THUNDERBIRD
ENERGY

Thunderbird Energy Corp.
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Unaudited Consolidated Interim
Financial Statements of

THUNDERBIRD ENERGY CORP.

For the Three Months Ended
April 30, 2013

NOTICE TO READER

The accompanying financial statements for Thunderbird Energy Corp. have been prepared by management in accordance with International Financial Reporting Standards consistently applied. Recognizing that the Company is responsible for both integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim financial statements for the periods ended April 30, 2013 and 2012.

THUNDERBIRD ENERGY CORP.
Consolidated Statement of Financial Position

Unaudited (*Cdn$*)	*Notes*		April 30, 2013		January 31, 2013
ASSETS					
Current					
Cash and cash equivalents		$	154,764	$	658,145
Accounts receivable	*5*		141,595		581,768
Prepaid expenses and deposits	*6*		196,626		199,149
			492,985		1,439,062
Restricted cash	*7*		191,425		189,487
Exploration and evaluation assets	*8*		544,381		538,870
Property and equipment	*9*		23,124,454		22,963,254
		$	**24,353,245**	**$**	**25,130,673**
LIABILITIES					
Current					
Accounts payable and accrued liabilities	*10*	$	2,561,284	$	5,378,059
Due to related parties	*17*		82,044		25,970
Debentures	*11*		9,467,063		9,225,666
Financing deposit	*12*		17,730,901		17,641,873
			29,841,292		32,271,568
Decommissioning liabilities	*13*		594,701		584,400
			30,435,993		32,855,968
SHAREHOLDERS' DEFICIENCY					
Share Capital	*14*		24,095,481		21,353,804
Warrants	*14*		1,889,846		1,879,522
Contributed surplus			5,931,877		5,914,968
Accumulated other comprehensive loss			(470,147)		(519,885)
Deficit			(37,529,805)		(36,353,704)
			(6,082,748)		(7,725,295)
		$	**24,353,245**	**$**	**25,130,673**

Going Concern (Note 2)
Subsequent Events (Notes 20)

Approved on Behalf of the Board:

"Cameron White" — Cameron White, Director

"Stephen Cheikes" — Stephen Cheikes, Director

See accompanying notes to the consolidated financial statements

THUNDERBIRD ENERGY CORP.
Consolidated Statement of Loss and Comprehensive Loss

		Three months ended April 30	
Unaudited (Cdn$)	*Notes*	**2013**	**2012**
REVENUE			
Oil and natural gas sales		$ 430,852	$ 182,688
Royalties		(62,324)	(23,413)
		368,528	159,275
EXPENSES			
Operating and transportation		536,723	194,465
General and administrative		276,232	288,421
Finance (income)/ expenses		621,748	536,121
Depletion, depreciation and impairment	*8, 9*	89,962	40,317
Share-based compensation		16,909	91,873
Foreign exchange loss		3,055	2,203
		1,544,629	1,153,400
NET LOSS		$ (1,176,101)	$ (994,125)
Other comprehensive loss:			
Gain on translation of foreign subsidiaries		49,738	21,342
COMPREHENSIVE LOSS		$ (1,126,363)	$ (972,783)
BASIC AND DILUTED NET LOSS PER SHARE	*14*	$ (0.01)	$ (0.01)

See accompanying notes to the consolidated financial statements

THUNDERBIRD ENERGY CORP.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

Unaudited *(Cdn$)*	*Notes*	Share Capital	Warrants	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total Equity/ (Deficiency)
January 31, 2012		$ 20,505,292	$ 3,115,677	$ 4,432,311	$ (455,168)	$ (29,364,338)	$ (1,766,226)
Loss for the period		-	-	-	-	(994,125)	(994,125)
Shares issued on debentures	11, 14	216,911	-	-	-	-	216,911
Stock-based compensation		-	-	91,873	-	-	91,873
Accretion on warrants		-	10,324	-	-	-	10,324
Unrealized loss on translation of foreign subsidiary		-	-	-	21,342	-	21,342
April 30, 2012		**$ 20,722,203**	**$ 3,126,001**	**$ 4,524,184**	**$ (433,826)**	**$ (30,358,463)**	**$ (2,419,901)**
January 31, 2013		$ 21,353,804	$ 1,879,522	$ 5,914,968	$ (519,885)	$ (36,353,704)	$ (7,725,295)
Loss for the period		-	-	-	-	(1,176,101)	(1,176,101)
Shares issued for debenture interest	11, 14	191,677	-	-	-	-	191,677
Shares issued to Sandstorm	12	2,550,000	-	-	-	-	2,550,000
Share-based compensation	14	-	-	16,909	-	-	16,909
Accretion on warrants		-	10,324	-	-	-	10,324
Unrealized loss on translation of foreign subsidiaries		-	-	-	49,738	-	49,738
April 30, 2013		**$ 24,095,481**	**$ 1,889,846**	**$ 5,931,877**	**$ (470,147)**	**$ (37,529,805)**	**$ (6,082,748)**

