THREE AND NINE MONTHS ENDED OCTOBER 31, 2013
MANAGEMENT DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of the consolidated financial position and financial results of the Company, which includes its subsidiaries, was prepared as of December 30, 2013, and is for the three and nine months ended October 31, 2013 and 2012. For a full understanding of the consolidated financial position and financial results 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 International Financial Reporting Standards, and are expressed in Canadian dollars, unless otherwise noted.

The Company's Board of Directors and Audit Committee have reviewed and approved the consolidated financial statements and MD&A. This MD&A is dated and was prepared using currently available information as of December 30, 2013.

FORWARD LOOKING STATEMENTS

This discussion includes certain statements that may be deemed "forward-looking statement". Forward-looking statements or information do not relate strictly to historical or current facts, and can be identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "plan", "project", "should", "believe", "intend", or similar expressions. These statements represent managements' reasonable projections, expectations and estimates as of the date of this document, but undue reliance should not be placed upon them as they are derived from numerous assumptions. These assumptions are subject to known and unknown risks and uncertainties, including the business risk discussed in the MD&A, which may cause actual performance and financial results to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements.

Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. In addition to the other assumptions identified in this document, assumptions have been made regarding, among other things:

- Future oil and gas supply and prices;
- Drilling and operational results consistent with expectations;
- The ability for the Company to obtain financing on acceptable terms;
- Currency, exchange and interest rates;
- Cash flow consistent with expectations;
- The ability of the Company to obtain equipment, services and supplies in a timely manner to carry out its activities;

The forward looking information in this document is subject to significant risks and uncertainties and is based on a number of material factors and assumptions which may prove to be incorrect; including but not limited to the following assumptions:

- Normal risks common to the petroleum and natural gas industry including various operational risk in exploring for, developing and producing petroleum and natural gas and market demand
- Risks and uncertainties involving geology of oil and gas deposits
- Revisions, amendments or changes to capital expenditure plans including exploration, development and exploitation projects
- Uncertainties as to the availability and cost of appropriate financing alternatives on acceptable terms, including the Company's ability to extend its credit facility on an ongoing basis

- Potential changes in income tax regulations, governmental policies, rules, practices or approval process changes, or delays, or enhancements
- Ability to attract and retain qualified professional employees
- Fluctuations in oil and gas prices, foreign currency exchange rates and interest rates
- The uncertainty of reserve estimate and reserve life
- The uncertainty of estimates and projections relating to future production, costs and expenses
- Health, safety and environmental risks

Statements relating to “reserves” or “resources” are by their nature deemed to be forward-looking statements, as they involve the implied assessment based on certain estimates and assumptions that the resources and reserves described can be profitably produced in the future.

Although the company believes the expectations expressed in such forward-looking statements or information are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking information.

The forward-looking statements or information contained in this document represent our views as of the date hereof and as such information should not be relied upon as representing our views as of any date subsequent to the date of this document. The Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Non-IFRS Measures
In this document, the Company uses the terms “funds flow from (used in) operations” which does not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other companies.

Funds flow (used in) operations

($)	Three Months Ended			Nine Months Ended	
	October 31, 2013	July 31, 2013	October 31, 2012	October 31, 2013	October 31, 2012
Cash flow from (used in) operating activities	(587,527)	14,385	766,524	472,314	(1,291,467)
Changes in non-cash working capital	(117,978)	(125,203)	(1,077,036)	(1,907,046)	(117,124)
Funds flow used in operations[1]	**(705,505)**	**(110,818)**	**(310,512)**	**(1,434,732)**	**(1,408,591)**

[1]“Funds flow from (used in) operations” refers to the cash flow from operating activities before net changes in operating working capital. The most direct comparable measure to “funds flow from operations” calculated in accordance with IFRS is the cash flow from operating activities. “Funds flow from operations” can be reconciled to cash flow from operating activities by adding (deducting) the net change in working capital as shown in the consolidated statements of cash flow.

Investors are cautioned that the Non-IFRS measures should not be considered in isolation or construed as alternatives to their most directly comparable measure calculated in accordance with IFRS, as set forth above, or other measures of financial performance calculated in accordance with reporting standards.

