



**Unaudited Interim  
Consolidated Financial Statements**

**As at and for the  
three and six months ended**

**October 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 and six months ended October 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  
December 21, 2012

*"Stephen Gledhill"*  
Chief Financial Officer  
December 21, 2012

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

<b>As at</b>	<b>October 31, 2012</b>	<b>April 30, 2012</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash	40,402	133,925
Amounts receivable <i>(note 7)</i>	12,623	47,510
<b>Total current assets</b>	<b>53,025</b>	<b>181,435</b>
<b>Non-current assets</b>		
Loan receivable <i>(note 8)</i>	619,577	644,425
<b>Total Assets</b>	<b>672,602</b>	<b>825,860</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade payables <i>(note 9)</i>	291,823	161,402
Accrued liabilities and other payables <i>(note 10)</i>	43,101	38,281
Due to related parties <i>(note 12)</i>	95,777	50,507
<b>Total current liabilities</b>	<b>430,701</b>	<b>250,190</b>
<b>Non-current liabilities</b>		
Convertible debenture <i>(note 11)</i>	131,259	107,975
<b>Total liabilities</b>	<b>560,960</b>	<b>358,165</b>
<b>Shareholders' equity</b>		
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	(22,539,872)	(22,182,819)
<b>Total shareholders' equity</b>	<b>110,642</b>	<b>467,695</b>
<b>Total liabilities and shareholders' equity</b>	<b>672,602</b>	<b>825,860</b>

**Going concern - note 1**

**Subsequent event – note 16**

Approved by the Board on December 21, 2012

“Glen MacDonald”  
Director

“Thomas Tough”  
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)*

	3 months ended		6 months ended	
	October 31, 2012	October 31, 2011	October 31, 2012	October 31, 2011
	\$	\$	\$	\$
<b>Operating expenses</b>				
Exploration and evaluation expenditures <i>(note 14)</i>	51,522	696,934	164,669	1,313,432
Foreign exchange gain	802	-	(1,196)	-
General and administrative <i>(note 12)</i>	42,499	83,156	82,351	149,118
Management fees <i>(note 12)</i>	50,700	26,471	101,538	107,221
Professional fees	6,639	111,934	17,706	128,934
Share-based compensation <i>(note 12)</i>	-	919,939	-	1,190,907
<b>Total operating expenses</b>	<b>152,162</b>	1,838,434	<b>365,068</b>	2,889,612
<b>Net loss before other income (expense)</b>	<b>(152,162)</b>	(1,838,434)	<b>(365,068)</b>	(2,889,612)
<b>Other income (expense)</b>				
Accretion on discount on convertible debentures	(11,903)	(11,554)	(23,284)	(23,109)
Accretion on discount on loan receivable	11,501	-	22,985	-
Interest income	8,867	7,000	21,134	7,000
Interest expense	(6,410)	(6,428)	(12,820)	(12,885)
Gain on sale of properties	-	-	-	396,679
<b>Total other income (expense)</b>	<b>2,055</b>	(10,982)	<b>8,015</b>	367,715
<b>Net loss and comprehensive loss</b>	<b>(150,107)</b>	(1,849,416)	<b>(357,053)</b>	(2,521,897)
<b>Basic and fully diluted net loss per share</b>	<b>(0.002)</b>	(0.026)	<b>(0.004)</b>	(0.041)
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>81,010,417</b>	72,115,308	<b>81,010,417</b>	61,502,835