See accompanying notes to the consolidated financial statements

THUNDERBIRD ENERGY CORP.
Consolidated Statement of Cash Flows

Unaudited (Cdn$)	*Notes*	Three months ended April 30 2013	2012
OPERATING ACTIVITIES			
Net loss		$ (1,176,101)	$ (994,125)
Items not involving cash			
Share-based compensation	*14*	16,909	91,873
Finance costs		447,766	353,597
Depletion, depreciation and impairment	*8, 9*	89,962	40,317
Foreign exchange loss		3,055	2,203
Changes in non-cash working capital	*18*	1,663,865	615,447
		1,045,456	109,312
FINANCING ACTIVITIES			
Repayment of financing deposit	*12*	(90,607)	(17,748)
Changes in non-cash working capital	*18*	(8,799)	182,876
		(43,332)	84,247
INVESTING ACTIVITIES			
Net additions to exploration and evaluation assets and property and equipment		(15,606)	(4,393,792)
Changes in non-cash working capital	*18*	(1,492,858)	(251,060)
		(1,508,464)	(4,644,852)
FOREIGN CURRENCY EFFECT OF FOREIGN CURRENCY DENOMINATED CASH		2,959	(179,070)
DECREASE IN CASH FOR THE PERIOD		(503,381)	(4,630,363)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		658,145	7,628,701
CASH AND CASH EQUIVALENTS, END OF PERIOD		**$ 154,764**	**$ 2,998,338**
Cash and cash equivalents is comprised of:			
Bank balances		$ 154,834	$ 2,998,338
Investment savings account balance		(70)	-
		$ 154,764	**$ 2,998,338**

See accompanying notes to the consolidated financial statements

1. CORPORATE INFORMATION

Thunderbird Energy Corp. (“the Company”) is engaged in the acquisition, exploration, development and production of oil and natural gas properties located in the United States of America (“U.S.”). Thunderbird Energy Corp. is a publicly traded company, incorporated in British Columbia, Canada. The Company's head office is located at 800-555 4th Avenue SW, Calgary, AB, T2P 3E7.

The Consolidated Financial Statements were approved and authorized for issuance by the Board of Directors ("the Board") on July 2, 2013.

2. GOING CONCERN

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business.

For the period ended April 30, 2013, the Company reported a net loss of $1,126,363 and has an accumulated deficit of $37,529,805. In addition, as outlined in note 12, in fiscal 2013, the Company entered into a US$25 million commodity stream production payment agreement with Sandstorm Metals & Energy Ltd. ("Sandstorm") whereby Sandstorm has the right to purchase 35% of the Company's Gordon Creek natural gas production at a price of $1.00 per Mcf plus 20% of the amount by which the Gordon Creek field gate price exceeds $4.00. Pursuant to the agreement, the Company is contractually obligated to drill 50 additional wells and workover 5 standing wells on the Gordon Creek Property. As at April 30, 2013, Sandstorm had advanced US$18 million of the US$25 million payment. In order to secure the further advance of US$7 million, the Company was to drill 15 wells and complete 5 workovers by December 31, 2012.

As at April 30, 2013, the Company had only drilled 8 wells and thus, is in default of the Sandstorm agreement. The default amount owed to Sandstorm is amounts advanced or recovered from Sandstorm less production provided to Sandstorm, aggregating $17,730,901 as at April 30, 2013. As at July 2, 2013, Sandstorm had not called the default amount and is aware of the Company’s ongoing efforts to obtain additional funding to complete the remaining 42 wells.

The above events and circumstances represent a material uncertainty that casts significant doubt as to the ability of the Company to meet its obligations as they come due, and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The ability of the Company to continue as a going concern is uncertain and dependent upon obtaining the financing necessary to meet its future exploration commitments and to complete the development of its properties. The Company intends to raise additional capital to complete its commitments under the Sandstorm agreement, by way of issuing debt and/or equity. These funding arrangements are not yet in place, but given its external reserve engineer proved plus probable estimated pre-tax net future cash flows discounted at 10% of approximately US$55 million, the Company is optimistic that additional funding can be secured. There is no assurance that the initiatives undertaken by management will be successful.

The realization of the Company’s investment in oil and natural gas properties is dependent upon various factors, including the existence of economically recoverable oil and natural gas reserves, the ability to obtain the necessary financing to complete the exploration and development of the properties, future profitable operations, or, alternatively, upon disposal of the investment on an advantageous basis. These financial statements do not reflect any adjustments related to the carrying values and classifications of assets and liabilities and the reported revenues and expenses that would be necessary should the Company be unable to continue as a going concern. Any adjustments necessary to the financial statements if the Company ceases to be a going concern could be material.

3. BASIS OF PRESENTATION AND ADOPTION OF IFRS

(a) Statement of compliance

These condensed interim financial statements are unaudited and have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Certain information and disclosures normally included in the Annual Financial Statements prepared in accordance with IFRS have been condensed or omitted.

The condensed interim financial statements should be read in conjunction with the Company's audited annual Financial Statements for the period ended January 31, 2013 and the notes thereto.

(b) Basis of measurement

These condensed interim financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities, which are measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Significant accounting policies

These condensed interim financial statements have been prepared following the same accounting policies and methods of computation as the Company's 2013 annual Financial Statements.