BOE Presentation

Barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of gas ("Mcf") to one barrel of oil ("bbl") (6 Mcf: 1 bbl) is used as an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All boe conversions in this report are derived by converting natural gas to oil in the ratio of six Mcf of gas to one barrel of oil. Readers should be aware that historical results are not necessarily indicative of future performance.

Description of the Company

Gordon Creek Energy Inc., formerly Thunderbird Energy Corp., (the "Company") is 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. The Company also holds a 100% interest in a non-producing oil project in Weston County, Wyoming.

HIGHLIGHTS AND OUTLOOK

Effective October 24, 2013, the Company's name has been changed to Gordon Creek Energy Inc. and the common shares of the Company commenced trading on a consolidated basis on the TSX Venture Exchange under the symbol "GDN". The name change and 15 for 1 share consolidation were approved by the shareholders at the Company's annual general meeting held June 12, 2013.

During the fourth quarter of the fiscal year ended January 31, 2013, the Company completed the process of equipping the eight new wells drilled at the Company's Gordon Creek natural gas field in Carbon County Utah and tying them into the Gordon Creek gathering system in order to commence production. Preliminary results of the completion program were disclosed in the Company's news release dated December 20, 2012 and updated in the Company's news release dated May 16, 2013. The Company does not have sufficient liquidity to carry out required further completion operations at this stage and is actively discussing additional financing opportunities with a number of parties.

The Company's natural gas production for the current quarter increased 54% over the comparable quarter of the prior year. Substantially all of the production increases were due to the eight new Gordon Creek gas wells brought on stream during the fourth quarter of fiscal 2013. Production for the current quarter decreased 55% as compared to the fourth of fiscal 2013 quarter, due to initial production declines from one of the newly completed wells. Production from the remaining seven new wells was lower than expected due to the fact that the de-watering process is taking longer than expected.

Work to date has been funded by a US$25 million commodity stream production payment agreement entered into 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 US$1.00 /mcf plus 20% of the amount by which the Gordon Creek field gate price exceeds US$4.00 /mcf. Sandstorm has advanced US$18 million to the Company to date and will advance a further US$7 million in calendar 2013 upon the Company achieving certain drilling commitments. Pursuant to the agreement, the Company has provided Sandstorm with minimum annual before tax cash flow guarantees earned through the sale of their 35% share of natural gas produced in Gordon Creek.

Reference is made to the section "Liquidity and Capital Resources" below for a more complete description of the agreement with Sandstorm.

US domestic production of natural gas remained strong throughout the most recent quarter, however demand has also kept pace. As a result and residual storage levels have decreased as compared to 2012 and were roughly on par with comparable five year average storage levels.

In September 2013 the Company sold its 50% interest in a producing light oil project located in Rush County, Kansas for proceeds of approximately US$54,000 comprised of US$30,000 cash and US$24,000 forgiveness of accounts payables.

RESULTS OF OPERATIONS

Sales Volumes

The following table summarizes the production for the second quarter of fiscal 2014 and fiscal 2013:

	Three months ended October 31, 2013	2012	Nine months ended October 31, 2013	2012
Production:				
Natural gas (mcf)	103,949	67,373	352,510	186,944
Oil (bbls)	-	258	256	1,066
Total (BOE) (6:1)	17,325	11,487	59,008	32,223
Production split:				
Natural gas (%)	100%	98%	99%	97%
Oil (%)	-%	2%	1%	3%

During the three months ended October 31, 2013, the Company's gas sales volume averaged 1,130 mcf/d compared to 732 mcf/d during the same period in the prior year, an increase of approximately 54%. The increases in sales volumes over the prior period was due to sales from the eight new wells brought online during the fourth quarter of fiscal 2013.

Average Realized Price

The following table summarizes the average realized price for the third of quarter of fiscal 2014 and fiscal 2013:

		Three months ended October 31, 2013	2012	Nine months ended October 31, 2013	2012
Exchange Rate	*US$/Cdn$*	*0.9589*	*1.0136*	*0.9722*	*1.0006*
Natural gas (mcf)	*US$/Mcf*	*$ 1.75*	*$ 2.77*	*$ 2.62*	*2.11*
Oil (bbls)	*US$/bbls*	*$ -*	*$ 85.17*	*$ 86.14*	*$ 88.21*

Revenues

	Three Months Ended October 31, 2013	July 31, 2013	October 31, 2012	Nine Months Ended October 31, 2013	October 31, 2012
Revenues	$ 255,391	$ 428,228	$ 249,192	$ 1,114,672	$ 593,429

Third quarter revenues increased 2% over the third quarter for the prior year, as a lower average realized price was offset by increased sales volumes.

