

**ABERDEEN INTERNATIONAL INC.**

**FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED**

**APRIL 30, 2009 AND 2008**

**UNAUDITED**

**ABERDEEN INTERNATIONAL INC.****BALANCE SHEET**

As at,

	<b>April 30, 2009</b>	January 31, 2009
	<b>(Unaudited)</b>	(Audited)
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
Current		
Cash and cash equivalents	<b>2,216,336</b>	1,356,436
Investments, at fair value (Note 3(a) and 12)	<b>37,098,824</b>	30,556,121
Equity accounted investments (Note 3(b))	<b>1,900,887</b>	1,924,387
Amounts receivable	<b>1,976,627</b>	2,295,956
Income taxes recoverable	<b>517,334</b>	333,137
Loan - Simmers and Jack (Note 5)	<b>11,930,000</b>	12,364,000
Loans receivable (Note 4)	<b>2,759,596</b>	3,025,187
Receivable on sale of mineral property (Note 6)	<b>1,000,000</b>	1,000,000
Prepaid expenses	<b>18,335</b>	21,418
Royalty, current portion (Note 5)	<b>2,546,573</b>	2,664,442
Future income taxes	<b>3,595,000</b>	5,693,000
	<b>65,559,512</b>	61,234,084
Long-term		
Royalty (Note 5)	<b>36,873,781</b>	38,809,360
Equipment, net	<b>60,514</b>	56,023
	<b>102,493,807</b>	100,099,467
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (Note 12)	<b>417,314</b>	419,274
	<b>417,314</b>	419,274
Long-term		
Future income taxes	<b>11,644,000</b>	12,191,000
	<b>12,061,314</b>	12,610,274
<b>SHAREHOLDERS' EQUITY</b>		
Common shares (Note 7)	<b>47,745,798</b>	47,894,974
Warrants (Note 8)	<b>17,203,500</b>	17,203,500
Contributed surplus (Note 10)	<b>8,581,116</b>	8,503,997
Retained earnings	<b>16,902,079</b>	13,886,722
	<b>90,432,493</b>	87,489,193
	<b>102,493,807</b>	100,099,467

COMMITMENTS AND CONTINGENCY (Note 5 and 13)

SUBSEQUENT EVENTS (Note 4, 6, 8, 11 and 14)

*The accompanying notes are an integral part of the financial statements*

**ABERDEEN INTERNATIONAL INC.****STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**

For the three months ended

(Unaudited)

	April 30, 2009	April 30, 2008
	\$	\$
Net investment gains (losses)		
Realized gain (loss) on investments, net	(290,500)	225,000
Unrealized gain on investments, net	7,295,081	14,325,301
Loss from equity accounted investment	(23,500)	(19,635)
	<b>6,981,081</b>	<b>14,530,666</b>
Other revenue		
Royalties on convertible royalty loan	452,273	1,510,477
Unrealized gain (loss) on convertible royalty loan (Note 5)	(2,487,448)	3,561,382
Interest on convertible royalty debenture	72,724	62,902
Other interest	146,765	309,985
Advisory service fees	35,000	44,500
Arrangement fees (Note 5)	-	25,238
	<b>(1,780,686)</b>	<b>5,514,484</b>
Expenses		
General and administration	500,971	2,011,430
Transaction costs	21,345	5,996
Amortization	3,230	223
	<b>525,546</b>	<b>2,017,649</b>
Income before the undernoted	4,674,849	18,027,501
Foreign exchange loss	(111,462)	(42,165)
Income before income taxes	4,563,387	17,985,336
Income taxes		
Current income tax recovery (expense)	2,970	(442,902)
Future income tax provision	(1,551,000)	(5,540,000)
Net income and comprehensive income for the period	3,015,357	12,002,434
Basic income per share	0.03	0.12
Diluted income per share	0.03	0.12
Weighted average common shares outstanding		
- basic	94,758,131	102,680,682
- diluted	94,758,131	102,680,682

*The accompanying notes are an integral part of the financial statements*

**ABERDEEN INTERNATIONAL INC.****STATEMENTS OF CASH FLOWS**

For the three months ended

(Unaudited)