The Company has also adopted the following new and amended standards, along with any consequential amendments, effective February 1, 2013:

IFRS 7, "Financial Instruments" provides additional information about offsetting of financial assets and liabilities. Additional disclosures are required to enable users of financial statements to evaluate the effect or potential effect of netting arrangements on the entity's financial position.

The adoption of IFRS 7 had no impact on the Company's financial statements;

IFRS 10, "Consolidated Financial Statements" provides a single model to be applied in control analysis for all investees including special-purpose entities.

The adoption of IFRS 10 had no impact on the Company's financial statements;

IFRS 11, "Joint Arrangements" redefines joint arrangements into two types: joint operations and joint ventures, each with their own accounting model. All joint operations need to be proportionately consolidated and joint ventures to be equity accounted.

The adoption of IFRS 11 had no impact on the Company's financial statements;

IFRS 12, "Disclosure of Interests in Other Entities" combines in a single standard the disclosure requirements for subsidiaries, associates and joint arrangements as well as unconsolidated structured entities.

The adoption of IFRS 12 had no impact on the Company's financial statements;

IFRS 13, "Fair Value Measurement" defines the fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. This standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments at February 1, 2013. The Company has complied with the new disclosure requirements of IFRS 13 in note 15a);

IAS 1, "Presentation of Financial Statements", amended to require presentation of an additional opening balance sheet when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification and to clarify the disclosure requirements.

The adoption of IAS 1 had no impact on the Company's financial statements; and

IAS 32, "Financial Instruments: Presentation", amended to clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of offset in respect of its financial instruments, and clarifying the treatment of income taxes related to distributions and transaction costs.

The adoption of IAS 32 had no impact on the Company's financial statements.

4. FUTURE ACCOUNTING PRONOUNCMENTS

The Company continues to assess the impact of adopting the future pronouncements from the IASB as described in the Company's 2013 annual audited consolidated financial statements.

The Company has not yet completed its assessment and evaluation of the effect of adopting the new standard and the impact it may have on its financial statements.

5. ACCOUNTS RECEIVABLE

Accounts receivable are non-interest bearing and the Company considers all amounts greater than 90 days past due. As at April 30 and January 31, 2013, none of the receivables have been assessed as impaired. In determining the recoverability of accounts receivable, the Company considers the type and age of the outstanding receivables, the credit risk of the counterparties, and the recourse available to the Company.

	April 30, 2013	January 31, 2013
Oil and natural gas sales	$ 64,717	$ 205,542
Sandstorm receivable	19,273	246,057
Joint interest partners and other	42,093	113,205
GST / HST	15,512	16,964
	$ 141,595	**$ 581,768**

The Company's receivables are all current to 90 days.

6. PREPAID EXPENSES AND DEPOSITS

	April 30, 2013	January 31, 2013
Prepaid Expenses	$ 40,816	$ 45,671
Advances on production equipment and services	102,509	100,716
Deposit on future land acquisitions	53,301	52,762
	$ 196,626	**$ 199,149**

7. RESTRICTED CASH

In connection with the Utah State bonding requirements, the Company posted letters of credit in the aggregate amount of US $190,000 (Cdn $191,425) (January 31, 2013 – US $ 190,000 (Cdn $189,487)) for which a short-term investment in the amount of US $120,000 is held as collateral maturing September 14, 2013. In addition there is a US $70,000 (Cdn $70,525) (January 31, 2013 – US $70,000 (Cdn $69,811)) bond held by a US government agency relating to an abandonment liability on the well pads.

8. EXPLORATION AND EVALUATION ASSETS

The following financial information represents the amounts relating to activity associated with the exploration for and evaluation of oil and natural gas resources.

	April 30, 2013	January 31, 2013
Balance, beginning of period	$ 538,870	$ 966,545
Capital additions	-	(56,393)
Impairment	-	(366,193)
Foreign currency translation	5,511	(5,089)
Balance, end of period	**$ 544,381**	**$ 538,870**

Exploration and evaluation assets consist of the Company's undeveloped land and exploration projects which are pending the determination of technical feasibility. The Company recognized nil impairment in the first quarter. During the year ended January 31, 2013, the Company recognized impairment of $366,193 relating to the valuation of the Weston County project due to expiring leases and the Company's limited capital being focused on the Gordon Creek project.