*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	Share-based payment reserves		Deficit	Equity portion of convertible debentures	Total
	Number of shares	Amount		Options	Warrants			
<b>Balance at May 1, 2011</b>	<b>49,807,417</b>	<b>16,462,327</b>	<b>373,000</b>	<b>1,382,257</b>	-	<b>(18,636,621)</b>	<b>231,092</b>	<b>(187,945)</b>
Private placement	3,653,000	2,191,800	(373,000)	-	-	-	-	1,818,800
Cost of private placement	-	(152,167)	-	-	-	-	-	(152,167)
Compensation warrants issued	-	(82,300)	-	-	82,300	-	-	-
Exercise of warrants	27,150,000	1,357,500	-	-	-	-	-	1,357,500
GTO Spin-out ( <i>note 2</i> )	-	(396,679)	-	-	-	-	-	(396,679)
Share-based compensation	-	-	-	1,190,907	-	-	-	1,190,907
Net loss for the period	-	-	-	-	-	(2,521,897)	-	(2,521,897)
<b>Balance at October 31, 2011</b>	<b>80,610,417</b>	<b>19,380,481</b>	-	<b>2,573,164</b>	<b>82,300</b>	<b>(21,158,518)</b>	<b>231,092</b>	<b>1,108,519</b>
Issued for property option payment	400,000	144,000	-	-	-	-	-	144,000
Share-based compensation	-	-	-	239,477	-	-	-	239,477
Net loss for the period	-	-	-	-	-	(1,024,301)	-	(1,024,301)
<b>Balance at April 30, 2012</b>	<b>81,010,417</b>	<b>19,524,481</b>	-	<b>2,812,641</b>	<b>82,300</b>	<b>(22,182,819)</b>	<b>231,092</b>	<b>467,695</b>
Net loss for the period	-	-	-	-	-	(357,053)	-	(357,053)
<b>Balance at October 31, 2012</b>	<b>81,010,417</b>	<b>19,524,481</b>	-	<b>2,812,641</b>	<b>82,300</b>	<b>(22,539,872)</b>	<b>231,092</b>	<b>110,642</b>

*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)*

<b>Six months ended</b>	<b>October 31, 2012</b>	<b>October 31, 2011</b>
	<b>\$</b>	<b>\$</b>
<b>Operations</b>		
Net loss	<b>(357,053)</b>	(2,521,897)
Adjustments to reconcile net loss to cash flow from operating activities:		
Accretion on discount of convertible debentures	<b>23,284</b>	23,110
Accretion on discount of loan receivable	<b>(22,985)</b>	-
Gain on sale of properties	-	(396,679)
Share-based compensation	-	1,190,907
Net change in non-cash working capital items:		
Trade and other receivables	<b>34,886</b>	(23,197)
Account payable and accrued liabilities	<b>135,242</b>	50,884
Increase (decrease) in related-party loans	<b>45,270</b>	(6,407)
<b>Cash used in operating activities</b>	<b>(141,356)</b>	(1,683,279)
<b>Financing</b>		
Issuance of common shares (2011 - net of issuance costs of \$152,167 and subscriptions)	-	1,826,634
Exercise of warrants	-	1,357,500
<b>Cash provided from financing activities</b>	<b>-</b>	3,184,134
<b>Investments</b>		
Repayment (advance) of related-party loan receivable	<b>47,833</b>	(700,000)
<b>Cash used in (provided from) investing activities</b>	<b>47,833</b>	(700,000)
<b>Increase in cash and cash equivalents</b>	<b>(93,523)</b>	800,855
Cash at beginning of period	<b>133,925</b>	178,334
<b>Cash at end of period</b>	<b>40,402</b>	979,189
<b>Supplemental cash flow information:</b>		
Interest paid	-	-
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**  
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**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 October 31, 2012, the Company has not generated any revenues from operations, has an accumulated deficit of \$22,539,872 (April 30, 2012 - \$22,182,819) and has a working capital deficit of \$377,676 (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, or that funds may be obtained through the receipt of repayments (in whole or in part) of its loan to GTO Resources Inc. ("GTO") (see note 2) to meet the Company's liabilities and commitments as they become due in the short term. In the medium to longer term, the Company will be required to complete a financing and there is a risk that such financing may 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, 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. Significant accounting policies**

**3.1 Statement of compliance**

The Financial Statements, including comparatives, have been prepared in accordance with *International Accounting Standards 34 'Interim Financial Reporting'*. Interim financial statements

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would not normally include all the information required for full annual financial statements and should be read in conjunction with the annual consolidated financial statements of the Company as at and for the years ended April 30, 2012 and 2011.

The Financial Statements were approved for issuance by the Company's Board of Directors on December 21, 2012.

