



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION  
AND RESULTS OF OPERATION**

**For the Nine Months Ended  
September 30, 2008**

**As of November 24, 2008**

## **THUNDERBIRD RESORTS, INC.**

Management's Discussion and Analysis

(Expressed in United States Dollars)

(Tabular amounts expressed in thousands of dollars, except per share amounts)

For the Nine Months Ended September 30, 2008

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## **INTRODUCTION**

### **Basis for Discussion and Analysis**

This management's discussion and analysis of the financial condition and recent developments, consolidated results of operations, consolidated quarterly results trend, liquidity and capital resources, and other financial information ("MD&A") of Thunderbird Resorts, Inc. (the "Company", "we", "our") is dated as of November 24, 2008. This MD&A should be read in conjunction with our unaudited interim consolidated financial statements for the nine month period ended September 30, 2008 ("Interim Financial Statements"), our audited consolidated financial statements for the year ended December 31, 2007 and the accompanying notes to the consolidated financial statements ("Annual Financial Statements") and our MD&A for the year ended December 31, 2007.

Our discussion in this MD&A is based on the Interim Financial Statements. The Interim Financial Statements are prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") for interim financial statements and accordingly, certain information and note disclosures normally included in the Annual Financial Statements are omitted. Unless expressly stated otherwise, all financial information is expressed in United States Dollars.

### **Non-GAAP Measures**

The following non-GAAP definitions are used in this MD&A because management believes that they provide useful information regarding our ongoing operations. Readers are cautioned that the definitions are not recognized measures under Canadian GAAP, do not have standardized meanings prescribed by GAAP, and should not be construed to be alternatives to net earnings determined in accordance with GAAP or as indicators of performance or liquidity or cash flows. Our method of calculating these measures may differ from the method used by other entities and, accordingly, our measures may not be comparable to similarly titled measures used by other entities.

Property EBITDA consists of income from operations before depreciation and amortization, write-downs, reserves and recoveries, project development costs, pre-opening costs, foreign exchange gains or losses, expenses associated with stock option grants, corporate expenses, corporate management fees, merger and integration costs, income/(losses) on interests in non-consolidated affiliates and amortization of intangible assets. Property EBITDA is a supplemental financial measure we use to evaluate our country-level operations.

Adjusted EBITDA represents net earnings before interest expense, income taxes, depreciation and amortization, equity in earnings of affiliates, minority interests, development costs, foreign exchange gains or losses, expenses associated with stock option grants, and gains on refinancing and discontinued operations. We use Adjusted EBITDA to assess the asset-level performance of our ongoing operations. However, Adjusted EBITDA should not be construed as an alternative to income from operations as an indicator of our operating performance, or to cash flows from operating activities as a measure of liquidity. A reconciliation of Adjusted EBITDA to net earnings (loss) under GAAP is shown in the "Consolidated Results of Operations" section in this MD&A.

The following non-GAAP measures have common definition in the gaming industry. Table drop is the collective amount of money customers wager on table games against the casino, and is commonly computed as the aggregate of money counted in the casino drop boxes. Table hold is calculated as the table drop plus or minus the net change in table chip inventory. Table hold percentage is the ratio of table hold divided by table drop. Table hold percentage fluctuates with the statistical variations or volatility inherent in casino games. Slot drop is the aggregate of money customers have placed into slots or electronic machines. Slot win is the slot drop in less the payout or prizes to winning customers. Slot win per machine per day ("Slot Win/Slot/Day") is the average daily slot win earned by one slot machine, and is calculated as the slot win divided by the number of days in the period, divided by the average number of slot machines that operated during the period. Slot win percentage is the ratio of slot win divided by slot drop. The information presented herein related to gaming revenues is the table hold and slot win.

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**Forward-Looking Statements**

This MD&A contains forward-looking statements that include risks and uncertainties. The factors that could cause actual results to differ materially from those indicated in such forward-looking statements include political and economical concerns adversely impacting the Company's ability to conduct its operations in certain developing countries, market conditions, foreign exchange exposure, competitive and political intervention and unforeseen difficulties that could affect revenues and costs.