9. PROPERTY AND EQUIPMENT

	Corporate Assets	Production Assets	Oil and Natural Gas Properties	Totals
Cost				
January 31, 2013	$ 78,654	$ 112,535	$ 24,851,390	$ 25,042,579
Additions	-	-	15,606	15,606
Foreign currency translation	148	1,150	254,016	255,314
At April 30, 2013	78,802	113,685	25,121,012	25,313,499
Accumulated depletion, depreciation				
January 31, 2013	75,275	66,901	1,937,149	2,079,325
Charge for the year	579	5,287	84,003	89,869
Foreign currency translation	148	725	18,978	19,851
At April 30, 2013	76,002	72,913	2,040,130	2,189,045
Net book value at April 30, 2013	**$ 2,800**	**$ 40,772**	**$ 23,080,882**	**$ 23,124,454**

	Corporate Assets	Production Assets	Oil and Natural Gas Properties	Totals
Cost				
January 31, 2012	$ 75,538	$ 113,155	$ 15,056,880	$ 15,245,573
Additions	-	-	9,822,392	9,822,392
Foreign currency translation	3,116	(620)	(27, 882)	(25,386)
At January 31, 2013	78,654	112,535	24,851,390	25,042,579
Accumulated depletion, depreciation and impairment				
January 31, 2012	74,234	44,994	1,629,599	1,748,827
Charge for the year	540	16,915	256,427	273,882
Foreign currency translation	500	4,993	51,123	56,616
At January 31, 2013	75,274	66,902	1,937,149	2,079,325
Net book value at January 31, 2013	**$ 3,380**	**$ 45,633**	**$ 22,914,241**	**$ 22,963,254**

The Company has pledged assets with the carrying value of $22,009,886 (2013 - $21,822,529) as security on the natural gas linked debentures (note 11).

Costs subject to depletion included $20,150,000 of future development costs for the period ended April 30, 2013 and $20,174,000 for the year ended January 31, 2013.

Capitalized costs amounting to $1.1 million were excluded from the depletable base at April 30, 2013 (January 31, 2013 - $1.1 million), relating to production equipment that was in the construction phase and not on location at Gordon Creek. To April 30, 2013, the Company has not capitalized any general and administrative expenses or finance costs to property and equipment.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2013	January 31, 2013
Trade payables	$ 1,775,557	$ 1,943,687
Debenture interest payable	368,102	388,680
Accrued liabilities	417,625	495,692
Sandstorm share payment accrual (note 12)	-	2,550,000
	$ 2,561,284	**$ 5,378,059**

11. DEBENTURES

The Company has $10,000,000 in three year, secured, natural gas linked debentures due October 31, 2013. The Debentures bear interest at a base rate of 15% per annum calculated daily and payable quarterly with an adjustment provision whereby a 1% interest premium is added each quarter for every US$0.50 by which the price of natural gas as published by the Henry Hub exceeds US$5.00, capped at 25% per annum. One-half of each quarterly interest payment will be paid in fully paid common shares of the Company at a deemed price per interest share equal to the greater of (i) a 10% discount to the volume weighted average trading price of the Company's common shares on the TSX Venture Exchange over the quarter and (ii) the discounted market price of the Company's common shares. The purchasers of the natural gas linked debentures were also issued two detachable transferable warrants (note 14) for every $1.00 of principal amount to purchase up to 20,000,000 common shares of the Company at escalating prices between $0.30 and $0.50 per share until October 31, 2013. The Company paid a 7.5% finder's fee in respect of a portion of the debenture issuance and issued non-transferable finder's warrants (note 14) to purchase common shares of the Company until October 31, 2013. The debentures are secured against the Company's U.S. property and equipment (note 9). The Company may redeem the debentures before they come due at a price of 115% of the principal amount being redeemed together with accrued and unpaid interest.

	April 30, 2013	January 31, 2013
Balance, beginning of period	$ 9,225,666	$ 8,403,646
Accretion and transaction costs	241,397	822,020
Balance, end of period	**$ 9,467,063**	**$ 9,225,666**

12. FINANCING DEPOSIT

In fiscal 2012, the Company entered into a US$25 million commodity stream production payment agreement with Sandstorm, whereby Sandstorm has the right to purchase 35% of the Company's Gordon Creek natural gas production at a price of US$1.00 per Mcf plus 20% of the amount by which the Gordon Creek field gate price exceeds US$4.00. Pursuant to the agreement, the Company is contractually obligated to drill 50 additional wells and workover 5 standing wells on the Gordon Creek Property, while Sandstorm advanced US$15 million to the Company and will advance a further US$10 million in fiscal 2014.

During the first quarter of fiscal 2013, the Company and Sandstorm amended the commodity stream production payment agreement whereby all minimum cash flow guarantees and drilling commitments at Gordon Creek were deferred by one year. As consideration for this deferral, in March 2013, the Company issued to Sandstorm $2.55 million common shares determined at a deemed price equivalent to 50 day volume weighted average trading price prior to issuance (notes 10 and 14). Under the amended agreement, the Company has provided Sandstorm with minimum annual before tax cash flows guarantees earned through the sale of their 35% share of natural gas produced in Gordon Creek. The guarantee is the lesser of US$2.3 million or 790mmcf by December 31, 2013, US$5.1 million or 1740mmcf in calendar 2014, US$4.6 million or 1560mmcf in calendar 2015, US$4.2 million or 1410mmcf in calendar 2016, US$3.8 million or 1260mmcf in calendar 2017, US$3.3 million or 1140mmcf in calendar 2018 and US$1.7 million or 590mmcf in calendar 2019.

