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Financial Statements of

THUNDERBIRD ENERGY CORP.

July 31, 2007

THUNDERBIRD ENERGY CORP.
Consolidated Balance Sheets

		July 31, 2007 (Unaudited)		January 31, 2007 (Audited)
ASSETS				
CURRENT				
Cash	**$**	**836,976**	$	46,639
Amounts receivable		**1,447,353**		189,943
Prepaid expenses and deposits		**3,608**		1,790
		2,287,937		238,372
PROPERTY AND EQUIPMENT [note 3]		**35,670**		35,033
DEFERRED FINANCING COSTS [note 5]		**32,875**		50,337
OIL AND GAS PROPERTIES [note 2]		**6,076,621**		2,676,978
	$	**8,433,103**	$	3,000,720
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	**$**	**2,203,189**	$	189,088
Due to related parties [note 7]		**-**		3,416
Short term debt		**994,586**		-
Current portion of convertible debentures [note 5]		**159,000**		344,000
		3,356,775		536,504
ASSET RETIREMENT OBLIGATIONS [note 4]		**30,290**		29,114
CONVERTIBLE DEBENTURES [note 5]		**1,115,452**		2,733,766
		4,502,517		3,299,384
SHAREHOLDERS' EQUITY (DEFICIT)				
Common shares [note 6]		**16,637,036**		11,868,642
Treasury stock		**(40,928)**		(40,928)
Convertible debentures, equity portion [note 5]		**64,938**		97,233
Contributed surplus [note 6]		**789,897**		625,444
Deficit		**(13,520,357)**		(12,849,055)
		3,930,586		(298,664)
	$	**8,433,103**	$	3,000,720

NATURE OF OPERATIONS AND CONTINUENCE OF BUSINESS [note 1]

Approved on Behalf of the Board:

"Cameron White"	***"Tim Gamble"***
Cameron White, Director	Tim Gamble, Director

See accompanying notes to the consolidated financial statements

THUNDERBIRD ENERGY CORP.
Consolidated Statements of Loss and Deficit

(Unaudited)		For the three months ended July 31, **2007**		2006		For the six months ended July 31, **2007**		2006
REVENUES								
Oil and gas	**$**	**157,232**	$	128,537	**$**	**307,276**	$	217,542
DIRECT COSTS								
Operating costs		**111,416**		66,648		**185,914**		127,951
GROSS OPERATING INCOME		**45,816**		61,889		**121,362**		89,591
EXPENSES								
General and administrative		**153,887**		184,770		**263,761**		243,818
Interest charges		**108,340**		46,630		**192,219**		73,493
Convertible debenture accretion [note 5]		**13,160**		7,049		**25,507**		11,290
Accretion, depletion, depreciation and amortization		**127,804**		25,038		**146,724**		38,775
Impairment loss on mineral properties		**-**		59,562		**-**		59,562
Stock-based compensation [note 6]		**92,344**		-		**164,453**		-
Less: Interest income		**-**		-		**-**		(734)
		495,535		323,049		**792,664**		426,204
NET LOSS		**(449,719)**		(261,160)		**(671,302)**		(336,613)
DEFICIT, BEGINNING OF THE PERIOD		**(13,070,638)**		(10,875,181)		**(12,849,055)**		(10,799,728)
DEFICIT, END OF THE PERIOD	**$**	**(13,520,357)**	$	(11,136,341)	**$**	**(13,520,357)**	$	(11,136,341)
LOSS PER SHARE		**(0.014)**		(0.011)		**(0.021)**		(0.015)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		**31,555,000**		22,772,000		**31,555,000**		22,772,000

See accompanying notes to the consolidated financial statements

THUNDERBIRD ENERGY CORP.
Consolidated Statements of Cash Flows

(Unaudited)	For the three months ended July 31, 2007	2006	For the six months ended July 31, 2007	2006
OPERATING ACTIVITIES				
Net loss	**$ (449,719)**	$ (261,160)	**$ (671,302)**	$ (336,613)
Items not involving cash				
Stock-based compensation	**92,344**	-	**164,453**	-
Convertible debenture accretion	**13,160**	7,049	**25,507**	11,290
Debt issue cost amortization	**7,435**	1,186	**14,627**	1,869
Accretion, depletion, depreciation and amortization	**127,804**	25,038	**146,724**	38,775
Foreign exchange loss	**12**	-	**63**	4,801
Impairment loss on mineral properties	**-**	59,562	**-**	59,562
	(208,964)	(168,325)	**(319,928)**	(220,316)
Changes in non-cash operating assets and liabilities				
Amounts receivable	**(1,221,678)**	310	**(1,257,411)**	(32,334)
Prepaid expenses and deposits	**1,734**	-	**(1,818)**	-
Accounts payable and accrued liabilities	**1,846,242**	74,360	**2,014,101**	6,338
	417,334	(93,655)	**434,944**	(246,312)
FINANCING ACTIVITIES				
Issuance of shares	**1,503,947**	-	**3,054,148**	400,000
Share issuance costs	**-**	-	**(144,034)**	(2,927)
Increase (decrease) in amounts to related parties	**(21,992)**	119	**(3,416)**	(165,380)
Short-term debt	**994,586**	-	**994,586**	(50,000)
Proceeds from convertible debentures	**-**	-	**-**	1,800,000
Financing costs re convertible debentures	**-**	-	**-**	(9,750)
	2,476,541	119	**3,901,248**	1,971,943
INVESTING ACTIVITIES				
Mineral property exploration and acquisition costs	**-**	-	**-**	(52)
Oil and gas property exploration and acquisition costs	**(3,126,010)**	(64,103)	**(3,542,531)**	(1,820,843)
Acquisition of property and equipment	**(805)**	(1,490)	**(3,297)**	(1,490)
	(3,126,815)	(65,593)	**(3,545,828)**	(1,822,385)
FOREIGN CURRENCY EFFECT OF FOREIGN CURRENCY DENOMINATED CASH	**(12)**	-	**(63)**	(4,801)
(INCREASE) DECREASE IN CASH FOR THE PERIOD	**(232,952)**	(159,129)	**790,337**	(101,555)
CASH, BEGINNING OF PERIOD	**1,069,928**	165,119	**46,639**	107,545
CASH, END OF PERIOD	**$ 836,976**	$ 5,990	**$ 836,976**	$ 5,990
NON-CASH FINANCING AND INVESTING ACTIVITIES				
Exchange of short-term debt for convertible debentures	**-**	-	**-**	50,000
SUPPLEMENTAL CASH FLOW INFORMATION				
Interest paid	**108,340**	46,630	**192,219**	73,493