The Company cautions that this list of factors is not exhaustive. These factors and other risks and uncertainties are discussed in the Company's continuous disclosure documents filed with the Canadian securities regulatory authorities from time to time, and are included in the "Risk Factors" section of the Company's information statement published on the Company's website [www.thunderbirdresorts.com](http://www.thunderbirdresorts.com).

The forward-looking statements contained herein are made as of the date of this MD&A and are expressly qualified in their entirety by this cautionary statement. Readers should not place undue reliance on the forward-looking statements, which reflect management's plans, estimates, projections and views only as of the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

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**FINANCIAL HIGHLIGHTS AND RECENT DEVELOPMENTS***Financial Highlights*

<b>For the period ended September 30:</b>	<b>Three months</b>		<b>%</b>	<b>Nine months</b>		<b>%</b>
	<b>2008</b>	<b>2007</b>	<b>Chg</b>	<b>2008</b>	<b>2007</b>	<b>Chg</b>
Sales	\$ 44,547	\$ 27,152	64%	\$ 124,175	\$ 69,988	77%
Net income (loss)	(8,973)	(548)	1537%	(16,912)	(313)	5303%
Earnings (loss) per share – basic & fully diluted	\$ (0.46)	\$ (0.06)	629%	\$ (0.86)	\$ (0.04)	2306%
Property EBITDA (1)	12,484	9,018	38%	37,376	21,321	75%
Property EBITDA as a percentage of sales	28%	33%		30%	30%	
Adjusted EBITDA (1)	8,584	7,449	15%	27,470	17,309	59%
Adjusted EBITDA as a percentage of sales	19%	27%		22%	25%	
<b>As of:</b>	<b>30-Sep-08</b>	<b>31-Dec-07</b>				
End of period working capital	\$ (6,467)	\$ 47,128				
Total assets	289,540	215,300				
Long term debt and finance lease obligations	144,486	86,080				
Total liabilities	222,743	134,366				
Share capital	102,886	100,486				
Foreign exchange adjustment	(3,728)	1,124				
Deficit	(42,681)	(25,769)				

(1) Property EBITDA and Adjusted EBITDA are non-GAAP measures and are defined in the introduction – Non-GAAP measures section of the MD&A.

Revenues for the third quarter of 2008 were \$44.5 million which was a 64% increase over the third quarter of 2007 due primarily to the full consolidation of the Panama operation and increases generated by both existing and new operations. Third quarter Property EBITDA was \$12.5 million, a 38% increase over the third quarter of 2007 while margins decreased from 33% in the third quarter of 2007 to 28% in the third quarter of 2008 as a result of the loss incurred in the Guatemala operation, the losses incurred by the new hotel and golf course operation in the Philippines, a decrease in the Panama margins caused by increased competition, the low margins generated by the start-up of the Poland operation, and the opening costs associated with the new flagship casino in Peru which took place on September 26, 2008. These decreases were offset by improved gaming margins in the Philippines and the inclusion of the new Peru slot parlors. Adjusted EBITDA increased 15% to \$8.6 million while margins were impacted by an increase in corporate costs incurred in the support of the growing operations and the new reporting requirements associated with the Company's new listing status on NYSE Euronext, which was completed on October 27, 2008. The net loss for the third quarter 2008 increased to a loss of \$9.0 million from a net loss of \$0.5 million for the same period in 2007. This was due primarily to non-cash unrealized foreign exchange losses, one-time costs associated with the NYSE Euronext listing application process, higher financing costs, project development costs, property pre-opening costs for the new Peru flagship casino and non-cash costs such as stock based compensation and non-controlling interests.