Royalties

	Three Months Ended			Nine Months Ended	
	October 31, 2013	July 31, 2013	October 31, 2012	October 31, 2013	October 31, 2012
Royalties	$ 30,163	$ 77,923	$ 39,144	$ 170,410	$ 94,115
% of Revenue	11.8%	18.2%	15.7%	18.5%	21.7%

Royalties as a percentage of petroleum and natural gas sales were 11.8% during the third quarter. Royalties as a percentage of natural gas sales were 6.4% lower than the second quarter of fiscal 2014 as the Utah State annual required minimum royalty charge period ended during the second quarter and therefore the remaining minimum royalties were expensed consistent with the second quarter for fiscal 2013. Royalties vary for each producing well and therefore as a percentage of petroleum and natural gas sales will fluctuate from time to time depending on the production from each well during the respective period.

Operating costs

	Three Months Ended			Nine Months Ended	
	October 31, 2013	July 31, 2013	October 31, 2012	October 31, 2013	October 31, 2012
Operating costs	$ 344,447	$ 208,238	$ 273,436	$ 1,089,606	$ 700,569
Per BOE	$ 19.88	$ 10.88	$ 23.80	$ 18.47	$ 21.74

Operating expenses include all normal operating costs as well as workover costs. Third quarter fiscal 2014 per boe costs decreased 16% from third quarter of fiscal 2013 primarily due to increased volumes in the fiscal 2014. The Company is attempting to cut all nonessential costs, while exploring opportunities to obtain additional financing.

OTHER INCOME STATEMENT ITEMS

General and administrative

	Three Months Ended			Nine Months Ended	
	October 31, 2013	July 31, 2013	October 31, 2012	October 31, 2013	October 31, 2012
Reported amount	$ 208,822	$ 208,964	$ 252,738	$ 694,020	$ 855,752
Per BOE	$ 12.05	$ 10.92	$ 23.57	$ 11.76	$ 26.56

General and administrative costs include such items as office rent, accounting fees, legal fees, professional and consulting fees, filing fees, salaries and wages, transfer agent fees, travel costs, and investor relations, as well as general office expenses.

G&A expenses decreased 17% in the third quarter of fiscal 2014 as compared the third quarter of the prior year as the Company focuses on reducing nonessential expenses. G&A per boe was $12.05 for the quarter ended October 31, 2013 versus $23.57 per boe for the quarter ended October 31, 2012, due to the lower G&A expense and due to higher production volumes in the quarter ended October 31, 2013.

Finance costs

	Three Months Ended			Nine Months Ended	
	October 31, 2013	July 31, 2013	October 31, 2012	October 31, 2013	October 31, 2012
Reported amount	$ 730,398	$ 497,680	$ 607,820	$ 1,849,827	$ 1,806,678
Per BOE	$ 42.16	$ 26.01	$ 56.67	$ 31.35	$ 56.07

Finance costs for the quarter include interest paid on debentures (see “Debentures” below) of $441,088 (2013 Q2 - $379,780). Included in the amount of interest paid on debentures is the fair value of common shares issued as interest totaling $252,046 (2013 Q3 - $190,739).

Also included in the finance costs are non-cash items including the fair value of accretion of debentures of $285,403 (2013 Q3 – $222,094).

In addition, finance costs include nominal interest income, debt issue costs and accretion of the decommissioning liabilities.

Depletion, depreciation and impairment

	Three Months Ended			Nine Months Ended	
	October 31, 2013	July 31, 2013	October 31, 2012	October 31, 2013	October 31, 2012
Reported amount	$ 71,211	$ 78,462	$ 49,892	$ 239,635	$ 135,153
Per BOE	$ 4.11	$ 4.10	$ 4.65	$ 4.06	$ 4.19

Depletion and depreciation is primarily associated with the Gordon Creek field. The net carrying value of the development or production assets is depleted using the unit-of-production method by reference to the ratio of production in the period over the related proven and probable reserves while also taking into account estimated future development costs necessary to bring those reserves into production. Changes in depletion and depreciation expense are consistent with the changes in production over previous quarters.