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

Thunderbird Energy Corp. "the Company" is primarily engaged in the acquisition and development of oil and gas properties and the production of oil and gas through participation agreements.

The Company has interests in oil and gas assets at the production, exploration and development stage, the economic viability of certain of which have not been assessed. The realization of the Company's investment in oil and gas is dependent upon various factors, including the existence of economically recoverable oil and gas reserves and the ability to obtain the necessary financing to complete the exploration and development of the properties.

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern which assume that the Company will realize its assets and discharge its liabilities in the normal course of business. The interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statements for the year ended January 31, 2007, except as disclosed below. The following disclosure is incremental to the disclosure included with the annual financial statements. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the year ended January 31, 2007.

Certain amounts in the 2006 unaudited consolidated financial statements have been reclassified to conform to the 2007 unaudited consolidated financial statement presentation; such reclassifications had no effect on the 2006 net loss.

2. OIL AND GAS PROPERTIES

Gordon Creek Natural Gas Project

On June 1, 2007, the Company purchased the remaining 50% interest in the Gordon Creek natural gas project for approximately U.S. $2,937,000 from Fellows Energy, Ltd. The Company now owns a 100% working interest, subject to varying royalties and participation rights, in the producing natural gas field in Carbon County, Utah known as the Gordon Creek Project. The field comprises 5,953 gross acres (4,879 net acres) with four gas wells currently producing and four wells that are shut in, as well as a gathering system and pipelines.

The purchase price was paid for with a combination of cash totaling approximately U.S. $1,664,000 partially funded by the exercise of warrants, and the assumption of debt totaling approximately U.S. $1,273,000. The Company assumed debt of U.S. $673,000 payable to a private British Columbia Company called Black Tusk Entertainment Ltd. ("BTE"), U.S. $363,000 payable to an individual and U.S. $237,000 payable to fellows Energy, Ltd. BTE has a 5% over riding royalty on production from the 8 wells currently drilled on the property. BTE also has the option to participate as to a 10% working interest in future drilling on the property. The lender of the second loan has a 2% overriding royalty interest in the Gordon Creek project. The amount payable to Fellows will be adjusted in future periods to account for amounts Fellows owes the Gordon Creek project.

2. OIL AND GAS PROPERTIES (cont.)

Gordon Creek Natural Gas Project (cont.)

Cumulative acquisition and exploration costs for Gordon Creek as of July 31, 2007 are as follows:

2008		
Balance, beginning of year	$	1,647,704
Deferred during the year		
Geological contractors and consulting		9,650
Leases and property		1,933,928
Production equipment		1,187,531
		3,131,109
Less - Depletion		(105,717)
Balance, July 31, 2007	$	4,673,096
2007		
Balance, beginning of year	$	-
Deferred during the year		
Asset retirement obligation		16,894
Geological contractors and consulting		6,300
Leases and property		455,649
Legal		14,661
Production equipment		1,287,351
Travel and accommodation		6,944
		1,787,799
Less - Depletion		(140,095)
Balance, end of year	$	1,647,704

2. OIL AND GAS PROPERTIES (cont.)

Rush County, Kansas Oil and Gas Project

Cumulative acquisition and exploration costs for the Rush County Project as of July 31, 2007 are as follows:

2008		
Balance, Beginning of Year	$	1,027,707
Deferred during the year		
Drilling		389,469
		1,417,176
Less – Depletion		(37,171)
Balance, July 31, 2007	$	1,380,005

2007		
Balance, Beginning of Year	$	-
Deferred during the year		
Asset retirement obligation		10,812
Drilling		1,099,812
Geological contractors and consulting		2,625
Travel and accommodation		1,827
		1,115,076
Less - Depletion		(87,369)
Balance, End of Year	$	1,027,707

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	July 31, 2007 Net carrying value	January 31, 2007 Net carrying value
Computer equipment	$ 21,492	$ 13,855	$ 7,637	$ 6,421
Computer software	27,980	2,666	25,314	25,281
Furniture and equipment	8,683	6,373	2,310	2,717
Leasehold improvements	2,044	1,635	409	614
	$ 60,199	$ 24,529	$ 35,670	$ 35,033

4. ASSET RETIREMENT OBLIGATIONS

The Company follows CICA Handbook section 3110 *"Asset Retirement Obligations"*, which requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it was incurred if a reasonable estimate of fair value could be made. The asset retirement obligations have been recorded as liabilities at fair value, using a discount rate of 5% and a 3% inflation rate. The obligations relate to the restoration and closure of the Company's oil and gas properties, and are capitalized as part of the carrying amount of the long-lived asset. The total undiscounted amounts of the estimated obligations are approximately $91,000 and are expected to be incurred in fifteen years. The amounts of the liabilities are subject to re-measurement during each reporting period.

