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Unaudited Condensed Interim
Consolidated Financial Statements of

GORDON CREEK ENERGY INC.

(formerly Thunderbird Energy Corp.)

For the Three Months Ended
April 30, 2014

NOTICE TO READER

The accompanying condensed interim consolidated financial statements for Gordon Creek Energy Inc. 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 condensed interim consolidated financial statements for the periods ended April 30, 2014 and 2013.

GORDON CREEK ENERGY INC. (formerly Thunderbird Energy Corp.)
Consolidated Statement of Financial Position

(Cdn$)	*Notes*		**April 30, 2014**		**January 31, 2014**
ASSETS					
Current					
Cash and cash equivalents		$	64,521	$	25,974
Accounts receivable	*5*		105,660		178,151
Prepaid expenses and deposits	*6*		132,727		141,546
			302,908		345,671
Restricted cash	*7*		208,183		211,261
Exploration and evaluation assets	*8*		251,930		255,655
Property and equipment	*9*		24,387,422		24,795,274
		$	**25,150,443**	**$**	**25,607,861**
LIABILITIES					
Current					
Accounts payable and accrued liabilities	*10*	$	3,634,626	$	3,402,927
Due to related parties	*17*		712,086		604,160
Debentures	*11*		10,000,000		10,000,000
Financing deposit	*12*		19,030,435		19,358,076
			33,377,147		33,365,163
Decommissioning liabilities	*13*		395,968		398,594
			33,773,115		33,763,757
SHAREHOLDERS' DEFICIENCY					
Share Capital	*14*		23,650,558		23,474,973
Contributed surplus			7,815,826		7,815,688
Accumulated other comprehensive loss			(232,438)		(231,124)
Deficit			(39,856,618)		(39,215,433)
			(8,622,672)		(8,155,896)
		$	**25,150,443**	**$**	**25,607,861**

Going Concern (Note 2)
Commitments (Note 19)
Subsequent Events (Notes 2, 12 & 22)
Contingencies (Notes 9 & 23)

Approved on Behalf of the Board:

"Cameron White" — Cameron White, Director

"Stephen Cheikes" — Stephen Cheikes, Director

See accompanying notes to the condensed interim consolidated financial statements

GORDON CREEK ENERGY INC. (formerly Thunderbird Energy Corp.)
Condensed Interim Consolidated Statement of Loss and Comprehensive Loss

(unaudited)

			Three months ended April 30		
(Cdn$)	*Notes*		**2014**		**2013**
REVENUE					
Oil and natural gas sales		$	201,023	$	430,852
Royalties			(55,951)		(62,324)
			145,072		368,528
EXPENSES					
Operating and transportation			144,137		536,723
General and administrative			184,963		276,232
Finance expenses, net	*20*		364,865		621,748
Depletion, depreciation and impairment	*8, 9*		45,921		89,962
Share-based compensation			138		16,909
Foreign exchange gain			1,185		3,055
			741,209		1,544,629
NET LOSS		$	(596,137)	$	(1,176,101)
Other comprehensive loss:					
Gain (loss) on translation of foreign subsidiaries			(46,362)		49,738
COMPREHENSIVE LOSS		$	(642,499)	$	(1,126,363)
BASIC AND DILUTED NET LOSS PER SHARE	*14*	$	(0.06)	$	(0.19)

See accompanying notes to the condensed interim consolidated financial statements

GORDON CREEK ENERGY INC. (formerly Thunderbird Energy Corp.)

Condensed Iterim 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, 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)**
January 31, 2014		$ 23,474,973	$ -	$ 7,815,688	$ (231,124)	$ (39,215,433)	$ (8,155,896)
Loss for the period		-	-	-	-	(596,137)	(596,137)
Shares issued for debenture interest	11, 14	175,585	-	-	-	-	175,585
Share-based compensation	14	-	-	138	-	-	138
Gain on translation of foreign subsidiaries		-	-	-	(46,362)	-	(46,362)
April 30, 2014		**$ 23,650,558**	**$ -**	**$ 7,815,826**	**$ (277,486)**	**$ (39,811,570)**	**$ (8,622,672)**

See accompanying notes to the condensed interim consolidated financial statements

GORDON CREEK ENERGY INC. (formerly Thunderbird Energy Corp.)

