



**Unaudited Interim
Consolidated Financial Statements**

As at and for the three months ended

July 31, 2012 and 2011

NOTICE TO READER

The accompanying unaudited interim consolidated financial statements of Firebird Resources Inc. have been prepared by and are the responsibility of management. The unaudited interim consolidated financial statements as at and for the three months ended July 31, 2012 and 2011 have not been reviewed by the Company's auditors.

MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED INTERIM CONSOLIDATED FINANCIAL REPORTING

The accompanying unaudited interim consolidated financial statements of Firebird Resources Inc. (the "Company") are the responsibility of the management and Board of Directors of the Company.

The unaudited interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"John Cook"
President and Chief Executive Officer
September 27, 2012

"Stephen Gledhill"
Chief Financial Officer
September 27, 2012

Firebird Resources Inc.
Unaudited Interim Consolidated Statements of Financial Position
(Canadian dollars)

As at	July 31, 2012	April 30, 2012
	\$	\$
Assets		
Current assets		
Cash	81,397	133,925
Amounts receivable <i>(note 7)</i>	9,165	47,510
Total current assets	90,562	181,435
Non-current assets		
Loan receivable <i>(note 8)</i>	648,658	644,425
Total Assets	739,220	825,860
Liabilities		
Current liabilities		
Trade payables <i>(note 9)</i>	223,706	161,402
Accrued liabilities and other payables <i>(note 10)</i>	66,232	38,281
Due to related parties <i>(note 12)</i>	69,177	50,507
Total current liabilities	358,115	250,190
Non-current liabilities		
Convertible debenture <i>(note 11)</i>	119,356	107,975
Total liabilities	478,471	358,165
Shareholders' equity		
Share capital <i>(note 13)</i>	19,524,481	19,524,481
Share-based payment reserves <i>(note 13)</i>	2,894,941	2,894,941
Equity portion of convertible debenture <i>(note 11)</i>	231,092	231,092
Deficit	(22,389,765)	(22,182,819)
Total shareholders' equity	260,749	467,695
Total liabilities and shareholders' equity	739,220	825,860

Going concern - note 1

Approved by the Board on September 27, 2012.

"Glen MacDonald"
Director

"Ken Ralfs"
Director

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Firebird Resources Inc.
Unaudited Interim Consolidated Statements of Loss and Comprehensive Loss

(Canadian dollars-except weighted average number of shares outstanding)

Three months ended	July 31, 2012	July 31, 2011
	\$	\$
Operating expenses		
Exploration and evaluation expenditures <i>(note 14)</i>	113,146	616,498
Foreign exchange gain	(1,997)	-
General and administrative <i>(note 12)</i>	39,853	65,963
Management fees <i>(note 12)</i>	50,838	80,750
Professional fees	11,067	17,000
Share-based compensation <i>(note 12)</i>	-	270,968
Total operating expenses	212,907	1,051,179
Net loss before other income (expense)	(212,907)	(1,051,179)
Other income (expense)		
Accretion on discount on convertible debentures	(11,381)	(11,555)
Accretion on discount on loan receivable	11,485	-
Interest income	12,267	-
Interest expense	(6,410)	(6,427)
Gain on sale of properties	-	396,679
Total other income (expense)	5,961	378,697
Net loss and comprehensive loss	(206,946)	(672,482)
Basic and fully diluted net loss per share	\$(0.003)	\$(0.013)
Weighted average number of common shares outstanding – basic and diluted	81,010,417	50,890,365

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Firebird Resources Inc.
Unaudited Interim Consolidated Statements of Changes in Equity
(Canadian dollars)