For the nine months ended September 30, 2008 revenues were \$124.2 million as compared to \$70.0 million for the same period in 2007, a 77% increase. The increase was due primarily to the full consolidation of the Panama operations and increases in both existing and new properties. Property EBITDA increased 75% while margins were consistent with the previous years nine month period. Adjusted EBITDA increased 59% for the first nine months of

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2008 while margins decreased as a percentage of sales due primarily to the increased corporate and development staffing. Net loss for the first nine months of 2008 increased to a loss of \$16.9 million from a net loss of \$0.3 million for the same period in 2007. Contributing to the net loss were non-cash unrealized foreign exchange losses, one-time costs associated with the NYSE Euronext listing application process, higher financing costs, project development costs, property pre-opening costs for the new Peru flagship casino and non-cash costs such as stock based compensation and non-controlling interests.

In comparing third quarter 2008 results to the preceding second quarter of 2008, revenues increased from \$40.6 million to \$44.5 million while Property EBITDA decreased from \$13.0 million to \$12.5 million. The decrease in Property EBITDA was the result of the loss in the Guatemala operation of \$0.5 million as it continues to ramp up, a decrease in Panama of \$0.6 million caused by increased competition, the losses incurred in the Philippines new hotel and golf course operation of \$0.5 million, the loss of \$0.2 million caused by the start-up costs associated with the opening of the flagship casino in Peru, and a decrease in Nicaragua of \$0.2 million. These were offset by increases in Costa Rica of \$0.3 million, the Philippines gaming operations of \$0.8 million and increases generated by the new Peru slot parlor operation of \$0.4 million. The low margins generated by the start-up of the Poland operation also contributed to the decrease in Property EBITDA margins from 31% in the second quarter of 2008 to 28% in the third quarter of 2008.

The subsequent sections of the MDA contain more detailed explanations regarding the performance of the operations. The executive management team of our Company reviews property level operating results, measures performance and makes decisions based on individual properties and on countries on a consolidated basis. Therefore, we have compiled our detailed discussions by country and included tables within each country that show the performance of our properties.

### ***Recent Developments***

In light of the current world economic environment, which in some cases has negatively impacted the Company's ability to secure project financing; the Company is taking a conservative approach regarding new project development. As a result, the Company has recently downsized its development organization. This may negatively impact the continuing growth of the Company. Nevertheless, during these difficult economic times, the Company will seek high-return projects with lower capital requirements, such as slot parlors, until such time that longer term financing is available.

### **Panama Development**

*Expansion Projects.* In Panama, our Hotel Washington casino expansion in Colon was completed ahead of schedule on 17 May 2008 with 60 new slot machines. The expansion added 750 square meters of gaming space. Additionally, 73 slot machines were added at our Hotel Nacional in David, Chiriqui, along with a new Pirates Bar and Grill as part of an 883 square meter expansion that opened in August of 2008. We have also installed 60 other slot machines in various other Panama locations, 40 of which were originally planned for Colon and 20 of which were originally planned for David. In the Hotel Soloy in May 2008 permission was obtained from the government to expand the casino by 150 machines and 400 square meters. The expansion has an estimated cost of \$5.3 million and is scheduled to be completed during the first quarter 2009. Demolition is complete and construction began at the end of the third quarter of 2008.

*Panama Stock Purchase.* In January 2008 and September 2008 we acquired an additional 11.36% and 2.27% of the shares, respectively, of International Thunderbird Gaming (Panama) Corp resulting in Thunderbird ownership of 63.63%. Additionally, we have entered into a stock purchase agreement to acquire an additional 4.55% of the total issued and outstanding shares of International Thunderbird Gaming (Panama) Corp. from minority shareholders. The closing is contingent on the Company receiving approval from the Panama regulatory authorities and on the ability to secure financing. Under current circumstances we expect the contingencies to be extended until October

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2009 and financing may not be available under acceptable terms. The Company entered into an Addendum to that Agreement in which the closing date was changed from October 31, 2008 to October 31, 2009. Assuming the 4.55% acquisition is consummated, we would own 68.18% of International Thunderbird Gaming (Panama) Corporation.

