THREE MONTHS ENDED APRIL 30, 2014
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 June 30, 2014, and is for the three months ended April 30, 2014 and 2013. 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 June 30, 2014.

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

($)	**April 30, 2014**	**January 31, 2014**	**April 30, 2013**
Cash flow used in operating activities	(26,959)	960,270	1,045,456
Changes in non-cash working capital	343,140	3,023,555	(1,663,865)
Funds flow used in operations[1]	**316,181**	**3,983,825**	**(618,409)**

[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

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.

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. The Company has negotiated, subject to financing, an option to re-purchase the Sandstorm stream in exchange for cash payments and the grant of an ongoing over-riding royalty. (Reference is made to the section "Liquidity and Capital Resources" below for a more complete description of the agreement with Sandstorm.)

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 the prevailing Henry Hub prices for gas at the time of purchase, 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.

US natural gas prices have increased substantially in the first calendar quarter of 2014 due to a prolonged cold winter. North America natural gas inventories were drawn down to multi-year lows, supporting domestic natural gas prices. Over the long-term, demand for natural gas is expected to increase due to the export of liquefied natural gas, increased natural gas power generation, increased exports to Mexico, and increased usage from the transportation and industrial sectors.

RESULTS OF OPERATIONS

Production Volumes

	Three months ended April 30, 2014	January 31, 2014	April 30, 2013
Production:			
Natural gas (mcf)	61,535	89,174	134,281
Oil (bbls)	-	-	169
Total (BOE) (6:1)	10,256	14,862	22,549
Production split:			
Natural gas (%)	100%	100%	99%
Oil (%)	0%	0%	1%

During the period ended April 30, 2014, the Company's gas production volume averaged 691 mcf/d compared to 1,509 mcf/d during the same period in the prior year, a decrease of approximately 54%. The decrease in production volumes over the prior period was due to natural declines as well as due to unresolved maintenance issues. The Company has not had an active capital program over the past 15 months and as a result there have been no new drilling or workover operations and there has been insufficient capital to properly maintain existing wells.

Average Realized Price

		Three months ended April 30, 2014	January 31, 2014	April 30, 2013
Exchange Rate	*US$/Cdn$*	*1.1051*	*1.0699*	*1.0176*
Natural gas (mcf)	*US$/Mcf*	$ 2.88	$ 1.75	$ 2.78
Oil (bbls)	*US$/bbls*	$ -	$ -	$ 85.47

Revenues

	Three Months Ended April 30, 2014	January 31, 2014	April 30, 2013
Revenues	$ 201,023	$ 218,166	$ 430,852

First quarter revenues decreased 53% compared to the first quarter of the prior year, as a result of lower production volumes.

Royalties

	Three Months Ended April 30, 2014	January 31, 2014	April 30, 2013
Royalties	$ 55,591	$ 120,367	$ 62,324
% of Revenue	27.8%	55.2%	14.5%

Royalties as a percentage of oil and natural gas sales were 9.1% higher for the three months ended April 30, 2014 versus the comparable periods for the prior year. The increase was a result of Utah State statutory required adjustments to the calculation of the royalties for the Gordon Creek field. Royalties as a percentage of oil and natural gas sales were higher during the three months ended January 31, 2014, than the three months ended April 30, 2014, due to a one-time adjustment related to a Utah State royalty audit. Royalties vary for each producing well and therefore as a percentage of oil 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		
	April 30, 2014	January 31, 2014	April 30, 2013
Operating costs	$ 144,137	$ 218,166	$ 536,723
Per BOE	$ 14.05	$ 15.01	$ 23.80

Operating expenses include all normal operating costs as well as workover costs. Costs per boe for the first quarter of fiscal 2015 were 41% lower than the first quarter of fiscal 2014, due to the Company's efforts to minimize nonessential costs.

OTHER INCOME STATEMENT ITEMS

General and administrative

	Three Months Ended		
	April 30, 2014	January 31, 2014	April 30, 2013
Reported amount	$ 184,963	$ 348,965	$ 276,232
Per BOE	$ 18.03	$ 23.48	$ 12.25

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 were 33% lower than the comparable quarter of the prior year as the Company focuses on reducing nonessential expenses.