	Share Capital		Subscriptions Received	Reserves		Deficit	Equity portion of convertible debentures	Total
	Number of Shares	Amount		Share-based payments	Warrants			
Balance at May 1, 2011	49,807,417	16,462,327	373,000	1,382,257	-	(18,636,621)	231,092	(187,945)
Private placement	3,653,000	2,191,800	-	-	-	-	-	2,191,800
Cost of private placement	-	(135,294)	-	-	-	-	-	(135,294)
Exercise of warrants	-	-	(10,000)	-	-	-	-	(10,000)
Subscriptions received	-	-	247,500	-	-	-	-	247,500
Compensation warrants issued	-	(82,300)	-	-	82,300	-	-	-
GTO Spin-out <i>(note 2)</i>	-	(396,679)	-	-	-	-	-	(396,679)
Share-based compensation	-	-	-	270,968	-	-	-	270,968
Net loss for the period	-	-	-	-	-	(672,482)	-	(672,482)
Balance at July 31, 2011	53,460,417	18,039,854	237,500	1,653,225	82,300	(19,309,103)	231,092	934,868
Cost of private placement	-	(16,873)	-	-	-	-	-	(16,873)
Exercise of warrants	27,150,000	1,357,500	-	-	-	-	-	1,357,500
Issued for property option payment	400,000	144,000	-	-	-	-	-	144,000
Private placement	-	-	(237,500)	-	-	-	-	(237,500)
Share-based compensation	-	-	-	1,159,416	-	-	-	1,159,416
Net loss for the period	-	-	-	-	-	(2,873,716)	-	(2,873,716)
Balance at April 30, 2012	81,010,417	19,524,481	-	2,812,641	82,300	(22,182,819)	231,092	(467,696)
Net loss for the period	-	-	-	-	-	(206,946)	-	(206,946)
Balance at July 31, 2012	81,010,417	19,524,481	-	2,812,641	82,300	(22,389,765)	231,092	260,749

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Firebird Resources Inc.
Unaudited Interim Consolidated Statements of Cash Flow

(Canadian dollars)

Three month ended	July 31, 2012	July 31, 2011
	\$	\$
Operations		
Net loss	(206,946)	(672,482)
Adjustments to reconcile net loss to cash flow from operating activities:		
Accretion on discount of convertible debentures	11,381	11,555
Accretion on discount of loan receivable	(11,485)	-
Gain on sale of properties	-	(396,679)
Share-based compensation	-	270,968
Net change in non-cash working capital items:		
Trade and other receivables	38,347	(16,086)
Account payable and accrued liabilities	90,254	(76,310)
Increase (decrease) in related-party loans	18,670	(15,000)
Cash used in operating activities	(59,779)	(894,034)
Financing		
Issuance of common shares (2011 - net of issuance costs of \$135,294)	-	1,921,005
Cash provided from financing activities	-	1,921,005
Investments		
Repayment of (advance of) related-party loan receivable	7,251	(700,000)
Cash used in investing activities	7,251	(700,000)
Increase in cash and cash equivalents	(52,528)	326,971
Cash at beginning of period	133,925	178,334
Cash at end of period	81,397	505,305
Supplemental cash flow information:		
Interest paid	-	39,612
Income taxes paid	-	-

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Firebird Resources Inc.
Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the three months ended July 31, 2012 and 2011

1. Nature of operations and going concern

The Company was incorporated under the Canada Business Corporations Act and is listed on the TSX Venture Exchange. On November 4, 2009, the Company changed its name from Falcon Ventures International Inc. to Firebird Resources Inc. The Company is an exploration-stage company that is in the process of exploring its mineral properties located in Canada and the United States of America and has not yet determined whether these properties contain reserves that are economically recoverable. The Company's registered and head office is located at 120 Adelaide Street West, Suite 2400, Toronto, Ontario, M5H 1T1.

These unaudited interim consolidated financial statements have been prepared on a 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 July 31, 2012, the Company has not generated any revenues from operations, has an accumulated deficit of \$22,389,765 (April 30, 2012 - \$22,182,819) and has a working capital deficit of \$268,553 (April 30, 2012 - \$68,754). 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 it has sufficient working capital to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing may be required but will not be available on a timely basis or on terms acceptable to the Company. These unaudited interim consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Spin-out transaction

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 its Rose Property (the "Spin-out"), and through the distribution of shares to existing shareholders, would become an independently-listed company. 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 (the "GTO Loan"), which is unsecured, bears interest at an annual interest rate of Royal Bank of Canada's prime lending rate plus 3%, compounded semi-annually, and is due on July 18, 2013. In addition, the GTO loan is convertible into common shares of GTO using a weighted average closing price of the first ten trading days following GTO's listing of its common shares subject to a minimum conversion price of \$0.10 per share. See note 8 to these unaudited interim consolidated financial statements for additional details regarding the loan.

