



ABERDEEN

INTERNATIONAL

CONDENSED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended
October 31, 2011 and 2010
(expressed in Canadian dollars)

UNAUDITED

ABERDEEN INTERNATIONAL INC.
Condensed Interim Statements of Financial Position
As at
(Unaudited)
(In Canadian dollars)

	Notes	October 31, 2011	January 31, 2011
		\$	\$
ASSETS			
Current			
Cash		8,316,461	14,049,856
Investments, at fair value through profit and loss	4	80,135,012	105,827,444
Amounts receivable	5, 7	6,179,741	2,695,725
Loans receivable	6	8,202,929	7,023,452
Loan - Simmer & Jack	7	-	10,015,000
Prepaid expenses		455,433	461,931
		103,289,576	140,073,408
Long-term			
Royalty interests on mineral properties, net	8	27,532,600	28,183,500
Equipment, net		27,134	37,794
		130,849,310	168,294,702
LIABILITIES			
Current			
Securities sold short	4	-	1,017,704
Due to broker		932,078	-
Accounts payable and accrued liabilities	9	743,938	6,445,771
Income taxes payable		2,217,336	1,815,618
		3,893,352	9,279,093
Long-term			
Deferred tax liability	10	12,955,000	22,701,000
		16,848,352	31,980,093
SHAREHOLDERS' EQUITY			
Share capital	11	43,699,575	43,600,623
Equity reserve	12	20,795,231	20,818,067
		64,494,806	64,418,690
Retained earnings		51,265,402	73,618,578
Accumulated comprehensive loss		(1,759,250)	(1,722,659)
		114,000,958	136,314,609
		130,849,310	168,294,702
Commitments and contingencies	18		
Subsequent events	4, 7, 11, 19		

Approved on behalf of the Board of Directors:

"Bernard Wilson" (signed)
Bernard Wilson, Director

"George Faught" (signed)
George Faught, Director

ABERDEEN INTERNATIONAL INC.
Condensed Interim Statements of Comprehensive (Loss) Income
(Unaudited)
(In Canadian dollars)

	Notes	Three months ended		Nine months ended	
		October 31		October 31	
		2011	2010	2011	2010
		\$	\$	\$	\$
			(Note 20)		(Note 20)
Net investment gains (losses)					
Realized gain (loss) on investments, net		1,833,176	(53,511)	11,103,990	6,985,133
Unrealized (loss) gain on investments, net		(11,203,609)	24,812,942	(34,090,975)	12,452,493
		(9,370,433)	24,759,431	(22,986,985)	19,437,626
Other revenue					
Royalties	8	730,637	503,585	1,769,412	1,457,374
Interest income		156,476	153,257	482,382	539,150
Advisory service fees		-	87,381	41,370	462,840
Other		-	20,000	-	20,000
		887,113	764,223	2,293,164	2,479,364
Expenses					
Operating, general and administration	12,14,17	1,144,386	517,135	3,565,841	2,706,089
Interest expenses		2,688	193,438	13,828	215,547
Provision for loan and interest receivable	6	-	-	1,258,688	-
Loss on Simmers settlement	7	2,399,552	-	2,399,552	-
Depletion on royalty interests on mineral properties	8	194,878	182,375	508,309	566,402
Amortization		3,553	3,554	10,660	12,548
		3,745,057	896,502	7,756,878	3,500,586
(Loss) income before the undernoted		(12,228,377)	24,627,152	(28,450,699)	18,416,404
Foreign exchange gain (loss)		828,371	(12,548)	(21,116)	(666,105)
(Loss) income before income taxes		(11,400,006)	24,614,604	(28,471,815)	17,750,299
Income tax recovery (provision)	10	2,683,259	(6,858,856)	8,230,518	(4,424,143)
(Loss) income for the period		(8,716,747)	17,755,748	(20,241,297)	13,326,156
Other comprehensive income (loss)					
Currency translation adjustment, net of taxes	8	861,046	(282,464)	(36,591)	(1,274,267)
Total comprehensive (loss) income for the period		(7,855,701)	17,473,284	(20,277,888)	12,051,889
(Loss) earnings per common share based on (loss) profit for the period					
Basic	13	(0.10)	0.20	(0.23)	0.15
Diluted	13	(0.10)	0.20	(0.23)	0.15
Weighted average number of common shares outstanding					
Basic	13	87,393,085	87,092,953	86,894,180	87,365,372
Diluted	13	87,393,085	90,261,442	86,894,180	90,354,449

The accompanying notes are an integral part of the financial statements

ABERDEEN INTERNATIONAL INC.
Condensed Interim Statements of Cash Flows
(Unaudited)
(In Canadian dollars)

	Notes	Three months ended		Nine months ended	
		October 31		October 31	
		2011	2010	2011	2010
		\$	\$	\$	\$
Cash flows from operating activities					
(Loss) income before income taxes for the period		(11,400,006)	24,614,604	(28,471,815)	17,750,299
Income tax (paid) recovered		1,907,093	190,406	(1,007,765)	77,684
Adjustments to reconcile net income to cash used in operating activities:					
Realized (gain) loss on investments, net		(1,833,176)	53,511	(11,103,990)	(6,985,133)
Unrealized loss (gain) on investments, net		11,203,609	(24,812,942)	34,090,975	(12,452,493)
Provision for loan and interest receivable	6	-	-	1,258,688	-
Loss on Simmers settlement	7	2,399,552	-	2,399,552	-
Depletion on royalty interests on mineral properties	8	194,878	182,375	508,309	566,402
Arrangement fee income		-	(185,942)	(14,766)	(729,376)
Stock-based compensation	12	26,519	22,596	500,876	555,371
Amortization		3,553	3,554	10,660	12,548
Unrealized foreign exchange		(890,428)	(25,752)	(177,624)	550,625
		1,611,594	42,410	(2,006,900)	(654,073)
Adjustments for:					
Prepaid expenses and amounts receivable	7	254,327	(1,004,955)	(1,079,688)	(1,106,515)
Due to broker		872,459	-	932,078	-
Accounts payable and accrued liabilities		(1,900,270)	50,709	(5,880,285)	(994,510)
Income taxes payable		(410,152)	1,332,555	-	1,329,875
Net cash provided by (used in) operating activities		427,958	420,719	(8,034,795)	(1,425,223)
Cash flows from financing activities					
Dividends paid		(875,157)	-	(1,742,298)	-
Shares repurchased and cancelled	11	(476,410)	(344,474)	(1,405,315)	(344,474)
Shares issued through options exercised		-	27,600	610,975	27,600
Net cash (used in) financing activities		(1,351,567)	(316,874)	(2,536,638)	(316,874)
Cash flows from investing activities					
Purchase of investments		(922,117)	(1,146,000)	(15,890,887)	(17,379,390)
Disposal of investments		2,813,966	2,692,231	20,860,350	23,123,110
Advanced for investments		(255,000)	-	(399,000)	-
Short-term loans provided		(1,860,768)	(500,000)	(5,396,425)	(5,688,500)
Short-term loans repaid		5,164,000	200,000	5,664,000	3,389,000
Net cash provided by investing activities		4,940,081	1,246,231	4,838,038	3,444,220
CHANGE IN CASH		4,016,472	1,350,076	(5,733,395)	1,702,123
CASH, beginning of period		4,299,989	3,618,403	14,049,856	3,266,356
CASH, end of period		8,316,461	4,968,479	8,316,461	4,968,479
Supplemental cash flow information					
Special warrants / shares received in conversion of debenture receivable	6	-	-	-	2,160,000
Shares received on debt financing	6	-	1,558,943	-	1,700,818
Shares and warrants received in settlement of loan receivable	6	845,000	-	1,345,000	-
Shares received in conversion of special warrants		-	1,694,549	-	1,694,549
Warrants received on debt financing		-	7,180	-	24,130
Interest paid		2,854	193,439	13,828	215,548

The accompanying notes are an integral part of the financial statements

ABERDEEN INTERNATIONAL INC.
Condensed Interim Statements of Changes in Equity
(Unaudited)
(In Canadian dollars)

	Number of shares	Common shares	Equity payment reserve	Treasury shares	Retained earnings	Accumulated other comprehensive loss	Total equity
	#	\$	\$	\$	\$	\$	\$
Balance - February 1, 2010	87,503,839	44,174,159	20,540,769	-	38,452,744	-	103,167,672
Share-based compensation expense	-	-	555,371	-	-	-	555,371
Option exercised	230,000	42,366	(14,766)	-	-	-	27,600
Repurchase of common shares	-	-	-	(344,474)	-	-	(344,474)
Cancellation of repurchased common shares	(836,500)	(422,209)	77,735	344,474	-	-	-
Net income for the period	-	-	-	-	13,326,156	-	13,326,156
Currency translation adjustment	-	-	-	-	-	(1,274,267)	(1,274,267)
Balance - October 31, 2010	86,897,339	43,794,316	21,159,109	-	51,778,900	(1,274,267)	115,458,058
Balance - January 31, 2011	86,677,339	43,600,623	20,818,067	-	73,618,577	(1,722,659)	136,314,608
Repurchase of common shares	-	-	-	(1,405,315)	-	-	(1,405,315)
Cancellation of repurchased common shares	(1,772,700)	(891,674)	(144,061)	1,405,315	(369,580)	-	-
Option exercised	1,967,500	990,626	(379,651)	-	-	-	610,975
Stock-based compensation expense	-	-	500,876	-	-	-	500,876
Dividend declared and paid	-	-	-	-	(1,742,298)	-	(1,742,298)
Net loss for the period	-	-	-	-	(20,241,297)	-	(20,241,297)
Currency translation adjustment	-	-	-	-	-	(36,591)	(36,591)
Balance - October 31, 2011	86,872,139	43,699,575	20,795,231	-	51,265,402	(1,759,250)	114,000,958

The accompanying notes are an integral part of the financial statements

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
October 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

1. Nature of operations

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 capital markets; or, (iii) operate in jurisdictions with low to moderate local political risk. The Company is a publicly listed company incorporated in the Province of Ontario. The Company's shares are listed on the Toronto Stock Exchange ("TSX"). The Company's head office is located at 65 Queen Street West, Suite 815, Toronto, Ontario M5H 2M5.

2. Basis of preparation and adoption of IFRS

These condensed interim financial statements are unaudited and are prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting and IFRS 1, First-time Adoption of IFRS. These condensed interim financial statements have been prepared in accordance with the accounting policies the Company expects to adopt in its January 31, 2012 financial statements. Those accounting policies are based on the IFRS standards, International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and outstanding as of December 13, 2011, the date the Board of Directors approved these condensed interim financial statements. The policies set out below were consistently applied to all the periods presented unless otherwise noted below.

The Company's financial statements were previously prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). Canadian GAAP differs in some areas from IFRS. Certain information and footnote disclosures which are considered material to the understanding of the Company's interim financial statements and which are normally included in annual financial statements prepared in accordance with IFRS are provided in notes along with reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on equity, comprehensive income, and the statements of financial position and cash flows. These condensed interim financial statements should be read in conjunction with the Company's condensed interim financial statements for the three months ended April 30, 2011.

The preparation of condensed interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It requires management to exercise judgement in applying the Company's accounting policies.