Condensed Interim Consolidated Statement of Cash Flows

(unaudited)

(Cdn$)	*Notes*		Three months ended April 30 **2014**		**2013**
OPERATING ACTIVITIES					
Net loss		$	(596,137)	$	(1,176,101)
Items not involving cash					
Share-based compensation			138		16,909
Finance costs	*20*		175,585		447,766
Depletion, depreciation and impairment	*8, 9*		49,130		89,962
Foreign exchange loss			1,185		3,055
Changes in non-cash working capital	*18*		343,140		1,663,865
			(26,959)		1,045,456
FINANCING ACTIVITIES					
Advances from (repayments to) related parties			107,926		56,074
Repayment of financing deposit	*12*		(49,965)		(90,607)
Changes in non-cash working capital	*18*		5,782		(8,799)
			63,743		(43,332)
INVESTING ACTIVITIES					
Change in restricted cash			-		(15,606)
Changes in non-cash working capital	*18*		-		(1,492,858)
			-		(1,508,464)
FOREIGN CURRENCY EFFECT OF FOREIGN CURRENCY DENOMINATED CASH			1,763		2,959
DECREASE IN CASH FOR THE PERIOD			38,547		(503,381)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD			25,974		658,145
CASH AND CASH EQUIVALENTS, END OF PERIOD		**$**	**64,521**	**$**	**154,764**
Cash and cash equivalents is comprised of:					
Bank balances		$	64,492	$	154,834
Investment savings account balance			29		(70)
		$	**64,521**	**$**	**154,764**

See accompanying notes to the condensed interim consolidated financial statements

1. CORPORATE INFORMATION

Gordon Creek Energy Inc., formerly Thunderbird Energy Corp., ("Gordon Creek" or "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."). Gordon Creek Energy Inc. is a publicly traded company, incorporated in British Columbia, Canada. The Company's head office is located at 1350, 734 7th Avenue SW, Calgary, AB, T2P 3P8.

Effective October 24, 2013, the Company's name changed to Gordon Creek Energy Inc. and the common shares of the Company continued trading 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 on June 12, 2013. All share, option, warrant and per share comparative numbers have been restated to reflect the share consolidation.

The Consolidated Financial Statements were approved and authorized for issuance by the Board of Directors ("the Board") on June 30, 2014.

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, 2014, the Company reported a net loss of $596,137 and has an accumulated deficit of $39,811,570 at April 30, 2014. In addition, as outlined in note 12, in fiscal 2012, 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, 2014, 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, which has not occurred.

As at April 30, 2014, 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 $19,030,435 as at April 30, 2014. As at June 30, 2014, 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.

On May 13, 2014 the Company announced that it has entered into a binding agreement with a Malaysian natural gas distribution company, whereby the Malaysian company has agreed to pay US$10 million to the Company in exchange for the ongoing right to purchase up to 100% of the Company's future production from its Gordon Creek natural gas field in Carbon County, Utah (the "Transaction") (note 22). The Malaysian company was not able to meet the original closing date specified in the agreement, and discussions are ongoing as to a potential closing schedule. Further details of the transaction and a description of the buyer will be provided once the closing has been confirmed and a time frame for closing has been determined. Whether the transaction with the Malaysian company closes or not is uncertain and no assurance can be made. Without access to the funding that this transaction provides or other third party funding, this material uncertainty, casts significant doubt about the Company's ability to continue as a going concern.

During the year ended January 31, 2014 Gordon Creek received funds from a company controlled by an officer and director of the Company for $315,000 to cover costs including the fiscal 2014 first and second quarter debenture interest payments. The loan is secured by a promissory note, due on demand and bear interest at 12% annually until repaid (note 17). Subsequent to April 30, 2014 Gordon Creek received funds from certain officers, directors and shareholders aggregating $204,410 to pay for certain

outstanding and future general and administrative costs. Funds advanced are secured, due on demand and bear interest at 12% annually until repaid (note 22).
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 estimated proved plus probable pre-tax net future cash flows discounted at 15% of approximately US$36 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

(a) Statement of compliance

These condensed interim consolidated 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 consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements as at and for the year ended January 31, 2014 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 condensed interim consolidated financial statements are presented in Canadian dollars, which is the Corporation'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 2014 annual consolidated financial statements.