	April 30, 2009	April 30, 2008
	\$	\$
<b>CASH AND CASH EQUIVALENTS (USED IN) PROVIDED BY</b>		
<b>OPERATING ACTIVITIES:</b>		
Net income for the year	3,015,357	12,002,434
Adjustments to reconcile net income to cash provided from operating activities:		
Unrealized gain on investments, net	(7,295,081)	(14,325,301)
Realized (gain) loss on investments, net	290,500	(225,000)
Loss from equity accounted investment	23,500	19,635
Unrealized (gain) loss on convertible royalty loan	2,487,448	(3,561,382)
Arrangement fee income	-	(25,238)
Amortization	3,230	223
Unrealized foreign exchange	58,084	598
Future income tax	1,551,000	5,540,000
Net change in non-cash working capital	78,367	857,188
	<b>212,405</b>	<b>283,157</b>
<b>FINANCING ACTIVITIES:</b>		
Shares repurchased and cancelled (Note 11)	(72,057)	(380,846)
	<b>(72,057)</b>	<b>(380,846)</b>
<b>INVESTING ACTIVITIES:</b>		
Purchase of investments	(1,462,973)	(5,011,621)
Disposal of investments	2,499,200	975,000
Short-term loan provided	(308,955)	(5,552,250)
Change in working capital in mineral property interest	-	(199,745)
Purchase of equipment	(7,720)	-
	<b>719,552</b>	<b>(9,788,616)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>859,900</b>	<b>(9,886,305)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>	<b>1,356,436</b>	<b>28,936,408</b>
<b>CASH AND CASH EQUIVALENTS, end of period</b>	<b>2,216,336</b>	<b>19,050,103</b>
<b>Cash and cash equivalents consist of :</b>		
Cash	1,016,066	1,132,129
Cash equivalents	1,200,270	17,917,974
	<b>2,216,336</b>	<b>19,050,103</b>
<b>SUPPLEMENTAL INFORMATION</b>		
Income taxes paid	248,807	1,157,998

*The accompanying notes are an integral part of the financial statements*

**ABERDEEN INTERNATIONAL INC.**  
**STATEMENTS OF SHAREHOLDERS' EQUITY**  
(Unaudited)

	Common shares		Share purchase warrants	Contributed surplus	Retained earnings	Shareholders' equity
	#	\$	\$	\$	\$	\$
<b>Balance - January 31, 2008</b>	<b>102,930,673</b>	<b>51,962,016</b>	<b>17,203,500</b>	<b>6,595,051</b>	<b>23,041,583</b>	<b>98,802,150</b>
Cancellation of repurchased common shares	(8,056,334)	(4,067,042)	-	1,580,796	(103,482)	(2,589,728)
Stock option compensation expense	-	-	-	328,150	-	328,150
Net loss for the year	-	-	-	-	(9,051,379)	(9,051,379)
<b>Balance - January 31, 2009</b>	<b>94,874,339</b>	<b>47,894,974</b>	<b>17,203,500</b>	<b>8,503,997</b>	<b>13,886,722</b>	<b>87,489,193</b>
Cancellation of repurchased common shares (Note 11)	(295,500)	(149,176)	-	77,119	-	(72,057)
Net income for the period	-	-	-	-	3,015,357	3,015,357
<b>Balance - April 30, 2009</b>	<b>94,578,839</b>	<b>47,745,798</b>	<b>17,203,500</b>	<b>8,581,116</b>	<b>16,902,079</b>	<b>90,432,493</b>

*The accompanying notes are an integral part of the financial statements*

**ABERDEEN INTERNATIONAL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the three months ended April 30, 2009 and 2008  
(Unaudited)

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**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. In general, 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.

These interim financial statements are unaudited and have not been reviewed by the Company's auditors.

The Company's management has prepared these unaudited interim financial statements in accordance with generally accepted accounting principles in Canada ("GAAP"). These unaudited interim financial statements have incorporated new accounting standards, the impact of which is summarized in Note 2. The disclosures in these unaudited interim financial statements do not include the full disclosure required under GAAP for annual financial reporting. These unaudited interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended January 31, 2009.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these unaudited interim financial statements. Operating results for the three months ended April 30, 2009 are not indicative of the results that may be expected for the full year ending January 31, 2010.

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

Except as disclosed below, these unaudited interim financial statements are prepared using the same accounting policies and methods of application as those disclosed in Note 2 to the Company's annual audited financial statements for the year ended January 31, 2009.

