Management's Discussion and Analysis

of the Financial Condition and Results of Operations

For the three months and six months ended October 31, 2011

December 29, 2011

This management discussion and analysis ("MD&A") has been prepared based on information available to Firebird Resources Inc. ("Firebird" or the "Company") as at December 29, 2011. The MD&A of the operating results and financial condition of the Company for the three and six months ended October 31, 2011, should be read in conjunction with the Company's audited consolidated financial statements and the related notes as at and for the year ended April 30, 2011 and the unaudited interim financial statements (the "Financial Statements") and the related notes , that have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional information relating to the Company may be found under its profile on SEDAR at www.sedar.com.

MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The internal control system was designed to provide reasonable assurance to the Company's management regarding the preparation and presentation of the financial statements.

The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any have been detected. Therefore, no matter how well designed, ICFR has inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

As the Company is a Venture Issuer (as defined under under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) ("NI 52-109"), the Company and Management are not required to include representations relating to the establishment and/or maintenance of disclosure controls and procedures ("DC&P) and/or ICFR, as defined in NI 52-109.

CAUTIONARY NOTE

This document contains or refers to forward-looking information. Such forward-looking information includes, among other things, statements regarding targets, estimates and/or assumptions in respect of future production, capital costs and future economic, market and other conditions, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to: the grade and recovery of ore which is mined varying from estimates; exploration and development costs varying significantly from estimates; inflation; fluctuations in commodity prices; delays in the development of the any project caused by unavailability of equipment, labour or supplies, climatic conditions or otherwise; termination or revision of any debt financing; failure to raise additional funds required to finance the completion of a project; and other factors. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no responsibility to update them or revise them to reflect new events or circumstances, except as required by law. See the section entitled ***Risks and uncertainties***.

Highlights of the three and six months ended October 31, 2011

- On May 17, 2011, the Company announced that it had received an order from the Supreme Court of British Columbia authorizing it to convene an annual and special meeting for the purpose of considering and approving a plan of arrangement whereby GTO Resources Inc. ("GTO"), a wholly owned subsidiary of the Company would acquire the Company's interest in the Rose Property, and through the distribution of shares to existing shareholders, would become an independently listed company (the "Spin-out"). Each shareholder of the Company received one common share of the Company and one-half of one common share of GTO. Each warrant holder received one new common share purchase warrant of the Company under the same terms as the existing share purchase warrants, and one-half of one common share purchase warrant of GTO. On June 13, 2011, the shareholders of the Company approved the plan of arrangement. On June 14, 2011, the Company received final approval for the plan of arrangement and such plan closed on July 27, 2011, with GTO commencing trading on the TSX Venture Exchange on July 28, 2011 under the trading symbol of "GTR"

- In concert with the Spin-out, the Company loaned GTO $700,000 at an annual interest rate of Royal Bank of Canada's prime lending rate plus 3%, compounded semi-annually and payable upon maturity. See note 11 to these interim consolidated financial statements for additional details regarding the loan.

- On May 31, 2011, the Company announced an amendment to its Option Agreement with Pageland Minerals Ltd. Pursuant to the terms of the amendment the date upon which the cash payment required was extended to June 30, 2011. As of the date of this MD&A, the Company is currently preparing the required notice (the "Notice") pursuant to the option agreement with Pageland Minerals Ltd., confirming that all conditions required to acquire a 70% interest in the property, have been met. It is anticipated that the Notice will be delivered to Pageland Minerals Ltd., in early January, 2012.

- On June 13, 2011 the Company reported that the shareholders of the Company had approved all of the business of its annual and special meeting including the plan of arrangement for GTO Resources Inc.

- On June 14, 2011 the Company announced that it had received the final approval from the Supreme Court of British Columbia in regard to its plan of arrangement for GTO Resources Inc.