### **Philippines Development**

We have commenced our expansion project in Rizal, on the eastern side of Manila. The expansion is expected to be completed in the first quarter of 2009 and will include an event center, additional food and beverage areas and gaming areas, including 163 new slot positions and 49 new table positions. The total investment is projected to be \$13.2 million. In April 2008, we opened our 36 room hotel and nine-hole golf course at Poro Point. We also have plans to expand the existing casino at Poro Point to create an additional 1,000 square meters of gaming space that will offer 75 new slot machines and 42 new table positions along with expanded food and beverage operations. The estimated cost of this expansion is \$7.4 million and is projected to open in the first quarter of 2009.

### **Costa Rica Development**

The Company has "closed" on a stock purchase agreement in September 2008 to acquire a controlling interest in our "flagship property" in Costa Rica. The stock purchase was made from the group of investors that had originally invested in this property in 2004 and had comprised a minority interest in the affiliate that operates this property. The Company previously owned a 42% interest in the affiliate and now owns 54% of this property, "Fiesta Casino-Holiday Inn Express" (formerly the Garden Court Hotel). The purchase price for the additional 12% common stock acquisition was \$1.7 million. This casino is located inside the Holiday Inn Express Hotel, adjacent to the San Jose international airport. By virtue of this acquisition, effective September 1, 2008 the Company will now consolidate 100% of revenue, costs, assets and liabilities of this subsidiary while recognizing a "non-controlling interest" expense and a liability for the minority interests held by shareholders remaining in the entity. Historically, the Company proportionally consolidated 50% of this Costa Rica entity. The balance of the Costa Rican operation will continue to be reported as a joint venture with the Company proportionally consolidating 50% of the revenues, costs, assets and liabilities.

As previously reported, the Company's 22 acre "Tres Rios" resort project in the suburbs of eastern San Jose has received all required permits (environmental and construction) and has been under construction since early 2007. The Company and its affiliate, King Lion Network S.A., have invested approximately \$14.5 million as of October 31, 2008 in the Tres Rios project including land acquisition costs, complete infrastructure development including roads around and through the property, bridges, a highway off-ramp and major entrance bridge, and the eight commercial lots comprising the entire Tres Rios property. Based upon the worldwide liquidity crisis and lack of available local bank financing, the Company has decided to suspend work on the 5-star hotel originally planned and has modified the project master plan to add a new, separate 4-star hotel at a significantly lower cost per hotel room. While these options are being pursued, the "on-site" construction at Tres Rios has recently been slowed. Financial modeling and engineering design for the 4-star hotel and downsized casino are in the initial phases and the Company is optimistic it will be able to finance the reduced cost of the project.

Additionally, as previously disclosed, the Costa Rica executive branch has issued a decree scheduled to go into effect in December 2008 (barring legal or legislative action) which will limit new casinos to one slot machine per hotel room and one table game per ten hotel rooms at the associated hotel. As a result, future development in Costa Rica will be planned to maximize the number of hotel rooms in each project. This will directly affect the number of new gaming positions the Company can deploy in the Costa Rica market.

Until there is a further change in the availability of bank financing in Costa Rica, or an equity partner is contracted, the Company will not pursue further development of the Escazu property.

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While these developments related to Tres Rios and Escazu will not affect the existing Costa Rica facilities, the Company's planned expansion in various locations within the next several months as previously announced remains on schedule.

The Company's Costa Rica subsidiary operation is now operating a 21 room hotel where our Perez Zeledon casino is located. The Perez Zeledon hotel has been renamed The Hotel Thunderbird Resorts. The Company is in the planning stages for the remodel of the casino that will increase the number of casino gaming positions.

### **Guatemala Development**

On July 1<sup>st</sup>, the company started operations in a new line of business in Guatemala called "Juego Novedoso" in two locations, Gran Plaza (43 positions) and Intercontinental (21 positions). This adds to the variety of the entertainment options that Thunderbird offers. With the increasing demand and success in the Intercontinental property, the Company began in September 2008 the expansion of this existing location which is scheduled to open in December 2008. This expansion will increase the number of video lottery positions from 142 to 240 positions. Also Juego Novedoso will expand from 21 to 49 gaming positions and will include a small restaurant and entertainment area. In the Gran Plaza property a 600 square meter event center is being built and is scheduled to open in late fourth quarter 2008 where we will be hosting international and local events from concerts, fairs, theater, weddings, company gatherings, etc.