The Corporation has also adopted the following new and amended standards, along with any consequential amendments, effective January 1, 2014:

IFRS Interpretations Committee (IFRIC) 21, "Levies" which provides guidance on accounting for levies in accordance with the requirements of IAS 37, "Provisions, Contingent Liabilities and Contingent Assets". The interpretation clarifies that an entity is to recognize a liability for a levy when the activity that triggers the payment occurs. The interpretation also clarifies that a levy liability is to be accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. The adoption of this interpretation had no impact on the Corporation's condensed interim financial statements.

(amounts in Canadian dollars)

Amended IAS 36, "Impairment of Assets". The amendments reduce the circumstances in which the recoverable amount of cash generating units, "CGUs", is required to be disclosed and clarifies the disclosures required when an impairment loss has been recognized or reversed in the period. The retrospective adoption of these amendments will only impact the Corporations' disclosures in the notes to the financial statements in periods when an impairment loss or impairment reversal is recognized.

Several narrow-scope amendments to a total of nine standards issued by the IASB in December 2013. The adoption of these amendments had no impact on the condensed interim financial statements.

4. FUTURE ACCOUNTING PRONOUNCEMENTS

The Corporation continues to assess the impact of adopting the future pronouncements from the IASB as described in the Company's 2014 annual consolidated financial statements that have an adoption date subsequent to January 1, 2014.

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, 2014 and April 30, 2013, the 90 days past due receivables amounted to approximately $45,000 and $20,000, respectively, and none of these receivables have been assessed as impaired. Accounts receivables are unsecured and non-interest bearing. There are corresponding accounts payable balances which set off certain past due accounts receivable balances. 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, 2014	January 31, 2014
Oil and natural gas sales	$ 37,444	$ 107,882
Sandstorm receivable	48,131	32,773
Joint interest partners and other	16,925	37,496
GST / HST	3,160	-
	$ 105,660	**$ 178,151**

6. PREPAID EXPENSES AND DEPOSITS

	April 30, 2014	January 31, 2014
Prepaid Expenses	$ 22,074	$ 29,258
Advances on production equipment and services	110,653	112,288
Deposit on future land acquisitions	-	-
	$ 132,727	**$ 141,546**

(amounts in Canadian dollars)

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 $208,183) (January 31, 2014 – US $ 190,000 (Cdn $211,261)) for which a short-term investment in the amount of US $120,000 (Cdn $131,484) (January 31, 2014 – US $120,000 (Cdn $133,428)) is held as collateral maturing September 14, 2014. In addition there is a US $70,000 (Cdn $76,699) (January 31, 2013 – US $70,000 (Cdn $77,833)) 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, 2014	January 31, 2014
Balance, beginning of year	$ 255,655	$ 538,870
Capital additions	-	-
Impairment / Lease expiries	-	(322,478)
Foreign currency translation	(3,725)	39,263
Balance, end of year	**$ 251,930**	**$ 255,655**

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. The Company recorded an impairment in the year ended January 31, 2014 of $322,478 (January 31, 2013 - $366,193). The impairment relates to the valuation of the Weston County, Wyoming 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, 2014	$ 80,317	$ 125,465	$ 27,225,277	$ 27,431,059
Additions	-	-	-	-
Decommissioning liabilities	-	-	-	-
Foreign currency translation	(235)	(1,827)	(397,741)	(399,803)
At April 30, 2014	80,082	123,638	26,827,536	27,031,256
Accumulated depletion, depreciation				
January 31, 2014	79,002	94,543	2,462,240	2,635,785
Charge for the period	454	4,068	41,399	45,921
Foreign currency translation	(234)	(1,413)	(36,225)	(37,872)
At April 30, 2014	79,222	97,198	2,467,414	2,643,834
Net book value at April 30, 2014	**$ 860**	**$ 26,440**	**$ 24,360,122**	**$ 24,387,422**

