment of approximately US$1,363,000 is due from Simmers which is the interest and 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 a 1% 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, 2010, reflects Aberdeen's interpretation of the agreement. As a result, the US$10,000,000 ($10,693,000) loan was still outstanding at January 31, 2010 and is recorded on the balance sheet. In addition, as at January 31, 2010, the Company had recorded receivables from Simmers and First Uranium totaling US$1,579,992 ($1,689,486). This includes the amount related to the interest and graduated royalty for the period between October 16, 2008 and December 31, 2008. It is Simmers' contention that these amounts are not due.

5. SIMMER & JACK LOAN (Continued)

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

In connection with the Agreement, Aberdeen holds a notarial special covering bond in the amount of US$10,000,000 plus ZAR5,000,000 ($702,500) over the assets of the North Plant on Simmers' greater Buffels property.

Aberdeen's balance sheet, as at January 31, 2010, reflects the Simmers shareholders' February 16, 2009 vote to deny the conversion requested by Aberdeen, along with the Company's interpretation of the Agreement. At January 31, 2010, the Simmers loan was carried at US$10,000,000 ($10,693,000), excluding accrued interest, based on a US/Cdn dollar foreign exchange rate of 1.0693.

Prior to the vote by Simmers shareholders to deny the conversion of the loan into shares the Company carried the convertible loan at its estimated fair value. The estimated fair value was recorded on the balance sheet as follows:

	January 31, 2009
Loan	$12,364,000
Royalty	
Current	
Simmers	1,253,710
First Uranium	1,410,732
Long-term	
Simmers	27,024,799
First Uranium	11,784,561
Royalty total	41,473,802
Total	$53,837,802

The key assumptions used in determining the fair value of the royalty component of the Convertible Royalty Loan Agreement as of January 31, 2009 were: 1) life of mines and gold production estimates as per Simmers and First Uranium; 2) US$850 gold price through fiscal 2010, and US$700 thereafter; and, 3) 5% discount rate.

6. ROYALTY INTERESTS ON MINERAL PROPERTIES

The following table summarizes the Company's royalty interests as at January 31, 2010:

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

The Company owns a 1% NSR royalty interest on gold production from Simmers' producing Northwest assets and on First Uranium's Mine Waste Solutions tailings recovery operation. The Company received both the Simmers and First Uranium royalties as a result of the Simmers shareholders' February 16, 2009 vote against the conversion of the US$10,000,000 loan outstanding as more fully described above in Note 5, Simmer & Jack Loan". Prior to the vote to deny the conversion of the loan into shares of Simmers, the Company had carried the convertible loan on its balance sheet at its estimated fair market value based on a discounted cash flow analysis. Following the vote to deny conversion, the Company began accounting for the resulting 1% NSR royalties as tangible assets with the carrying value being the estimated fair market value of the royalty portion on February 16, 2009. The carrying value of royalty interests are depleted using the units-of-production method over the life of the property to which the royalty interest relates.

The functional currency of the Company's royalty division is the US dollar. All assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at rates of exchange in effect during the period. Gains and losses on translation are included in equity as a separate component of other comprehensive income or loss. During the year ended January 31, 2010, a translation adjustment loss of $5,792,761 (net of taxes - $4,274,761) was recorded.

7. RECEIVABLE ON SALE OF MINERAL PROPERTY

During the year ended January 31, 2008, the Company completed the sale of the 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 – see Note 4, “Loans Receivable”);
(iii) $1,000,000 on or before December 31, 2008 (not paid – see Note 4, “Loans Receivable”);
(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; 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 outlined 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 was due September 30, 2009 (see Note 4, “Loans Receivable”).

The remaining $1,000,000 payment due on December 31, 2008 was also not received by the Company. Following discussions between Avion and the Company, Avion repaid all of its outstanding loans payable to Aberdeen through a cash payment and the assignment of a note receivable, as outlined in Note 4, “Loans Receivable”.

The 1,500,000 common share purchase warrants expired unexercised on July 31, 2009.