### **Nicaragua Development**

The Bello Horizonte (Zona Pharaoh's) project, previously announced, opened in late June 2008 and offers 826 square meters, 112 slot machines, 21 table positions and a 65 seat sports-themed restaurant called Ringside Restaurant and a sports book. The Company is assessing the development of similar projects like the Zona Pharaoh's operation. In addition, the Company added 750 square meters of parking at Pharaoh's Carretera Masaya. Due to the worldwide economic environment, we have decided to indefinitely put on hold the approximately \$9 million Masaya casino project.

### **Peru Development**

The Company continues the project to upgrade the six hotels for an estimated investment of approximately \$10 million. This upgrade of the hotels is projected to be fully completed by the fourth quarter of 2008 and will include a new spa and health improvement center.

The Company flagship Fiesta Casino in the Thunderbird Hotel Las Americas Suites property in Peru opened on September 19, 2008. The 5,176 square meter entertainment venue opened with 414 slot machines and 188 table positions, including the country's largest Texas Hold-em room and luxurious VIP lounges. Thunderbird's trademark "Salsas" bar, restaurant and floor show features local and international artists on a daily basis. This property is located at the Plaza Benavides commercial center, which is considered "prime real estate" in the Miraflores district. The hotel has historically catered to business travelers. All of its rooms are duplexes and include a kitchenette, sitting and dining room, office and terrace. The property also has 3,750 square meters of office space, a shopping center with 5,000 square meters and 308 parking spaces.

Due to the worldwide economic environment, the two additional full entertainment casinos planned in two of our properties (Las Americas Pardo and El Pueblo) which were scheduled to start construction in the fourth quarter of 2008 will be delayed until more certainty exists regarding its financing. Management is currently evaluating the initial results of the flagship Fiesta Casino in the Thunderbird Hotel Las Americas Suites property in Miraflores prior to making any further investment in the Miraflores area.

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On July 9, 2008, Thunderbird's wholly owned subsidiary in Peru purchased 100% of the equity interest in each of Sun Nippon Company, S.A.C. and Interstate Gaming Del Peru, S.A. for approximately \$12.7 million. Over 70% of the purchase price was paid from funds previously raised by the Company in a recent debt offering with the balance of the purchase price being paid from the Company's cash reserves. Thunderbird has taken possession of the facilities and is managing the operations. In addition, a material portion of the purchase price was held in escrow as certain liabilities and accounts receivables are in the process of being resolved during the "post closing" period. The five facilities owned by these two Thunderbird subsidiaries have approximately 500 slot positions in five locations in Peru. There are no table games in these locations. The Company intends to upgrade current slots and add additional slot positions as demand warrants. The locations and facilities description are as follows:

	<b>Total Square Meters</b>	<b>Slots</b>
Lima	500	180
Cuzco	250	81
Tacna	400	140
Iquitos	200	91
La Oroya	150	45

### **Poland Development**

The Company took over operations of a small casino and a slot parlor in Lodz, Poland via its acquisition of the company Casino Centrum Sp. z o.o. A recent remodeling was completed at the end of the third quarter at these locations. We are now finalizing expansion plans for both properties and initiating the permitting process to be able to complete those expansions. The properties currently have 71 slot machines and 37 table positions. With the expansion we anticipate a second quarter 2009 completion which will add approximately 41 slot positions.

### **Colombia Development**

The Company continues to believe that Colombia is a "gaming friendly" environment with a relatively large population that remains underserved by the type of product offered by the Fiesta and Salsa brands. However, the Company elected in November to close its development office in Bogota and to continue the pre-development with staff located in nearby Panama.