During the second quarter of fiscal 2013, the Company negotiated an amendment to its agreement with Sandstorm whereby Sandstorm provided an early advance on the remaining production payment of US$3 million of the US$10 million originally due in fiscal 2013, in order to facilitate an 8 well completion program. In exchange, the Company has agreed to expand the boundaries of the area of mutual interest set out in the original Sandstorm agreement by approximately 2 miles on all sides. This provides Sandstorm with the right to continue to participate with the Company over a substantially expanded area as the development operations at Gordon Creek grow in the future. In order to secure the remaining advance of US$7 million the Company must drill 15 wells and complete 5 workovers by December 31, 2012. The remaining 35 wells are required to be drilled by December 31, 2013.

As at April 30, 2013 the Company had only drilled 8 wells and thus is in default of the Sandstorm Agreement. Additionally, as the ability of the Company to obtain the financing necessary to meet its full future exploration commitments under the agreement is uncertain, as at April 30, 2013, the Company has accounted for the US$18 million aggregate advance received from Sandstorm as a financing deposit liability. The default amount owed to Sandstorm is amounts advanced or recovered from Sandstorm less production provided to Sandstorm, and as a result, a value of $17,730,901 has been classified as a current liability as at April 30, 2013. As at July 2, 2013 Sandstorm had not called the default amount and is aware of the Company's ongoing efforts to obtain additional funding to complete the remaining 42 wells.

Until December 31, 2013, the Company has the option to repurchase 50% of the commodity stream by making a $US16.25 million payment to Sandstorm, upon receipt of which, the percentage of natural gas Sandstorm will be entitled to purchase will decrease to 17.5%. If the Company drills additional wells on the Gordon Creek Property over and above the minimum 50 net wells, then Sandstorm has the option to have production from the additional net wells form a part of the commodity stream by providing additional production payment advances to the Company at an agreed amount per well.

The following financial information represents the activity associated with amounts advanced and repaid, via production, to Sandstorm.

	April 30, 2013	**January 31, 2013**
Balance, beginning of period	$ 17,641,873	$ 14,978,631
Production payment advanced	-	3,037,800
Less cash flows generated by production	(90,607)	(294,459)
Foreign currency translation	179,635	(80,099)
Balance, end of period	**$ 17,730,901**	**$ 17,641,873**

13. DECOMMISSIONING LIABILITIES

Upon retirement of its oil and natural gas assets, the Company anticipates incurring costs associated with decommissioning. The total undiscounted amounts of the estimated obligations are approximately $586,869 (US $582,500) (January 31, 2013 - $580,927 (US $582,500)) and are expected to be settled based on the economic lives of the underlying assets, which currently extend up to twenty-six years into the future. The estimated future cash flows have been discounted using the average risk free rate of approximately 2.93% and an inflation rate of 2.08% (January 31, 2012 – approximately 2.93% and 2.08%, respectively).

The following table reconciles decommissioning liabilities:

	April 30, 2013	January 31, 2013
Balance, beginning of period	$ 584,400	$ 394,579
Additions	-	75,150
Change in estimate and discount rate	-	99,800
Accretion expense	4,368	17,136
Foreign currency translation	5,933	(2,265)
Balance, end of period	**$ 594,701**	**$ 584,400**

14. SHARE CAPITAL

Authorized: Unlimited common shares without par value

Issued and outstanding:

	Number of Shares	Amount
Balance, January 31, 2012	80,022,965	$ 20,505,292
Shares issued for debenture interest (note 11)	5,507,085	823,808
Loan repayment on shares issued for private placement to related party	-	24,704
Balance, January 31, 2013	85,530,050	$ 21,353,804
Shares issued for debenture interest (note 11)	1,277,843	191,677
Shares issued to Sandstorm	17,922,724	2,550,000
Balance, April 30, 2013	**104,730,617**	**$ 24,095,481**

Private placement to related party

On June 22, 2011, the Company completed a brokered private placement of 2,000,000 units at a price of $0.15 per unit. On the date of issue, the Company's common shares were trading at $0.17, therefore $40,000 was recognized in share-based compensation. Each unit consists of one common share and one non-transferable share purchase warrant. Each warrant was exercisable to purchase one common share of the Company at a price of $0.20 per share until the warrants expired July 18, 2012. Compensation for the units was received through cash and settlement of invoices for past services performed. Concurrent with the placement, the purchaser was provided with a loan in the amount of $77,910. This loan corresponded with the purchase of 519,400 of the 2,000,000 common shares issued through the private placement. During the year ended January 31, 2013, $24,704 of the loan has been repaid. The loan is considered to be under the scope of IFRS 2 – Share-based payment, and accordingly no financial asset is recognized on the statement of financial position.

The fair value of the loan option is determined using the Black-Scholes valuation model was $0.17 per option. The significant inputs into the model were the share price of $0.17 at the date of grant, exercise price of $0.15 (determined based on the principal due on the notes), volatility of 125.91%, dividend yield of 0%, an expected life of

7.5 years and a risk free rate of 2.60%. The expense of $81,945 recognized on issuance of the option is included in share-based compensation.