Subsequent to completing the purchase, Avion abandoned the Ethiopian property rights.

8. COMMON SHARES

Authorized: Unlimited common shares with no par value

Issued and outstanding:

	Number of shares	Amount
Balance, January 31, 2008	**102,930,673**	**$ 51,962,016**
Shares repurchased and cancelled (NCIB) [1]	(8,056,334)	(4,067,042)
Balance, January 31, 2009	**94,874,339**	**$ 47,894,974**
Shares repurchased and cancelled (NCIB) [1]	(7,370,500)	(3,720,815)
Balance, January 31, 2010	**87,503,839**	**$ 44,174,159**

[1] See Note 12.

9. WARRANTS

	January 31, 2010		January 31, 2009	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
Balance, beginning of year	**42,000,000**	**$0.98**	42,000,000	$0.98
Granted	**-**	**-**	-	-
Expired *	**(4,500,000)**	**0.80**	-	-
Balance, end of year	**37,500,000**	**$1.00**	42,000,000	$0.98

* Compensation Options were exercisable into Units at a price of $0.80 per Unit consisting of one common share of the Company and one-half of one common share purchase warrant. Compensation Options expired unexercised June 6, 2009.

The following is a summary of the outstanding warrants as of January 31, 2010:

Estimated grant date fair value	Number of Warrants	Exercise price	Expiry date
$ 15,750,000	37,500,000	$1.00	June 6, 2012

10. STOCK-BASED COMPENSATION

The Company has adopted a stock option plan (the “Plan"), to be administered by the Directors of the Company. Under the Plan, the Company may grant to directors, officers, employees and consultants options to purchase shares of the Company. The Plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company’s issued and outstanding share capital increases. Options granted under the Plan will be for a term not to exceed five years. The plan provides that, it is solely within the discretion of the Board to determine who should receive stock options, in what amounts, and determine vesting terms. The exercise price for any stock option shall not be lower than the market price of the underlying common shares, or at fair market value in the absence of a market price, at the time of grant.

10. STOCK-BASED COMPENSATION (Continued)

The following are the stock option transactions during the years ended January 31, 2010 and the year ended January 31, 2009:

	January 31, 2010		January 31, 2009	
	Number of stock option	**Weighted average exercise price**	Number of stock option	Weighted average exercise price
Balance, beginning of year	**5,850,000**	**$0.34**	5,900,000	$0.80
Granted	**1,300,000**	**$0.27**	4,050,000	$0.12
Expired	**-**	**-**	(500,000)	$0.83
Forfeited	**(250,000)**	**$0.71**	(3,600,000)	$0.80
Balance, end of year	**6,900,000**	**$0.31**	5,850,000	$0.34

As of January 31, 2010, the following stock options were outstanding:

Estimated grant date fair value	Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
$ 33,150	50,000	50,000	$0.85	September 19, 2010
269,500	500,000	500,000	$0.69	October 25, 2010
62,500	100,000	100,000	$0.80	January 20, 2011
32,100	50,000	50,000	$0.82	February 28, 2011
437,400	900,000	900,000	$0.80	October 4, 2012
30,640	100,000	100,000	$0.48	August 11, 2013
11,890	50,000	50,000	$0.35	September 5, 2013
39,400	200,000	200,000	$0.29	October 1, 2013
234,330	3,650,000	3,650,000	$0.12	January 14, 2014
200,125	1,250,000	312,500	$0.27	September 1, 2014
13,465	50,000	6,250	$0.43	January 5, 2015
$ 1,364,500	6,900,000	5,918,750		

During the year ended January 31, 2010, 1,300,000 stock options were granted to an officer and consultant of the Company (year ended January 31, 2009 – 4,050,000). These options vest quarterly in eight equal tranches with the first tranche vesting on the date of grant. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model, with the weighted average assumptions of expected dividend yield – 0%; expected volatility – 72%; risk free interest rate – 2.6%: expected life – 5 years.