(amounts in Canadian dollars)

	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	-	-	330,937	330,937
Disposals (note 15(a))	-	-	(597,633)	(597,633)
Decommissioning liabilities	-	-	(184,488)	(184,488)
Foreign currency translation	1,663	12,930	2,825,071	2,839,664
At January 31, 2014	80,317	125,465	27,225,277	27,431,059
Accumulated depletion, depreciation				
January 31, 2013	75,274	66,902	1,937,149	2,079,325
Charge for the year	2,066	18,592	281,871	302,529
Foreign currency translation	1,662	9,049	243,220	253,931
At January 31, 2014	79,002	94,543	2,462,240	2,635,785
Net book value at January 31, 2014	**$ 1,315**	**$ 30,922**	**$ 24,763,037**	**$ 24,795,274**

The Company has pledged assets with the carrying value of $23,882,368 (2014 - $24,293,406) as security on the natural gas linked debentures (note 11).

Costs subject to depletion included $21,197,000 of future development costs for the period ended April 30, 2014 and $21,511,000 for the year ended January 31, 2014.

Capitalized costs amounting to $323,508 were excluded from the depletable base at April 30, 2014 (January 31, 2014 - $328,291), relating to production equipment that was in the construction phase and not on location at Gordon Creek. To April 30, 2014, the Company has not capitalized any general and administrative expenses or finance costs to property and equipment.

On March 31, 2013, a Notice of Oil and Gas Liens was filed against certain wells of the Company's U.S. subsidiaries in the aggregate amount of US$1,014,587. All amounts have been fully recorded as accounts payable and accrued liabilities as at April 30 and January 31, 2014. (See also note 23).

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2014	January 31, 2014
Trade payables	$ 2,588,274	$ 2,645,371
Debenture interest payable (note 11)	553,287	364,627
Accrued liabilities	493,065	389,165
GST / HST	-	3,764
Sandstorm financing fee on extension of financing deposit (note 12)	-	-
	$ 3,634,626	**$ 3,402,927**

(amounts in Canadian dollars)

11. DEBENTURES

The Company has $10,000,000 in three year, secured, natural gas linked debentures due October 31, 2013 which were extended to October 31, 2014 on November 1, 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 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. The warrants issued to the debenture holders and to the finders expired unexercised (see note 14 below). A 66.67% majority of debenture holders is required to alter the terms of the debentures including the power to sanction the conversion of the debentures for shares in the Company.

Interest relating to the principal balance of $364,245 to be settled by cash of $182,877 and by common shares of $181,368 has been accrued in accounts payables and accrued liabilities. The common shares were issued in February 2014 and May 2014 (note 22) however the Company is in default of the cash payment for both the January 31, 2014 and April 30, 2014 distribution. The debenture holders have not demanded repayment.

	January 31, 2014	January 31, 2014
Balance, beginning of period	$ 10,000,000	$ 9,225,666
Accretion and transaction costs	-	774,334
Balance, end of period	**$ 10,000,000**	**$ 10,000,000**

The fair value of the commodity linked interest rate on the debentures, which is identified as an embedded derivative, is $nil (2013 - $nil). The fair value was determined by discounting the difference between the contracted rate and published forward price curves adjusted for differentials and foreign exchange rates as at the period end rate.

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, once the full US$25 million is advanced. Sandstorm made an initial advance of US$15 million to the Company and agreed to advance the remaining US$10 million once the Company completes 5 workovers and drills 15 news wells. 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. In exchange, the Company 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.

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 in common shares determined at a deemed price equivalent to 50 day volume weighted average trading price prior to issuance (notes 10 and 14) and was accrued in fiscal 2013 as a financing expense. 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.

(amounts in Canadian dollars)

As at April 30, 2014 the Company had only drilled eight wells and thus is in default of the Sandstorm Agreement. The Company has also not met the minimum production or cash flow commitments as described above. 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, 2014, 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 $19,030,435 has been classified as a current liability as at April 30, 2014. As at June 30, 2014 Sandstorm had not provided the Company with a notice of default and is aware of the Company's ongoing efforts to raise additional financing.