Shares issued to Sandstorm

On February 12, 2012, The Company and Sandstorm agreed to amend the natural gas purchase agreement whereby all minimum cash flow guarantees and drilling commitments at Gordon Creek were deferred by one year (note 12). As consideration for this deferral, on March 28, 2013, the Company issued to Sandstorm 17,922,724 shares at a price of $0.142 per share, representing $2.55 million of Thunderbird shares at a deemed price equivalent to the volume weighted average trading price during the first 50 trading days of 2013.

Income (loss) per share

The following table summarizes the weighted average shares used in calculating net loss per share:

	April 30, 2013	January 31, 2013
Weighted average shares outstanding	93,367,251	83,117,356
Dilutive effect of options and warrants	-	-
Diluted weighted average shares outstanding	**93,367,251**	**83,117,356**

For the periods ended April 30 and January 31, 2013, all options and warrants were excluded from the diluted calculation as their effect was anti-dilutive.

Share-based compensation plan

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. Options typically vest over a period of 12 to 18 months. The fair value of the options issued is recognized in share-based compensation over the vesting period, with a corresponding charge to contributed surplus. The maximum number of common shares issuable under the option plan is 8,000,000.

There were no options issued during the period. The fair value of each option granted during fiscal 2013 was estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	April 30, 2013	January 31, 2013
Share price on date of grant	-	$ 0.15
Dividend yield	-	0%
Interest rate	-	1.32%
Expected life	-	5 years
Forfeiture Rate	-	13.70%
Volatility	-	98%
Fair value per option	-	$ 0.10

The following table summarizes the changes in stock options outstanding:

	Number of Options		Weighted Average Exercise Price
Balance, January 31, 2012	6,515,000	$	0.22
Issued	75,000		0.15
Balance, January 31, 2012	6,590,000	$	0.22
Expired	(140,000)		0.30
Balance, April 30, 2013	**6,450,000**	**$**	**0.22**

The following table summarizes the stock options outstanding at April 30, 2013:

Exercise price	Number of shares	Expiry Date	Weighted average remaining contractual life	Number exercisable
$ 0.15	1,275,000	Jan 2014 - Sept 2017	2.62	1,237,500
$ 0.20	3,425,000	Jun 2013 - Dec 2014	1.10	3,425,000
$ 0.22	100,000	December 2014	1.64	75,000
$ 0.30	1,650,000	November 2016	3.54	1,237,500
	6,450,000		**1.96**	**5,975,000**

Share purchase warrants:

The following table summarizes the changes in the warrants outstanding:

	Exercise Price	Number of warrants	Weighted average exercise price
Balance, January 31, 2012		35,841,459	$ 0.297
Expired	$0.20	(13,821,334)	$ 0.200
Balance, January 31, 2013 and April 30, 2013		**22,020,125**	**$ 0.384**

Pursuant to a private placement completed in fiscal 2011, the Company issued warrants to purchase 4,833,334 common shares at a price of $0.20 per share until September 11, 2012. The selling brokers received warrants to purchase 250,000 units at a price of $0.15 per share. These warrants expired September 11, 2012.

During fiscal 2012, the Company completed a brokered private placement which included 2,000,000 non-transferable share purchase warrants. Each warrant was exercisable to purchase one common share of the Company at a price of $0.20 per share. These warrants expired July 18, 2012.

During fiscal 2012, 112,500 warrants were exercised to purchase 112,500 common shares at a price of $0.30 per share and 53,625 warrants were exercised to purchase 53,625 common shares at a price of $0.20 per share.

During fiscal 2012, the Company issued 6,738,000 warrants to purchase 6,738,000 common shares, at $0.15 per share until October 31, 2013. These warrants were issued pursuant to the agreement to retire the revolving credit facility in fiscal 2011.

During fiscal 2012, the Company completed additional debenture financing (note 11) in which it issued warrants to purchase 5,000,000 common shares at escalating prices between $0.30 and $0.50 per share until October 31, 2013.

Non-transferable finder's warrants were also issued to purchase up to 800,000 common shares of the Company at a price of $0.20 per share until October 31, 2013.

There were no warrants issued during fiscal 2013. The fair value of each warrant granted during the fiscal 2012 was estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	January 31, 2012
Weighted average fair value per warrant	$ 0.25
Interest rate	1.48%
Expected life	1.57 years
Volatility	108%

At April 30, 2013, a total of 19,887,500 warrants to purchase common shares until October 31, 2013, with an exercise price of $0.50 per share, are outstanding in connection with the Company's debenture issuances. A total of 2,132,625 non-transferable finders warrants to purchase common shares at $0.20 per share until October 31, 2013 are also outstanding.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's activities expose it to financial risks including credit risk, liquidity risk and market risk from changes in commodity prices, foreign currency rates and interest rates which could affect the value of the financial instruments held. The Company employs risk management strategies and polices to ensure that any exposure to risk is mitigated.

The Company's financial instruments recognized on the statement of financial position consist of cash and cash equivalents, restricted cash, accounts receivable, deposits, accounts payable and accrued liabilities, due to related parties, debentures, and financing deposit.

a) Fair value of financial instruments

The Company classifies the fair value of these balances according to the following fair value hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 – Values are based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Values are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – Values are based on prices or valuation techniques that are not based on observable market data.