- On July 5, 2011 the Company announced that it had completed its previously announced private placement (the "Private Placement"). The Company received gross proceeds of $2,191,800 from the sale of 3,653,000 units at $0.60 per unit. Each unit consisted of 1 common share and one half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at $1.00 for a period of 18 months. In connection with the Private Placement the Company paid finders' fees consisting of cash commissions of up to 7% of the gross proceeds and issued non-transferable compensation warrants of up to 7% of the total units issued. The Company intends to use the net proceeds of the Private Placement to satisfy its payment obligations in connection with its mineral properties, to grant a loan to its wholly-owned subsidiary GTO Resources Inc. in connection with the Company's previously announced plan of arrangement, for strategic initiatives, including the acquisition and exploration of additional mining properties, as and if such opportunities arise, and for working capital and general corporate purposes.

- On July 5, 2011 the Company announced that its plan of arrangement for GTO Resources Inc. was closed on July 27, 2011 and that GTO Resources Inc. would begin trading on the TSX Venture Exchange on July 28, 2011 with the trading symbol "GTR". In accordance with the terms of the Arrangement, each Firebird shareholder received one new common share in the capital of the Company and one-half of one common share in the capital of GTO Resources Inc. for each Firebird common share held. Additionally, pursuant to the Arrangement, holders of common share purchase warrants of Firebird received one new common share purchase warrant of Firebird and one-half of one common share purchase warrant of GTO Resources Inc., all of which have an exercise price equal to the existing exercise price of the Firebird warrant exchanged, and (ii) have a term equal to the term remaining on the Firebird warrants exchanged, and the Firebird warrants will be cancelled and terminated and cease to represent any right or claim whatsoever.

- During Q2, 2012, the Company received notice by warrant holders of the exercise of 27,150,000 warrants at $0.05 each, raising proceeds for the Company of $1,357,500.

- On December 22, 2011, the Company announced that it had signed a property option agreement (the "Agreements") with each of Wedona Resources Inc., an arms-length private corporation and Clydesdale Resources Inc. (collectively the "Optionees"), an inactive reporting issuer, whereby the Optionees each can earn a 50% interest in Firebird's Mountain of Gold property.

  Under the Agreement, each of the Optionees can earn a 50% interest in the property by incurring $250,000 in exploration expenditures and by paying to Firebird $125,000 in cash (or in Clydesdale Resources Inc.'s case, capital stock of equivalent value). These amounts are to be expended no later than December 31, 2014.

  The Company shall have the option (the "Buyback Option") to purchase from the Optionees a 35% working interest in the property (being 70% of its working interest), on the condition that the purchase price under the Buyback Option (if exercised in full) shall be equal to two hundred fifty percent (250%) of the total expenditures that each of the Optionees has incurred on the project as at the time of purchase. Any additional working interest acquired by the Company under the Buyback Option shall be on a basis proportionate with each of the Optionees working interest at the time of exercise. Further, the Buyback Option may only be exercised in increments of 10%, in which case the purchase price shall be prorated accordingly. The Buyback Option shall expire December 31, 2015.

Results of operations

During the three months ended October 31, 2011, the Company incurred net losses of $1,849,415 compared to a net loss for the three months ended October 31, 2010 of $61,161. During the six months ended October 31, 2011, the Company incurred net losses of $2,521,897 compared to a net loss for the six months ended October 31, 2010 of $100,656. The increase in net loss for the three and six months ended October 31, 2011 is primarily attributable to an increase in exploration expenditures and expense related to vested options, but not yet exercised, partially offset by a gain on the disposition of mineral properties, as relates to the spin-out of GTO Resources.

Professional fees

During the three months ended October 31, 2011, the Company incurred professional fees of $111,934 (2010 - $11,613). During the six months ended October 31, 2011, the Company incurred professional fees of $128,934 (2010 - $42,369). Professional fees are generally higher than the comparative period as the Company incurred additional legal fees regarding both its annual shareholder meeting and with regard to the GTO Spinout.