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

	April 30, 2014	January 31, 2014
Balance, beginning of year	$ 19,358,076	$ 17,641,873
Production payment advanced	-	-
Less cash flows generated by production	(45,601)	(311,029)
Foreign currency translation	(282,041)	2,027,232
Balance, end of year	**$ 19,030,435**	**$ 19,358,076**

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 $569,764 (US $520,000) (January 31, 2014 - $578,188 (US $520,000)) and are expected to be settled based on the economic lives of the underlying assets, which currently extend up to twenty-five years into the future and will be funded from general corporate resources at the time of abandonment. The estimated future cash flows have been discounted using the average risk free rate of approximately 3.24% and an inflation rate of 1.50% (January 31, 2014 – approximately 3.24% and 1.50%, respectively).

The following table reconciles decommissioning liabilities:

	April 30, 2014	January 31, 2014
Balance, beginning of period	$ 598,594	$ 584,400
Additions	-	-
Liabilities related to dispositions (note 15)	-	(69,615)
Change in estimate and discount rate	-	(184,488)
Accretion expense (note 23)	3,209	16,829
Foreign currency translation	(5,835)	51,468
Balance, end of period	**$ 395,968**	**$ 398,594**

(amounts in Canadian dollars)

14. SHARE CAPITAL

Authorized: Unlimited common shares without par value

Issued and outstanding:

	Number of Shares	Amount
Balance, January 31, 2013	5,702,225	$ 21,353,804
Shares issued for debenture interest	1,277,504	508,324
Shares issued to Sandstorm (note 12)	1,194,848	1,613,045
Share issue costs	-	(200)
Balance, January 31, 2013	8,174,577	$ 23,474,973
Shares issued for debenture interest	1,848,272	175,586
Balance, January 31, 2014	**10,022,849**	**$ 23,650,559**

Share consolidation
Effective October 24, 2013, the Company's name has been changed to Gordon Creek Energy Inc. and the common shares of the Company continued 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. The exercise price of outstanding stock options and warrants was proportionately adjusted based upon the consolidation ratio. All share, option, warrant and per share amounts have been adjusted retroactively for the consolidation.

Income (loss) per share
The following table summarizes the post-consolidated weighted average shares used in calculating net loss per share:

	April 30, 2014	January 31, 2014
Weighted average shares outstanding	9,681,320	8,112,714
Dilutive effect of options and warrants	-	-
Diluted weighted average shares outstanding	**9,681,320**	**8,112,714**

For the periods ended April 30 and January 31, 2014, 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 which may be reserved for issuance under the plan is 10% of the number of issued and outstanding common shares of the Company. There were no options issued during the period.

(amounts in Canadian dollars)

The following table summarizes the changes in stock options outstanding:

	Number of Options		Weighted Average Exercise Price
Balance, January 31, 2013	439,333	$	3.30
Expired	(106,000)		3.60
Balance, January 31, 2014	333,333	$	3.35
Expired	(3,333)		2.25
Balance, April 30, 2014	**330,000**	**$**	**3.36**

The following table summarizes the stock options outstanding after consolidation at April 30, 2014:

Exercise price	Number of shares	Expiry Date	Weighted average remaining contractual life	Number exercisable
$ 2.25	65,000	May 2016 - Sept 2017	2.21	65,000
$ 3.00	148,333	December 2014	0.65	148,333
$ 3.30	6,667	December 2014	0.64	6,667
$ 4.50	110,000	November 2016	2.54	110,000
	330,000		**1.59**	**330,000**

Share purchase warrants
The following table summarizes the changes in the warrants outstanding:

	Number of warrants	Weighted average exercise price
Balance, January 31, 2013	1,468,008	$ 5.76
Expired	(1,468,008)	$ 5.76
Balance, January 31, 2014	-	
Balance, April 30, 2014	**-**	

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. The fair values of cash and cash equivalents, accounts receivable, deposits, restricted cash, accounts payable and accrued liabilities, due to related parties, debentures, and financing deposit approximate their carrying value due to their short-term maturities.