3. Basis of Preparation

3.1 Statement of compliance

These interim consolidated financial statements are unaudited and have been prepared in accordance with IAS 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards

Firebird Resources Inc.
Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the three months ended July 31, 2012 and 2011

Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These unaudited interim consolidated financial statements were approved for issuance by the Company’s Board of Directors on September 27, 2012.

3.2 Basis of presentation

The financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value. The comparative figures presented in these interim consolidated financial statements are in accordance with IFRS and have not been audited.

3.3 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 interim consolidated financial statements, the IASB and IFRIC have issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods.

- **IAS 1 ‘Presentation of Financial Statements’** – effective for annual periods beginning on or after July 1, 2012 which requires companies to group together items within other comprehensive income that may be reclassified to statement of income. The amendments also reaffirm existing requirements that items in OCI and profit and loss should be presented as either a single statement or two separate statements.
- **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 setting out a single IFRS framework for measuring fair value and require disclosures about fair value measurements.

Firebird Resources Inc.
Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the three months ended July 31, 2012 and 2011

IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measures (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for: share-based payment transactions within the scope of IFRS 2, Share-based Payment; leasing transactions within the scope of IAS 17, Leases; measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2, Inventories, or value in use in IAS 36, Impairment of Assets.

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.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have significant impact on the Company's financial statements.

4. Capital management

The Company considers its capital structure to be equity, which is comprised of share capital, share-based payment reserve, share subscriptions received, and deficit, which as at July 31, 2012 totaled \$260,750 (April 30, 2012 - \$467,695). The Company's capital structure is adjusted based on the funds available to the Company such that it may continue exploration and development of its properties for the mining of minerals that are economically recoverable. The Board of Directors does not establish quantitative return on capital criteria, but rather relies on the expertise of management and other professionals to sustain future development of the business.

The Company's properties are in the exploration and development stage and, as a result, the Company currently has no source of operating cash flow. The Company intends to raise such funds as and when required to complete its projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The only sources of future funds presently available to the Company are through the exercise of outstanding stock options or warrants, the sale of equity capital of the Company or the sale by the Company of an interest in any of its properties in whole or in part. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk measurement remains unchanged from the year ended April 30, 2012.

5. Financial instruments

Fair value

The Company has, designated its cash as FVTPL, which are measured at fair value. The fair values of other financial instruments, which include amounts receivable, loan receivable, trade payable, accrued liabilities and other payables, and amounts due to related parties approximate their carrying values due to the relatively short-term maturity of these instruments. The fair value of convertible debenture is estimated to approximate its carrying value based on borrowing rates currently available to the Company for a loan with similar terms.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and

Firebird Resources Inc.
Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the three months ended July 31, 2012 and 2011

matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

i) Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is attributable to various financial instruments, as noted below. The credit risk is limited to the carrying value amount carried on the statement of financial position.

a. Cash

Cash is held with major Canadian and United States banks and therefore the risk of loss is minimal.

b. Amounts receivable

The Company's credit risk varies with its amounts receivable. The GST/HST receivable of \$6,148 (April 30, 2012 - \$14,008) has relatively low risk of non-recovery as this amount is due from the Canadian government. The remaining balance of \$3,017 (April 30, 2012 - \$33,502) is interest receivable from GTO and its risk exposure is limited to the outstanding amount.

ii) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at July 31, 2012, the Company had a working capital deficiency of \$268,553 (April 30, 2012 - \$68,754). The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. In addition, in order to meet its longer-term working capital and property exploration expenditures, the Company intends on securing further financing to ensure that those obligations are properly discharged. There can be no assurance that Firebird will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of Firebird may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit its some or all of its interests and reduce or terminate its operations therein.

iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity prices and/or stock market movements (price risk).

a. Interest rate risk

The Company is not exposed to significant interest rate price risk due to the short-term nature of its monetary assets and liabilities. Cash not required in the short term, is invested in short-term guaranteed investment certificates, as appropriate.

b. Currency risk

Firebird Resources Inc.
Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the three months ended July 31, 2012 and 2011

Although the Company's operations are conducted in Canadian dollars, it has entered into contracts and/or agreements that require payment in United States dollars. Management believes that foreign currency risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

c. Price risk

The Company holds no investments and is therefore not subject to price risk.

6. Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a one-year period:

The Company's funds are kept in Canadian and US dollars at major Canadian and US financial institutions. As at July 31, 2012, the Company's exposure to foreign currency balances is \$23,111 (April 30, 2012 - \$17,326).

The Company believes that a change of 10% in foreign exchange rates would have a diminimus effect on gains or losses for the period.

7. Amounts receivable

The Company's amounts receivable consist of harmonized services tax ("HST") recoverable from government taxation authorities and interest receivable from GTO.

	<i>As at</i>	
	July 31, 2012	April 30, 2012
	\$	\$
HST recoverable	6,148	14,008
Interest receivable	3,017	33,502
Total amounts receivable	9,165	47,510

At July 31, 2012, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in note 5, above.

The Company holds no collateral for any receivable amounts outstanding as at July 31, 2011.

8. Loan receivable

On July 18, 2011, the Company provided a loan to GTO of \$700,000 to assist with its start-up expenditure costs. Under the terms of the loan, the amount is unsecured, bears interest of Bank of Canada prime rate plus 3% per annum compounded semi-annually, and is due on or before July 18, 2013. In addition, the loan is convertible into common shares of GTO using a weighted average closing price of the first ten trading days following GTO's listing of their common shares subject to a minimum conversion price of \$0.10 per share.

The Company recorded the initial value of loan receivable at amortized cost of \$608,697, using a discount rate of 15%, which is management's estimate of the prevailing market rate for a company of

Firebird Resources Inc.
Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the three months ended July 31, 2012 and 2011

similar size and operations. During the 3 months ended July 31, 2012, the Company recorded a recovery of the discount of loan receivable of \$11,485 (2011 - \$nil). During the same period, GTO repaid \$50,000 (2011 - \$nil) on account of outstanding interest of \$42,749 (2011 - \$nil) thereby reducing the principal by \$7,251 (2011 - \$nil) and increasing the carrying value to \$648,658 at July 31, 2012.

As at July 31, 2012, accrued interest of \$3,016.85 (April 30, 2012 - \$33,502) has been recorded in amounts receivable.

9. Trade payables

The following is an aged analysis of the trade payables:

	As at,	
	July 31, 2012	April 30, 2012
	\$	\$
Less than 1 month	36,155	31,660
31 – 60 days	30,039	6,389
61 – 90 days	25,563	5,896
Over 3 months	131,949	117,457
Total trade payables	223,706	161,402

10. Accrued liabilities and other payables

At July 31, 2012, the accrued liabilities total \$38,540 (April 30, 2012 - \$17,000) and other payables total \$27,691 (April 30, 2012 - \$21,280), with such amounts comprised of outstanding accrued interest on the convertible debenture.

11. Convertible debenture

On December 10, 2009, the Company completed a convertible debenture financing for proceeds of \$255,000. The convertible debenture is unsecured and bears interest at 10% per annum payable annually in arrears. The debenture has a five year term plus one day and is convertible into common shares of the Company at \$0.10 per common share, at the holder's option, for the duration of the term. The debenture holder was issued 2,550,000 detachable common share purchase warrants exercisable at \$0.10 per share for a period of five years. In connection with this financing, the Company issued 255,000 units with a fair value of \$16,575 as finder's fees. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.10 per share for a period of five years.