4. ASSET RETIREMENT OBLIGATIONS (cont.)

The information below reconciles the value of the asset retirement obligation for the periods presented:

	Three months ended July 31, 2007	Three months ended July 31, 2006	Six months ended July 31, 2007	Six months ended July 31, 2006
Balance, beginning of period	$ 29,696	$ -	$ 29,114	$ -
Liabilities incurred	-	-	-	-
Revision in estimated cash flows	-	-	-	-
Accretion expense	594	-	1,176	-
Balance, end of period	$ 30,290	$ -	$ 30,290	$ -

5. CONVERTIBLE DEBENTURES

In accordance with EIC-158 and CICA 3860, the Company has separately valued the conversion option and the warrants on each issuance from the convertible debentures. The liability component represents the present value of the principal payment of the debentures and the future interest payments and the equity component represents both the fair value of the holder's conversion feature and the warrants. The convertible debenture discount is accreted to interest expense over the term of the loan. The majority of $62,000 of issuance costs related to the convertible debentures are included in deferred financing charges and are amortized over the term of the convertible debenture. As of July 31, 2007, a cumulative total of $23,282 of issue costs had been amortized. The remaining amount of financing charges has been allocated to the equity portion of the convertible debentures.

During the period, $1,850,000 of convertible debentures issued on March 13, 2006 were converted into an aggregate of 9,999,994 common shares of the Company at a rate of one share for each $0.185 of principal converted. In accordance with EIC-158, $32,295 of the equity component of the convertible debentures plus the carrying amount of the liability component (as well as unamortized issue costs of $2,836) were transferred to share capital.

	July 31, 2007	January 31, 2007
Balance, beginning of year	$ 3,077,766	$ -
Face value of convertible debentures issued during the year	-	3,175,000
Equity component	-	(132,536)
Liability portion	3,077,766	3,042,464
Accretion up to face value	25,507	35,302
Liability portion of convertible debentures	3,103,273	3,077,766
Conversion into common shares	(1,850,000)	-
Remaining discount related to converted debentures	21,179	-
	1,274,452	3,077,766
Less current portion	(159,000)	(344,000)
Balance, end of period	$ 1,115,452	$ 2,733,766

The $132,536 equity component was recorded as follows:

Allocated to contributed surplus representing fair value of warrants	$ 32,466
Allocated to equity amount of debentures (gross of issue costs of $2,837)	100,070
	$ 132,536

6. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value.

(b) Issued

	Common shares		Treasury Stock	
	Number of Shares	Amount	Number of Shares	Amount
Balance, January 31, 2006	18,771,498	$ 11,171,592	(6,826)	$ (40,928)
Private Placement				
Shares issued for cash	4,000,000	400,000	-	-
Share issue costs		(2,500)	-	-
Warrants exercised	1,745,000	299,550	-	-
Balance, January 31, 2007	24,516,498	$ 11,868,642	(6,826)	$ (40,928)
Private Placement				
Shares issued for cash	3,499,832	1,049,950	-	-
Share issue costs		(144,034)	-	-
Warrants exercised	11,444,184	2,000,447	-	-
Options exercised	15,000	3,750	-	-
Conversion of debentures				
Conversion	9,999,994	1,850,000	-	-
Equity component related to debentures		8,281	-	-
Balance, July 31, 2007	49,475,508	$ 16,637,036	(6,826)	$ (40,928)

Private Placement

During the first quarter, the Company completed a brokered private placement of 3,499,832 units ("Units") at a price of $0.30 per Unit. Each Unit consists of one common share and one-half of one non-transferable share purchase warrant. Each whole warrant is exercisable to purchase one common share of the Company at a price of $0.50 per share until March 16, 2008. The selling brokers received a cash commission equal to 8% of the gross proceeds from the sale of the Units, and broker's warrants exercisable to purchase 349,983 additional Units at a price of $0.30 per until March 16, 2008;

Warrants exercised

During the first quarter, 3,335,000 shares were issued pursuant to warrants exercised at a price of $0.15 per share for proceeds totalling $500,250. The warrants were issued as part of the April 4, 2006 private placement. Directors and other related parties exercised 1,975,000 of the warrants for proceeds of $296,250.

During the period, 8,109,184 shares were issued pursuant to warrants exercised at a price of $0.185 per share for proceeds totalling $1,500,197. The warrants were issued as part of the March 2006 convertible debenture. Directors and other related parties exercised 3,028,106 of the warrants for proceeds of $560,198.

6. SHARE CAPITAL (continued)

(b) Issued (continued)

Options exercised

During the period, 15,000 options were exercised at a price of $0.25.

Conversion of debentures

During the period, $1,850,000 of convertible debentures were converted into an aggregate of 9,999,994 common shares of the Company at a rate of one share for each $0.185 of principal converted. The two year 10% convertible debentures were issued on March 13, 2006 and were convertible, at the option of the holders. Holders of the debentures also received two year warrants to purchase an aggregate of 9,999,994 additional common shares at a purchase price of $0.185 per share, most of which were also exercised during the period. In accordance with EIC-158, $32,295 of the equity component of the convertible debentures plus the carrying amount of the liability component (which included an unamortized discount of $21,179) as well as unamortized issue costs of $2,836 were transferred to share capital.