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, 2014 is $nil (January 31, 2014 - $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 Gordon Creek believes the risk is mitigated by the size and reputation of the companies to which they extend credit. Gordon Creek'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, 2014, the Company's credit exposure to the natural gas marketer represents approximately 35% (January 31, 2014 – 61%) of accounts receivable. At April 30, 2014 the Company also has a receivable due from Sandstorm representing 46% (January 31, 2014 – 18%) 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 cash and cash equivalents, accounts receivable, deposits and restricted cash represents the maximum credit exposure. The Company manages the credit exposure to cash by selecting financial institutions with high credit ratings.

The Company has an allowance for doubtful accounts as at April 30 and January 31, 2014 of $nil and did not provide for any doubtful accounts nor write-off any accounts receivables during the periods ended April 30 or January 31, 2014.

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 global economic conditions.

The Company expects to satisfy obligations under accounts payable and 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	$ 3,634,626	$ -	$ 3,634,626
Due to related parties (note 18)	712,086	-	712,086
Debentures (note 11) and estimated interest	10,000,000	-	10,000,000
Financing deposit (note 12)	19,030,435	-	19,030,435
Total	**$33,377,147**	**$ -**	**$33,377,147**

The Company's capital programs are primarily funded by cash obtained through operations, equity issuances, debentures (note 11) and a financing deposit (note 12). During and subsequent to the period ended April 30, 2014 Gordon Creek received funds from related parties (note 17 and 22) to manage liquidity risk. 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 will 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 (note 2). The Company is also subject to future commitments as disclosed in note 19.

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 of 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 other than the functional currency and in the carrying value of its U.S. subsidiaries upon translation to the Canadian presentation currency. The majority of the Company's revenues and expenses are translated and denominated in U.S. dollars. of April 30, 2014, if the Canadian Dollar had increased or decreased 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, 2014 – $nil), while the effect on comprehensive loss for the year would increase or decrease approximately $29,590 (January 31, 2014 – $31,500), respectively.

(amounts in Canadian dollars)

The Company has the following financial instruments in USD as at:

	April 30, 2014	January 31, 2014
Cash	$ 24,720	$ 21,201
Restricted cash	190,000	190,000
Accounts receivable	92,515	152,275
Deposits	15,190	15,190
Accounts payable and accrued liabilities	2,480,688	2,417,626
Financing deposit	17,368,289	17,409,908

The Company had no forward foreign exchange rate contracts in place as at or during the periods ended April 30 and January 31, 2014.

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 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. During fiscal 2014 and the three months ended April 30, 2014, 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 exposed to interest rate risk as a result of the commodity linked interest rate on the debentures as described on note 11. This is classified as an embedded derivative with the fair value of $nil. A $0.50 increase in the future commodity price would have a nominal effect on interest expense given the short term maturity of the debentures. The Company has no interest rate hedges or swaps outstanding at April 30, 2014.

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.

(amounts in Canadian dollars)

The capital structure consists of the following:

	April 30 2014	January 31 2014
Debentures	$ 10,000,000	$ 10,000,000
Financing Deposit	19,030,435	19,358,076
Less: Cash	(64,521)	(25,974)
Net Debt[(1)]	28,965,914	29,332,102
Total Shareholders' Deficiency	(8,622,672)	(8,155,896)
Total Capitalization	**$ 20,343,242**	**$ 21,176,206**

[(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, 2014, the Company is in default of these capital expenditure requirements (note 12). The Company's objectives for managing capital structure have not changed from 2014.

17. RELATED PARTY TRANSACTIONS

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

	Three Months ended April 30, 2014	2013
Consulting fees paid or accrued to companies controlled by directors and officers (included in general and administrative expense)	$ 64,175	$ 72,675
General and administrative expenses reimbursed to companies with common directors	29,612	39,191

Amounts due to related parties includes $731,777 (January 31, 2014 - $287,572) due to officers and directors and companies with common directors and $19,691 (January 31, 2014 - $19,691) due from officers and directors and companies with common directors. Included in the debentures is $2,103,000 (January 31, 2014 - $2,103,000) (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, plus accrued interest of $30,729, received in May and August 2013 to cover costs including the fiscal 2014 first and second quarter debenture interest payments. The loan is secured by a promissory note and by assets of the Company's U.S. subsidiary, due on demand and bears interest at 12% annually until repaid.