3. Significant accounting policies

Basis of presentation

The condensed interim financial statements have been prepared using the historical cost convention except for certain financial instruments which have been measured at fair value. All monetary references expressed in these notes are references to Canadian dollar amounts ("\$").

In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for this interim period are not necessarily indicative of the results that may be expected for the full fiscal year ending January 31, 2012.

Significant accounting judgments, estimates and assumptions

The preparation of these condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The impacts of such estimates are pervasive throughout the condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
October 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

3. Significant accounting policies (continued)

Significant accounting judgments, estimates and assumptions (continued)

Information about critical judgments and estimates in applying accounting policies that have most significant effect on the amounts recognized in the condensed interim financial statements are as follows:

- Fair value of investment in securities not quoted in an active market or private company investments
- Fair value / impairment of loans receivable
- Fair value / impairment of royalties
- Asset carrying values and impairment charges
- Estimation of asset lives
- Recognition of deferred taxes
- Contingencies
- Share based payments
- Depletion, depreciation and amortization

Foreign currency translation

The functional currency for each division within the Company is the currency of the primary economic environment in which it operates. The Company's financial statements are presented in Canadian dollars. The Canadian dollar is the functional currency of the Company's global investment and merchant banking operations. The United States dollar is the functional currency of the Company's royalty division.

Monetary assets and liabilities denominated in other than the functional currency are translated at the exchange rate in effect at the statement of financial position 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 at the time of the transaction. Gains and losses on translation are included in the condensed interim statement of comprehensive (loss) income.

The results and financial position of the Company's royalty division that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

All assets and liabilities are translated at the exchange rate in effect at the statement of financial position 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 equity under accumulated other comprehensive income or loss.

When a foreign division is disposed of, a proportionate share of the cumulative exchange differences previously recognized in equity is recognized in the statement of comprehensive (loss) income, as part of the gain or loss on sale where applicable.

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
October 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

3. Significant accounting policies (continued)

Future accounting pronouncements

IFRS 9 *Financial Instruments* ("IFRS 9") was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet determined the impact of the amendments to IFRS 9 on its financial statements.

IFRS 7 *Financial instruments - Disclosures* ("IFRS 7") was amended by the IASB in October 2010 and provides guidance on identifying transfers of financial assets and continuing involvement in transferred assets for disclosure purposes. The amendments introduce new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained. The amendments to IFRS 7 are effective for annual periods beginning on or after July 1, 2011. The Company has not yet determined the impact of the amendments to IFRS 7 on its financial statements.

IFRS 10 *Consolidated Financial Statements* ("IFRS 10") provides a single model to be applied in the control analysis for all investees, including entities that currently are special purpose entities in the scope of SIC 12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 *Consolidated and Separate Financial Statements*. This standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company has not yet determined the impact of the amendments to IFRS 10 on its financial statements.

IFRS 11 *Joint Arrangements* ("IFRS 11") replaces the guidance in IAS 31 *Interests in Joint Ventures*. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previous jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for the liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11 joint ventures are stripped of the free choice of equity accounting or proportionate consolidation; these entities must now use the equity method.

Upon application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value (including any allocation of goodwill) into a single investment balance at the beginning of the earliest period presented. The investment's opening balance is tested for impairment in accordance with IAS 28 *Investments in Associates* and IAS 36 *Impairment of Assets*. Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented. The Company intends to adopt IFRS 11 in its financial statements for the annual period beginning on February 1, 2013. The Company has not yet determined the impact of the amendments to IFRS 11 on its financial statements.

IFRS 13 *Fair Value Measurement* ("IFRS 13") converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company has not yet determined the impact of the amendments to IFRS 13 on its financial statements.

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
October 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

4. Investments at fair value through profit and loss

At October 31, 2011, the Company's investment portfolio consisted of 12 privately-traded investments and 32 publicly-traded investments for a total fair value of \$80,135,012.

Private Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
Auger Resources Ltd.	(iii)	2,000,000 common shares	\$ 1,000,000	\$ 200,000	0.2%
Brazil Potash Corp.	(iii)	1,650,062 common shares	2,500,000	3,289,234	4.1%
Legacy Platinum Corp.	(ii,iii)	3,015,000 common shares	2,166,174	3,015,000	3.8%
Raven Minerals Corp.*	(ii)	1,600,000 common shares	400,000	1,440,000	1.8%
		800,000 warrants expired Jul 30, 2011			
Scandinavian Metals Inc.	(ii,iii)	22,762,765 common shares	2,038,139	1,138,138	1.4%
Temujin Mining Corp.**	(ii,iii)	15,546,091 common shares	7,156,850	7,156,850	8.9%
		9,090,909 penalty shares B			
		1,410,000 w arrants expire Nov 26, 2011			
		600,000 w arrants expire Jan 14, 2012			
		4,545,455 w arrants expire Jan 29, 2012			
Total of 6 other investments	(iv)		1,210,341	1,385,293	1.7%
Total private investments			\$ 16,471,504	\$ 17,624,515	22.0%

* Warrants' expiry date extended to 12 months after Raven is publicly listed

** Penalty shares B will convert to common shares if future IPO or RTO issuance price is below the subscription price of \$0.55 per share; 1,410,000 w arrants expired unexercised on November 26, 2011

Public Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
Agua Resources Ltd. ⁽¹⁾		3,438,659 common shares	\$ 2,267,976	\$ 5,685,522	7.1%
		277,393 option expire Apr 21, 2013			
		4,145,556 performance shares A			
		3,318,763 performance shares B			
		1,917,074 performance rights - class A			
		2,875,615 performance rights - class B			
		2,875,615 performance rights - class C			
Alderon Resources Corp.	(iii)	446,100 common shares	466,100	1,309,741	1.6%
Alder Resources Ltd.	(iii)	749,000 common shares	187,250	104,860	0.1%
Alexis Mineral Corp.	(iii)	2,500,000 common shares	250,000	162,500	0.2%
Allana Resources Inc.	(iii)	3,375,000 common shares	1,190,671	3,678,750	4.6%
Apogee Minerals Ltd.	(iii)	3,964,000 common shares	718,263	824,160	1.0%
		1,250,000 w arrants expire Dec 22, 2011			
Bell Copper Corp.	(iii)	1,150,000 common shares	230,000	194,695	0.2%
		1,150,000 w arrants expire Nov 10, 2012			
Belo Sun Mining Corp. ⁽²⁾	(iii)	1,053,667 common shares	813,796	3,412,137	4.3%
		3,000,000 w arrants expire March 3, 2012			
Black Iron Inc.	(iii)	5,500,000 common shares	3,161,082	4,565,000	5.7%
Castillian Resources Corp.	(iii)	13,828,000 common shares	2,469,015	1,728,500	2.2%
Crocodile Gold Corp.	(iii)	4,265,866 common shares	4,132,212	2,446,775	3.1%
		1,385,000 w arrants expire March 24, 2016			
Dacha Strategic Metals Inc.	(iii)	1,191,451 common shares	669,444	738,700	0.9%
Eurocontrol Technics Inc.	(iii)	1,322,833 common shares	223,512	111,827	0.1%
		1,333,333 w arrants expire Sep 27, 2012			
Forbes & Manhattan (Coal) Corp.	(iii)	2,415,907 common shares	3,461,365	4,397,299	5.5%
		550,000 performance shares			

ABERDEEN INTERNATIONAL INC.
Notes to the Condensed Interim Financial Statements
October 31, 2011 and 2010
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

4. Investments at fair value through profit and loss (continued)

Public Issuer	Note	Security description	Cost	Estimated	
				Fair value	% of FV
Garrison International Ltd.	(ii)	16,900,000 common shares 16,900,000 w warrants expire Sep 16, 2013	845,000	772,330	1.0%
Largo Resources Ltd.	(iii)	2,063,333 common shares	285,413	619,000	0.8%
Longford Energy Inc.	(iii)	6,164,896 common shares 1,250,000 w warrants expire Jun 8, 2013	1,767,243	405,468	0.5%
Pitchblack Resources Ltd. ⁽³⁾	(ii,iii)	2,180,303 common shares 3,030,303 w warrants expire Oct 29, 2012	410,988	452,485	0.6%
Rodinia Lithium Inc.	(iii)	3,978,333 common shares 416,667 w warrants expire Sep 10, 2012	1,831,925	782,275	1.0%
Silver Bear Resources Inc.	(iii)	1,674,230 common shares	1,339,384	1,289,157	1.6%
Stetson Oil & Gas Ltd.	(iii)	9,858,000 preferred shares	-	197,160	0.2%
Sulliden Gold Corporation Ltd.	(iii)	14,004,572 common shares	7,853,513	25,488,321	31.8%
United Silver Corp.	(iii)	1,372,550 common shares 1,372,550 w warrants expire Jul 29, 2014	700,001	890,236	1.1%
Vast Exploration Inc.	(iii)	1,350,000 common shares	414,549	60,750	0.1%
Total of 8 other investments	(iv)		2,859,023	2,192,849	2.8%
Total public investments			\$ 38,547,725	\$ 62,510,497	78.0%
Total investments			\$ 55,019,229	\$ 80,135,012	100.0%

⁽¹⁾ Formerly New port Mining Ltd.,

⁽²⁾ Formerly Verena Minerals Corp.

⁽³⁾ Formerly Cash Minerals Ltd.

Note

- (i) The Company has issued a Section 102 report under the Ontario Securities Act for this investment;
- (ii) The Company owns, on a partially diluted basis, at least a 10% interest in the investee as at October 31, 2011.
- (iii) A director and/or officer of the Company is a director and/or officer of the investee corporation.
- (iv) Total other investments held by the Company, which are not individually listed as at October 31, 2011. Directors and officers may hold investments personally.

At January 31, 2011, the Company's investment portfolio consisted of 14 privately-traded investments and 26 publicly-traded investments for a total fair value of \$104,809,740, net investments held as financial liabilities.