### **India Development**

In March 2008, we entered into a series of agreements with a local Indian group to construct and jointly own a luxury resort in Daman, India, that will include a 177-room five-star hotel, 5,700 square meter casino, a 2,700 person event center and several restaurants and bars. We will operate the event center, restaurant, bars, and hotel under a long-term management contract and will lease space to a third-party casino operator. Under our agreements, our Indian partner contributed over 40,000 square meters of land and in April 2008, we contributed \$8.0 million in exchange for 50 percent of the equity in Daman Hospitality Private Limited (DHPL), a company incorporated under the laws of India. DHPL will also build and lease, on a long term basis, facilities to an Indian owned and operated company that is eligible to operate the area's first gaming license under the 1976 Gambling Act of Goa, Daman & Diu. The lease is intended to compensate DHPL for the build-out of the casino structure and the provision of normal and customary non-gaming services. The project civil works are under construction and expected to be completed in the first quarter of 2009. Financing discussions are ongoing, and we expect further announcements on this in the first quarter of 2009.

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**Restatement of September 2007 results**

The Company restated its financial statements for the September 30, 2007 period that removed a derivative financial instrument liability from its books. The Company originally took a position that a warrant instrument was to be classified as a liability due to certain clauses within the contract. This classification was deemed incorrect and the warrant instrument has been reclassified to equity. This correction eliminated the derivative instrument liability of \$1.0 million, increased net income by \$1.6 million for period ended September 30, 2007 and decreased the retained deficit by \$4.3 million.

The reconciliation of Property EBITDA to net income (loss) and Adjusted EBITDA to net income (loss) is as follows:

	<b>Third Quarter</b>		<b>%</b>	<b>First nine months of</b>		<b>%</b>
	<b>2008</b>	<b>2007</b>	<b>Chg</b>	<b>2008</b>	<b>2007</b>	<b>Chg</b>
Property EBITDA	<b>\$12,484</b>	\$9,018	38%	<b>\$37,376</b>	\$21,321	75%
Corporate Expenses	<b>3,900</b>	1,569	149%	<b>9,906</b>	4,012	147%
<b>Adjusted EBITDA</b>	<b>8,584</b>	7,449	15%	<b>27,470</b>	17,309	59%
EBITDA as a % of Revenues	<b>19%</b>	27%		<b>22%</b>	25%	
Depreciation & Amortization	<b>5,020</b>	2,468	103%	<b>13,961</b>	5,920	136%
Interest and Financing Costs, Net	<b>5,418</b>	3,408	59%	<b>12,178</b>	6,781	80%
Non-controlling Interest	<b>289</b>	547	-47%	<b>1,383</b>	1,396	-1%
Project Development	<b>2,857</b>	628	355%	<b>6,447</b>	1,169	451%
Stock-based Compensation	<b>750</b>	717	5%	<b>2,117</b>	739	186%
Foreign Exchange (gain)	<b>2,204</b>	(540)	-508%	<b>4,463</b>	(789)	-666%
Other (Gains) Losses	<b>1,391</b>	(256)	-643%	<b>2,226</b>	(120)	-1955%
Income Taxes	<b>(372)</b>	1,025	-136%	<b>1,607</b>	2,526	-36%
<b>Net Earnings (Loss)</b>	<b>\$ (8,973)</b>	\$ (548)	1537%	<b>(16,912)</b>	\$ (313)	5303%

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**CONSOLIDATED RESULTS OF OPERATIONS**

The following table summarizes our consolidated operating results for the quarter and nine months ended September 30, 2008 with comparatives to prior periods.