Accordingly, cash and cash equivalents and restricted cash are measured using a Level 1 designation. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy. The fair value of the commodity linked interest rate on the debentures (see note 11) at April 30, 2013 is $nil (January 31, 2013 - $nil). The fair value is calculated using a Level 2 designation.

b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's joint venture partners and oil and natural gas marketers. Receivables from purchasers of oil and natural gas are normally collected on the 25th day of the month following production. Receivables from joint venture partners are typically collected within one to three months of the joint venture billing being issued.

Significant changes in industry conditions and risks that negatively impact partners' ability to generate cash flow will increase the risk of not collecting receivables. Management of Thunderbird believes the risk is mitigated by the size and reputation of the companies to which they extend credit. Thunderbird's management believes all receivables will be collected.

The Company manages the credit exposure related to cash and cash equivalents and restricted cash by selecting financial institutions with high credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

The majority of the Company's accounts receivables are due from companies in the oil and natural gas industry and are subject to normal industry credit risks including commodity price fluctuations and escalating costs. The Company generally extends unsecured credit to these customers and therefore, the collection of accounts receivable may be affected by changes in economic or other conditions. Management believes the risk is mitigated by the size and reputation of the companies to which they extend credit. Joint venture receivables are typically collected within one to three months of the joint venture bill being issued by the partner. The Company has not experienced any credit loss in the collection of accounts receivable to date.

The Company sells all of its production to one natural gas marketer and therefore is subject to concentration risk. At April 30, 2013, the Company's credit exposure to the natural gas marketer represents approximately 46% (January 31, 2013 – 35%) of accounts receivable. At April 30, 2013 the Company also has a receivable due from Sandstorm representing 14% (January 31, 2013 – 42%) of accounts receivable. Management does not believe that this concentration of credit risk will result in any loss to the Company based on past payment experience. The Company's policy to mitigate credit risk associated with these balances is to establish marketing relationships with reputable and natural gas marketers. The Company does not obtain collateral from oil and natural gas marketers or others in the event of non-payment.

The carrying amount of the accounts receivable represents the maximum credit exposure. The Company has an allowance for doubtful accounts as at April 30, 2013 of $nil and January 31, 2013 of $nil and did not provide for any doubtful accounts nor write-off any accounts receivables during the periods ended April 30 and January 31, 2013.

c) Liquidity risk

The Company is exposed to liquidity risk from the possibility that it will encounter difficulty meeting its financial obligations (note 2). The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. The Company's ongoing liquidity is impacted by various external events and conditions, including commodity price fluctuations and the global economic downturn.

The Company expects to satisfy obligations under accounts payable, amounts due to related parties, in less than one year through cash flows from operations and new financing. The timing of cash outflows relating to the financial liabilities is outlined below:

	Within 1 Year	After 1 Year	Total
Accounts payable and accrued liabilities	$ 2,561,284	$ -	$ 2,561,284
Due to related parties (note 17)	82,042	-	82,042
Debentures (note 11) and estimated interest	10,750,000	-	10,750,000
Financing deposit (note 12)	17,730,901	-	17,730,901
Total	**$31,124,227**	**$ -**	**$ 31,124,227**

The Company's capital programs are primarily funded by cash obtained through operations, equity issuances, debentures (note 11) and a financing deposit (note 12). The Company requires sufficient cash to fund capital programs necessary to maintain or increase production and develop reserves and to potentially acquire strategic assets. The Company may require additional equity or debt financing to enable it to generate sufficient cash flow from its oil and natural gas properties, attain profitable operations and pay its financial obligations when due.

d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices and interest rates will affect the Company's net loss or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. Market risks are as follows:

i. Foreign currency exchange rate risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company is exposed to foreign currency fluctuations on transactions conducted in foreign currencies and in the carrying value of its foreign subsidiaries. As of April 30, 2013, if the Canadian Dollar had changed one per cent against the United States dollar with all other variables held constant, the effect on net loss for the period would have be insignificant (January 31, 2013 – $nil), while the effect on comprehensive loss for the year would have been approximately $38,000 (January 31, 2013 – $42,000).

The Company has the following balances in USD as at:

	April 30, 2013	January 31, 2013
Cash	$ 2,925	$ 316,534
Restricted cash	190,000	190,000
Accounts receivable	89,368	636,980
Prepaid expenses and deposits	183,602	188,009
Exploration and evaluation assets	540,329	540,329
Property and equipment	22,599,532	23,022,034
Accounts payable and accrued liabilities	2,041,815	2,380,573
Financing deposit	17,598,909	17,689,635
Decommissioning liabilities	590,274	585,982

The Company had no forward foreign exchange rate contracts in place as at or during the periods ended April 30, 2013 and January 31, 2013.

ii. Commodity price risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for oil and natural gas are impacted by not only the relationship between the Canadian and United States dollar, as outlined above, but also world economic events that dictate the levels of supply and demand.

The interest rate on the debentures is linked to natural gas prices. Given current market prices for natural gas at April 30, 2013, if natural gas prices changed by 10%, there would be no impact to net loss for the year ended April 30, 2013.