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

* publicly listed on March 29, 2011

** Penalty shares B will convert to common shares if future IPO or RTO issuance price is below the subscription price of \$0.55 per share

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4. Investments at fair value through profit and loss (continued)

Public Issuer	Note	Security description	Cost	Estimated Fair value	% of FV
Agua Resources Ltd. ⁽¹⁾		1,521,583 common shares	\$ 614,793	\$ 3,682,904	3.5%
		4,145,556 performance shares A (Note 4)			
		3,318,763 performance shares B (Note 4)			
Alderon Resources Corp.	(iii)	500,000 common shares	500,000	1,775,000	1.7%
Alder Resources Ltd.	(iii)	1,000,000 common shares	250,000	175,000	0.2%
Apogee Minerals Ltd.	(iii)	5,350,000 common shares	1,039,945	2,766,735	2.6%
		1,175,000 w arrants expire April 30, 2011			
		1,250,000 w arrants expire Dec 22, 2011			
Avion Gold Corporation	(iii)	1,591,800 common shares	1,171,137	5,013,216	4.8%
		2,500,000 w arrants expire May 8, 2011			
Belo Sun Mining Corp. ⁽²⁾	(iii)	3,708,667 common shares	2,297,428	4,407,980	4.2%
		3,000,000 w arrants expire March 3, 2012			
Castillian Resources Corp.	(iii)	11,410,000 common shares	2,032,656	1,766,400	1.7%
		1,000,000 w arrants expire June 30, 2011			
Crocodile Gold Corp.	(iii)	1,245,866 common shares	1,053,914	1,669,460	1.6%
Dacha Strategic Metals Inc. ⁽⁵⁾	(iii)	3,680,362 common shares	1,755,913	2,061,699	2.0%
		2,501,551 w arrants expire June 16, 2014			
Eurocontrol Technics Inc.	(iii)	1,333,333 common shares	200,000	314,267	0.3%
		1,333,333 w arrants expire Sep 27, 2012			
Forbes & Manhattan (Coal) Corp.	(iii)	1,705,196 common shares	2,994,549	7,758,642	7.4%
		1,100,000 performance shares			
Largo Resources Ltd.	(iii)	3,983,333 common shares	551,000	2,111,166	2.0%
Longford Energy Inc.	(iii)	3,259,869 common shares	1,109,331	1,287,659	1.2%
Pitchblack Resources Ltd. ⁽³⁾	(ii,iii)	3,030,303 common shares	500,000	2,301,818	2.2%
		3,030,303 w arrants expire Oct 29, 2012			
Rodinia Lithium Inc.	(iii)	3,833,333 common shares	1,750,000	2,360,000	2.3%
		416,667 w arrants expire Sep 10, 2012			
Stetson Oil & Gas Ltd.	(ii,iii)	10,000,000 preferred shares	\$0.00	200,000	0.2%
Sulliden Gold Corporation Ltd.	(iii)	13,239,141 common shares	7,240,259	31,185,004	29.8%
		769,231 w arrants expire April 23, 2011			
Trevali Mining Corp. ⁽⁴⁾	(iii)	2,299,000 common shares	2,163,278	977,075	0.9%
Vast Exploration Inc.	(iii)	1,350,000 common shares	600,402	1,100,000	1.0%
		1,000,000 w arrants expire June 5, 2011			
Total of 7 other investments	(iv)		1,217,596	13,316,107	12.7%
Total public investments			\$ 29,042,201	\$ 86,230,132	82.3%
Total investments			\$ 46,759,365	\$ 104,809,740	100.0%
Reconciliation:					
		Investments held as financial assets	\$ 47,401,879	\$ 105,827,444	
		Investments held as financial liabilities	(642,514)	(1,017,704)	
Total investments			\$ 46,759,365	\$ 104,809,740	

⁽¹⁾ Formerly New port Mining Ltd.,

⁽²⁾ Formerly Verena Minerals Corp.

⁽³⁾ Formerly Cash Minerals Ltd.

⁽⁴⁾ Formerly Kria Resources Ltd.

⁽⁵⁾ Formerly Dacha Capital Inc., w arrants have an exercise price of \$0.42 until June 16, 2012, \$0.50 after June 16, 2012

Note

- (i) The Company has issued a Section 102 report under the Ontario Securities Act for this investment;
- (ii) The Company owns, on a partially diluted basis, at least a 10% interest in the investee as at January 31, 2011.
- (iii) A director and/or officer of the Company is a director and/or officer of the investee corporation.
- (iv) Total other investments held by the Company, which are not individually listed as at January 31, 2011. Directors and officers may hold investments personally.

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5. Amounts receivable

	October 31, 2011	January 31, 2011
Simmers settlement (Note 7)	\$ 3,986,800	\$ -
Interest receivable	542,609	336,813
Royalty receivable (Note 7, 8)	210,654	1,491,112
Investment settlement receivable	557,709	633,753
Recoverable expenses	759,503	115,350
Other receivable	122,466	118,696
	\$ 6,179,741	\$ 2,695,725

6. Loans receivable

	October 31, 2011	January 31, 2011
Temujin Mining Corp. convertible debenture *	\$ 3,612,562	\$ 3,629,960
Castillian Resources Corp. convertible debenture	500,000	1,641,617
Legacy Platinum Corp. convertible debenture	818,350	-
United Silver Corp.	1,000,000	-
China Railway Mining Corp. convertible debenture	-	1,251,875
Kria Resources Ltd. secured debenture	-	500,000
Garrison International Ltd. working capital	149,348	-
Pitchblack Resources Ltd.	100,000	-
Temujin Mining Corp. working capital	2,022,669	-
	\$ 8,202,929	\$ 7,023,452

* Debenture changed from secured to secured convertible October 1, 2010

Kria Resources Ltd. (Acquired by Trevali Mining Corp.)

In June 2009, the Company entered into a secured debenture agreement with Kria Resources Ltd. ("Kria") to loan up to \$600,000, with any amounts drawn being due and repayable on December 31, 2010 and subject to interest at a rate of 10% per annum. Consideration provided to the Company by Kria for entering into the secured debenture agreement included a \$25,000 fee plus up to 250,000 share purchase warrants, of which 50,000 have been issued, with each share purchase warrant entitling Aberdeen to purchase one common share of Kria at any time prior to June 16, 2010. The grant date fair value of the warrants issued was determined to be nominal and no value was recorded. These warrants expired unexercised. Kria paid the \$25,000 fee in April 2010 and drew down \$500,000 under the secured debenture agreement in August 2010. The \$25,000 fee was recorded as deferred revenue and was recognized as income over the term of the agreement. An additional 200,000 warrants were issued to the Company upon the draw-down to acquire Kria's common shares for a period of one year from the date of grant. The grant date fair value of the warrants issued was estimated to be \$7,760, which was discounted to the loan and recognized as income over the term of the agreement. These warrants were exercised by the Company on December 31, 2010 for 200,000 common shares of Kria at a price of \$0.135.

On December 31, 2010, Kria did not repay the loan. As a result, an amendment agreement was made whereby Kria agreed to pay the Company an annualized penalty fee at the rate of 10% per annum due and payable on the debenture redemption date. On January 14, 2011, the Company entered into a subordination and postponement agreement with Cardero Resource Corp. ("Cardero") and Kria. This debenture is secured against all the assets of Kria and ranks subordinate in priority to that of Cardero, the senior lender. On April 7, 2011, Kria was acquired by Trevali Mining Corp. ("Trevali") by issuing one Trevali common share for every five Kria common shares to Kria's existing shareholders. In July 2011, Kria repaid the principal and outstanding interest in full.

A director of Aberdeen, Michael Hoffman, serves as a director of Trevali. Directors of Aberdeen, Michael Hoffman and Stan Bharti, served as directors and an officer of Kria.

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6. Loans receivable (continued)

Castillian Resources Corp.

In January 2010, the Company entered into a secured debenture agreement with Castillian Resources Corp. ("Castillian") to loan Castillian up to \$500,000, with any amounts drawn being due and repayable on June 30, 2010 and subject to interest at a rate of 10% per annum. The debenture was initially secured against Castillian's interest in the Kagera property in Tanzania. Castillian paid Aberdeen an advisory service fee in the amount of \$25,000 and issued 500,000 share purchase warrants to Aberdeen, which entitled the Company to acquire one Castillian common share at a price of \$0.10 at any time prior to June 30, 2010. Castillian shall also issue 100,000 of the same share purchase warrants per \$100,000 subsequently drawn against the line of credit. The warrants are subject to a statutory four month hold period. The grant date fair value of the warrants issued was estimated to be \$7,550. The \$25,000 advisory service fee and the \$7,550 fair value of the warrants was discounted to the loan and recognized as income over the term of the agreement. During the three months ended April 30, 2010, Castillian drew down the \$500,000 under the secured debenture agreement with an additional 500,000 share purchase warrants issued to Aberdeen to acquire Castillian common shares at a price of \$0.10 each at any time prior to June 30, 2011. The estimated grant date fair value of the warrants issued of \$24,500 was discounted to the loan and recognized as income over the term of the loan.

Castillian did not repay the loan on June 30, 2010. The Company entered into an amendment agreement with Castillian whereby the term of the loan was extended to December 31, 2012 with a conversion right granted to the Company to convert the loan into units consisting of one common share and one-half of one common share purchase warrant of Castillian at a conversion price of \$0.06 per unit at anytime on or before December 31, 2012. Each whole warrant will entitle the Company to acquire one common share of Castillian at \$0.10 until December 31, 2012. In addition, the security interest with respect to the loan was amended to include Castillian's Mangabal property, located in Brazil. At July 31, 2010, the Company adjusted the fair value of the 500,000 share purchase warrants issued based on the extended term. An additional fair value of the warrants of \$16,950 was discounted to the loan and is being recognized as income over the term of the amended agreement.

At January 31, 2011, the Company recognized an unrealized gain of \$1,156,383 on the convertible loan based on the fair market value of the Castillian's shares. This amount was reversed subsequent to the 2011 year-end due to longer than anticipated time delays for regulatory approval. At October 31, 2011, the Company was informed that the TSX Venture Exchange did not approve the loan extension agreement and the 1,000,000 warrants granted. Consequently, the Company recognized a loss on these warrants. The Company is currently renegotiating the term of the \$500,000 loan with Castillian. Directors of Aberdeen, Stan Bharti and Michael Hoffman, are also directors of Castillian.

Temujin Mining Corp.

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

On October 1, 2010, the Company entered into a secured debenture agreement with Temujin, whereby the term of the previous loan was extended to July 14, 2011 with a conversion right granted to the Company to convert the loan into common shares of Temujin at a conversion price of US\$0.50 per share at anytime on or before the maturity date. The debenture is secured against all of the assets of Temujin and ranks *pari-passu* in priority and preference to any other indebtedness or other encumbrance of Temujin. Furthermore, the advisory service fees along with accrued interest totalling US\$624,523 (\$625,460) were discounted to the loan and recognized as income over the term of the agreement. This brings the total outstanding principal to US\$3,624,523 (\$3,612,562).

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6. Loans receivable (continued)

Temujin Mining Corp. (continued)

Temujin did not repay the loan on July 14, 2011. As a result, an amendment to the secured debenture was made to extend the maturity date to January 31, 2012. At October 31, 2011 and January 31, 2011, the value of the conversion feature was assessed as nominal. As such, the Company did not recognize any gain or loss on the convertible debenture.

During the nine months ended October 31, 2011, the Company made available a working capital facility to Temujin and loaned a total of \$2,022,669 to Temujin. The working capital facility is charged interest at 10%, unsecured and the amount is due on demand.

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

Pitchblack Resources Ltd. (formerly Cash Minerals Ltd.)

On February 2, 2010, the Company entered into a secured debenture subscription agreement with Pitchblack Resources Ltd. ("Pitchblack"). The Company loaned Pitchblack \$500,000, which will mature and become due and repayable on February 2, 2013. The debenture bears interest at a rate of 10% calculated and payable semi-annually on the last day of June and December, commencing June 30, 2010, and continuing until the debenture is repaid in full. This debenture was secured against all of the assets of Pitchblack and ranked senior in priority to any and all other debts of Pitchblack subsequently incurred subject to applicable laws. On January 31, 2011, the Company acquired 3,030,303 units of Pitchblack through a private placement financing at a price of \$0.165 per unit. The \$500,000 loan outstanding was applied against the settlement of the Pitchblack units. Accrued interest totaling \$36,986 was subsequently paid to the Company.