Depletion, depreciation and impairment expense per boe for the quarter ended October 31, 2013 is consistent the prior quarter and comparable quarter in the prior year.

Gain on disposal of oil and natural gas properties

	Three Months Ended			Nine Months Ended	
	October 31, 2013	July 31, 2013	October 31, 2012	October 31, 2013	October 31, 2012
Reported amount	$ 124,862	$ -	$ -	$ 124,862	$ -

In September 2013 the Company sold its 50% interest in a producing light oil project located in Rush County, Kansas for proceeds of approximately US$54,000 comprised of US$30,000 cash and US$24,000 forgiveness of accounts payable.

Unrealized foreign exchange gain

At the end of the third quarter of fiscal 2014, the Company had foreign exchange gain of $449 (October 31, 2012 loss of $3,030).

Stock-based compensation

There were no options issued during the period. In accordance with IFRS 2, the fair value of each option granted during the period is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	October 31, 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

COMMITMENTS

The Company is contractually obligated to drill 50 wells and workover 5 standing wells on the Gordon Creek Property by December 31, 2013 under the terms of its commodity stream production payment agreement with Sandstorm (note 12). As at October 31, 2013, the Company had only drilled 8 wells and thus is obligated to drill an additional 42 wells and workover 5 standing wells.

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. 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.

Unconventional natural gas reserves and production have steadily increased in the United States over the past few years as a result of new horizontal drilling and “multi-frac” stimulation technologies that have allowed the commercialization of several large shale gas formations. This has caused downward pressure on gas prices. This downward pressure has been mitigated somewhat by the decrease in conventional gas drilling as well as increasing overall demand coincident with the ongoing economic recovery. Long term, there is an ongoing push to switch to natural gas for energy generation and transportation as a cleaner burning and potentially less expensive alternative to coal and oil, however the timing and extent of this shift is uncertain.

Although the Company has no set policy concerning hedges, the management may utilize various techniques to mitigate financial risks including hedging contracts, other financial instruments, and/or fixed price forward sales contracts to reduce corporate risk in certain situations. The Company currently has no fixed price contracts.

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 the Company 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 the Company may have at any particular time and the production there from will decline over time as such existing reserves are exploited. A future increase in the Company’s reserves will depend not only on the Company’s ability to explore and develop any properties it may have from 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 the Company.

The Company's principal risks include finding and developing economic hydrocarbon reserves efficiently and the ability to fund the required capital programs. The hydrocarbon purchase agreement with Sandstorm Metals & Energy Ltd. will fund the next phase of the Company's development activities at Gordon Creek, however further capital will be required as the Company enters into subsequent phases of development and fulfills its drilling commitments to Sandstorm. The Company anticipates that future capital requirements will be funded through a combination of internal cash flow, debt, joint venture and/or equity financing. There is no assurance that 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.

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

Safety and Environment

Oil and natural gas exploration and production can involve environmental risks such as pollution of the environment and destruction of natural habitat, as well as safety risks such as personal injury. The Company conducts its operations with high standards in order to protect the environment and the general public. The Company maintains current insurance coverage for comprehensive and general liability as well as limited pollution liability. The amount and terms of this insurance are reviewed on an ongoing basis and adjusted as necessary to reflect current corporate requirements, as well as industry standards and government regulations.

LIQUIDITY AND CAPITAL RESOURCES

The Company's traditional sources of funding included the issuance of equity securities for cash, primarily through private placements and debt financing. The Company has issued debentures and common shares pursuant to private placement financings and 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.

During fiscal 2012, the Company entered into a US$25 million commodity stream production payment agreement with Sandstorm Metals & Energy Ltd. ("Sandstorm") whereby Sandstorm will advance US$25 million to the Company in calendar 2011 and 2013 in exchange for 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 per Mcf. Pursuant to the agreement, the Company is obligated to drill 50 additional wells and workover 5 standing wells during fiscal 2013 and 2014, and has also provided Sandstorm with minimum annual production/cash flow guarantees. Sandstorm advanced the Company US$15 million in 2011 and was scheduled to advance the remaining balance of US$10 million in 2013. On July 11, 2012 the Company negotiated an amendment to its agreement with Sandstorm whereby Sandstorm advanced US$3 million of the US$10 million originally due in 2013, in order to facilitate the current eight 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 roughly two miles on all sides. This will provide Sandstorm with the right to continue to participate with Thunderbird over a substantially expanded area as the development operations at Gordon Creek grow in the future. The Company is required to drill 20 wells and workover 5 standing wells in order to receive the remaining US$7 million payment. Once the additional US$7 million is advanced, the Company will be required to drill an additional 30 wells.