Management fees

During the three months ended October 31, 2011, the Company incurred management fees of $26,471 (2010 - $12,750). During the six months ended October 31, 2011, the Company incurred management fees of $107,221 (2010 - $(6,081)). The current trend for management fees will be consistent on a goforward basis but are higher than the comparative period as the Company entered into a new contract with RG Mining Investments Inc. ("RGMI"), whereby RGMI provides management and administrative services to the Company.

Share-based compensation

During the three months ended October 31, 2011, the Company incurred $919,939 (2010 - $nil) in share-based compensation. During the six months ended October 31, 2011, the Company incurred share-based compensation of $1,190,907 (2010 - $nil). The nature of the compensation expense for the six months ended October 31, 2011, is attributable to expenses related to vested, but not exercised options.

General and administrative

During the three months ended October 31, 2011, the Company incurred general and administrative costs of $83,156 (2010 - $31,990). During the six months ended October 31, 2011, the Company incurred general and administrative costs of $149,119 (2010 - $53,560). Costs for the current period are greater than the comparative period generally because the Company has expanded corporate activities along with its exploration activities.

Mineral properties

Rose Property, Ontario	**Cumulative Expenditures to 30-Apr-10**	**Expenditures Fiscal 2011**	**Cumulative Expenditures to 30-Apr-11**	**Expenditures Fiscal 2012[1]**	**Cumulative Expenditures to 31-Oct-11**
	$	$	$	$	$
Acquisition Costs:					
Staking	6,000	-	6,000	(6,000)	-
Option costs	206,000	12,000	218,000	(218,000)	-
	212,000	12,000	224,000	(244,000)	-
Exploration Costs:					
General exploration	83,651	6,451	90,102	(90,102)	-
Airborne geophysics	36,236	-	36,236	(36,236)	-
Ground geophysics	46,281	-	46,281	(46,281)	-
	166,228	6,451	172,679	(172,679)	-
	378,228	18,451	396,679	(396,679)	-

[1] Pursuant to the Spin-out, the Rose Property was sold during Q1-2012.

Mountain of Gold Property (formerly Turnbull), Ontario	**Cumulative Expenditures to 30-Apr-10**	**Expenditures Fiscal 2011**	**Cumulative Expenditures to 30-Apr-11**	**Expenditures Fiscal 2012[1]**	**Cumulative Expenditures to 31-Oct-11**
	$	$	$	$	$
Acquisition Costs:					
Option costs	-	-	-	-	-
	-	-	-	-	-
Exploration Costs:					
General exploration	-	-	1,807	-	1,807
	-	-	1,807	-	1,807
	-	-	1,807	-	1,807

Pursuant to a mineral property option agreement dated May 4, 2005, the Company was granted an option to acquire a 100% undivided interest in 2 claims located in the Turnbull area of Ontario. In order to keep the option granted to the Company in good standing, the Company was required to issue an aggregate of

200,000 common shares. On August 3, 2007 the Company issued the 200,000 common shares for a deemed value of $20,000 to complete their option to acquire a 100% interest in the property.

Upon completion of the above share issuances, the Company will have earned a 100% interest in the property, subject to retention by the vendor of a 1% net smelter royalty if the Company commences commercial production on the claims.

The Company has the option and right to purchase and cancel 100% of the net smelter royalty at any time thereafter for $1,000,000.

During the year ended April 30, 2009, the Company determined that there was impairment in the value of the property due to the lack of exploration caused by the non-availability of funds. Based on this, the Company wrote down the value of the property to nil. This property has not been abandoned and the Company continues to review possible future development and during the year ended October 31, 2011 incurred acquisition costs of $1,808 to maintain the claims in good standing. As previously noted in the MD&A, the Company has entered into the Agreements (see *Highlights of the three and six months ended October 31, 2011*, section of this MD&A).