(c) Contributed Surplus

Contributed surplus is comprised of the following:

	July 31, 2007	January 31, 2007
Balance, beginning of year	$ 625,444	$ 390,775
Convertible debentures - equity portion (note 5)	-	32,466
Convertible debenture issue costs - equity portion	-	(172)
Stock-based compensation expense [(d) below]	164,453	202,375
	164,453	234,669
Balance, end of period	$ 789,897	$ 625,444

(d) Stock-based compensation plans

The Company has established a Share Option Plan (the “option plan”) which provides for options to purchase common shares to be granted by the Company to directors, officers, employees and consultants of the Company. At the date options are granted, the exercise price for an option shall not be less than the fair value of common shares of the Company. Options vest over a period of 18 months. The maximum number of common shares issuable under the plan is 6,000,000.

The following assumptions were used for the Black-Scholes model:

	July 31, 2007	January 31, 2007
Dividend yield	0%	0%
Interest rate	3.93% - 4.38%	4.22% - 4.24%
Expected life (in years)	5 years	5 years
Expected volatility	102.00%	102.00%

6. SHARE CAPITAL (continued)

(d) Stock-based compensation plans (continued)

The weighted average fair value at the date of grant for stock options is as follows:

		July 31, 2007		January 31, 2007
Weighted average fair value per share	$	0.30	$	0.19
Total options granted		600,000		2,470,000
Total weighted average fair value of options granted	$	187,200	$	391,916

For the period ended July 31, 2007, the Company recorded stock-based compensation of $164,453 (January 31, 2007 - $202,374).

A summary of the status of the Company's stock option plan as of July 31, 2007 is presented below.

	Number of Options		Weighted Average Exercise Price
Balance, January 31, 2006	2,055,000	$	0.38
Issued	1,720,000		0.25
Issued	100,000		0.22
Issued	650,000		0.30
Cancelled	(25,000)		0.55
Cancelled	(250,000)		0.45
Cancelled	(400,000)		0.30
Balance, January 31, 2007	3,850,000		0.31
Issued	300,000		0.30
Issued	300,000		0.40
Cancelled	(175,000)		0.45
Cancelled	(100,000)		0.30
Cancelled	(300,000)		0.25
Exercised	(15,000)		0.25
Balance, July 31, 2007	3,860,000	$	0.31

The following table summarizes the stock options outstanding at July 31, 2007:

Options outstanding					Options exercisable	
Exercise price	Number of shares	Expiry Date	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
$ 0.55	275,000	August 2008	1.02	$ 0.55	275,000	$ 0.55
$ 0.45	230,000	April 2009	1.72	$ 0.45	230,000	$ 0.45
$ 0.30	1,000,000	July 2009	1.96	$ 0.30	1,000,000	$ 0.30
$ 0.25	1,405,000	April 2011	3.68	$ 0.25	1,065,000	$ 0.25
$ 0.22	100,000	April 2011	3.68	$ 0.22	75,000	$ 0.22
$ 0.30	250,000	July 2011	3.98	$ 0.30	125,000	$ 0.30
$ 0.30	300,000	March 2012	4.59	$ 0.30	75,000	$ 0.30
$ 0.40	300,000	May 2012	4.81	$ 0.40	75,000	$ 0.40
	3,860,000		3.11	$ 0.31	2,920,000	$ 0.32

6. SHARE CAPITAL (continued)

(e) Share purchase warrants

The following table summarizes the warrants outstanding at July 31, 2007:

	Exercise Price	Number of warrants	Weighted average exercise price	Expiry	Weighted average remaining life
Balance, January 31, 2006		-	-		
Issued	$ 0.185	9,999,994	$ 0.185	March 13, 2008	0.87
Issued	$ 0.150	4,000,000	$ 0.150	April 4, 2007	-
Issued	$ 0.500	60,000	$ 0.500	December 20, 2007	0.64
Exercised	$ 0.150	(665,000)	$ 0.150		
Exercised	$ 0.185	(1,080,000)	$ 0.185		
Balance, January 31, 2007		12,314,994	$ 0.177		
Issued	$ 0.500	1,924,910	$ 0.500	March 16, 2008	0.63
Issued	$ 0.300	349,983	$ 0.300	March 16, 2008	0.63
Exercised	$ 0.150	(3,335,000)	$ 0.150		
Exercised	$ 0.185	(8,109,184)	$ 0.185		
Balance, July 31, 2007		3,145,703	$ 0.397		

Pursuant to a private placement completed in March 2007 (note 6b), the Company issued warrants to purchase 1,924,910 common shares at a price of $0.50 per share until March 16, 2008. The selling brokers received broker's warrants exercisable to purchase 349,983 additional Units at a price of $0.30 per until March 16, 2008. As of July 31, 2007, none of these warrants were exercised.

During the period, warrants related to the March 2006 convertible debenture issuance were exercised. As of July 31, 2007, there were 810,810 remaining warrants related to this issuance.

7. RELATED PARTY TRANSACTIONS

Related party transactions not otherwise disclosed include the following:

	Three months ended July 31 2007	Three months ended July 31 2006	Six months ended July 31 2007	Six months ended July 31 2006
Consulting fees paid or accrued to directors during the period	$ 22,500	$ 15,000	$ 45,000	$ 30,000
Accounting fees, office reception, rent and office supplies paid or accrued to a company with common directors	21,318	12,548	42,194	24,010
Royalties paid or accrued to a partnership in which certain directors or their associates have an interest	4,676	6,164	9,883	10,258

PERIOD ENDED JULY 31, 2007
MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW AND HIGHLIGHTS

Growth

Thunderbird Energy Corp. (the "Company" or "Thunderbird") is a Canadian based natural resource company focused on the exploration, exploitation, acquisition and production of natural gas and crude oil, primarily in the United States. The Company owns and operates a producing natural gas field in Carbon County Utah, known as the Gordon Creek field, and holds a 50% interest in a producing light oil project located in Rush County Kansas. Thunderbird's other holdings include an oil and gas exploration project adjacent to the Stoney Creek field in New Brunswick, Canada.