***Accounting changes***

***Section 3064, Goodwill and Intangible Assets***

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

***New accounting pronouncements***

***Section 1582, Business Combinations***

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.

**ABERDEEN INTERNATIONAL INC.**  
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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

This new standard is applicable to business combinations realized during fiscal years beginning on or after January 1, 2011. The Company will implement this standard in its first quarter of fiscal year 2011. 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 actual policy is to include these costs in the purchase price of the acquired business.

Section 1601, Consolidated Financial Statements, and Section 1602, Non-controlling interests

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, 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.

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 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 2011 (April 30, 2011) and is currently evaluating the impact of their adoption on its financial statements.

**ABERDEEN INTERNATIONAL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(Unaudited)

**3. INVESTMENTS**

(a) At April 30, 2009, the Company's investments consisted of the following:

Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
Allana Resources Inc.	(i,ii)	4,750,000 common shares			
		2,375,000 warrants expire June 16, 2011	\$ 950,000	\$ 742,663	2.0%
Amazon Potash Corp.**	(iii)	2,500,000 common shares	2,500,000	1,250,000	3.4%
Apogee Minerals Ltd.	(i,ii,iii)	5,000,000 common shares			
		5,000,000 warrants expire May 23, 2010			
		1,175,000 warrants expire April 30, 2011	2,141,000	440,688	1.2%
Auger Resources Ltd.**	(ii,iii)	2,000,000 common shares			
		1,000,000 warrants expire Sept 16, 2010	1,000,000	500,000	1.3%
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	3,568,391	9.6%
B2Gold Corp.*	(i,ii,iii)	6,619,000 common shares			
		3,309,500 warrants expire October 22, 2010	4,845,754	4,402,500	11.9%
Cash Minerals Ltd.	(iii)	3,600,000 common shares			
		3,600,000 warrants expire July 2, 2010	900,000	405,000	1.1%
Castillian Resources Corp.	(iii)	2,500,000 common shares	1,075,000	100,000	0.3%
Consolidated Thompson Iron Mines Ltd.	(iii)	692,200 common shares			
		500,000 warrants expire January 10, 2010	6,343,413	2,057,072	5.5%
Crocodile Gold Inc.**	(iii)	2,500,000 common shares	500,000	500,000	1.3%
Crowflight Minerals Inc.	(iii)	5,000,000 common shares	2,565,322	919,710	2.5%
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	475,875	1.3%
Kria Resources Inc.**	(ii,iii)	2,750,000 common shares			
		375,000 warrants expire November 19, 2009			
		1,000,000 warrants expire June 9, 2010	2,750,000	1,375,000	3.7%
Largo Resources Inc.	(iii)	650,000 common shares	551,000	298,750	0.8%
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	2,524,677	6.8%
Russo-Forest Corporation**	(ii,iii)	6,625,000 common shares			
		4,000,000 warrants expire January 25, 2013	2,274,565	1,137,283	3.1%
Scandinavian Metals Inc**	(ii,iii)	2,000,000 common shares			
		1,000,000 warrants expire Sept 12, 2010	1,000,000	500,000	1.3%
Stetson Oil & Gas Ltd.	(i,ii,iii)	10,000,000 common shares			
		10,000,000 preferred shares			
		10,000,000 warrants expire Sept 17, 2010	2,000,000	1,406,000	3.8%
Sulliden Exploration Inc.	(i,ii,iii)	9,526,072 common shares			
		769,231 warrants expire April 23, 2011	4,244,235	7,145,768	19.3%
U-308 Corp.	(i,ii)	2,644,600 common shares	4,032,592	1,084,286	2.9%
Vast Exploration Inc.	(iii)	4,100,000 common shares			
		2,050,000 warrants expire June 12, 2010	2,460,000	1,818,145	4.9%
Total of 7 other investments	(iv)		4,590,751	4,447,016	12.0%
<b>Total investments</b>			<b>\$ 53,513,248</b>	<b>\$ 37,098,824</b>	<b>100.0%</b>

\* Formerly named Central Sun Mining Inc.

\*\* 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 April 30, 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 April 30, 2009. Directors and officers may hold investments personally.