Pageland Property, Ontario	**Expenditures to 30-Apr-10**	**Expenditures Fiscal 2011**	**Expenditures to 30-Apr-11**	**Expenditures Fiscal 2012[1]**	**Expenditures to 31-Oct-11**
	$	$	$	$	$
Acquisition Costs:					
Option costs	-	5,117,515	5,117,515	606,200	5,723,715
	-	5,117,515	5,117,515	606,200	5,723,715
Exploration Costs:					
General exploration	-	63,055	63,055	707,232	770,288
	-	63,055	63,055	707,232	770,288
	-	5,180,570	5,180,570	1,313,432	6,494,003

Pursuant to an option agreement dated June 24, 2010 and as amended on February 10, 2011, with Pageland Minerals Ltd., a private Nevada corporation, Firebird has the right to acquire up to a 100-per-cent interest in certain mineral leases held by Pageland within the counties of Lancaster and Chesterfield in the state of South Carolina. The mineral leases consist of 20 separate mineral leases constituting a total area of approximately 2,000 acres over three prospective gold properties, being the Buzzard, Jefferson and Belk properties.

On February 17, 2011 the Company completed the share issuance portion of its first option to acquire a 70% interest in the specified mineral leases covering the Buzzard-Jefferson-Belk properties located in South Carolina, USA by issuing 9,056,603 common shares at a deemed issue price of $0.53 per common share. To complete the acquisition of its 70% interest in the specified properties the Company paid an initial fee of $200,000 to Pageland and paid an additional $500,000 to Pageland on June 30, 2011 as per the amended terms of its option agreement. Firebird must also complete its first work program prior to October 31, 2011, as set out in the 43-101 Technical Report filed January 12, 2011 on SEDAR.

Firebird may acquire the remaining 30% interest by making a cash payment to Pageland in the amount of $1,800,000 on or before July 31, 2012 and incurring exploration expenditures before July 31, 2012 totaling the lesser of $1,000,000 and the amount as may be recommended in a NI 43-101 compliant report. Firebird also agreed to reimburse Pageland for certain costs incurred by Pageland related to the preparation of the Report and for past exploration and development expenditures. The option agreement and the amendments also remain subject to receipt of approval from the TSX Venture Exchange.

The state of South Carolina has a long history of gold and mineral exploration since the 1800's and hosted several gold mines, including Brewer (in the county of Chesterfield), Haile (in the county of Lancaster), Ridgeway and Barite Hill, along the area known as the Carolina slate belt.

The Buzzard and Jefferson gold projects were last explored in the mid-1990s with positive drill results, but no historic resource defined. These two projects are part of the Haile-Brewer structural trend of gold mineralization. The Haile mine, currently being drilled by Romarco Minerals Inc., lies approximately 10 kilometres southwest of the Buzzard project. The Brewer gold mine is a historic gold mine that was put back into production in the 1980s and early 1990s. The mine produced an estimated 400,000 ounces of gold from oxide and sulfide ore.

The Belk trend is an east-west-mineralized structural and alteration trend north of the Haile-Brewer trend. A historic resource was defined by the Brewer gold mine at Belk and a mining permit was received from the State of South Carolina to mine the Belk deposit for processing at the Brewer mine.

Summary of quarterly results

	Quarter ended October 31, 2011 (IFRS)	Quarter ended July 31, 2011 (IFRS)	Quarter ended April 30, 2011 (IFRS)	Quarter ended January 31, 2011 (IFRS)
	$	$	$	$
Net loss	(1,849,415)	(672,482)	(1,411,077)	(159,894)
Basic and diluted net loss per common share	0.026	(0.010)	(0.030)	-
Total assets	1,776,822	1,235,829	192,771	517,309
Long-term debt	110,952	99,397	87,842	76,288
Shareholders' equity (deficit)	1,108,520	934,868	(187,945)	301,912
Cash dividends declared per common share	-	-	-	-