Transformation

During fiscal 2007 the Company underwent a significant transition as it moved from an exploration company to a company with two producing assets. The Company had no production revenues during the prior year and had no reserves as of its January 31, 2006 year end.

Reserves and Production

MHA Petroleum Consultants, Inc. of Denver, Colorado prepared a reserves evaluation report (the "MHA Report" on the Company's oil and gas interests in accordance with NI 51-101 effective January 31, 2007. Specifically, MHA's report covers Thunderbird's 50% interest in the Gordon Creek natural gas project and its 50% working interest in the Rush County, Kansas light oil project. MHA estimated the Company's total proved and probable (2P) reserves at 10,297 MMCF of natural gas and 195,000 barrels of oil (1,170 MCFE) representing a ratio of approximately 10% oil and 90% gas. The MHA Report estimated the Net Present Value of Future Net Revenue discounted at 10% (PV10) of the Company's combined oil and gas interests as of January 31, 2007 at US$19.3 million, using forecasted prices and costs.

On June 1, 2007, the Company purchased the remaining 50% interest in the Gordon Creek natural gas project for approximately U.S. $2,937,000. The Company now owns a 100% working interest, subject to varying royalties and participation rights, in the producing natural gas field in Carbon County, Utah known as the Gordon Creek Project. The field comprises 5,953 gross acres (4,879 net acres) with four gas wells currently producing and four wells that are shut in, as well as a gathering system and pipelines.

Acquisition Targets

Thunderbird has also recently announced an agreement to acquire, subject to due diligence, a 50% interest in an additional land position of approximately 5000 acres immediately adjacent to and North of the Gordon Creek project ("Gordon Creek North"). The other 50% interest in this block is held by Fellows. Thunderbird has the first right of refusal to purchase the remaining interest in this block.

Thunderbird is presently conducting due diligence on the proposed acquisition of up to a 75% interest in a 19,000 acre, high impact, oil and gas exploration project on the north-eastern flank of the Power River Basin in Weston County, Wyoming.

It is expected that the Gordon Creek North and Weston County acquisitions will be completed in the third quarter.

PRODUCTION SUMMARY

	Three months ended July 31,		Six months ended July 31,	
	2007	2006	**2007**	2006
Production:				
Natural gas (mcf)	**38,780**	26,862	**59,633**	50,348
Oil (bbls)	**1,183**	-	**2,616**	-
Total (mcfe) (1:6)	**45,876**	26,862	**75,329**	50,348
Production volume split:				
Natural gas (%)	**85%**	100%	**79%**	100%
Oil (%)	**15%**	-	**21%**	-

This Management's Discussion and Analysis (MD&A) of the consolidated financial position and results of operations of Thunderbird Energy Corp. ("Thunderbird" or "the Company"), which includes its subsidiaries, was prepared as of September 26, 2007, and is for the three and six months ended July 31, 2007 and 2006. For a full understanding of the financial position and results of operations of the Company, the MD&A should be read in conjunction with the documents filed on SEDAR, including historical financial statements and press releases. These documents are available at www.sedar.com. The selected financial information contained herein has been prepared in accordance with Canadian Generally Accepted Accounting principles, and are expressed in Canadian dollars, unless otherwise noted.

Thunderbird's Board of Directors and Audit Committee have reviewed and approved the interim financial statements and MD&A.

FORWARD LOOKING STATEMENTS

This discussion includes certain statements that may be deemed "forward-looking statement". All statements in this discussion, other that statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially form those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

Petroleum and natural gas reserves and volumes are converted to a common unit of measure, referred to as a mcfe (thousand cubic feet equivalent), on the basis of 1 bbls of oil being equivalent to 6 thousand cubic feet of natural gas.

RESOURCE PROPERTIES

Gordon Creek, Utah

During the period, the Company completed the purchase of the remaining 50% interest in the Gordon Creek natural gas project (the "Gordon Creek Project") pursuant to an agreement dated June 1, 2007. Thunderbird now owns a 100% working interest in the Gordon Creek Project, which comprises 5,953 gross acres (4,879 net acres) in Carbon County, Utah, subject to various royalties and participating interests. Gordon Creek is adjacent to the Drunkards Wash natural gas field which is owned by Conoco/Phillips. Drunkards Wash, which is Utah's largest natural gas discovery, was originally developed in the early 1990's and continues to produce over 4.5 Billion cubic feet (Bcf) of gas per month. Gas is marketed into a transmission pipeline operated by Questar Gas Resources that crosses the project acreage. The Gordon Creek field also includes an associated gas gathering system consisting of 10 km of pipeline and a scaleable compression facility that services the project as well as adjacent production.

The purchase price was paid for with a combination of cash totaling approximately U.S. $1,664,000, partially funded by the exercise of warrants, and the assumption of debt totaling approximately U.S. $1,273,000. The Company assumed debt of U.S. $673,000 payable to a private British Columbia Company called Black Tusk Entertainment Ltd. ("BTE"), U.S. $363,000 payable to an individual and U.S. $273,000 payable to the vendor of the interest. BTE has a 5% over riding royalty on production from the 8 wells currently drilled on the property. BTE also has the option to participate as to a 10% working interest in future drilling on the property. Certain directors of the Company have in interest in BTE. The lender of the second loan has a 2% overriding royalty interest in the Gordon Creek project. The amount payable to Fellows will be adjusted in the third quarter following a reconciliation of the amounts that the vendor owes the Gordon Creek project.