**ABERDEEN INTERNATIONAL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the three months ended April 30, 2009 and 2008  
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**3. INVESTMENTS (continued)**

At January 31, 2009, the Company's investments consisted of the following:

Issuer	Note	Security description	Cost	Fair value	(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 Resources Corp.	(i,ii,iii)	7,818,700 common shares			
		2,818,700 warrants expire October 12, 2009			
		1,500,000 warrants expire July 31, 2010			
		2,500,000 warrants expire May 5, 2010			
		2,000,000 warrants expire Sept 30, 2009	3,432,114	2,062,575	6.8%
Cash Minerals Ltd.	(iii)	3,600,000 common shares			
		3,600,000 warrants expire July 2, 2010	900,000	228,600	0.7%
Castillian Resources Corp.	(iii)	2,500,000 common shares	1,075,000	125,000	0.4%
Central Sun Mining Inc.*	(i,ii,iii)	6,619,000 common shares			
		3,309,500 warrants expire October 22, 2010	6,949,950	7,341,464	24.0%
Consolidated Thompson Iron Mines Ltd.	(iii)	692,200 common shares			
		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.

**ABERDEEN INTERNATIONAL INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(Unaudited)

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**3. INVESTMENTS (continued)**

- (b) The Company's equity accounted investment is its ownership in Tucano Exploration Inc., consisting of 4,000,000 shares which represent an equity interest of approximately 36.8% as of April 30, 2009. The following is a schedule of the equity accounted investment as at April 30, 2009 and January 31, 2009:

	<b>April 30, 2009</b>	January 31, 2009
Equity accounted investment – carrying value – beginning of period	<b>\$ 1,924,387</b>	\$ 2,000,000
Loss on equity investment	<b>(23,500)</b>	(75,613)
Equity accounted investment – carrying value – end of period	<b>\$ 1,900,887</b>	\$ 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 is repayable on or before August 18, 2009 with interest payable on maturity at an annual rate of 15%. The loan is secured against all of the assets of Russo-Forest and its subsidiaries.

On November 10, 2008, the Company entered into a second short-term loan agreement, whereby, the Company loaned an additional US\$100,000 (\$122,470) to Russo-Forest. The loan is repayable on or before June 30, 2009 with interest payable on maturity at an annual rate of 15%. The agreement also provides Aberdeen with the right to convert the loan into shares of Russo-Forest at a rate of \$0.12 per share. The loan is secured against all of the assets of Russo-Forest and its subsidiaries.

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

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

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**4. LOANS RECEIVABLE (Continued)**

Avion Resources Corp.

On March 20, 2008, the Company entered into a short-term loan agreement with Avion Resources Corp. ("Avion"). The Company loaned Avion US\$1,000,000 (\$1,009,500) which was repayable on or before September 30, 2008 with interest payable monthly commencing April 30, 2008 at an annual rate of 10%. In addition, Avion provided, as consideration, 250,000 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 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 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.

The 250,000 Avion share purchase warrants issued to Aberdeen in March 2008 in connection with the loan expired unexercised. Avion also agreed to pay Aberdeen an extension fee in the amount of US\$50,000 (\$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 6, "Receivable on Sale of Mineral Property". The payment of \$750,000, due on June 30, 2008, was not received by the Company. Following discussions between Aberdeen and Avion, the \$750,000 was added to the existing US\$1,000,000 loan. In addition, the payment of \$1,000,000 due on December 31, 2008 was also not received by the Company. At April 30, 2009, Avion had aggregate loans outstanding payable to Aberdeen of \$1,750,000 and US\$1,000,000, plus accrued interest.

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**4. LOANS RECEIVABLE (Continued)**

Subsequent to April 30, 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, 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 is due June 30, 2009 with an annual interest rate of 12%, calculated monthly and payable upon maturity. In addition, the note agreement provides Aberdeen with the option to convert the principal, in whole or in part, into common shares of Amazon Potash on or before June 30, 2009 at \$1.00 per share.

On March 19, 2009, Avion announced that it had entered into a definitive agreement with Dynamite Resources Ltd. ("Dynamite") whereby Avion would issue shares to acquire all of the issued and outstanding Dynamite common shares at an exchange ratio of 0.75 Avion common shares for each Dynamite common share. On May 6, 2009, Avion announced that following a vote by Dynamite shareholders and receiving regulatory and court approvals, the acquisition of Dynamite had been completed.