On October 7, 2011, Pitchblack Resources Ltd. ("Pitchblack") issued a promissory note to the Company for a loan of \$100,000. The note bears interest at a rate of 10% per annum, compounded annually. The outstanding principal amount and interest accrued are due and payable on demand anytime after March 1, 2012.

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

Dacha Strategic Metals Inc.

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

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

A director and officers of Aberdeen, Stan Bharti, George Faught and Ryan Ptolemy, also serve as an executive director and an officer of Dacha.

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6. Loans receivable (continued)

Garrison International Ltd.

On February 22, 2010, the Company entered into a secured debenture subscription agreement with Garrison International Ltd. ("Garrison"). The Company loaned Garrison \$600,000, which will mature and become due and repayable on February 22, 2013. The debenture bears interest at a rate of 10% calculated and payable semi-annually on the last day of June and December, commencing June 30, 2010 and continuing until the debenture is repaid in full. This debenture is secured against all of the assets of Garrison and ranks senior in priority to any and all other debts of Garrison subsequently incurred subject to applicable laws. On December 31, 2010, Garrison did not make its semi-annual interest payment. The Company notified Garrison of default in writing. As a result of failing to receive a rectification of default from Garrison, the Company made a provision on the full principal amount of \$600,000 and interest of \$27,509.

During the nine months ended October 31, 2011, the Company made available a working capital facility to Garrison and loaned a total of \$990,293 to Garrison. The working capital facility is interest free, unsecured and the amount is due on demand.

On September 16, 2011, the Company participated in Garrison's equity financing and acquired 16,900,000 units of Garrison at \$0.05 per unit. A sum of \$845,000 owed by Garrison was repaid and applied against the subscription of the units. At October 31, 2011, \$149,348 of the working capital loan remained outstanding.

China Railway Mining Corp.

On April 12, 2010, the Company entered into an agreement with Forbes & Manhattan, Inc. ("Forbes") to acquire 50% of the convertible debenture issued by China Railway Mining Corp ("China Railway") on March 9, 2009 to Forbes in return for a cash payment to Forbes in the amount of US\$1,250,000. In addition, as return for the consideration, the Company received (a) 40,000 common shares of China Railway which represent 40% of the common shares that were issued and outstanding; and (b) 80,000 warrants of China Railway that were issued, which expired unexercised on December 15, 2010. The loan was convertible at the option of the lender on or before November 30, 2010 for common shares of Crystallex International Corporation ("Crystallex") at a price equal to the greater of \$0.20 per share or 95% of the 5 day volume weighted average trading price of the common shares ending on the date of conversion. Subsequent to January 31, 2011, the Crystallex shares were trading below the conversion price.

The principal of the debenture plus interest of 6% per annum were repayable on December 31, 2010. On December 31, 2010, China Railway did not repay the loan and interest owed. During the three month period ended April 30, 2011, the Company issued a demand letter to China Railway requesting repayment of the principal plus interests in full. During the nine months ended October 31, 2011, the Company made a provision on the loan and interest receivable totalling \$1,258,688.

Rodinia Lithium Inc.

On July 20, 2010, the Company entered into a short term bridge loan agreement with Rodinia Lithium Inc. ("Rodinia"). The Company loaned Rodinia \$200,000, which was due and repayable on September 30, 2010. The loan included interest of 10% per annum calculated monthly and payable on maturity. The loan plus accrued interest totalling \$202,904 was repaid to the Company on September 10, 2010.

Officers of Aberdeen, David Stein and Ryan Ptolemy, also serve as a director and an officer of Rodinia.

Longford Energy Inc.

On April 27, 2011, the Company entered into a loan agreement with Longford Energy Inc. ("Longford"). The Company loaned Longford \$500,000, which matured and became due and repayable on the earlier of (i) the closing date of Longford's bought deal financing; and (ii) sixty days from the date of the agreement which is June 27, 2011. The loan was unsecured and included interest of 5% per annum calculated on the principal and unpaid interest. The loan was repaid on June 24, 2011 by the Company purchasing shares in the Longford's financing. The accrued interest was paid to the Company in August 2011.

Directors of Aberdeen, Stan Bharti and Pierre Pettigrew, also serve as directors of Longford.

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6. Loans receivable (continued)

Legacy Platinum Corp.

On June 10, 2011, the Company entered into a loan agreement with Legacy Platinum Corp. ("Legacy"). The Company loaned Legacy \$320,000 (the "First Loan"), which is due and payable on June 10, 2012. The loan is unsecured and includes interest of 10% per annum calculated and payable semi-annually. Legacy has an option to either repay the loan plus accrued interest any time prior to the maturity date in cash, or issue shares of Legacy that equal the total value of the principal plus accrued interest based on the share value of its most recent equity financing.

On June 21, 2011, the Company entered into a second loan agreement with Legacy for an additional loan of US\$500,000, which is due and payable on June 21, 2012. This loan is unsecured and carries the same terms and conditions as the First Loan.

An officer of Aberdeen, Richard Bishop, also serves as director of Legacy.

United Silver Corp.

On July 20, 2010, the Company entered into an agreement with Forbes & Manhattan, Inc. ("Forbes") to acquire 50% interest in and to all of Forbes' rights and obligations under the loan agreement issued by United Silver Corp. ("USC") to Forbes in return for a cash payment to Forbes in the amount of \$1,000,000, equal to 50% of USC's loan obligations to Forbes. The loan is secured against all assets of USC. The principal of the loan plus interest of 9% calculated monthly is payable in full on December 31, 2011. Interest on overdue amounts is payable on demand.

A director and an officer of Aberdeen, Stan Bharti and Ryan Ptolemy, also serve as director and officer of USC.

Amazon Potash Corp. / Loan assignment from Avion Gold Corporation

On May 6, 2009, Avion Gold Corporation ("Avion") acquired all of the issued and outstanding common shares of Dynamite Resources Ltd. ("Dynamite") at an exchange ratio of 0.75 Avion common shares for each Dynamite common share. Following the acquisition, Avion repaid all of its outstanding loans to Aberdeen through a cash payment of \$1,550,000, plus accrued interest of \$38,004, and the assignment of the rights to a secured note receivable from Amazon Potash Corp. ("Amazon Potash") for US\$1,250,000. Amazon Potash is a private company with potash properties in Brazil. The note receivable was due June 30, 2009 with an annual interest rate of 12%, calculated monthly and payable upon maturity and was secured by Amazon Potash's assets. In addition, the note agreement also provided Aberdeen with the option to convert the principal, in whole or in part, into common shares of Amazon Potash on or before June 30, 2009 at US\$1.00 per share. The secured note receivable was recorded on Aberdeen's books at a discounted value of US\$1,170,488 (\$1,373,100) against a face value of US\$1,250,000 (\$1,466,365) 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.

On May 27, 2009, the Company loaned an additional US\$250,000 that was added to the existing secured note receivable balance from Amazon Potash of US\$1,250,000. As consideration, the Company received a US\$25,000 advisory service fee and 100,000 shares of Amazon Potash. Interest receivable accrued between assuming the secured note receivable on May 6, 2009 and May 27, 2009, totalling US\$8,630, was capitalized as part of the loan. Amazon Potash did not repay the loan on June 30, 2009. The Company and Amazon Potash agreed to four separate quarterly extensions to the secured note receivable to June 30, 2010. As consideration for extending the term of the note receivable, the Company received an aggregate fee of US\$100,000 and 200,000 Amazon Potash shares.

In September 2009, Amazon Potash spun out some of its potash claims in Brazil to a wholly-owned subsidiary named Brazil Potash Corp. ("Brazil Potash"). The shares in Brazil Potash were distributed to the Amazon Potash shareholders. Aberdeen, as a shareholder of Amazon Potash, received 1,650,062 shares of Brazil Potash. Subsequent to the distribution of the shares, Brazil Potash completed a private placement equity financing for gross proceeds of US\$25,000,000 at a price of US\$1.00 per common share.

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6. Loans receivable (continued)

Amazon Potash Corp. / Loan assignment from Avion Gold Corporation (continued)

In June 2010, Falcon Metals Ltda., a 100% owned subsidiary of Amazon Potash, sold its 100% ownership in Aguia Metais Ltda. to Aguia Resources Limited ("Agua") (formerly Newport Mining Corp.), an Australian publicly traded mining company. The transaction included the conversion of 50% of the Amazon Potash loan into common shares, Performance A Shares and Performance B Shares of Agua. Through this transaction, the Company received 477,845 common shares, 666,426 Performance A Shares and 883,375 Performance B Shares of Agua given its holding of 2,800,000 shares of Amazon Potash. As for the conversion of the balance of 50% of the Amazon Potash loan plus interest outstanding (US\$927,390), Agua issued 1,043,738 common shares at a price of AUD\$0.15 per share, and 3,479,130 Performance A Shares and 2,435,388 Performance B Shares of Agua. Consequently, the value of the 1,043,738 shares in the amount of US\$135,974 (AUD\$156,561) and the value of the 3,479,130 Performance A shares in the amount of US\$453,247 (AUD\$521,870) was applied as a reduction to the Amazon Potash loan.

A provision on the remaining balance of the loan US\$338,169 (AUD\$365,307) was taken on January 31, 2011. All the Agua shares are to be held in escrow until June 22, 2011. The Performance A Shares will convert to common shares upon the completion of a technical report evidencing a combined Mineral Resource Estimate (including all categories of resources) of not less than 30,000,000 tonnes with a grade of not less than 10% P₂O₅ at the Mata da Corda or Lucena Project within 3 years of being issued. The Performance B Shares will convert to common shares upon the completion of a technical report evidencing a combined Mineral Resource Estimate (including all categories of resources) of not less than 70,000,000 tonnes with a grade of not less than 10% P₂O₅ at the Mata da Corda or Lucena Project within 3 years of being issued.

In June 2010, Amazon Potash sold its 100% owned subsidiary Potassio do Atlantico Ltda. to Potash Atlantico Corp. in exchange for shares that were issued to the shareholders of Amazon Potash (including Aberdeen), assumption of certain obligations and the issuance of an additional 1,005,965 shares of Potash Atlantico Corp. ("Potash Atlantico") to the Company. This represented 50% of the Amazon Potash loan (US\$926,797) owed to the Company. The proposed financing for Potash Atlantico was being done at a valuation that would represent US\$1.00 per share minimum. Consequently, the 50% of the Amazon Potash loan outstanding and due June 30, 2010 was extended to September 30, 2010 with an annual interest rate of 12%. Pursuant to the financing, the Company received 1,580,647 shares of Potash Atlantico given its holding of 2,800,000 shares of Amazon Potash. The Company also received 1,005,965 shares of Potash Atlantico from the conversion of 50% of the Amazon Potash loan and interest outstanding.

Directors and an officer of Aberdeen, Stan Bharti, Pierre Pettigrew and George Faught hold director positions in Avion. Directors and an officer of Aberdeen, Stan Bharti, Michael Hoffman and George Faught, hold directors and an officer position in Amazon Potash and held director positions in Dynamite. A director of Aberdeen, Stan Bharti holds a director position in Brazil Potash. An officer of Aberdeen, Ryan Ptolemy holds an officer position in Brazil Potash and Potash Atlantico. Aberdeen officers and directors also may hold, or have held, investments personally in Amazon Potash, Avion, Brazil Potash, Potash Atlantico and Dynamite.