The Company split the proceeds of the convertible debenture between debt and equity, based on the relative fair values of the debt, conversion option, and warrants. The amount attributable to the debt was \$23,908 and the amount attributable to the conversion option and warrants was \$231,092. This amount represented a deemed discount on the debt issuance, and accordingly is being accreted in the statement of operations using the effect interest rate method over the five year term of the debt. During the 3 months ended July 31, 2012, the Company recorded accretion expense of \$11,381 (same period in 2011 - \$11,555) and as at July 31, 2012, the Company's value of the convertible debenture is \$119,356 (April 30, 2012 - \$107,975).

Firebird Resources Inc.
Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the three months ended July 31, 2012 and 2011

12. Related-party transactions

The Company incurred the following related-party transactions for the 3 months ended July 31, 2012 and 2011:

3 months ended July 31,	2012	2011
	\$	\$
General and administrative	1,500	3,750
Management fees	33,000	44,750
Share-based compensation to key management personnel	-	202,308

At July 31, 2012, the Company owned \$69,177 (April 30, 2012 - \$50,507) to a company controlled by the Chief Executive Officer of the Company for management fees and expense reimbursement. The amounts are unsecured, non-interest bearing and due on demand.

13. Equity

Share Capital

Firebird's authorized share capital consists of an unlimited number of common shares.

There have been no share transactions during the 3 months ended July 31, 2012.

Share transactions for the year ended April 30, 2012

On July 5, 2011, the Company completed a private placement of 3,653,000 units at \$0.60 per share for proceeds of \$2,191,800, of which \$373,000 had been received as at April 30, 2011. Each unit consisted of one common share and one-half of a share purchase warrant. Each full share purchase warrant entitles the holder to purchase one additional common share at \$1.00 per share up to January 5, 2013. In connection with this private placement, the Company paid finders' fees of \$152,166 in cash and issued 255,710 share purchase warrants with a fair value of \$82,300. These compensation warrants entitles the holder to purchase one common share at a price of \$0.75 per share up to July 5, 2012. The fair value of the share purchase warrants was \$82,300 calculated using the Black-Scholes opting pricing model assuming no dividends, expected volatility of 112%, expected life of 1 year, and risk-free rate of 1.24%.

On September 9, 2011, the Company issued 27,150,000 common shares pursuant to the exercise of share purchase warrants for proceeds of \$1,357,500.

On January 10, 2012, the Company issued 400,000 common shares with a fair value of \$144,000 pursuant to a mineral property option agreement with Pageland Minerals Inc.

Share purchase warrants

	Number of warrants	Weighted average exercise price \$
Balance, April 30, 2011	34,650,000	0.06
Issued	2,082,210	0.97
Exercised	(27,150,000)	0.05

Firebird Resources Inc.
Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the three months ended July 31, 2012 and 2011

Balance, April 30, 2012	9,582,210	0.30
Exercised	(255,710)	0.75
Balance, July 31, 2012	9,326,500	0.29

As at July 31, 2012, the following share purchase warrants were outstanding:

Date of Expiry	Type	No. of Warrants	Exercise Price \$
January 5, 2013	Warrant	1,826,500	1.00
September 25, 2014	Warrant	2,400,000	0.25
January 8, 2015	Warrant	5,100,000	0.05
Total		9,326,500	

Stock Options

The Company has adopted a stock option plan pursuant to which options may be granted to directors, officers, employees and consultants of the Company to a maximum of 10% of the issued and outstanding common shares, and not exceeding 5% granted to any individual. The stock options have maximum term of 5 years and cannot be assigned or transferred. As at July 31, 2012, the Company had 3,601,042 (April 30, 2012 – 3,601,042) options available for issuance. A continuity of the unexercised options is as follows:

	July 31, 2012		April 30, 2012	
	Weighted Average Exercise Price	No. of Options	Weighted Average Exercise Price	No. of Options
	\$		\$	
Outstanding at beginning of year	0.60	4,500,000	0.60	4,500,000
Outstanding at end of period/year	0.60	4,500,000	0.60	4,500,000
Exercisable at the end of period/year	0.60	4,500,000	0.60	4,500,000

The following table provides additional information about outstanding stock options at July 31, 2012:

Exercise Prices	No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price (\$)
\$0.60	4,500,000	3.7	0.60

During the 3 months ended July 31, 2012, the weighted average fair value of stock options granted was \$nil (same period in 2011 - \$0.xx) per option. The fair value of the stock options vested during the 3 months ended July 31, 2012, was \$nil (same period in 2011 - \$270,968). The Black-Scholes option pricing model weighted average assumptions used during the three months ended July 31,

Firebird Resources Inc.
Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the three months ended July 31, 2012 and 2011

2011, were as follows: Risk-free interest rate of 1.41%, expected life (in years) of 2.7 and an expected volatility of 290%.