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

Largo Resources Inc.

On April 30, 2008, the Company entered into a short-term loan agreement with Largo Resources Inc. ("Largo"). The Company loaned Largo US\$4,500,000 (\$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.

Other

At January 31, 2009, loans receivable also included a \$557,550 demand note. In March 2009, the Company received an investment in payment of the demand note, which was unsecured, non-interest bearing and due on demand.

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**5. CONVERTIBLE ROYALTY LOAN**

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

The Convertible Royalty Loan also had an option that allowed the Company to call for its conversion into equity of Simmers at ZAR 0.80 per share at any time from January 1, 2007 to December 31, 2008, subject to Simmers shareholders' approval. On October 16, 2008, the Company called for conversion to equity and a shareholder vote was held on February 16, 2009, where the Simmers' shareholders voted against the conversion as unanimously recommended by Simmers' board of directors. As a result, it is Aberdeen's position that the US\$10,000,000 loan was due, as of its maturity date of December 31, 2008, and Aberdeen was entitled to a 1% 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 \$1,623,586 is due from Simmers which is the graduated royalty calculated at a rate of 4.75% on the gold produced between October 16, 2008 and December 31, 2008, the maturity date of the loan, in addition to 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 April 30, 2009, reflects Aberdeen's interpretation of the agreement. As a result, the US\$10,000,000 (\$11,930,000) loan was still outstanding at April 30, 2009 and is recorded on the balance sheet. In addition, as at April 30, 2009, the Company had recorded receivables from Simmers and First Uranium totaling \$1,871,837. This included \$1,566,596 related to the graduated royalty between October 16, 2008 and December 31, 2008 and \$160,801 which related to the net interest receivable on the US\$10,000,000 loan between October 16, 2008 and April 30, 2009. It is Simmers' contention that these amounts are not due.

Management's interpretation is that, pursuant to section 2.6 of the Convertible Royalty Loan Agreement (the "Agreement"), the graduated royalty is 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 Convertible Royalty Loan 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](http://www.sedar.com)) under the Company's profile. Following the vote by Simmers' shareholders not to allow for the conversion, the Company provided Simmers' board and management with a letter reiterating Aberdeen's understanding of Simmers' obligations under the Agreement. Aberdeen was told by Simmers' board and management that their position regarding the Agreement, as described above, had not changed. As a result, the Company has engaged a leading South African law firm and is in the process of filing a claim against Simmers to enforce its rights under the loan Agreement. Aberdeen firmly believes that its interpretation of the Agreement is correct and expects to realize the values attached to the royalty and loan on the balance sheet as of April 30, 2009. The description of the Agreement herein is subject to, and qualified in all respect by, the provisions of the Agreement.

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**5. CONVERTIBLE ROYALTY LOAN (Continued)**

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

Aberdeen's balance sheet, as at April 30, 2009, reflects the shareholders' February 16, 2009 vote to deny the conversion requested by Aberdeen, along with the Company's interpretation of the Agreement. At April 30, 2009, the Convertible Royalty Loan had a total estimated fair value of US\$43,043,046 (\$51,350,354) based on a US/Cdn dollar foreign exchange rate of 1.1930 (January 31, 2009 – US\$43,544,000 (\$53,837,802)), excluding accrued interest and royalty receivables. The estimated fair value is recorded on the balance sheet as follows:

	<u>April 30, 2009</u>	<u>January 31, 2009</u>
Loan – Simmers and Jack Mines, Limited	\$11,930,000	\$12,364,000
Royalty		
Current	2,546,573	2,664,442
Long-term	<u>36,873,781</u>	<u>38,809,360</u>
	<u>39,420,354</u>	<u>41,473,802</u>
	<u>\$51,350,354</u>	<u>\$53,837,802</u>

Aberdeen carries the Simmers loan and Simmers and First Uranium royalty on the balance sheet at its estimated fair value with the movement between periods being charged to the statement of operations. The US\$10,000,000 Simmers loan is carried at the April 30, 2009 Cdn/US exchange rate of 1.1930 (January 31, 2009 – 1.2364). The estimated fair value of the royalty is based on a discounted cash flow analysis of expected cash flow from the 1% NSR, with the key assumptions being: 1) life of mines and gold production estimates as per Simmers and First Uranium; 2) US\$850 gold price through fiscal 2010, and US\$700 thereafter; and, 3) 5% discount rate. The same key assumptions were used in determining the fair value of the Convertible Royalty Debenture as of January 31, 2009.