7. Loan - Simmer & Jack (Acquired by Village Main Reef Limited)

During the fourth quarter of fiscal 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.

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7. Loan - Simmer & Jack (Acquired by Village Main Reef Limited) (continued)

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, whereby the Simmers' shareholders voted against the conversion as unanimously recommended by Simmers' board of directors. As a result, it was 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 was 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 production starting October 16, 2008. However, it was 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 of the US\$10,000,000 principal and remaining interest payments. Accordingly, Simmers' management contended that the shareholder vote to deny the conversion request had resulted in Aberdeen receiving only the 1% NSR, but not the US\$10,000,000 loan principal.

On June 27, 2011, Simmers was acquired by Village Main Reef Limited ("Village Main Reef").

On October 8, 2011, through arbitration, a settlement agreement has been reached for the outstanding claim of US\$10,000,000 loan principal and balance payable on the graduated gold royalty from the fourth quarter of calendar 2008. Village Main Reef has agreed to pay Aberdeen an amount of US\$9,000,000 in cash and will continue to pay Aberdeen in perpetuity the 1% NSR on the gold produced from the Buffelsfontein mine. The US\$9,000,000 will be payable in installments as follows:

- US\$4,000,000 - October 10, 2011 (paid C\$3,986,800)
- US\$1,000,000 plus interest of 10% per annum on remaining balance – October 25, 2011 (paid C\$1,017,180)
- US\$1,000,000 plus interest of 10% per annum on remaining balance – November 25, 2011 (paid C\$1,071,191)
- US\$1,000,000 plus interest of 10% per annum on remaining balance – December 25, 2011
- US\$1,000,000 plus interest of 10% per annum on remaining balance – January 25, 2012
- US\$1,000,000 plus interest of 10% per annum on remaining balance – February 25, 2012

Village Main Reef has provided a corporate guarantee in respect of both the installment payments under the settlement and Aberdeen's continuing 1% NSR. Accordingly the Company has recognized a loss of \$2,399,552 on the settlement at October 31, 2011.

8. Royalty interests on mineral properties

The following tables summarize the Company's royalty interests as at October 31, 2011 and January 31, 2011:

	Cost	Accumulated Depletion	Impairment	Net
Village Main Reef, Limited ⁽¹⁾	\$ 22,895,929	\$ (791,189)	\$ (3,904,772)	\$ 18,199,968
First Uranium Corporation	10,684,790	(701,258)	-	9,983,532
Total as of January 31, 2011	\$ 33,580,719	\$ (1,492,447)	\$ (3,904,772)	\$ 28,183,500
Village Main Reef, Limited ⁽¹⁾	\$ 22,808,700	\$ (938,815)	\$ (3,904,772)	\$ 17,965,113
First Uranium Corporation	10,636,941	(1,069,454)	-	9,567,487
Total as of October 31, 2011	\$ 33,445,641	\$ (2,008,269)	\$ (3,904,772)	\$ 27,532,600

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8. Royalty interests on mineral properties (continued)

Village Main Reef, Limited ⁽¹⁾	Cost	Accumulated Depletion	Impairment	Net
Balance, January 31, 2011	\$ 22,895,929	\$ (791,189)	\$ (3,904,772)	\$ 18,199,968
Depletion / impairment	-	(145,345)	-	(145,345)
CTA adjustment	(87,229)	(2,281)	-	(89,510)
Balance, October 31, 2011	\$ 22,808,700	\$ (938,815)	\$ (3,904,772)	\$ 17,965,113

First Uranium Corporation	Cost	Accumulated Depletion	Impairment	Net
Balance, January 31, 2011	\$ 10,684,790	\$ (701,258)	\$ -	\$ 9,983,532
Depletion / impairment	-	(362,964)	-	(362,964)
CTA adjustment	(47,849)	(5,232)	-	(53,081)
Balance, October 31, 2011	\$ 10,636,941	\$ (1,069,454)	\$ -	\$ 9,567,487

⁽¹⁾ Formerly Simmer and Jack Mines, Limited

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' shareholder February 16, 2009 vote against the conversion of the US\$10,000,000 loan outstanding as more fully described above in Note 7, "Loan - Simmer & Jack (Acquired by Village Main Reef Limited)". Prior to the vote to deny the conversion of the loan into shares of Simmers, the Company had carried the convertible loan on its statements of financial position 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 fair value was estimated using the following assumptions: 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) discount rate ranging from 2.5% to 5%. The carrying values of the royalty interests are depleted using the unit-of-production method over the life of the property to which the royalty interest relates.

At January 31, 2011, the Company impaired the carrying value of the Simmer and Jack Mines royalty as production was slower than originally estimated. As a result, the Company wrote-down the carrying value on the Simmers royalty interests by \$3,904,772. In addition, the translation adjustment loss of \$5,792,761 (net of taxes - \$4,274,761) was reallocated from other comprehensive loss to retained earnings on the IFRS transition date.

On June 27, 2011, Village Main Reef successfully acquired Simmers. Management has assessed the impact of this acquisition and has determined that at this time, this transaction does not have a material impact on the valuation of the royalty interest on mineral properties.

The functional currency of the Company's royalty interests on mineral properties division is the US dollar. During the nine months ended October 31, 2011, a translation adjustment loss \$142,591 (net of taxes - \$36,591); (nine months ended October 31, 2010 - \$1,606,267 (net of taxes \$1,274,267)) was recorded.

9. Accounts payable and accrued liabilities

	October 31, 2011	January 31, 2011
Trade payables	\$ 23,579	\$ 72,647
Investment settlement payable	234,108	30,795
Payroll liabilities	4,612	2,591
Bonus accruals	-	5,788,935
Non-trade payable and accrued expenses	481,639	550,803
	\$ 743,938	\$ 6,445,771

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10. Income taxes

Significant component of income tax (expense) benefit

	<u>October 31, 2011</u>	<u>October 31, 2010</u>
Current tax (expense)	\$ (1,409,482)	\$ (1,834,143)
Deferred tax benefit (expense)	<u>9,640,000</u>	<u>(2,590,000)</u>
	<u>\$ 8,230,518</u>	<u>\$ (4,424,143)</u>

Provision for income taxes

The following are major items causing the Company's income tax rate to differ from the Canadian combined federal and provincial statutory rate of approximately 28% (2011 - 31%) during the nine months ended:

	<u>October 31, 2011</u>	<u>October 31, 2010</u>
(Loss) income before income taxes	\$ (28,471,815)	\$ 17,750,299
Expected income tax (recovery) expense	\$ (7,998,000)	\$ 5,503,000
Adjustments to benefit resulting from:		
Stock-based compensation	141,000	172,000
Net realized gain on foreign exchange	(242,000)	91,000
Change in expected tax rate	(458,779)	(1,196,921)
Other	327,261	(144,936)
Provision for income tax (recovery) expense	\$ (8,230,518)	\$ 4,424,143

Deferred taxes as at:

	<u>October 31, 2011</u>	<u>January 31, 2011</u>
Deferred taxes		
Non capital losses	\$ -	\$ -
Investments	(6,570,000)	(16,746,000)
Royalty interest in mineral properties	(6,883,000)	(7,046,000)
Simmers Loan	183,000	445,000
Resource properties	99,000	120,000
Share issue costs	205,000	273,000
Other	11,000	253,000
	<u>\$ (12,955,000)</u>	<u>\$ (22,701,000)</u>

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11. Share capital

Authorized: Unlimited common shares with no par value

Common shares

Issued and outstanding common shares	Number of shares	Amount
Balance, February 1, 2010	87,503,839	\$ 44,174,159
Shares issued on exercise of options	490,000	58,800
Option valuation on options exercised	-	31,457
Shares repurchased and cancelled (NCIB)	(1,316,500)	(663,793)
Balance, January 31, 2011	86,677,339	\$ 43,600,623
Shares issued on exercise of options	1,967,500	610,975
Option valuation on options exercised	-	379,651
Shares repurchased and cancelled (NCIB)	(1,772,700)	(891,674)
Balance, October 31, 2011	86,872,139	\$ 43,699,575

Dividends

On February 16, 2011, the Company declared a semi-annual dividend in the amount of \$0.01 per share payable on March 31, 2011 and September 30, 2011 respectively.

On March 31, 2011 and September 30, 2011, 86,780,739 and 87,515,639 shares were recorded for the first and second semi-annual dividend respectively. Dividend payments totaling \$1,742,298 (2010 - \$nil) were paid to shareholders during the nine month period ended October 31, 2011.

Normal course issuer bid

On February 4, 2010, the Company instituted a normal course issuer bid ("NCIB"), in respect of its common shares. Pursuant to the terms of the NCIB, and in accordance with the policies of the TSX, during the period commencing February 5, 2010 and ending on February 4, 2011, the Company could purchase up to 7,535,000 common shares, representing approximately 10% of the common shares in the public float as at January 29, 2010. Daily purchases were limited to 70,144 common shares other than block purchase exceptions. Purchases were made in open market transactions through the facilities of the TSX and on other published markets at market prices prevailing at the time of acquisition. All common shares purchased under the NCIB were cancelled.

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

On February 8, 2011, the Company instituted a NCIB, in respect of its common shares. Pursuant to the terms of the NCIB, and in accordance with the policies of the TSX, during the period commencing February 9, 2011 and ending on February 8, 2012, the Company may purchase up to 7,442,350 representing 10% of the common shares in the public float as at February 4, 2011. Purchases will be made in open market transactions through the facilities of the TSX and on other published markets at market prices prevailing at the time of acquisition. All common shares purchased under the NCIB will be cancelled.

During the nine months ended October 31, 2011, the Company purchased and cancelled 1,772,700 common shares (2010 - 836,500) at an average price of \$0.79 (2010 - \$0.41) per share under the new NCIB approved by the TSX.

Subsequent to October 31, 2011 the Company purchased and cancelled 706,000 of its common shares at an average price of \$0.64 per share. At December 12, 2011, a balance of 4,963,650 common shares remains available for purchase under the NCIB commencing February 9, 2011.