	Quarter ended October 31, 2010 (IFRS)	Quarter ended July 31, 2010 (IFRS)	Quarter ended April 30, 2010 (IFRS)	Quarter ended January 31, 2009 (CGAAP)
	$	$	$	$
Net loss	(56,353)	(33,495)	(54,078)	(75,043)
Basic and diluted net loss per common share	-	(0.00)	(0.00)	(0.01)
Total assets	587,258	666,617	389,969	813,716
Long-term debt	41,624	41,624	41,624	30,328
Shareholders' equity (deficit)	469,806	519,159	168,926	613,164
Cash dividends declared per common share	-	-	-	-

The Company's operations are not generally subject to seasonal variations. The timing of exploration activities is influenced primarily by the availability of funds and the identification of suitable exploration targets, however, due to either their location or nature the exploration of some properties may be restricted during certain times of the year due to climatic conditions. The fourth quarter is usually when the Company reviews its properties to assess their carrying values and, as a result, write-offs during the fourth quarter may increase the Company's net loss compared to other quarters.

Liquidity and capital resources

As at October 31, 2011 the Company had cash and cash equivalents of $979,189 and a working capital surplus of $519,471 compared to cash and cash equivalents of $178,334 and a working capital deficiency of $100,103 at October 31, 2010. The increase in the Company's cash is attributable to recent warrant exercises and the closing of the Private Placement. The relatively smaller proportional increase in working capital position is attributed to expenditures surrounding the acquisition and exploration of the Pageland Project properties in South Carolina, USA. The Company's ability to finance its operating expenses and expenditures on its mineral properties is dependent upon its ability to raise debt or equity financing. Although there can be no assurance that the Company will be able to raise sufficient funds to continue its operations and activities management believes that it has the ability to raise sufficient funds to meet the Company's future requirements.

The Company has spun-off its Ontario properties under a plan of arrangement and has procured additional financing; please refer to *Developments during the three months ended October 31, 2011,* section of this MD&A..

As at October 31, 2011, the Company has an outstanding long-term convertible debenture with a face value of $255,000 and convertible into common shares at a rate of $0.10 per common share, of which $110,952 is recorded as a convertible debenture liability with an unaccreted discount of $144,048 which will be accreted over the remaining life of the debenture. As at October 31, 2011 no amounts of the convertible debenture have been converted into common shares.

Future changes in accounting standards

Adoption of new and revised standards and interpretations

The IASB issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations which are effective for the Company's financial year beginning on or after May 1, 2011. For the purpose of preparing and presenting the Financial Information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

At the date of authorization of these Financial Statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods.

- **IFRS 9 *'Financial Instruments: Classification and Measurement'*** – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

- **IFRS 10 '*Consolidated Financial Statements'*** – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

- **IFRS 11 '*Joint Arrangements'*** - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.

- **IFRS 12 '*Disclosure of Interests in Other Entities'*** - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

- **IFRS 13 '*Fair Value Measurement'*** - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.

The Company has not early adopted these standards, amendments and interpretations, however the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

First-time adoption of IFRS

The Company has adopted IFRS on May 1, 2011 with a transition date of January 1, 2010 (the **"Transition Date"**). Under **IFRS 1 *'First time Adoption of International Financial Reporting Standards'***, the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under GAAP taken to retained earnings unless certain exemptions are applied.

The Company elected to take the following IFRS 1 optional exemptions:

- to apply the requirements of **IFRS 3, *Business Combinations*,** prospectively from the Transition Date;

- in accordance with IFRS 1, as the Company has elected to implement IFRS 3 prospectively, it also elects to apply **AIS 27, *Consolidated and Separate Financial Statements*** prospectively;

- to apply the requirements of **IAS 16, *Property, plant and equipment***, and treat the initial fair value of property, plant and equipment at the date of transition, at the deemed cost for IFRS; and

- to apply the requirements of **IFRS 2, *Share-based payments***, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date;

Significant accounting policies

Going concern

The Financial Statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at October 31, 2011, the Company has not generated any revenues from operations, had a working capital surplus of $519,471, and an accumulated deficit of $21,158,518. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

Management estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The significant areas requiring the use of management estimates are the assessment of impairment of value of mineral properties, equity component of the convertible debenture, the assumptions used in determining stock based compensation and future income tax asset valuation allowances. Actual results could differ from those estimates.