11. CONTRIBUTED SURPLUS

	January 31, 2010	January 31, 2009
Balance, beginning of year	**$ 8,503,997**	$ 6,595,051
Stock options granted and/or vested during the period:		
Consultant	**2,978**	69,186
Officers and directors	**117,327**	258,964
Warrants expired, reallocation of valuation	**1,453,500**	-
Cancellation of repurchased common shares (Note 12)	**1,938,758**	1,580,796
Balance, end of year	**$ 12,016,560**	$ 8,503,997

12. NORMAL COURSE ISSUER BID

On February 3, 2009, the Company announced its intention to make a new Normal Course Issuer Bid ("NCIB") to buy back its common shares through the facilities of the TSX. During the year ended January 31, 2009, under a previous NCIB, the Company purchased and cancelled 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 $1,477,314 was allocated as an increase to contributed surplus ($1,580,796) and a decrease to retained earnings ($103,482).

The maximum number of common shares that were available to be purchased for cancellation pursuant to the NCIB was that number of common shares representing 10% of the common shares in the public float on the date that the Exchange approved the NCIB. Based on the 73,707,006 common shares in the public float as at February 2, 2009, the maximum number of shares available for purchase and cancellation was 7,370,700.

Purchases under the NCIB were permitted to commence on February 5, 2009 and during the year ended January 31, 2010, Aberdeen used $1,782,057 to acquire 7,370,500 securities with a weighted average price of $0.24 per share. The stated value of these shares in the Company's shareholders' equity was $3,720,815, or approximately $0.50 per share. The difference between the cost to repurchase and the stated value of $1,938,758 was allocated as an increase to contributed surplus.

All purchases made pursuant to the NCIB were made in accordance with the rules of the TSX and at the market price of the common shares at the time of the acquisition. Aberdeen made no purchases of common shares other than open market purchases.

In February 2010, subsequent to the yearend, the Company announced its intention to make another NCIB. Details of this NCIB are described in Note 18, Subsequent Events.

13. RELATED PARTY TRANSACTIONS

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.

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

Investment	Nature of relationship		Estimated Fair value
Temujin Mining Corp.*	Directors and shareholders	$	3,758,400
Allana Resources Inc.	Shareholders		3,348,300
Apogee Minerals Ltd.	Directors and shareholders		1,226,528
Auger Resources Ltd.*	Directors and shareholders		500,000
Avion Gold Corp.	Directors and shareholders		6,002,634
Brazil Potash Corp.*	Directors and shareholders		1,776,127
Castillian Resources Corp.	Directors and shareholders		1,179,350
Crocodile Gold Inc.	Directors, officers and shareholders		16,929,174
Crowflight Minerals Inc.	Directors and shareholders		607,682
Dacha Capital Inc.	Directors, officers and shareholders		2,345,204
Kria Resources Inc.	Directors, officers and shareholders		561,880
Largo Resources Inc.	Directors and shareholders		896,250
Longford Energy Inc.	Directors and shareholders		1,207,170
Scandinavian Metals Inc.*	Directors and shareholders		500,000
Stetson Oil & Gas Ltd.	Directors and shareholders		177,000
Sulliden Gold Corporation Ltd.	Directors and shareholders		7,621,216
Vast Exploration Inc.	Directors and shareholders		1,518,170
Total of 11 other investments	Shareholders/warrant holders		9,830,874
Total Investments		$	56,227,559

* Private company

In addition to the investments listed above, at January 31, 2010, Aberdeen had an equity investment in Forbes and Manhattan Coal Ltd., loans receivable from Amazon Potash Corp. and Temujin Mining Corp. and undrawn loan facilities with Kria Resources and Castillian Resources. Directors and officers of Aberdeen hold director and officer positions in these companies and may hold investments (see Note 4).

The Company was charged $90,000 during the year ended January 31, 2010 (2009 - $90,000) by a corporation controlled by a director of the Company for administration services.