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12. Equity reserve

	Number of warrants	Weighted average exercise price	Value of warrants	Number of options	Weighted average exercise price	Value of options	Treasury shares adjustment	Total Value
February 1, 2010	37,500,000	\$ 1.00	\$15,750,000	6,900,000	\$ 0.31	\$ 1,360,283	\$ 3,519,554	\$20,629,837
Granted	-	-	-	2,085,000	0.46	576,257	-	576,257
Options unvested	-	-	-	-	-	(20,642)	-	(20,642)
Exercised	-	-	-	(490,000)	0.12	(31,458)	-	(31,458)
Expired	-	-	-	(650,000)	0.72	(365,150)	-	(365,150)
Forfeited	-	-	-	(50,000)	0.43	(9,248)	-	(9,248)
NCIB allocation	-	-	-	-	-	-	38,471	38,471
January 31, 2011	37,500,000	\$ 1.00	\$15,750,000	7,795,000	\$ 0.33	\$ 1,510,042	\$ 3,558,025	\$20,818,067
Granted	-	-	-	1,045,000	\$ 0.85	\$ 524,099	-	524,099
Options unvested	-	-	-	-	-	(23,223)	-	(23,223)
Exercised	-	-	-	(1,967,500)	0.31	(379,651)	-	(379,651)
Expired	-	-	-	-	-	-	-	-
Forfeited	-	-	-	-	-	-	-	-
NCIB allocation	-	-	-	-	-	-	(144,061)	(144,061)
October 31, 2011	37,500,000	\$ 1.00	\$15,750,000	6,872,500	\$ 0.41	\$ 1,631,267	\$ 3,413,964	\$20,795,231

Warrants

No. outstanding	No. exercisable	Grant date	Expiry date	Exercise price	Fair value at grant date	Expected Volatility	Risk-free Rate	Expected Life (years)	Expected Dividend Yield
37,500,000	37,500,000	27-Jul-07	12-Jun-12	\$ 1.00	\$ 15,750,000	92%	4.50%	5.00	0%

Employee share option plan

The Company has adopted a Stock Option Plan (the "Plan"). Pursuant to the Plan, the Company may grant stock options to acquire up to 10% of the number of issued and outstanding common shares of the Company. The Plan provides that the Company cannot grant stock options to any one person representing more than 5% of the outstanding common shares of the Company. Directors, officers, employees and certain consultants are eligible to receive stock options under the Plan in accordance with the terms and conditions determined by the Board, upon the recommendations of the Compensation Committee. Vesting terms will be determined at the discretion of the Board. The Board also determines the term of stock options granted under the Plan, provided that no stock option shall be outstanding for a period greater than five years.

During the nine months ended October 31, 2011, 1,045,000 stock options (2010 – 1,885,000) were granted to certain directors, officers and employees of the Company with a weighted-average grant date fair value of \$0.50 per option (2010 - \$0.27). Of the total options granted, 845,000 (2010 – 1,735,000) vested immediately, 200,000 (2010 – 150,000) vest quarterly in eight equal tranches with the first tranche vesting on the date of grant. Share based compensation expense of \$500,876 (2010 - \$555,371) relating to these options and others that vested during the nine months ended October 31, 2011 was recorded in operations, general and administration fees. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, expected forfeiture rate, and behavioral considerations. Expected volatility is based on the historical share price volatility over the past 5 years.

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12. Equity reserve (continued)

The following share-based payment arrangements were in existence as at October 31, 2011:

No. outstanding	No. exercisable	Grant date	Expiry date	Exercise price	Fair value at grant date	Expected Volatility	Risk-free Rate	Expected Life (years)	Expected Dividend Yield
900,000	900,000	4-Oct-07	4-Oct-12	\$ 0.80	\$ 437,400	89%	4.50%	5.00	0%
100,000	100,000	11-Aug-08	11-Aug-13	\$ 0.48	\$ 30,640	83%	3.11%	5.00	0%
50,000	50,000	5-Sep-08	5-Sep-13	\$ 0.35	\$ 11,890	84%	3.00%	5.00	0%
200,000	200,000	1-Oct-08	1-Oct-13	\$ 0.29	\$ 39,400	74%	2.04%	5.00	0%
2,980,000	2,980,000	14-Jan-09	14-Jan-14	\$ 0.12	\$ 191,316	68%	1.52%	5.00	0%
62,500	62,500	1-Feb-10	1-Feb-15	\$ 0.47	\$ 19,000	79%	2.47%	5.00	0%
50,000	43,750	23-Feb-10	23-Feb-15	\$ 0.45	\$ 13,320	70%	2.51%	5.00	0%
1,185,000	1,185,000	25-Feb-10	25-Feb-15	\$ 0.43	\$ 311,537	70%	2.49%	5.00	0%
100,000	62,500	5-Oct-10	5-Oct-15	\$ 0.48	\$ 25,650	64%	2.00%	5.00	0%
200,000	200,000	30-Nov-10	30-Nov-15	\$ 0.64	\$ 70,880	64%	2.35%	5.00	0%
845,000	845,000	20-Apr-11	20-Apr-16	\$ 0.87	\$ 438,978	70%	2.65%	5.00	0%
200,000	50,000	30-Jun-11	30-Jun-16	\$ 0.79	\$ 85,120	63%	2.30%	5.00	0%
6,872,500	6,678,750				\$ 1,675,131				

13. (Loss) earnings per share

During the three and nine month period ended October 31, 2011, 6,872,500 options and 37,500,000 warrants were excluded from the diluted weighted average number of common shares calculation as their effect would be anti-dilutive. During the three and nine month period ended October 31, 2010, 3,035,000 options and 37,500,000 warrants were excluded from the diluted weighted average number of common shares calculation as their effect would be anti-dilutive.

14. Expenses by nature

Included in operating, general and administrative expenses for the periods ended October 31 are:

	Three months ended October 31		Nine months ended October 31	
	2011	2010	2011	2010
Salaries, consulting and benefits	\$ 472,799	\$ 271,466	\$ 1,118,068	\$ 1,114,592
Stock options granted to directors, officers, employees and consultants (Note 12)	26,519	22,596	500,876	555,371
Legal, accounting and professional fees	342,165	125,448	540,381	355,710
Filing and transfer agent fees	9,072	142,050	44,305	171,151
Shareholders communication and promotion	88,804	(62,819)	288,736	33,150
Travel	79,435	(114,595)	200,155	170,320
General office and administration costs	54,426	64,472	138,311	144,887
Other	71,166	68,517	735,009	160,908
	\$ 1,144,386	\$ 517,135	\$ 3,565,841	\$ 2,706,089

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15. Capital disclosure

The Company considers its capital to consist of share capital and equity reserve. 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 during the nine months ended October 31, 2011 and 2010. The Company expects that its capital resources will be sufficient to discharge its liabilities as of the current statements of financial position date.

On February 16, 2011, the Company declared a semi-annual dividend in the amount of \$0.01 per share payable on March 31, 2011 and September 30, 2011, respectively. Dividend payments totaling \$1,742,298 (2010 - \$nil) were paid to shareholders during the nine month period ended October 31, 2011.

16. Financial instruments

Financial assets and financial liabilities as at October 31, 2011 and January 31, 2011 were as follows:

	Assets & liabilities at amortized cost	Assets & liabilities at fair value through profit or loss	TOTAL
October 31, 2011			
Cash	\$ 8,316,461	\$ -	\$ 8,316,461
Investments	-	80,135,012	80,135,012
Amounts receivables	2,192,941	3,986,800	6,179,741
Loans receivable	3,272,017	4,930,912	8,202,929
Due to broker	(932,078)	-	(932,078)
Accounts payable and accrued liabilities	(743,938)	-	(743,938)
January 31, 2011			
Cash	\$ 14,049,856	\$ -	\$ 14,049,856
Investments	-	105,827,444	105,827,444
Amounts receivables	2,695,725	-	2,695,725
Loans receivable	500,000	6,523,452	7,023,452
Loans receivable - Simmer & Jack	-	10,015,000	10,015,000
Securities sold short	-	(1,017,704)	(1,017,704)
Accounts payable and accrued liabilities	(6,445,771)	-	(6,445,771)

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16. Financial instruments (continued)

Aberdeen's operations involve the purchase and sale of securities and in addition, the Company has loans receivable 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 significant changes in the risks, objectives, policies and procedures from the previous periods. 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 favorable prices. In addition, most of the Company's investments are in the resource sector. The Company mitigates this risk by attempting to have a portfolio which is not singularly exposed to any one issuer, with exception to the Company having one position on October 31, 2011 made up of approximately 32% (January 31, 2011 – 30%) of the portfolio.

For the nine months ended October 31, 2011, a 10% decrease in the closing prices on its portfolio investments would result in an estimated increase in net loss of \$5.7 million, or \$0.07 per share (Year ended January 31, 2011 - \$7.3 million, or \$0.08 per share). This estimated impact on the condensed interim statement of comprehensive (loss) 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 interests, 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 investment.

The estimated fair value of the Company's royalty assets and related royalty income are sensitive to the prevailing and expected gold price. A 10% decrease in the gold price could result in after tax impairment to royalty interest on mineral properties, net of up to \$2.0 million.

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 substantially all of the loans are short-term in nature, the impact of changes in market interest rates are not expected to be significant.

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16. Financial instruments (continued)

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 due to the 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 amount receivable. The total carrying value of these financial instruments at October 31, 2011 was \$14,382,670 (January 31, 2011 - \$19,734,177).

At October 31, 2011, the Company had a total provision of \$1,258,688 against the outstanding loans and interest receivable from China Railway Mining Corp.

At October 31, 2011 and January 31, 2011 the Company had a total provision of \$1,758,018 against the outstanding loans and interest receivable from Garrison, Amazon Potash, and recoverable investment pool expenses.

At October 31, 2011 and January 31, 2011 the Company had 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, Australian dollars and South African Rand.

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 October 31, 2011 and January 31, 2011.

Denominated in U.S dollars:			
Cash	\$	5,698,573	\$ 159,994
Amounts receivable		4,850,462	1,875,874
Loans receivable		5,978,123	4,881,835
Loan - Simmer & Jack		-	10,015,000
Accounts payable		(14,872)	10,894
Denominated in Australian dollars:			
Loans receivable		80,848	-
Denominated in South African Rand:			
Cash		46,054	-
Amounts receivable		-	6,302
Accrued liabilities		(200,000)	-
	\$	16,439,188	\$ 16,949,899

A 10% increase in the value of the Canadian dollar against all foreign currencies in which the Company held financial instruments as of October 31, 2011 would result in an estimated increase in net loss of approximately \$0.9 million or \$0.01 per share (January 31, 2011 - \$1.2 million; \$0.01 per share). The Company does not currently hedge its foreign currency exposure.

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16. Financial instruments (continued)

Fair value of financial instruments

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

- i. The carrying values of cash, amounts receivable, and accounts payable approximate their fair values due to the short-term nature of these instruments.
- ii. Loans receivable, Simmer & Jack loan, and investments are carried at amounts in accordance with the Company's accounting policy as set out in Note 3 of the Company's condensed interim financial statements for the three months ended April 30, 2011.
- iii. Prior to maturity, the outstanding loans receivable are carried at their discounted value. Following their maturity, loans receivable are carried at their estimated realizable value.

The following table illustrates the classification of the Company's financial instruments, measured at fair value in the statements of financial position as at October 31, 2011 and January 31, 2011, categorized into levels of the fair value hierarchy.