The 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 Agreement. On September 5, 2008, a lower court applied a narrow interpretation of the Agreement and found that the right of first refusal only applies to debt financing. Aberdeen believes a broader interpretation is appropriate and has requested and been granted leave to appeal to South Africa's Supreme Court of Appeal.

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**6. 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 outlines that payments to be made by Avion subsequent to the initial \$250,000 shall be made in cash or common shares of Avion, upon the mutual agreement of both parties, with any common shares to be issued at a price equal to the volume weighted average trading price for the 30 days prior to the payment due date for Avion common shares. The payment of \$750,000 due on June 30, 2008 was not received by the Company. In December 2008, following discussions between Aberdeen and Avion, the \$750,000 was added to the existing US\$1,000,000 loan from Aberdeen to Avion that is due September 30, 2009 (see Note 4, “Loans Receivable”).

The remaining \$1,000,000 payment due on December 31, 2008 was also not received by the Company. Subsequent to April 30, 2009, 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”.

**7. 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) <sup>(1)</sup>	(8,056,334)	(4,067,042)
Balance, January 31, 2009	94,874,339	\$ 47,894,974
Shares repurchased and cancelled (NCIB) <sup>(1)</sup>	(295,500)	(149,176)
<b>Balance, April 30, 2009</b>	<b>94,578,839</b>	<b>\$ 47,745,798</b>

<sup>(1)</sup> See Note 11.

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**8. WARRANTS**

The following is a summary of the outstanding warrants as of April 30, 2009 and January 31, 2009:

Estimated grant date fair value	Number of Warrants	Exercise price	Expiry date
\$ 1,453,500	4,500,000*	\$0.80	June 6, 2009
15,750,000	37,500,000	\$1.00	June 6, 2012
<b>\$ 17,203,500</b>	<b>42,000,000</b>		

\* Compensation Options 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 subsequent to April 30, 2009.

**9. STOCK-BASED COMPENSATION**

The following are the stock option transactions during the period ended April 30, 2009 and the year ended January 31, 2009:

	April 30, 2009		January 31, 2009	
	Number of stock option	Weighted average exercise price	Number of stock option	Weighted average exercise price
Balance, beginning of period	5,850,000	\$0.34	5,900,000	\$0.80
Granted	-	-	4,050,000	\$0.12
Expired	(200,000)	\$0.80	(500,000)	\$0.83
Forfeited	-	-	(3,600,000)	\$0.80
<b>Balance, end of period</b>	<b>5,650,000</b>	<b>\$0.32</b>	<b>5,850,000</b>	<b>\$0.34</b>

As of April 30, 2009, 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
23,780	100,000	100,000	\$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
<b>\$ 1,162,800</b>	<b>5,650,000</b>	<b>5,650,000</b>		

During the three months ended April 30, 2009, there were no stock options granted to directors, officers and consultants of the Company (three months ended April 30, 2008 – Nil).



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**10. CONTRIBUTED SURPLUS**

	<b>April 30, 2009</b>	January 31, 2009
Balance, beginning of period	<b>\$ 8,503,997</b>	\$ 6,595,051
Stock options granted and/or vested during the period:		
Consultant	-	69,186
Officers and directors	-	258,964
Warrants expired, reallocation of valuation	-	-
Cancellation of repurchased common shares (Note 11)	<b>77,119</b>	1,580,796
Balance, end of period	<b>\$ 8,581,116</b>	\$ 8,503,997

**11. 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 Exchange. 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 may be purchased for cancellation pursuant to the most recently announced NCIB is that number of common shares that represents 10% of the common shares in the public float on the date that the Exchange approves the NCIB. Based on the 73,707,006 common shares in the public float as at February 2, 2009, the maximum number of shares available for purchase and cancellation was 7,370,700.

Purchases under the NCIB were permitted to commence on February 5, 2009 and during the three months ended April 30, 2009, Aberdeen acquired 295,500 securities with a weighted average price of \$0.24 per share. The stated value of these shares in the Company's shareholders' equity was \$149,176, or approximately \$0.50 per share. The difference between the cost to repurchase and the stated value for 72,057 was allocated as an increase to contributed surplus of \$77,119.