The Company intends to commence the next phase of workover activities on certain of the existing producing wells and shut in wells, in conjunction with the commencement of a drilling program that is scheduled to commence in the third quarter. Permits have been received to drill an initial six wells on the property. Of the six permitted wells, three would be considered development wells and the Company's intention is to drill these three wells first.

Thunderbird has also entered into an agreement, subject to due diligence, to expand the Gordon Creek land position by acquiring a 50% working interest in approximately 5,000 acres ("Gordon Creek North") located adjacent to and immediately North of the Gordon Creek prospect, which will roughly double the overall land package.

Rush County, Kansas

During the period, one additional well (0.5 net to the Company) was successfully drilled. At the end of the first quarter, two wells were in production and three were awaiting completion. Extreme inclement weather in Kansas during the second quarter temporarily interrupted production and delayed the completion of the last 3 wells. These wells were completed and commenced production during the latter part of the quarter. The Company is continuing to assess additional drilling opportunities in Rush County and in surrounding counties in Kansas.

RESOURCE PROPERTIES (cont.)

Weston County, Wyoming

The Company entered into an agreement to acquire a 50% interest in approximately 19,000 acres in Weston County, Wyoming, subject to the completion of due diligence. The Company has the further right to increase its interest to 75% by drilling three wells on the property. The purchase price for this acreage and the Gordon Creek North acreage referred to under the heading “Gordon Creek, Utah” above, is an aggregate of US$385,000. Subject to the satisfactory completion of due diligence, the acquisition is expected to close during the third quarter.

Having conducted a preliminary review of the project, the Company feels that these lands are prospective for large oil pools as well as shallow gas. The existing data includes approximately 200 miles of 2D seismic data and production records from an abandoned well that produced 30,000 barrels of oil. Company expects to complete a more extensive data review and analysis, in order to develop an exploration plan which will likely include 3D seismic and drilling.

RISKS AND TRENDS

Demand for natural gas has traditionally been highly cyclical and somewhat predictable. Demand for and pricing of natural gas has traditionally been highest during the coldest months of winter and lowest during the warmest months of summer. The primary driver for this cyclicality is the need for residential and commercial heating. Because natural gas is increasingly being used to generate electricity increased electrical demand often means increased natural gas demand and pricing. This results in a smaller spike in natural gas demand during the warmest months of the year as electrical demand for space cooling increases. Accordingly, the spring and fall “shoulder seasons” are typically becoming the periods of lowest natural gas prices. The magnitude of this summer spike in natural gas prices is expected to increase in future years as natural gas continues to replace coal as a clean source of electrical power generation. In addition, issues relating to pipeline capacity constraints, pipeline maintenance and unscheduled shut downs, can temporarily impact regional pricing.

Oil and natural gas operations involve many risks that even a combination of experience and knowledge and careful evaluation may not be able to overcome. The long-term commercial success of Thunderbird depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves Thunderbird may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in Thunderbird’s reserves will depend not only of the Company’s ability to explore and develop any properties it may have form time to time, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that further commercial quantities of oil and natural gas will be discovered or acquired by Thunderbird.

Thunderbird’s principal risks include finding and developing economic hydrocarbon reserves efficiently and being able to fund the required capital programs. The Company’s need for capital is both short-term and long-term in nature. Short-term working capital will be required to finance accounts receivable, drilling deposits and other similar short-tem assets, while the acquisition and development of oil and natural gas properties require large amounts of long-term capital. Thunderbird anticipates that future capital requirements will be funded through a combination of internal cash flow, debt and/ or equity financing. There is no assurance that debt and equity financing will be available on terms acceptable to the Company to meet its capital requirements. If any components of the Company’s business plan are missing, the Company may not be able to exercise the entire business plan.

RISKS AND TRENDS (cont.)

Although Thunderbird has no set policy concerning financial instruments, the management of Thunderbird may use financial instruments to reduce corporate risk in certain situations. Thunderbird currently has no hedging commitments in place although the Company will be considering various hedging and forward selling options with respect to a portion of its sales as production grows. See "Outlook" below. The Company does not foresee an immediate foreign exchange risk as the bulk of its operations are in the United States and both oil and natural gas are priced in U.S. dollars.

These risk factors should not be construed as exhaustive. There are a numerous factors, both know and unknown, that could cause results or events to differ materially from forecast results.

OUTLOOK

During fiscal 2007 Thunderbird established itself as a producer of both oil and natural gas and has assembled a significant land holding in the Rocky Mountain region of the United States. During the first half of fiscal 2008 Thunderbird has entered into agreements to expand its production and land position in Utah (see "Gordon Creek, Utah" above) and has secured the right to acquire a 19,000 acre oil exploration property in Weston County Wyoming.

The Company's objectives for fiscal 2008 are to build production, cash flow and natural gas reserves at the Gordon Creek project through workovers and drilling, following the completion of the pending acquisitions referred to above. The Company also intends to initiate an exploration program in Weston County Wyoming following the completion of that acquisition.

The Company will continue to review further drilling opportunities in Kansas, but it is likely that the drilling activities for the balance of the current fiscal year will focus on the Gordon Creek Project in Utah.