Investments, fair value	Level 1	Level 2	Level 3	Total
	<i>Quoted Market price</i>	<i>Valuation technique- observable market Inputs</i>	<i>Valuation technique- non-observable market Inputs</i>	
Publicly traded investments	\$ 56,222,026	\$ -	\$ -	\$ 56,222,026
Non-trading warrants on public investments	-	3,229,590	-	3,229,590
Private investments and performance shares	-	-	20,683,396	20,683,396
Convertible debenture	-	500,000	4,430,912	4,930,912
October 31, 2011	\$ 56,222,026	\$ 3,729,590	\$ 25,114,308	\$ 85,065,924
Publicly traded investments	\$ 68,463,448	\$ -	\$ -	\$ 68,463,448
Non-trading warrants on public investments	-	15,072,612	-	15,072,612
Private investments and performance shares	-	-	21,273,680	21,273,680
Convertible debenture	-	2,893,492	3,629,960	6,523,452
January 31, 2011	\$ 68,463,448	\$ 17,966,104	\$ 24,903,640	\$ 111,333,192

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

Investments, fair value	October 31, 2011	January 31, 2011
Balance, beginning of period	\$ 24,903,640	\$ 7,734,527
Net purchases	2,035,536	11,344,514
Disposal	(222,198)	
Unrealized realized gains, net	1,943,589	4,275,117
Transfer of investment from private to public, net	(4,344,009)	(4,774,550)
Performance shares additions	-	2,694,072
Convertible debenture additions	797,750	3,629,960
Balance, end of period	\$ 25,114,308	\$ 24,903,640

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17. Related party disclosures

The Company's directors and officers 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 directors or officers with the investment:

Investment	Nature of relationship	Estimated Fair value
Alderon Resources Corp.	Director (Stan Bharti) and shareholders	\$ 1,309,741
Alder Resources Ltd.	Director (Pierre Pettigrew), officer (Ryan Ptolemy) and shareholders	104,860
Alexis Mineral Corp.	Director (Stan Bharti) and shareholders	162,500
Apogee Minerals Ltd.	Director (Stan Bharti) and shareholders	824,160
Auger Resources Ltd.*	Director (Stan Bharti) and shareholders	200,000
Bell Copper Corp.	Director (Stan Bharti) and shareholders	194,695
Belo Sun Mining Corp.**	Director (Stan Bharti), officer (Ryan Ptolemy) and shareholders	3,412,137
Black Iron Inc.	Director (Pierre Pettigrew), officer (Stan Bharti) and shareholders	4,565,000
Brazil Potash Corp.*	Director (Stan Bharti), officer (Ryan Ptolemy) and shareholders	3,289,234
Castillian Resources Corp.	Directors (Stan Bharti, Michael Hoffman) and shareholders	1,728,500
Crocodile Gold Corp.	Directors (Stan Bharti, George Faught, Michael Hoffman) and shareholders	2,446,775
Dacha Strategic Metals Inc.***	Directors (Stan Bharti, George Faught, Jean-Guy Lambert) officer (Ryan Ptolemy) and shareholders	738,700
Eurocontrol Technics Inc.	Directors (Stan Bharti, Pierre Pettigrew) and shareholders	111,827
Forbes & Manhattan (Coal) Corp.	Directors (Stan Bharti, David Stein) and shareholders	4,397,299
Legacy Platinum Corp.*	Officer (Richard Bishop) and shareholders	3,015,000
Largo Resources Ltd.	Directors (Stan Bharti, Michael Hoffman) and shareholders	619,000
Longford Energy Inc.	Directors (Stan Bharti, Pierre Pettigrew) and shareholders	405,468
Pitchblack Resources Ltd.****	Director (Stan Bharti) and shareholders	452,485
Rodinia Lithium Inc.	Directors (Stan Bharti, David Stein), officer (Ryan Ptolemy) and shareholders	782,275
Scandinavian Metals Inc.*	Directors (Stan Bharti) and shareholders	1,138,138
Silver Bear Resources Inc.	Director (Stan Bharti) and shareholders	1,289,157
Stetson Oil & Gas Ltd.	Director (Stan Bharti) and shareholders	197,160
Sulliden Gold Corporation Ltd.	Directors (Stan Bharti, George Faught) and shareholders	25,488,321
Temujin Mining Corp.*	Directors (Stan Bharti, David Stein) and shareholders	7,156,850
United Silver Corp.	Director (Stan Bharti), Officer (Ryan Ptolemy) and shareholders	890,236
Vast Exploration Inc.	Director (Stan Bharti) and shareholders	60,750
Total of 18 other investments	Shareholders/warrant holders	15,154,744
Total Investments		\$ 80,135,012

* Private company

** Formerly Verena Minerals Corp.

*** Formerly Dacha Capital Inc.

**** Formerly Cash Minerals Ltd.

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17. Related party disclosures (continued)

In addition to the investments listed above, the Company also provided loans to companies of which directors and officers are also directors and officers of Aberdeen. Directors and officers of Aberdeen may also hold investments in these companies. Below are transactions and balances outstanding at the end of each reporting period:

	Loans provided to related parties				Loans receivable	
	Three months ended October 31		Nine months ended October 31		from related parties as at	
	2011	2010	2011	2010	October 31, 2011	January 31, 2011
Castillian Resources Corp.*	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ 1,641,617
Pitchblack Resources Ltd.	\$ 100,000	\$ -	\$ 100,000	\$ 500,000	\$ 100,000	\$ -
United Silver Corp.	\$ -	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 500,000
Legacy Platinum Corp.	\$ 818,350	\$ -	\$ 818,350	\$ -	\$ 818,350	
Temujin Mining Corp.*	\$ -	\$ -	\$ -	\$ -	\$ 3,612,562	\$ 3,629,960
Temujin Mining Corp.**	\$ 1,529,048	\$ -	\$ 2,022,669	\$ -	\$ 2,022,669	\$ -

* loan receivable included capitalized interest and advisory service fees

** working capital facility

The Company also earned financing advisory service fees from companies of which directors and officers are also directors and officers of Aberdeen. Directors and officers of Aberdeen may also hold investments in these companies. Below are transactions and balance outstanding at the end of each reporting period:

	Advisory service fees earned from related parties				Advisory service fees	
	Three months ended October 31		Nine months ended October 31		due from related parties as at	
	2011	2010	2011	2010	October 31, 2011	January 31, 2011
Amazon Potash Corp.*	\$ -	\$ 43,138	\$ -	\$ 43,138	\$ -	\$ -
Castillian Resources Corp.	\$ -	\$ 25,000	\$ -	\$ 25,000	\$ -	\$ -
Temujin Mining Corp.*	\$ -	\$ 275,048	\$ -	\$ 275,048	\$ -	\$ -
Trevali Mining Corp.	\$ -	\$ 11,812	\$ -	\$ 11,812	\$ -	\$ -
Dacha Strategic Metals Inc.	\$ -	\$ 107,842	\$ -	\$ 107,842	\$ -	\$ -
Longford Energy Inc.	\$ -	\$ -	\$ 41,370	\$ -	\$ -	\$ -

* advisory service fees earned were capitalized to loans receivable

In addition, the Company earned or accrued interest income and debt arrangement fees from the following companies. Below are transactions and balance outstanding at the end of each reporting period:

	Interests earned from related parties				Interests owed by	
	Three months ended October 31		Nine months ended October 31		related parties as at	
	2011	2010	2011	2010	October 31, 2011	January 31, 2011
Castillian Resources Corp.*	\$ 12,603	\$ 21,824	\$ 52,126	\$ 48,979	\$ 7,260	\$ 7,858
Trevali Mining Corp.*	\$ -	\$ 7,550	\$ 44,767	\$ 7,550	\$ -	\$ 10,656
Temujin Mining Corp.*	\$ 91,056	\$ 77,143	\$ 261,990	\$ 239,054	\$ 391,938	\$ 122,325
Amazon Potash Corp.*	\$ -	\$ (12,206)	\$ -	\$ 85,649	\$ -	\$ -
Pitchblack Resources Ltd.	\$ 685	\$ 12,329	\$ 685	\$ 36,986	\$ 685	\$ -
Dacha Strategic Metals Inc.	\$ -	\$ -	\$ -	\$ 27,921	\$ -	\$ -
Rodinia Lithium Inc.	\$ -	\$ 2,257	\$ -	\$ 2,914	\$ -	\$ -
United Silver Corp.	\$ 23,178	\$ -	\$ 28,110	\$ -	\$ 28,110	\$ -
Longford Energy Inc.	\$ -	\$ -	\$ 3,630	\$ -	\$ -	\$ -
Legacy Platinum Corp.	\$ 30,550	\$ -	\$ 30,550	\$ -	\$ 30,784	\$ -

* interest and debt arrangement fees earned partially capitalized to loan receivable

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

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17. Related party disclosures (continued)

During the three and nine month periods ended October 31, 2011 and 2010, the Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

	Sales of goods and services				Purchases of goods and services			
	Three months ended October 31		Nine months ended October 31		Three months ended October 31		Nine months ended October 31	
	2011	2010	2011	2010	2011	2010	2011	2010
2227929 Ontario Inc.	\$ 291,135	\$ -	\$ 291,135	\$ -	\$ 226,123	\$ 100,069	\$ 368,184	\$ 182,187
Forbes & Manhattan, Inc.	\$ -	\$ -	\$ 31,322	\$ -	\$ 57,500	\$ 22,500	\$ 102,500	\$ 67,500
Avion Gold Corporation	\$ -	\$ 87	\$ -	\$ 87	\$ -	\$ 586	\$ -	\$ 11,624
Rodinia Lithium Inc.	\$ -	\$ 20,136	\$ -	\$ 20,136	\$ -	\$ -	\$ -	\$ 570
Legacy Platinum Corp.	\$ 97,083	\$ -	\$ 97,083	\$ -	\$ -	\$ -	\$ -	\$ -
Other miscellaneous	\$ -	\$ 20,684	\$ -	\$ 20,684	\$ 2,775	\$ -	\$ 7,660	\$ -

The Company shares office space with other companies who may have common officers or directors. The Company reimburses and recovers from related corporations their proportional share of expenses.

Mr. Stan Bharti, a director of the Company, is an officer of Forbes & Manhattan, Inc. An administration fee of \$25,000 per month is charged by Forbes & Manhattan, Inc. effective September 1, 2011.

The following balances were outstanding at the end of the reporting periods:

	Amounts owed by related parties		Amounts prepaid to related parties		Amounts prepaid to related parties	
	October 31, 2011	January 31, 2011	October 31, 2011	January 31, 2011	October 31, 2011	January 31, 2011
2227929 Ontario Inc.	\$ -	\$ -	\$ -	\$ 7,425	\$ 28,235	\$ -
Forbes & Manhattan, Inc.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legacy Platinum Corp.	\$ 97,083	\$ -	\$ -	\$ -	\$ -	\$ -
Other miscellaneous	\$ -	\$ 1,454	\$ 1,622	\$ -	\$ -	\$ -

The amounts outstanding are unsecured, non-interest bearing, with no fixed terms of repayment. No guarantees have been given or received. No expense has been recognized in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel during the periods were as follows:

	Three months ended October 31		Nine months ended October 31	
	2011	2010	2011	2010
Short-term benefits*	\$ 268,235	\$ 209,167	\$ 763,059	\$ 624,167
Share-based payments	\$ 24,002	\$ -	\$ 363,431	\$ 391,480

* Benefits included fees paid to Forbes & Manhattan

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

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18. Commitments and contingencies

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$1,000,000 ranging from 30 days to 12 months and additional contingent payments of approximately \$9,000,000 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.

19. Subsequent events

Subsequent to October 31, 2011, the Company purchased and cancelled 706,000 of its common shares at an average price of \$0.64 per share under the NCIB commencing February 9, 2011. At December 12, 2011, a balance of 4,963,650 common shares remains available for purchase under the NCIB commencing February 9, 2011.

Subsequent to October 31, 2011, the 1,410,000 share purchase warrants of Temujin that were owned by the Company expired unexercised on November 26, 2011.