During the year ended January 31, 2010, the Company earned advisory service fees of $142,000 (2009 – $1,272,500) from corporations with common directors and officers. Of the $142,000 advisory service fees, $12,500 (January 31, 2009 - $44,500) was receivable at January 31, 2010. In addition, the Company earned or accrued interest income and debt arrangement fees totaling $705,537 during the year ended January 31, 2010 from Temujin Mining Corp., Avion, Amazon Potash, Kria Resources and Russo-Forest (2009 – $872,076 from Largo Resources inc., Avion and Russo-Forest), all of which have certain common directors with Aberdeen. Of the total interest earned or accrued, $584,921 was receivable at January 31, 2010 (January 31, 2009 - $76,072).

During the year ended January 31, 2010, the Company recorded a provision of $1,317,676 against the outstanding loan and interest receivable from Russo-Forest.

13. RELATED PARTY TRANSACTIONS (Continued)

The Company shares its premises with other corporations that have common directors and/or officers. The Company reimburses and recovers from the related corporations for their proportional share of expenses. Included in accounts payable at January 31, 2010 is $44,282 (January 31, 2009 - $20,258) owing to and $2,320 (January 31, 2009 - $nil) owing from, and $2,862 (January 31, 2009 - $Nil) advanced to such corporations. Such amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

14. COMMITMENTS AND CONTINGENCIES

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately $785,000 and additional contingent payments of approximately $4,699,000 upon the occurrence of a change of control. As the likelihood of a change of control is not determinable, the contingent payments have not been reflected in these financial statements.

As outlined in Note 5, “Simmer & Jack Loan”, Simmers’ management has adopted an interpretation of the Convertible Royalty Loan Agreement different to that of Aberdeen’s interpretation. The amounts under dispute on the balance sheet as at January 31, 2010 include the Simmers loan valued at $10,693,000 and a receivable for $1,548,287. While the Company is confident that its interpretation of the agreement is correct and has filed a claim against Simmers and First Uranium to recover the outstanding US$10,000,000 principal and balance payable on the graduated gold royalty, some uncertainty surrounds the timing and actual collectability of these amounts.

In June 2009, the Company entered into a secured debenture agreement to loan up to $600,000 to Kria Resources with any amounts drawn being due and payable on December 31, 2010. Additional details are provided under Note 4, “Loans Receivable”.

In January 2010, the Company entered into a secured debenture agreement to loan up to $500,000 to Castillian Resources with any amounts drawn being due and payable on June 30, 2010. Castillian drew down on the funds subsequent to January 31, 2010. Additional details are provided under Note 4, “Loans Receivable”.

15. INCOME TAXES

(a) Provision for income taxes

Major items causing the Company's income tax rate to differ from the Canadian combined federal and provincial statutory rate of approximately 33% (2009 – 33%) are as follows:

	2010	2009
Net income (loss) before income taxes	$ 28,271,102	$ (14,055,254)
Expected income tax expense (recovery)	9,329,000	(4,638,000)
Adjustments to benefit resulting from:		
Stock-based compensation	40,000	110,000
Foreign exchange	210,000	(113,000)
Change in future tax rates	(2,940,158)	(188,509)
Other	50,267	(139,366)
Change in valuation allowance	(33,000)	(35,000)
Provision for income tax expense (recovery)	$ 6,656,109	$ (5,003,875)

15. INCOME TAXES (Continued)

(b) Future income tax balances

The tax effect of temporary differences that give rise to future income tax assets and liabilities in Canada approximate the following:

	2010	2009
Future income tax assets (liabilities)		
Investments	$ (4,877,000)	$ 6,195,000
Equity investment	-	25,000
Convertible royalty debenture	288,000	(13,875,000)
Royalty interests on mineral properties	(9,185,000)	-
Resource properties	79,000	102,000
Share issue costs	627,000	959,000
Other	84,000	129,000
Valuation allowance	-	(33,000)
Net future income taxes	$ (12,984,000)	$ (6,498,000)

	2010	2009
Net future income taxes consist of:		
Current	$ (4,468,000)	$ 5,693,000
Long-term	(8,516,000)	(12,191,000)
Total	$ (12,984,000)	$ (6,498,000)

16. CAPITAL DISCLOSURE

The Company considers its capital to consist of its common shares, warrants and contributed surplus balances. The Company's objectives when managing capital are:

a) to allow the Company to respond to changes in economic and/or marketplace conditions by maintaining the Company's ability to purchase new investments;
b) to give shareholders sustained growth in value by increasing shareholders' equity; while
c) taking a conservative approach towards financial leverage and management of financial risks.