### **3.2 Basis of preparation**

The Financial Statements have been prepared on the historic cost basis except for certain non-current assets and financial instruments, that are measured at fair value, as explained in the accounting policies. Pursuant to IFRS, fair value is, "the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction."

### **3.3 Basis of presentation**

The Financial Statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's April 30, 2012 audited annual consolidated financial statements. Some comparative figures have been reclassified to provide consistency with amounts reported in the current period. These reclassifications have not changed the previously reported loss for the comparative period.

The Financial Statements are presented in Canadian dollars, the Company's functional currency.

### **3.4 Basis of consolidation**

The Financial Statements include the financial statements of the Company and its wholly-owned and integrated subsidiary, Firebird Gold, Inc. 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.

All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

### **3.5 Significant accounting judgments and estimates**

The preparation of the Financial Statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates, when applicable, relate to asset retirement obligations; recoverability of amounts receivable, valuation of deferred income tax amounts, functional currency and the calculation of share-based payments and warrants. The most significant judgements, when applicable, relate to recognition of deferred tax assets and liabilities, determination of the commencement of commercial production and the determination of the economic viability of a project.

### **3.6 Adoption of new and revised standards and interpretations**

The IASB issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, and amendments that are effective for the Company's financial year beginning on or after May 1, 2013, except as indicated, with early adoption permitted.



**Firebird Resources Inc.**  
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- **IFRS 9 'Financial Instruments: Classification and Measurement'** – introduces new requirements for the classification and measurement of financial instruments, effective on May 1, 2015.
- **IFRS 10 'Consolidated Financial Statements'** – establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
- **IFRS 11 'Joint Arrangements'** - 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'** - 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'** - 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 its 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 October 31, 2012 totaled \$110,642 (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 for the 6 months ended October 31, 2012 and is 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 payables, accrued liabilities and other payables, and amounts due to related parties approximate their carrying

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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 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 Harmonized Sales Tax (HST) recoverable of \$10,157 (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 \$2,466 (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 October 31, 2012, the Company had a working capital deficiency of \$376,676 (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 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).

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**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**

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 October 31, 2012, the Company's exposure to foreign currency balances is \$8,822 (April 30, 2012 - \$17,326).

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

**7. Amounts receivable**

The Company's amounts receivable consist of HST recoverable from government taxation authorities and interest receivable from GTO.

	<i>As at</i>	
	<b>October 31, 2012</b>	April 30, 2012
	\$	\$
HST recoverable	<b>10,157</b>	14,008
Interest receivable	<b>2,466</b>	33,502
<b>Total amounts receivable</b>	<b>12,623</b>	47,510

At October 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 October 31, 2012.

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**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 similar size and operations. During the 6 months ended October 31, 2012, the Company recorded a recovery of the discount of loan receivable of \$22,985 (fiscal 2012 - \$nil). During the same period, GTO paid \$100,000 (fiscal 2012 - \$nil) on account of outstanding principal and interest of \$47,880 (fiscal 2012 - \$nil) and \$52,120 (fiscal 2012 - \$nil), respectively. The principal reduction decreased the face value of the GTO Loan to \$652,120, and reduced its carrying value to \$619,577, as at October 31, 2012.

As at October 31, 2012, accrued interest of \$2,466 (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,	
	October 31, 2012	April 30, 2012
	\$	\$
Less than 1 month	32,234	31,660
31 – 60 days	41,624	6,389
61 – 90 days	18,260	5,896
Over 3 months	199,705	117,457
<b>Total trade payables</b>	<b>291,823</b>	<b>161,402</b>

**10. Accrued liabilities and other payables**

At October 31, 2012, the accrued liabilities total \$9,000 (April 30, 2012 - \$17,000) and other payables total \$34,101 (April 30, 2012 - \$21,281), 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-plus-one-day term 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

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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 6 months ended October 31, 2012, the Company recorded accretion expense of \$23,284 (fiscal 2012 - \$23,109) and as at October 31, 2012, the Company's value of the convertible debenture is \$131,259 (April 30, 2012 - \$107,975).