North American prices for both oil and natural gas remained relatively strong during the first quarter and into the second quarter. The Company typically realizes a price of $5 below Cushing spot prices for its Kansas oil sales and a price for $1 to $1.50 below NYMEX prices for natural gas. However, in recent weeks, including most of the Company's second quarter, the negative gas price differential in the Rocky Mountain region has widened due to short term constraints on pipeline capacity. These supply constraints are expected to continue for the balance of the year, and are expected to negatively impact near term revenues. Additional pipeline capacity for the delivery of gas to Eastern Markets is currently being constructed and the next phase is scheduled to open during the Company's fourth quarter. This will provide a longer term delivery solution and contribute to a more favourable pricing regime. The Company is particularly impacted by these temporary supply constraints as all of its gas is currently sold into the spot market. As the Company grows its production base, the Company intends to investigate a variety of marketing options in order to reduce or alleviate the negative short term price fluctuations. These would include hedges and other forward sales techniques, long term sales contracts and long term firm capacity contracts.

QUARTERLY RESULTS

Income Statement:	**Q2 2008**	Q1 2008	Year ended Jan. 31, 2007	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Year ended Jan. 31, 2006	Q4 2006	Q3 2006
Revenues	**157,232**	150,044	422,711	121,171	83,998	128,537	89,005	-	-	-
Direct costs	**111,416**	74,498	309,474	96,688	84,835	66,648	61,303	-	-	-
Gross operating income (loss)	**45,816**	75,546	113,237	24,483	(837)	61,889	27,702	-	-	-
Expenses:										
General and administrative	**153,887**	109,874	488,294	141,932	102,544	184,770	59,048	157,669	38,980	23,116
Interest charges	**108,340**	83,879	189,718	69,595	46,630	46,630	26,863	-	-	-
Convertible debenture accretion	**13,160**	12,347	35,300	16,749	7,261	7,049	4,241	-	-	-
Depletion, depreciation and amortization	**127,804**	18,920	234,679	164,386	31,518	25,038	13,737	5,228	1,668	1,036
Impairment loss on oil and gas properties	**-**	-	953,371	953,371	-	-	-	-	-	-
Impairment loss on mineral properties	**-**	-	59,562	-	-	59,562	-	131,699	131,699	-
Stock-based compensation	**92,344**	72,109	202,375	202,375	-	-	-	138,394	138,394	-
Interest income	**-**	-	(735)	(1)	-	-	(734)	(1,304)	(1,304)	-
	495,535	297,129	2,162,564	1,548,407	187,953	323,049	103,155	431,686	309,437	24,152
Loss for the period	**(449,719)**	(221,583)	(2,049,327)	(1,523,924)	(188,790)	(261,160)	(75,453)	(431,686)	(309,437)	(24,152)
Basic Loss per Share	**(0.014)**	(0.008)	(0.09)	(0.06)	(0.008)	(0.011)	(0.004)	(0.02)	(0.02)	(0.001)
Weighted average number of common shares (thousands)	**31,555**	27,344	22,893	24,516	24,203	22,772	19,985	18,737	18,771	18,721
Total assets	**8,433,103**	4,456,776	3,000,720	3,000,720	2,833,779	2,796,904	2,976,536	1,134,538	1,134,538	1,141,648
Total liabilities	**4,502,517**	3,531,498	3,299,384	3,299,384	1,876,258	1,950,143	1,868,615	412,827	412,827	242,722

QUARTERLY RESULTS (continued)

Operations

During the second quarter of 2008 revenues increased 22% over the second quarter of 2007 due to revenues from the Rush County oil wells being reported for the entire period. There were no revenues from this property in the previous quarters. Revenues from the Rush County project represented 35% of total revenues for the quarter, while operating expenses for Rush County represented 18% of total operating expenses. Revenues from the Gordon Creek project decreased by approximately 21% as compared to the second quarter of fiscal 2007. The Company's acquisition of the second 50% interest in Gordon Creek was effective during the quarter; however, declining natural gas prices during the quarter resulted in an overall decline in revenues. Gordon Creek operating expenses increased 36% in the second quarter of 2008 compared to the second quarter of 2007 primarily due to the annual lease rental payment in the current quarter.

General and administrative

General costs include such items as advertising and promotions, debt issue costs, investor relations, office rent, accounting fees, legal fees, professional and consulting fees, filing fees, transfer agent fees, travel costs and foreign exchange gain or loss, as well as general office expenses. During the second quarter, general costs decreased 16% from the second quarter of fiscal 2007 primarily due to the decreased travel, investor relations and professional fees.

Interest charges and Convertible debenture accretion

Interest charges relate to the March 2006 issuance of $1,850,000 of convertible debentures with an interest rate of 10% paid quarterly, and the November 2006 issuance of $1,325,000 of convertible debentures with an interest rate of 12%, also paid quarterly. Interest expense increased during the second quarter of the current year as the Company realized interest expenses on both debentures for the full quarter. In addition, as of June 1, 2007 the Company began to pay interest on the debt assumed in the acquisition of the remaining 50% of the Gordon Creek property.

Depletion, depreciation and amortization

The Company follows the full-cost method of accounting for oil and gas properties, whereby all capitalized costs relating to the acquisition, exploration and development of oil and gas activities are amortized against future income using the unit-of-production method. This method is based on production volumes before royalties in relation to total estimated proved reserves as determined by independent engineers. MHA Petroleum Consultants ("MHA"), a firm of independent petroleum engineers, estimated Thunderbird's reserves as of January 31, 2007.

Stock-based compensation

During the period, the Company granted 300,000 stock options to a director, exercisable at a price of $0.40. In accordance with CICA handbook section 3870, the fair value of the stock options granted are expensed over their vesting period with a corresponding increase to contributed surplus. Using the Black Scholes model for valuing shares, Thunderbird assumed a volatility rate of 102%, an expected life of 5 years, a risk-free rate of 4.38% and a 0% dividend yield.