The Company's management reviews its capital structure on an on-going basis and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying investments. The Company's current capital is composed of its shareholders' equity and, to-date, has adjusted or maintained its level of capital by:

a) raising capital through equity financings;
b) realizing proceeds from the disposition of its investments; and
c) repurchasing the Company's own shares for cancellation pursuant to its normal course issuer bid.

The Company may on occasion utilize leverage in the form of broker margin or bank indebtedness. Aberdeen is not subject to any capital requirements imposed by a regulator and there were no changes to capital management since January 31, 2009. The Company expects that its capital resources will be sufficient to discharge its liabilities as of the current balance sheet date. Aberdeen does not currently pay a dividend and does not expect to pay one in the foreseeable future. The Company is not subject to externally imposed capital requirements.

17. FINANCIAL INSTRUMENTS

Aberdeen's operations involve the purchase and sale of securities and, in addition, the Company has loans outstanding. Accordingly, the majority of the Company's assets are currently comprised of financial instruments which can expose it to several risks, including market, liquidity, interest rate, credit and currency risks. There have been no changes in the risks, objectives, policies and procedures from the previous year. A discussion of the Company's use of financial instruments and their associated risks is provided below:

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. In addition, most of the Company's investments are in the resource sector. The Company manages this risk by having a portfolio which is not singularly exposed to any one issuer.

For the year ended January 31, 2010, a 10% decrease in the closing prices on its portfolio investments would result in an estimated decrease in after-tax earnings of $4.2 million, or $0.05 per share. This estimated impact on net after-tax income includes the estimated value of the non-traded warrants held, as determined using the Black-Scholes option pricing model.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company's investments declines, resulting in losses upon disposition. In addition, some of the investments the Company holds are lightly traded public corporations or not publicly traded and may not be easily liquidated. The Company generates cash flow from its royalty, interest on loans, financing activities and proceeds from the disposition of its investments, in addition to interest income and advisory service fees. As the Company currently has no debt, Aberdeen believes that it has sufficient marketable securities which are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions.

Commodity price risk

Commodity price risk is the risk that the fair value of the Company's financial instruments will fluctuate because of changes in commodity prices. The estimated fair market value of the Company's investments are sensitive to the prevailing and expected commodity prices and changes in commodity prices could have a significant adverse effect on the value of the Company's investments.

The estimated fair value of the Company's royalty assets and related royalty income are sensitive to the prevailing and expected gold price.

17. FINANCIAL INSTRUMENTS (Continued)

Interest rate risk

The Company's interest rate risk is primarily related to the Company's loans receivable. The loans were extended based partially on interest rates in effect at the time. Changes in market interest rates affect the fair market value of the loans receivable. However, as these loans are short-term in nature, the impact of changes in market interest rates would likely not be significant.

Credit risk

Credit risk is the risk associated with the inability of a third party to fulfill its payment obligations. The Company is exposed to the risk that third parties that owe it money or securities will not perform their underlying obligations. The Company's largest credit risk is the counterparty to its loan outstanding with Simmers. Security was obtained against specific assets of the counterparty, in case of non-performance.

The Company also has credit risk in the form of other loans receivable and accounts receivable. The total carrying value of these financial instruments at January 31, 2010 was $22,873,955.

During the year ended January 31, 2010, the Company recorded a provision of $1,317,676 against the outstanding loan and interest receivable from Russo-Forest.

Currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's operations are exposed to foreign exchange fluctuations, which could have a significant adverse effect on its results of operations from time to time. The Company currently has financial instruments denominated in U.S. dollars and Australian dollars

A change in the foreign exchange rate of the Canadian dollar versus another currency may change the value of its financial instruments.