Subsequent to April 30, 2009, the Company purchased and cancelled the remaining 7,075,200 common shares available under the NCIB at an average price of \$0.24 per share.

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.

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**12. 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
Allana Resources Inc.	Shareholders	\$ 742,663
Amazon Potash Corp.**	Directors and shareholders	1,250,000
Apogee Minerals Ltd.	Directors and shareholders	440,688
Auger Resources Ltd.**	Directors and shareholders	500,000
Avion Resources Corp.	Directors and shareholders	3,568,391
B2Gold Corp.*	Directors and shareholders	4,402,500
Cash Minerals Ltd.	Directors and shareholders	405,000
Castillian Resources Corp.	Directors and shareholders	100,000
Consolidated Thompson	Directors, officers and shareholders	2,057,072
Crocodile Gold Corp.**	Directors, officers and shareholders	500,000
Crowflight Minerals Inc.	Directors, officers and shareholders	919,710
Franc-Or Resources Corp.	Directors, officers and shareholders	475,875
Kria Resources Inc.**	Directors, officers and shareholders	1,375,000
Largo Resources Inc.	Directors and shareholders	298,750
Longford Energy Inc.	Directors and shareholders	2,524,677
Russo-Forest Corporation**	Directors and shareholders	1,137,283
Scandinavian Metals Inc**	Directors and shareholders	500,000
Stetson Oil & Gas Ltd.	Directors and shareholders	1,406,000
Sulliden Exploration Inc.	Directors and shareholders	7,145,768
Vast Exploration Inc.	Directors and shareholders	1,818,145
Total of 8 other investments	Shareholders	5,531,302
<b>Total Investments</b>		<b>\$ 37,098,824</b>

\* Formerly named Central Sun Mining

\*\* Private company

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

While it is at the discretion of the Board, it is expected that an annual bonus equal to 10% of the realized pre-tax profit on the Company's portfolio investments will be paid to management. For the quarter ended April 30, 2009, the Company had net realized losses on investments of \$290,500 and net unrealized gains of \$7,295,081. As at April 30, 2009, the investment portfolio had accumulated unrealized losses of \$16,315,311. As a result of the overall net unrealized losses on the portfolio investments as at April 30, 2009, no management bonuses were paid or accrued during the quarter.

The Company was charged \$22,500 during the quarter ended April 30, 2009 (2009 - \$22,500) by a corporation controlled by a director of the Company for administration services.

During the quarter ended April 30, 2009, the Company earned advisory service fees of \$35,000 (2009 - \$44,500) from corporations with common directors and officers. In addition, the Company earned interest income totaling \$145,338 during the quarter ended April 30, 2009 (2009 - \$10,510) from Avion and Russo-Forest, all of which have certain common directors with Aberdeen.

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**12. 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 corporation for their proportional share of expenses. Included in accounts payable at April 30, 2009 is \$12,789 (January 31, 2009 - \$20,258) owing to such corporations. Such amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

**13. COMMITMENTS AND CONTINGENCY**

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$570,000 and additional contingent payments of approximately \$2,790,000 upon the occurrence of a change of control. As the likelihood of a change of control is not determinable, the contingent payments have not been reflected in these financial statements.

As outlined in Note 5, "Convertible Royalty 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 April 30, 2009 include the Simmers loan valued at \$11,930,000 and a receivable for \$1,727,397. While the Company is confident that its interpretation of the agreement is correct and has engaged a leading South African law firm to have its rights under the agreement enforced, some uncertainty surrounds the timing and actual collectability of the loan.

**14. SUBSEQUENTS EVENT**

Normal Course Issuer Bid

Subsequent to April 30, 2009, the Company purchased for cancellation 7,075,200 common shares, the remaining available under the recently announced NCIB, at an average price of \$0.24 per share. Additional details on the NCIB are provided in Note 11, "Normal Course Issuer Bid".

Avion Resources Corp.

Subsequent to April 30, 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, and the assignment of the rights to a secured note receivable from Amazon Potash for US\$1,250,000. Additional details are provided in Note 4, "Loans Receivable".