20. Transition to IFRS

The Company's financial statements for the year ending January 31, 2012 will be the first annual financial statements that comply with IFRS and these condensed interim financial statements were prepared as described in Note 2, including the application of IFRS 1. IFRS 1 requires an entity to adopt IFRS in its first annual financial statements prepared under IFRS by making an explicit and unreserved statement in those financial statements of compliance with IFRS. The Company will make this statement when it issues its 2012 annual financial statements.

IFRS 1 also requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was February 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be January 31, 2012. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adopters.

Reconciliations of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile its equity, comprehensive loss and cash flows for prior periods. The changes made to the condensed interim statements of financial position and condensed interim statements of comprehensive (loss) income have resulted in reclassifications of various amounts on the statements of cash flows, however as there have been no changes to the net cash flows, no reconciliations have been presented.

Changes in accounting policies

In addition to the exemptions and exceptions discussed above, the following narratives explain the significant differences between the previous historical Canadian GAAP accounting policies and the current IFRS policies applied by the Company. Please refer to the Company's April 30, 2011 condensed interim financial statements for a complete description of the accounting policies used.

The reconciliations between the previously reported financial results under Canadian GAAP and the current reported financial results under IFRS are provided as follows:

- (i) Reconciliation of the condensed interim statement of financial position as at October 31, 2010;
- (ii) Reconciliation of the condensed interim statement of comprehensive income for the three months ended October 31, 2010;
- (iii) Reconciliation of the condensed interim statement of comprehensive income for the nine months ended October 31, 2010;

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20. Transition to IFRS (continued)

Reconciliations of Canadian GAAP to IFRS (continued)

(i) Reconciliation of the condensed interim statement of financial position as at October 31, 2010

Canadian GAAP accounts	Notes	Canadian GAAP Balances \$	IFRS adjustments \$	IFRS Balance \$
ASSETS				
<i>Current</i>				
Cash		4,968,479	-	4,968,479
Investments, at fair value		74,793,121	-	74,793,121
Amounts receivable		3,591,402	-	3,591,402
Loan - Simmer & Jack		10,202,000	-	10,202,000
Loans receivable		4,829,643	-	4,829,643
Prepaid expenses		573,625	-	573,625
		98,958,270	-	98,958,270
Long-term				
Royalty interests on mineral properties, net		1,896,103	-	1,896,103
Equipment, net		32,877,295	-	32,877,295
		41,452	-	41,452
		133,773,120	-	133,773,120
LIABILITIES				
Current				
Accounts payable and accrued liabilities		1,558,974	-	1,558,974
Income taxes payable		1,514,088	-	1,514,088
Deferred taxes liabilities	20f	7,538,000	(7,538,000)	-
		10,611,062	(7,538,000)	3,073,062
Long-term				
Deferred revenue				
Deferred tax liabilities	20f	7,704,000	7,538,000	15,242,000
		18,315,062	-	18,315,062
SHAREHOLDERS' EQUITY				
Common shares		43,794,316	-	43,794,316
Warrants	20d	15,750,000	(15,750,000)	-
Equity reserve	20d	12,634,900	8,524,209	21,159,109
		72,179,216	(7,225,791)	64,953,425
Retained earnings	20d,e	48,827,870	2,951,030	51,778,900
Accumulated comprehensive loss	20e	(5,549,028)	4,274,761	(1,274,267)
		115,458,058	-	115,458,058
		133,773,120	-	133,773,120

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20. Transition to IFRS (continued)

Reconciliations of Canadian GAAP to IFRS (continued)

(ii) Reconciliation of condensed interim statement of comprehensive income for the three months ended October 31, 2010

	Notes	Canadian GAAP Balances \$	IFRS adjustments \$	IFRS Balance \$
Net investment gains (losses)				
Realized gain (loss) on investments, net		(53,511)	-	(53,511)
Unrealized gain on investments, net	20a	25,166,131	(353,189)	24,812,942
Loss from equity accounted investments	20a	-	-	-
		25,112,620	(353,189)	24,759,431
Other revenue				
Royalties		503,585	-	503,585
Interest income		153,257	-	153,257
Advisory service fees		87,381	-	87,381
Other revenue		20,000	-	20,000
		764,223	-	764,223
Expenses				
General and administration		517,135	-	517,135
Interest expenses		193,438	-	193,438
Depletion on royalty interests on mineral properties		182,375	-	182,375
Amortization		3,554	-	3,554
		896,502	-	896,502
Income before the undernoted		24,980,341	(353,189)	24,627,152
Foreign exchange (loss)		(12,548)	-	(12,548)
Income before income taxes		24,967,793	(353,189)	24,614,604
Income taxes				
Current income tax (provision)		(431,856)	-	(431,856)
Deferred income tax recovery	20a	(6,535,000)	108,000	(6,427,000)
Net income for the period		18,000,937	(245,189)	17,755,748
Other comprehensive income (loss)				
Currency translation adjustment, net of taxes		(282,464)	-	(282,464)
Total comprehensive income for the period		17,718,473	(245,189)	17,473,284
Earnings per common share based on profit for the period				
Basic		0.21		0.20
Diluted		0.20		0.20
Weighted average number of common shares outstanding				
Basic		87,092,953		87,092,953
Diluted		90,261,442		90,261,442

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20. Transition to IFRS (continued)

Reconciliations of Canadian GAAP to IFRS (continued)

(iii) Reconciliation of condensed interim statement of comprehensive income for the nine months ended October 31, 2010

	Notes	Canadian GAAP Balances \$	IFRS adjustments \$	IFRS Balance \$
Net investment gains (losses)				
Realized gain on investments, net		6,985,133	-	6,985,133
Unrealized gain on investments, net	20a	12,805,682	(353,189)	12,452,493
(Loss) from equity accounted investments	20a	(353,189)	353,189	-
		19,437,626	-	19,437,626
Other revenue				
Royalties		1,457,374	-	1,457,374
Interest income		539,150	-	539,150
Advisory service fees		462,840	-	462,840
Other revenue		20,000	-	20,000
		2,479,364	-	2,479,364
Expenses				
General and administration		2,706,089	-	2,706,089
Interest expenses		215,547	-	215,547
Depletion on royalty interests on mineral properties		566,402	-	566,402
Amortization		12,548	-	12,548
		3,500,586	-	3,500,586
Income before the undernoted		18,416,404	-	18,416,404
			-	-
Foreign exchange (loss)		(666,105)	-	(666,105)
Income before income taxes		17,750,299	-	17,750,299
Income taxes				
Current income tax (provision)		(1,834,143)	-	(1,834,143)
Deferred income tax recovery		(2,590,000)	-	(2,590,000)
Net income for the period		13,326,156	-	13,326,156
Other comprehensive income (loss)				
Currency translation adjustment, net of taxes		(1,274,267)	-	(1,274,267)
Total comprehensive income for the period		12,051,889	-	12,051,889
Earnings per common share based on profit for the period				
Basic		0.15		0.15
Diluted		0.15		0.15
Weighted average number of common shares outstanding				
Basic		87,365,372		87,365,372
Diluted		90,354,449		90,354,449

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20. Transition to IFRS (continued)

Reconciliations of Canadian GAAP to IFRS (continued)

a) Equity accounted investments

Canadian GAAP – Equity accounted investments are initially recorded at cost and the carrying value is adjusted thereafter, to reflect the Company's pro-rata share of income or loss of the equity accounted investments. The Company's share of profits or losses of such investments is included in the statements of operations.

IFRS – Under IAS 28, "Investments in Associates", the Company's investments in associates are held as a part of the Company's investment portfolio and carried in the statement of financial position at fair value. IAS 28 permits investments held by venture capital or similar organizations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IAS 39, "Financial Instruments: Recognition and Measurement", with changes in fair value recognized in the statement of comprehensive income within unrealized gains or losses on investments in the period of the change. As a result of a merger of Tucano with Castillian, a publicly-traded company during the three months ended October 31, 2010, no change in the fair value of this previously equity accounted investment on the statement of financial position is required. The only changes however are to reverse the loss from equity account investment by \$353,189; deferred tax recovery by \$108,000 for the three months ended October 31, 2010 with a corresponding reversal of deferred tax payable by \$108,000; and to reverse the loss from equity accounted investment by \$353,189 with a corresponding decrease in unrealized gain on investments by the same amount for the nine months ended October 31, 2010.

b) Share-based compensation

IFRS 2 is effective for the Company as of February 1, 2010 and is applicable to stock options grants that are unvested at that date. The transition rules in IFRS 1 and IFRS 2 as applied by the Company result in the following:

- Stock options and share grants prior to November 7, 2002 are not taken into account for IFRS 2;
- Stock options and share grants subsequent to November 7, 2002 are only taken into account if they have not vested as at February 1, 2010; and,
- From February 1, 2010, all unvested stock options, share grants and other share-based payments will be expensed in accordance with the policy stated in Note 3 of the Company's condensed interim financial statements for the three months ended April 30, 2011.

c) Share-based compensation - Forfeitures

Canadian GAAP - Forfeitures of awards are recognized as they occur and to make appropriate estimates upon grant.

IFRS – An estimate is required of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate. The Company has estimated the forfeiture rate of 3%. However, no material adjustment was required as a result of this difference.

d) Expiry of stock options and warrants

Canadian GAAP – Under Canadian GAAP, the Company's policy was to leave the value recorded for expired unexercised stock options in contributed surplus and to record the value of expired unexercised warrants in contributed surplus.

IFRS – The Company has changed its policy related to expired stock options and warrants whereby amounts recorded for expired unexercised stock options and warrants are transferred to retained earnings on expiry. The impact of this change was to decrease equity reserve and increase retained earnings by \$7,225,791 at October 31, 2010. The Company also combined warrants with stock options and classified the amount to equity reserve. The impact of this change was to decrease the warrants account by \$15,750,000 with a corresponding increase of the same amount to equity reserve at October 31, 2010.

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20. Transition to IFRS (continued)

Reconciliations of Canadian GAAP to IFRS (continued)

e) Functional currency and foreign currency translation

Canadian GAAP – The basis of measurement for foreign operations is dependent upon whether an operation is classified as integrated or self-sustaining. The measurement currency of a self-sustaining foreign operation is the foreign currency.

IFRS – Under IAS 21, the concepts of integrated and self-sustaining are not included. Instead the functional currency of each individual entity must be considered. 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 date of the statement of financial position 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. On transition to IFRS, the Company has elected under the option available under the IFRS 1 cumulative translation difference exemption and deemed the foreign currency translation adjustment at the transition date to be zero. The impact of this change was to reclassify the \$4,274,761 cumulative translation loss from accumulated comprehensive loss to retaining earnings at February 1, 2010.

f) Deferred taxes

Canadian GAAP - The Company has previously reflected deferred taxes to be current or long-term dependant on the nature of the item giving rise to the temporary difference.

IFRS - Under IAS 1 *Presentation of Financial Statements*, when an entity presents current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position, it shall not classify deferred tax assets (liabilities) as current assets (liabilities).

The impact of this adjustment was to decrease current liabilities and increase non-current liabilities. Since the Company is only taxed in one jurisdiction, the long-term classification of assets and liabilities may result in the netting of tax assets and liabilities. The impact on this change was to reclassify \$7,538,000 from short-term to long-term deferred income taxes at October 31, 2010.