Finance expenses

	Three Months Ended		
	April 30, 2014	January 31, 2014	April 30, 2013
Reported amount	$ 364,865	$ (783,784)	$ 621,748
Per BOE	$ 35.58	$ 81.74	$ 27.57

Finance expenses for the quarter include interest paid on debentures (see "Debentures" below) of $364,245 (2014 Q1 - $365,753). Included in the amount of interest paid on debentures is the fair value of common shares issued as interest totaling $182,877 (2014 Q1 - $182,877).

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

Finance expenses for the quarter ended January 31, 2014 include a recovery for the commons shares issued to Sandstorm Metals & Energy Ltd. (see "Liquidity and Capital Resources" below).

Depletion, depreciation and impairment

	Three Months Ended April 30, 2014	January 31, 2014	April 30, 2013
Reported amount	$ 45,921	$ 385,372	$ 89,962
Per BOE	$ 4.48	$ 25.96	$ 3.99

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.

The months ended January 31, 2014 include an impairment loss of $322,478 recognized on the Company's Weston County project exploration and evaluation asset as a result of expired leases.

Unrealized foreign exchange gain

At the end of the first quarter of fiscal 2015, the Company had foreign exchange loss of $1,185 (April 30, 2013 $3,055).

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.

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 (see Liquity and Capital Resources" below). 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.

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 below 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 January 31, 2014 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. 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.

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. 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.

As at April 30, 2014 the Company had only drilled 8 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.

At April 30, 2014, the Company had cash and cash equivalents of $64,521 (January 31, 2014 - $25,974).

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 April 30, 2014. 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 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. 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. A 66.67% majority of debenture holders is required to alter the terms of the debentures including the power to sanction the conversions of the debentures for shares in the Company.

Warrants issued to the debenture holders and to the finders expired unexercised.

Interest relating to the principal balance of $364,627 to be settled by cash of $189,041 and by common shares of $175,586 has been accrued in accounts payables and accrued liabilities. The common shares were issued in February 2014 however the Company is in default of the cash payment for both the January 31, 2014 and April 30, 2014 distribution. As at June 30, 2014 the debenture holders have not demanded repayment.

TRANSACTIONS WITH RELATED PARTIES

Related party transactions not disclosed elsewhere in this MD&A 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.

QUARTERLY FINANCIAL INFORMATION *(unaudited)*

Income Statement:	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Net Revenues after Royalties	145,072	97,799	225,228	350,305	368,528	671,027	210,048	129,991
Expenses	741,208	129,799	1,230,945	998,215	1,544,629	4,484,961	1,222,785	1,309,811
Net loss for the period	(596,136	(32,000)	(1,005,717)	(647,910)	(1,176,101)	(3,813,934)	(1,012,737)	(1,179,820)
Basic and diluted loss per share [(1)]	(0.06)	(0.00)	(0.15)	(0.14)	(0.15)	(0.60)	(0.15)	(0.15)
Weighted average number of shares outstanding [(1)] (thousands)	9,681	8,113	6,549	6,332	6,235	5,692	5,594	5,485

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

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.

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 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 Thunderbird believes the risk is mitigated by the size and reputation of the companies to which they extend credit. Thunderbird's management believes all receivables will be collected.

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

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

The Company sells all of its production to one natural gas marketer and therefore is subject to concentration risk. At April 30, 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 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	712,086	-	712,086
Debentures and estimated interest	10,000,000	-	10,000,000
Financing deposit	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 and a financing deposit. During and subsequent to the period ended April 30, 2014 Gordon Creek received funds from related parties 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.

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.

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.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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 judgements made by management in the preparation of these consolidated financial statements are outlined below.

Management has made judgements relating to future projected cash flows in order to assess the Company's ability to continue as a going concern. These judgements are based on the assumptions described in note 2.

The designation of the Company's functional currency is a management judgement based on the composition of revenue, expenses and financing in the locations in which it operates.

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 Company assesses whether there is indication of impairment for exploration and evaluation assets each reporting period and upon transfer to oil and natural gas properties.

Amounts recorded in decommissioning liabilities and the related accretion expense require the use of estimates including timing of asset retirements, site remediation, discount rates, 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.