During the first quarter of the 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 to the dates referenced herein. As consideration for this deferral, in March 2013, Thunderbird agreed to issue to Sandstorm Thunderbird common shares valued at $2.55 million to be determined at a deemed price equivalent to 50 day volume weighted average trading price prior to issuance. Subsequent to the year-end, the Company issued 17,922,724 common shares to Sandstorm at a deemed price of $0.142 per share in accordance with this agreement. 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. The Company also agreed to drill 15 new wells and complete 5 workovers by December 31, 2012. The remaining 35 wells are to be drilled by December 31, 2013.

The Company has the option until December 31, 2013, 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, the 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.

As at October 31, 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, the Company has accounted for the US$18 million advance 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, a value of $18,209,808 as at October 31, 2013. As at December 30, 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 Company anticipates raising additional capital to complete its commitments to Sandstorm, by way of debt and/or equity. These funding arrangements are not yet in place. Discussions with Sandstorm and with potential investors are ongoing.

At October 31, 2013, the Company had cash and cash equivalents of $324,708 (January 31, 2013 - $658,145).

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.

With the exception of the obligations to drill 50 wells and complete 5 workover operations pursuant to the Sandstorm Agreement outlined above, the Company had no commitments for capital expenditures as of October 31, 2013. The Company has no lines of credit or other sources of financing which have been arranged at this time, other than those listed below.

Debentures

The Company issued $10,000,000 principal amount of three year, secured, natural gas linked debentures. The debentures bear interest at a base rate of 15% per annum 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 gas linked debentures were also issued two detachable transferable warrants 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 to purchase common shares of the Company until October 31, 2013. The warrants issued to the debenture holders and to the finders expired unexercised. (See Subsequent Events below).

TRANSACTIONS WITH RELATED PARTIES

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

	Period ended October 31, 2013	2012
Consulting fees paid or accrued to companies controlled by directors and officers	$ 218,025	$ 220,763
General and administrative expenses reimbursed to companies with common directors	71,042	133,429

Amounts due to related parties includes $179,278 (October 31, 2012 - $67,148) due to officers and directors and companies with common directors and $17,884 (October 31, 2012 - $37,644) due from officers and directors and companies with common directors. Included in the debentures is $2,103,000 (October 31, 2012 - $2,629,000) (face value) held by related parties. Also included in amounts due to related parties, is a loan from a company controlled by an officer and director of the Company for $315,000 received in May and August 2013 to cover costs including the fiscal 2014 first and second quarter debenture interest payments. The loan is a secured, demand loan, bearing accrued interest at 12% annually until repaid.

SUBSEQUENT EVENTS

On November 7, 2013 the Company issued 813,053 common shares in connection with the October 31, 2013 debentures interest payment due, the fair value of which $252,046 has been included in accounts payable and accrued liabilities as at October 31, 2013.

Subsequent to October 31, 2013, the holders of the outstanding $10,000,000 series of 15% Gas Linked Debentures consented to an extension of the due date of the debentures from October 31, 2013 to October 31, 2014. The debentures are no longer subject to a redemption premium, thereby allowing the Company to re-finance the debentures without penalty when alternative financing becomes available.

QUARTERLY FINANCIAL INFORMATION *(unaudited)*

Income Statement:	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Net Revenues after Royalties	225,228	350,305	368,528	671,027	210,048	129,991	159,275	193,043
Expenses	1,230,945	998,215	1,544,629	4,484,961	1,222,785	1,309,811	1,153,400	2,122,275
Net loss for the period	(1,005,717)	(647,910)	(1,176,101)	(3,813,934)	(1,012,737)	(1,179,820)	(994,125)	(1,929,232)
Basic and diluted loss per share [(1)]	(0.15)	(0.14)	(0.15)	(0.60)	(0.15)	(0.15)	(0.15)	(0.30)
Weighted average number of shares outstanding [(1)] (thousands)	6,549	6,332	6,235	5,692	5,594	5,485	5,388	5,332

[(1)] Adjusted for 15 for 1 share consolidation effective October 24, 2013.