LIQUIDITY AND CAPITAL RESOURCES

Historically the Company's primary source of funding has been the issuance of equity securities and convertible debentures for cash. The Company has issued common share capital pursuant to private placement financings, the conversion of convertible debentures and the exercise of warrants and options. The Company's access to exploration financing when the financing is not transaction specific is always uncertain. There can be no assurance of the continued access to significant equity financing.

At July 31, 2007, the Company had cash of $836,976 and working capital deficit of approximately $1,069,000. The working capital includes a current liability of $159,000, representing the current portion of the convertible debenture interest due in 2008. During the period, the Company raised approximately $1,500,000 through the exercise of warrants related to the March 2006 convertible debenture issuance. Subsequent to the period, the Company raised another $60,000 through the exercise of options priced at $0.30.

The Company has no long term debt, capital lease obligations, operating leases or any other long term obligations, other than convertible debentures. The Company has no "Purchase Obligations" defined as any agreement to purchase goods or services that is enforceable and legally binding on the Company that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the proximate timing of the transaction.

The Company had no commitments for capital expenditures as of July 31, 2007.

TRANSACTIONS WITH RELATED PARTIES

Koele Capital Corp, of which the President and CEO is a shareholder, was paid $17,500 in consulting fees for the quarter. The Company has an ongoing contractual arrangement with Koele Capital Corp to pay consulting fees of $7,500 per month.

Thunderbird Films Inc, a company that shares common directors with Thunderbird, was paid $21,318 in accounting fees, office reception, rent and supplies during the quarter, pursuant to a cost sharing arrangement between the two companies.

DISCLOSURE OF OUTSTANDING SHARE DATA

Securities issued during the period:

	Shares	Amount
Balance as at January 31, 2006	18,771,498	$ 11,171,592
Shares issued for cash	4,000,000	400,000
Shares issued on exercise of warrants	1,745,000	299,550
Less: Share issue costs	-	(2,500)
Balance as at January 31, 2007	24,516,498	$ 11,868,642
Subsequent to year-end		
Shares issued for cash	3,499,832	1,049,950
Less: Share issue costs	-	(144,034)
Shares issued on exercise of warrants	11,444,184	2,000,447
Shares issued on exercise of options	215,000	63,750
Conversion of debentures	9,999,994	1,850,000
Equity component of debentures	-	8,281
Balance as at September 26, 2007	49,675,508	$ 16,697,036

Summary of options granted and cancelled during the period:

Options	Number	Exercise Price	Expiry Date
Issued	300,000	$ 0.40	May 2012
Cancelled	175,000	$ 0.45	Cancelled
Cancelled	100,000	$ 0.30	Cancelled
Cancelled	300,000	$ 0.25	Cancelled

Summary of securities as at September 26, 2007.

Authorized capital:

Class	Par Value	Number
Common	No par value	Unlimited

Issued and outstanding capital:

Number	Amount
49,675,508	$ 16,697,036

DISCLOSURE OF OUTSTANDING SHARE DATA (continued)

Summary of options, warrants and convertible securities outstanding as of September 26, 2007:

Security	Number	Exercise Price		Expiry Date
Options	275,000	$	0.55	August 2008
Options	230,000	$	0.45	April 2009
Options	1,000,000	$	0.30	July 2009
Options	1,405,000	$	0.25	April 2011
Options	100,000	$	0.22	April 2011
Options	250,000	$	0.30	July 2011
Options	300,000	$	0.30	March 2012
Options	300,000	$	0.40	May 2012
Warrants	810,810	$	0.185	March 2008
Warrants	60,000	$	0.50	December 2007
Warrants	1,924,910	$	0.50	March 2008
Warrants	349,983	$	0.30	March 2008

There are no shares held in escrow.

As of September 26, 2007, there were $1,325,000 of two year convertible debentures outstanding, convertible to common shares at a rate of $0.50 per share for the first year and at a rate of $0.60 for the second year.

DISCLOSURE CONTROLS AND PROCEDURES

In conformance with the Canadian Securities Administrators Multilateral Instrument 52-109, the Company has filed certificates signed by the Chief Executive Officer and the Chief Financial Officer that, among other things, deal with the matter of disclosure controls and procedures.

Disclosure Control Risks

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the disclosure controls and procedures as at July 31, 2007 and, based on that evaluation, believe them to be effective given the size and nature of the Company's operations. All control systems by their nature have inherent limitations and, therefore, Thunderbird's disclosure controls and procedures are believed to provide reasonable, but not absolute, assurance that:

(a) the communications by the Company with the public are timely, factual and accurate and broadly disseminated in accordance with all applicable legal and regulatory requirements;

(b) non-publicly disclosed information remains confidential; and

(c) trading of the Company's securities by directors, officers and employees remains in compliance with applicable securities laws.

DISCLOSURE CONTROLS AND PROCEDURES (continued)

Internal controls over financial reporting

The Chief Executive Officer and the Chief Financial Officer have supervised the design of internal controls over financial reporting and these controls were in place as at July 31, 2007. The Chief Executive Officer and the Chief Financial Officer believe the internal controls, including compensating controls to overcome the lack of certain segregation of duties, and reliance on specialists for complex, non-routine transactions, are designed appropriately given the nature and size of the Company's operations, and that a material deficiency in design does not exist. While management believes the Company's internal controls and procedures provide a reasonable level of assurance that they are reliable, because of their inherent limitations, internal controls over financial reporting may not prevent or detect misstatements, errors or fraud. Control systems, no matter how well conceived or operated, can provide only reasonable, not absolute assurance that the objectives of the control systems are met.

"CAMERON WHITE"
Cameron White, President & Chief Executive Officer

"TIMOTHY GAMBLE"
Timothy Gamble, Director