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

On February 1, 2013, the Company adopted the following new standards and amendments which became effective for annual periods on or after January 1, 2013:

Consolidation

The Company adopted IFRS 10 Consolidated Financial Statements effective February 1, 2013.

IFRS 10 requires consolidation of an investee only if the investor possesses power over the investee, has exposure or rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. The Company assessed its consolidation conclusions on February 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries.

Joint Arrangements

The Company adopted IFRS 11 Joint Arrangements effective February 1, 2013. IFRS 11 establishes a principle-based approach to the accounting for joint arrangements by focusing on the rights and obligations of the arrangement and limits the application of proportionate consolidation to arrangements where sufficient rights and obligations are passed to the participants. The Company re-assessed its classification of its joint arrangements and determined that there were no changes in the accounting applied to its joint arrangements.

Fair Value Measurement

The Company adopted IFRS 13 Fair Value Measurement effective February 1, 2013. IFRS 13 improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements. 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. Under IFRS 13, the fair value of a liability must reflect the non-performance risk, which includes an entity's own credit risk. Adoption of this standard had no significant impact on the Company's consolidated financial statements other than the inclusion of fair value information disclosures for financial instruments in its financial statements as set out in note 16. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value.

Disclosures

The Company adopted IFRS 12 Disclosure of Interests in Other Entities effective February 1, 2013. IFRS 12 sets out the annual disclosure requirements for the Company's interests in subsidiaries, joint arrangements and associates. The Company assessed its interests in other entities on February 1, 2013 and determined that no additional disclosure was necessary.

The Company adopted amendments to IFRS 7 Financial Instruments: Disclosures effective February 1, 2013. IFRS 7 has been amended to require annual disclosure of information on rights to offset financial instruments and related arrangements. These amendments had no impact the Company's annual disclosures.

Future accounting policies

The following pronouncements issued by the IASB and interpretations published by IFRIC will become effective for annual periods beginning on or after February 1, 2014:

IAS 32 – Financial Instruments: Presentation has been amended to clarify certain requirements for offsetting financial assets and liabilities which is effective for annual periods beginning on or after January 1, 2014. The amendment addresses the meaning and application of the concepts of legally enforceable right of set-off and simultaneous realization and settlement. IAS 32 relates to presentation and disclosures and is not anticipated to have a material impact on the Company's results and financial position.

IAS 36 - Impairment of Assets has been amended to require disclosure of the recoverable amount of an asset (including goodwill) or a cash generating unit when an impairment loss has been recognized or reversed in the period. When the recoverable amount is based on fair value less costs of disposal, the valuation techniques and key assumptions must also be disclosed. The adoption, which is effective for the annual period beginning on January 1, 2014, will impact the Company's disclosures in the notes to the financial statements in periods when an impairment loss or impairment reversal is recognized.

IFRIC 21 - Levies on the accounting for levies imposed by governments clarifies the obligating event that gives rise to a liability to pay a levy. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. IFRIC 21 is being assessed to determine its impact on the Company's results and financial position.

IFRS 9 - Financial Instruments addresses the classification and measurement of financial assets. IFRS 9 replaces the guidance on "classification and measurement" of financial instruments in IAS 39 – Financial Instruments – Recognition and Measurement. The new standard requires a consistent approach to the classification of financial assets and replaces the numerous categories of financial assets in IAS 39 with two categories, measured at either amortized cost or at fair value. For financial liabilities, the standard retains most of the IAS 39 requirements, but where the fair value option is taken, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of profit and loss, unless this creates an accounting mismatch. It also includes a new general hedge accounting model.

The mandatory effective date of IFRS 9 has been deferred pending the finalization of the new impairment model and limited amendments to the classification and measurement requirements. IFRS 9, in its current form, as described above, is available for early adoption until IFRS 9R is finalized. IASB has determined a tentative adoption date of IFRS 9R for annual periods beginning January 1, 2018. IFRS 9 is being assessed to determine its impact on the Company's results and financial position.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at June 30, 2014 the Company had the following common shares and stock options outstanding:

Common Shares	11,836,532
Share Purchase Warrants	-
Stock Options	330,000

There are no shares held in escrow.

"CAMERON WHITE"
Cameron White, Chief Executive Officer

"STEPHEN CHEIKES"
Steven Cheikes, Director