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 October 31, 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 October 31, 2013, the Company's credit exposure to the natural gas marketer represents approximately 0% (January 31, 2013 – 35%) of accounts receivable. At October 31, 2013 the Company also has a receivable due from Sandstorm representing 18% (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 October 31, 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 October 31 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	$ 2,828,164	$ -	$ 2,828,164
Due to related parties (note 17)	488,223	-	488,223
Debentures (note 11) and estimated interest	10,000,000	-	10,000,000
Financing deposit (note 12)	18,209,808	-	18,209,808
Total	**$31,526,195**	**$ -**	**$31,526,195**

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 October 31, 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 nine months ended October 31, 2013 would have been approximately $35,000 (January 31, 2013 – $42,000).

The Company has the following balances in USD as at:

	October 31, 2013	January 31, 2013
Cash	$ 97,059	$ 316,534
Restricted cash	190,000	190,000
Accounts receivable	10,422	636,980
Prepaid expenses and deposits	193,900	188,009
Exploration and evaluation assets	540,329	540,329
Property and equipment	22,068,381	23,022,034
Accounts payable and accrued liabilities	2,097,519	2,380,573
Financing deposit	17,406,742	17,689,635
Decommissioning liabilities	532,245	585,982

The Company had no forward foreign exchange rate contracts in place as at or during the periods ended October 31, 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 October 31, 2013, if natural gas prices changed by 10%, there would be no impact to net loss for the nine months ended October 31, 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 nine months ended October 31, 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 October 31, 2013. The Company has no interest rate hedges or swaps outstanding at October 31, 2013.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and for the periods presented. Such estimates primarily related to unsettled transactions and events as at the date of the consolidated financial statements. Actual results may differ from those estimates. Significant estimates and judgments made by management in the preparation of these consolidated financial statements are outlined below.

Fair value of oil and natural gas properties, depletion and depreciation and amounts used in impairment calculations are based on estimates of oil and natural gas reserves, future prices and future costs required to develop those reserves. By nature, estimates of reserves and the related future cash flows are subject to measurement uncertainty, and the impact of the differences between actual and estimated amounts on the consolidated financial statements of future periods could be material.

Oil and natural gas properties, exploration and evaluation assets and other corporate assets are aggregated into cash-generating-units ("CGUs") based on their ability to generate largely independent cash flows and are used for impairment testing. The determination of the Company's CGUs is subject to management's judgment.

The decision to transfer exploration and evaluation assets to property and equipment is based on management's determination of an area's technical feasibility and commercial viability based on proved and probable reserves.

The valuation of accounts receivable is based on management's best estimate of the provision for doubtful accounts.

Amounts recorded in decommissioning liabilities and the related accretion expense require the use of estimates including timing of asset retirements, site remediation, discount rate, inflation rate and related cash flows. Provisions are recognized in the period when it becomes probable that there will be a future cash outflow.

The allocation between the debt and warrant components of the debentures issued is based on estimates of the interest rate the Company would pay on debt instruments without detachable warrants.

If the Company is able to obtain financing necessary to meet its full future exploration commitments under the agreement with Sandstorm (note 12), the Company will recognize a sale of property and equipment to Sandstorm. The timing and measurement of a sale require management's judgment.

Amounts recorded for share-based compensation payments are based on estimates of future volatility of the Company's share price, estimated market price of the Company's shares at grant date, expected lives of options and warrants, expected dividends and other relevant assumptions.

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company and its subsidiaries operate are subject to audit and interpretation by taxation authorities. Deferred tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings.

IMPACT OF NEW ACCOUNTING POLICIES

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.

Future Accounting Pronouncements
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.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at December 30, 2013 the Company had the following common shares and stock options outstanding:

Common Shares	8,174,577
Share Purchase Warrants	-
Stock Options	350,000

There are no shares held in escrow.

"CAMERON WHITE"
Cameron White, Chief Executive Officer

"STEPHEN CHEIKES"
Steven Cheikes, Director