Basis of consolidation

The Financial Statements include the financial statements of the Company and its wholly-controlled subsidiaries, Falcon Ventures (US) Corp. ("Falcon"), K.K. Tan International Inc. ("KK Tan") and Firebird Gold, Inc. ("Firebird Gold"). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All inter-company transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses applicable to the non-controlling interests in excess of their interest in the subsidiary's equity are allocated against the interests of the Company except to the extent that the non-controlling interests have a binding obligation and are able to make an additional investment to cover the losses.

Mineral properties

All acquisition and exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into Property, plant and equipment ("PPE"). On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

Share-based payment transactions

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

Equity-settled transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash is classified as FVTPL.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost. The Company's trade and other receivables are classified as loans-and-receivables and its related-party loan receivable is classified as held-to-maturity.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade and other payables are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. As at October 31, 2011, the Company has not classified any financial liabilities as FVTPL.

Impairment of financial assets

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Available-for-sale

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

Transactions with related parties

a) During the 6 months ended October 31, 2011, RG Mining Investments Inc. ("RGMI") charged the Company $35,000 (October 31, 2010 - $Nil) for management fees. The Company's CFO is a partner of RGMI.

b) During the 6 months ended October 31, 2011, the Company's former CFO charged $14,950 (October 31, 2010 - $6,500) for management fees.

c) During the 6 months ended October 31, 2011, Tormin Resources Inc. ("Tormin") charged $24,000 (October 31, 2010 - $Nil) for management fees. Tormin is beneficially owned by the Company's CEO.

d) During the 6 months ended October 31, 2011, 962379 Alberta Limited ("962379") charged the Company $2,250 (October 31, 201 - $Nil) for administrative services. 962379 is beneficially owned by the Company's former CFO.

e) During the 6 months ended October 31, 2011, Tormin charged the Company $1,500 (October 31, 2010 - $Nil) for rent.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Risks and uncertainties

Operational

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mining properties. The risks below are not the only ones facing the Company. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations. If any of the following risks actually occur, the Company's business, financial condition and operating results could be adversely affected.

Exploration and development risk

Firebird's business of exploring mineral resources involves a variety of operational, financial and regulatory risks that are typical in the mining industry. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future, and Firebird's common shares should be considered speculative.

Financing risk

There can be no assurance that any funding required by the Company will become available, and, if so, that it will be offered on reasonable terms or that the Company will be able to secure such funding through third party financing or cost sharing arrangements. Furthermore, there is no assurance that the Company will be able to secure new mineral properties or projects or that they can be secured on competitive terms

Segregation of duties

Segregation of duties is a basic, key internal control and one of the most difficult to achieve in a small company. It is used to ensure that errors or irregularities are prevented or detected on a timely basis by employees in the normal course of business. Due to the Company's small size and limited resources, a complete segregation of duties within the Company's accounting group cannot be fully achieved. The result is that the Company is highly reliant on the performance of mitigating procedures during the process of closing its financial statements in order to ensure the financial statements are presented fairly in all material respects. Management will identify and hire additional accounting resources where cost effective and when required. Where it is not cost effective to obtain additional accounting resources, management will review existing mitigating controls and, if appropriate, implement changes to its internal control processes whereby more effective mitigating controls will be adopted.

Outstanding Share Data

As at December 29, 2011, the Company had 80,610,419 common shares outstanding, 4,500,000 outstanding options and 9,582,210 warrants outstanding.

General

The Company also discloses information related to its activities on SEDAR at www.sedar.com and on its website www.firebirdres.com.