The Company may enter into oil and natural gas contracts to protect its cash flow on future sales. The contracts reduce the volatility in sales revenue by locking in prices with respect to future deliveries of oil and natural gas. In fiscal 2012, the Company had a fixed price contract to sell 200 Mcf/day at a fixed price of $3.98 per Mcf from April 1, 2011 until October 31, 2011. During fiscal 2013 and the three months ended April 30, 2013, the Company had no forward pricing contracts to mitigate the exposure to future commodity price fluctuations.

iii. Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to interest rate risk at April 30, 2013. The Company has no interest rate hedges or swaps outstanding at April 30, 2013.

16. CAPITAL MANAGEMENT

The Company's objectives when managing capital is to ensure that the Company and its subsidiaries will be able to continue as a going concern in order to pursue the exploration and development of its oil and natural gas properties and acquisitions while attempting to maximize the return to shareholders though the optimization of reasonable debt and equity balances commensurate with current operating requirements.

The capital structure consists of the following:

		April 30 2013		January 31 2013
Debentures	$	9,467,063	$	9,225,666
Financing Deposit		17,730,901		17,641,873
Less: Cash		(154,764)		(658,145)
Net Debt[1]		27,043,200		26,209,394
Total Shareholders' Deficiency		(6,082,748)		(7,725,295)
	$	**33,125,948**	**$**	**33,934,689**

[1] Net debt as calculated above is a non-IFRS measure and is not standard terms/measures used by others.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying oil and natural gas assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares and/or debt and adjust its capital spending to manage current and projected debt levels.

The Company has no externally imposed capital requirements other than capital expenditures relating to its financing deposit discussed in note 12. As at April 30, 2013, the Company is in default of these capital expenditure requirements (note 12). The Company's objectives for managing capital structure have not changed from 2013.

17. RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere in these financial statements include the following:

	Period ended April 30, 2013	2012
Consulting fees paid or accrued to companies controlled by directors and officers	$ 84,053	$ 60,563
General and administrative expenses reimbursed to companies with common directors	39,191	44,088

Amounts due to related parties includes $102,789 (April 30, 2012 - $6,188) due to officers and directors and companies with common directors and $20,746 (April 30, 2012 - $17,908) due from officers and directors and companies with common directors. Included in the debentures is $2,103,000 (April 30, 2012 - $2,629,000) (face value) held by related parties.

18. SUPPLEMENTAL CASH FLOW INFORMATION

The following table reconciles the changes in non-cash working capital as disclosed in the consolidated statement of cash flows:

	Period Ended April 30, 2013	2012
Operating activities		
Changes in non-cash working capital:		
Accounts receivable	$ 450,634	$ (2,502)
Prepaid expenses and deposits	4,485	16,953
Accounts payable and accrued liabilities	1,209,016	600,996
	1,663,865	**615,447**
Financing activities		
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	**(8,799)**	**182,876**
Investing activities		
Changes in non-cash working capital:		
Prepaid expenses and deposits	-	(82,673)
Accounts payable and accrued liabilities	(1,492,858)	(163,387)
	(1,492,858)	**(251,060)**
Interest paid	**189,041**	**186,986**

The following non-cash transactions have been excluded from the statement of cash flows for the period ended April 30, 2013:

- The issuance of 17,922,724 common shares to Sandstorm at a price of $0.142 per share, representing $2.55 million of Thunderbird shares (note 14).

19. GEOGRAPHIC INFORMATION

The Company operates in two geographic regions, being Canada and the United States. The United States operations is primarily the acquisition and development of oil and natural gas properties and the production of oil and natural gas through participation agreements, while the Canadian operation is corporate support. The accounting policies of the regions are the same as those described in note 4.

		Canada		United States		Total
April 30, 2013						
Revenue	$	-	$	430,852	$	430,852
Evaluation and exploration assets		-		544,381		544,381
Property and equipment		2,801		23,121,653		23,124,454
April 30, 2012						
Revenue	$	-	$	182,688	$	182,688
Property and equipment		1,124		18,011,689		18,012,813

20. SUBSEQUENT EVENTS

On May 14, 2013 the Company issued 1,908,134 common shares in connection with the April 30, 2013 debentures interest payment due, the fair value of which $182,877 has been included in accounts payable and accrued liabilities as at April 30, 2013.

At the Company's 2013 annual general and special meeting ("AGM") the shareholders approved a resolution whereby the Company's issued and outstanding shares will be consolidated on the basis of fifteen (15) pre-consolidation common shares for each one (1) post-consolidation common share (the "Consolidation"). The exercise price of outstanding stock options and warrants would be proportionately adjusted based upon the consolidation ratio. The Consolidation is also subject to the approval of the TSX Venture Exchange. In conjunction with the Consolidation, shareholders approved a change of the Company's name to "Gordon Creek Energy Inc."

On May 10, 2013 a company controlled by an officer and director of the Company loaned the Company $115,000 to cover costs including the fiscal 2013 first quarter debenture interest payment. The loan is secured, demand loan, bearing interest at 12% until repaid.