14. Exploration and evaluation expenditures

The exploration and evaluation expenditures for the Company are broken down as follows:

	Three months ended		Cumulative to date
	July 31, 2012	July 31, 2011	
	\$	\$	\$
Pageland, South Carolina:			
Acquisition costs	-	484,200	5,848,200
Exploration costs	113,146	132,298	1,406,144
Total Pageland	113,146	616,498	7,254,344
Mountain of Gold, Ontario:			
Exploration costs	-	-	(23,193)
Total Mountain of Gold	-	-	(23,193)
Total exploration and evaluation expenditures	113,146	616,498	7,231,151

Commitments

Mountain of Gold, Ontario

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

- i) issue 50,000 common shares on regulatory approval of the agreement;
- ii) issue 50,000 common shares by May 4, 2006; and
- iii) issue 100,000 common shares by May 4, 2007.

The Company has 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 for \$1,000,000.

On December 22, 2011, the Company signed a property option agreement with each of Wedona Resources Inc., a private corporation and Clydesdale Resources Inc. (collectively the "Optionees"), a public company (together, the "Agreements"), whereby the Optionees each can earn a 50% interest in the Company's Mountain of Gold property.

Pursuant to the Agreements, each of the Optionees can earn a 50% interest in the property by incurring \$250,000 in exploration expenditures and by paying the Company \$125,000 in cash (or in Clydesdale Resources Inc.'s case, capital stock of equivalent value) over a three-year period until December 31, 2013, of which \$25,000 has been received by the Company. 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

Firebird Resources Inc.
Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the three months ended July 31, 2012 and 2011

price under the Buyback Option 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 the 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 expires on December 31, 2015.

Pageland Minerals, South Carolina

Pursuant to a mineral property option agreement dated June 24, 2010, the Company was granted an option to acquire a 70% undivided interest in mineral claims in South Carolina. In order to keep the option granted to the Company in good standing, the Company is obligated to:

- i) issue common shares with a fair value of \$4,800,000 (issued) by January 31, 2012;
- ii) pay \$200,000 (paid) on or before March 31, 2011;
- iii) pay \$500,000 (paid) on or before June 30, 2011; and
- iv) incur exploration costs of \$495,000 (incurred) by August 31, 2011.

The Company has the option to acquire the remaining 30% interest in the mineral claims in exchange for \$1,800,000 and incurring an additional \$1,000,000 of exploration costs by October 31, 2012.

15. Segmented information

Operating Segments

As at July 31, 2012, the Company's operations comprise a single reporting operating segment engaged in mineral exploration in the United States of America ("USA") and Canada. The Company's corporate division only earns revenues (interest income) that are considered incidental to the activities of the Company. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent operating segment amounts.

Geographic Segments

The Company is in the business of mineral exploration in Canada and the USA. As such, management has organized the Company's reportable segments by geographic area. The USA segment is responsible for that country's mineral exploration activities while the Canadian segment manages corporate head office activities and is responsible for the Canadian mineral exploration activities. Information concerning Firebird's reportable segments is as follows:

	3 months ended	
	July 31, 2012	July 31, 2011
Consolidated net loss	\$	\$
Canada	113,146	55,984
USA	93,800	616,498
	206,946	672,482

Firebird Resources Inc.
Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the three months ended July 31, 2012 and 2011

	3 months ended	
	July 31, 2012	July 31, 2011
Significant non-cash items		
Canada		
Share-based payments	-	270,968
	As at	
	July 31, 2011	April 30, 2012
Total assets		
Canada	716,109	820,439
USA	23,111	5,421
	739,220	825,860