The following assets and liabilities were denominated in foreign currencies as of January 31, 2010 and January 31, 2009:

		31-Jan-10		31-Jan-09
Denominated in U.S dollars:				
Amounts receivables	$	2,124,913	$	2,232,869
Loans receivable		8,246,565		1,349,737
Simmer & Jack loan		10,693,000		12,364,000
Royalty		-		41,473,802
Accounts payable		(472)		-
Denominated in Australian dollars:				
Investments		397,794		1,425,843
Denominated in South African Rand:				
Income tax receivable		1,329,877		-
Accounts payable and accrued liabilities		(8,767)		-
Denominated in British Pound:				
Accrued liabilities		-		(19,422)
	$	22,782,912	$	58,826,828

17. FINANCIAL INSTRUMENTS (Continued)

Currency risk (Continued)

A 10% increase in the value of the Canadian dollar against all foreign currencies in which the Company had financial instrument exposure as of January 31, 2010 would result in an estimated decrease of approximately $1.5 million, or $0.02 per share on the Company's comprehensive income. The Company does not currently hedge its foreign currency exposure.

Fair value of financial instruments

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

i. The carrying value of cash equivalents, amounts receivable, loans receivable, the Simmer & Jack loan, receivable on sale of mineral property and accounts payable approximate their fair values due to the short-term nature of these instruments.
ii. Investments are carried at amounts in accordance with the Company's accounting policy as set out above in Note 2.
iii. Prior to maturity, the outstanding loans receivable are carried at their discounted value. Following their maturity, loans receivable are carried at their estimate realizable value.

The following table illustrates the classification of the Company's financial instruments, measured at fair value on the balance sheet as at January 31, 2010, categorized into levels of the fair value hierarchy in accordance with Section 3862 of the CICA Handbook and as described in Notes 2, "Accounting changes":

	Level 1 *(Quoted Market price)*	Level 2 *(Valuation technique- observable market Inputs)*	Level 3 *(Valuation technique- non-observable market inputs)*
Cash	$ 3,266,356	$ -	$ -
Investments			
Publicly traded investments	$ 38,427,497	$ -	$ -
Non-trading warrants on public investments	$ -	$ 10,865,535	$ -
Private investments	$ -	$ -	$ 6,934,527

During the year ended January 31, 2010 transfers between Level 2 and Level 1 resulted from the Company exercising non-trading warrants on public investments to hold the public investments. Transfers between Level 3 and Level 1 resulted from the conversion of private investments into public investments through acquisition of the privately held investments by publicly-listed companies. The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the year ended January 31, 2010. These financial instruments are measured at fair value utilizing non-observable market inputs. The net realized losses and net unrealized gains are recognized in the statement of operations and comprehensive income.

Investments, fair value	
Opening balance, February 1, 2009	$ 5,262,283
Net purchases	4,067,200
Realized losses, net	(2,274,564)
Unrealized gains, net	1,754,608
Net transfer out of Level 3	(1,875,000)
Ending balance, January 31, 2010	$ 6,934,527

18. SUBSEQUENT EVENT

NCIB

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

The maximum number of common shares that may be purchased for cancellation pursuant to the NCIB is that number of common shares that represents 10% of the common shares in the public float on the date that the Exchange approves the NCIB. Based on the 75,350,006 common shares in the public float as at January 29, 2010, the maximum number of shares would be 7,535,000. The number of shares in the Company's public float is less than the 87,503,839 issued and outstanding Aberdeen common shares as of January 29, 2010, because the public float number does not include common shares held by Aberdeen insiders. Daily purchases will be limited to 70,144 common shares other than block purchase exceptions. The actual number of common shares that would be purchased, if any, and the timing of such purchases will be determined by Aberdeen considering market conditions, stock prices, its cash position, and other factors.

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

Option issuances

In February 2010, a total of 1,785,000 options were issued with exercise prices ranging from $0.43 - $0.47, expiring 5 years from the date of grant. 50,000 options vest over a two year period in quarterly installments, with the first tranche vesting upon grant. The remainder of the options vested immediately, subject to regulatory approval.