**12. Related-party transactions**

The Company incurred the following related-party transactions for the 6 months ended October 31, 2012 and 2011:

	3 months ended		6 months ended	
	October 31, 2012	October 31, 2011	October 31, 2012	October 31, 2011
	\$	\$	\$	\$
General and administrative	1,500	1,500	3,000	3,750
Management fees	33,000	34,200	66,000	73,950
Share-based compensation to key management personnel	-	-	-	-

At October 31, 2012, amounts included in the due to related parties included \$89,847 (April 30, 2012 - \$50,507) to a company controlled by the Chief Executive Officer of the Company for management fees and expense reimbursement and \$5,930 (April 30, 2012 - \$nil) to a company in which the Company's CFO is a partner. 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.

**Share transactions for the 6 months ended October 31, 2012**

There have been no share transactions during the 6 months ended October 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

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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 \$
<b>Balance, April 30, 2011</b>	<b>34,650,000</b>	<b>0.06</b>
Issued	2,082,210	0.97
Exercised	(27,150,000)	0.05
<b>Balance, April 30, 2012</b>	<b>9,582,210</b>	<b>0.30</b>
Exercised	(255,710)	0.75
<b>Balance, October 31, 2012</b>	<b>9,326,500</b>	<b>0.29</b>

As at October 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
<b>Total</b>		<b>9,326,500</b>	

**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 October 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:

	October 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

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<b>Outstanding at end of period/year</b>	<b>0.60</b>	<b>4,500,000</b>	0.60	4,500,000
<b>Exercisable at the end of period/year</b>	<b>0.60</b>	<b>4,500,000</b>	0.60	4,500,000

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

Exercise Prices	No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price (\$)
\$0.60	4,500,000	3.4	0.60

The fair value of the stock options vested during the 6 months ended October 31, 2012, was \$nil (fiscal 2012 - \$1,190,907).

**14. Exploration and evaluation expenditures**

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

	<b>Three months ended</b>		<b>Six months ended</b>		<b>Cumulative to date</b>
	<b>October 31, 2012</b>	<b>October 31, 2011</b>	<b>October 31, 2012</b>	<b>October 31, 2011</b>	
	\$	\$	\$	\$	\$
<b>Pageland, South Carolina:</b>					
Acquisition costs	-	122,000	-	606,200	5,848,200
Exploration costs	<b>51,522</b>	574,934	<b>164,669</b>	805,226	1,457,667
<b>Total Pageland</b>	<b>51,522</b>	696,934	<b>164,669</b>	1,411,426	7,305,867
<b>Mountain of Gold, Ontario:</b>					
Exploration costs	-	-	-	-	(23,193)
<b>Total Mountain of Gold</b>	-	-	-	-	(23,193)
<b>Total exploration and evaluation expenditures</b>	<b>51,522</b>	696,934	<b>164,669</b>	1,411,426	7,282,674

**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 (issued);
- ii) issue 50,000 common shares by May 4, 2006 (issued); and
- iii) issue 100,000 common shares by May 4, 2007 (issued).

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



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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 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 by January 31, 2012 (issued);
- ii) pay \$200,000 on or before March 31, 2011 (paid);
- iii) pay \$500,000 on or before June 30, 2011 (paid); and
- iv) incur exploration costs of \$495,000 by August 31, 2011 (incurred).

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 October 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:



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	3 months ended		6 months ended	
	October 31, 2012	October 31, 2011	October 31, 2012	October 31, 2011
<b>Consolidated net loss</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Canada	(98,585)	(1,849,416)	(192,384)	(1,208,466)
USA	(51,522)	-	(164,669)	(1,313,432)
	<b>(150,107)</b>	<b>(1,849,416)</b>	<b>(357,053)</b>	<b>(2,521,897)</b>
<b>Significant non-cash items</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Canada				
Share-based payments	-	919,939	-	1,190,907

	As at	
	October 31, 2012	April 30, 2012
<b>Total assets</b>		
Canada	663,780	820,439
USA	8,821	5,421
	<b>672,602</b>	<b>825,860</b>

**16. Subsequent event**

On November 22, 2012, the Company received a payment of \$50,000 from GTO in regard to the GTO Loan (note 8). The payment has been applied firstly to outstanding accrued interest of \$4,824.25 with the remainder applied to the outstanding principal.