(amounts in Canadian dollars)

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:

	Three Months Ended April 30, 2014	2013
Operating activities		
Changes in non-cash working capital:		
Accounts receivable	$ 70,588	$ 450,364
Prepaid expenses and deposits	6,878	4,485
Accounts payable and accrued liabilities	265,674	1,209,016
	343,140	**1,663,865**
Financing activities		
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	**5,782**	**(8,799)**
Investing activities		
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	-	(1,492,858)
	-	**(1,492,858)**
Interest paid	**-**	**189,041**

19. COMMITMENTS

The Company was 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 April 30, 2014 the Company had only drilled 8 wells and thus is obligated to drill an additional 42 wells and workover 5 standing wells.

The Company leases its office premises for which minimum lease payments are due for fiscal 2015 of $33,135. The Company has committed to making payments on specific accounts payables balances totaling US$62,421 (Cdn - $68,395) in fiscal 2015 and US$17,168 (Cdn - $18,811) in fiscal 2016.

The cash portion of the interest payments on debentures have not been made for the quarters ending January 31, 2014 or April 30, 2014. The amounts payable are $189,041 and $182,877 respectively and remain outstanding at June 30, 2014.

20. FINANCE EXPENSES (INCOME)

	April 30, 2014	April 30, 2013
Interest on debentures	$ 364,245	$ 365,754
Accretion on debentures and transaction costs (note 11)	-	251,720
Accretion on decommissioning liabilities (note 13)	3,209	4,368
Interest income	(2,589)	(94)
	$ 364,865	**$ 621,748**

(amounts in Canadian dollars)

21. 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, 2014			
Revenue	$ -	$ 201,023	$ 201,023
Evaluation and exploration assets	-	251,930	251,930
Property and equipment	860	24,386,562	24,387,422
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

22. SUBSEQUENT EVENTS

On May 14, 2014 the Company issued 1,813,684 common shares in connection with the April 30, 2014 debentures interest payment due, the fair value of which was $190,437 and has been included in accounts payable and accrued liabilities.

On May 13, 2014 the Company announced that it has entered into a binding agreement with a Malaysian natural gas distribution company, whereby the Malaysian company has agreed to pay US$10 million to the Company in exchange for the ongoing right to purchase up to 100% of the Company's future production from its Gordon Creek natural gas field in Carbon County, Utah (the "Transaction"). The Malaysian company will pay the Company in accordance with industry standards as a function of the monthly price of gas as traded on NYMEX, less a negotiated discount in the range of 10%. The Malaysian company was not able to meet the original closing date specified in the agreement, and discussions are ongoing as to a potential closing schedule. Further details of the Transaction and a description of the buyer will be provided once the closing has been confirmed and a time frame for closing has been determined. Whether the transaction with the Malaysian company closes or not is uncertain and no assurance can be made. Without access to the funding this transaction provides or other third party funding, the Company may not be able to continue as a going concern.

Subsequent to April 30, 2014 Gordon Creek received funds from certain officers, directors and shareholders aggregating $204,410 to pay for certain outstanding and future general and administrative costs. Funds advanced are secured by a promissory note and by assets of a U.S. subsidiary, are due on demand and bears interest at 12% annually until repaid.

23. CONTINGENCIES

During the year ended January 31, 2014 statements of complaints aggregating approximately US$1,550,000 were filed against the Company from certain vendors of the Company. Certain of these statements of complaints also contain liens filed against certain wells of the Company's U.S. subsidiaries (note 9). At April 30, 2014, approximately US$1,400,000 remains of the aggregate total of statement of complaints, net of repayments, which have been included in accounts payable and accrued liabilities. Management believes that the statements of complaints will be resolved upon payment of these vendor's accounts owing and any additional amounts owing will be recorded in the period of settlement.