	Third Quarter		%	First nine months of		%
	2008	2007	Chg	2008	2007	Chg
Gaming Revenues	\$ 37,619	\$ 23,362	61%	\$ 104,116	\$ 63,971	63%
Food & Beverage Revenues	3,001	1,785	68%	8,773	3,719	136%
Hospitality and Other Revenues	3,927	2,005	96%	11,286	2,298	391%
<b>Revenues</b>	<b>44,547</b>	<b>27,152</b>	<b>64%</b>	<b>124,175</b>	<b>69,988</b>	<b>77%</b>
Promotional Allowances	1,055	726	45%	2,676	2,419	11%
Property, Marketing and Administration	31,009	17,408	78%	84,124	46,248	82%
<b>Property EBITDA</b>	<b>12,484</b>	<b>9,018</b>	<b>38%</b>	<b>37,376</b>	<b>21,321</b>	<b>75%</b>
Corporate Expenses	3,900	1,569	149%	9,906	4,012	147%
<b>Adjusted EBITDA</b>	<b>8,584</b>	<b>7,449</b>	<b>15%</b>	<b>27,470</b>	<b>17,309</b>	<b>59%</b>
EBITDA as a % of Revenues	19%	27%		22%	25%	
Depreciation & Amortization	5,020	2,468	103%	13,961	5,920	136%
Interest and Financing Costs, Net	5,418	3,408	59%	12,178	6,781	80%
Non-controlling Interest	289	547	-47%	1,383	1,396	-1%
Project Development	2,857	628	355%	6,447	1,169	451%
Stock-based Compensation	750	717	5%	2,117	739	186%
Foreign Exchange (gain)	2,204	(540)	-508%	4,463	(789)	-666%
Other (Gains) Losses	1,391	(256)	-643%	2,226	(120)	-1955%
Income Taxes	(372)	1,025	-136%	1,607	2,526	-36%
<b>Net Earnings (Loss)</b>	<b>\$ (8,973)</b>	<b>\$ (548)</b>	<b>1537%</b>	<b>\$ (16,912)</b>	<b>\$ (313)</b>	<b>5303%</b>
Earnings (loss) per common share:						
Basic	\$ (0.46)	\$ (0.06)		\$ (0.86)	\$ (0.04)	
Diluted	\$ (0.46)	\$ (0.06)		\$ (0.86)	\$ (0.04)	
Weighted average number of common shares (in thousands):						
Basic	19,567	8,712		19,567	8,712	
Diluted	20,023	9,239		20,023	9,239	

Basic shares outstanding is the weighted average number of shares outstanding for the year as of September 30, 2008. Total basic shares outstanding as of September 30, 2008 was 19,567,244. Total actual shares outstanding as of September 30, 2008 was 19,638,082. September 30, 2007 basic (loss) per share has been adjusted for the one-for-three reverse stock split that occurred in November 2007.

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**Discussion of Results**

Our operating results are discussed in two sections. Revenues, promotional costs, property, marketing and administration, and Property EBITDA are discussed on a country level basis. Items excluded from Adjusted EBITDA are discussed on a consolidated basis. The following table reconciles the property results to the consolidated results of operations above.

	Third Quarter		%	First nine months of		%
	2008	2007	Chg	2008	2007	Chg
<b>REVENUES BY COUNTRY</b>						
Panama	\$ 14,764	\$ 7,454	98%	\$ 45,406	\$ 20,565	121%
Guatemala	1,188	883	35%	3,169	2,420	31%
Nicaragua	3,797	3,147	21%	10,721	9,714	10%
Costa Rica	5,195	3,526	47%	13,742	9,541	44%
Philippines	11,586	9,394	23%	33,991	24,853	37%
Peru	6,872	2,679	156%	15,587	2,679	482%
Poland	990	-	-	990	-	-
Other	155	68	128%	569	216	163%
<b>Total Revenues</b>	<b>\$ 44,547</b>	<b>\$ 27,152</b>	<b>64%</b>	<b>\$ 124,175</b>	<b>\$ 69,988</b>	<b>77%</b>
<b>EBITDA BY COUNTRY</b>						
Panama	\$ 4,209	\$ 2,572	64%	\$ 13,948	\$ 6,727	107%
Guatemala	(468)	218	-315%	(477)	(58)	722%
Nicaragua	1,076	903	19%	3,408	2,638	29%
Costa Rica	2,241	1,628	38%	6,037	4,121	46%
Philippines	3,125	2,800	12%	9,442	6,996	35%
Peru	2,272	897	153%	4,989	897	456%
Poland	29	-	-	29	-	-
<b>Property EBITDA</b>	<b>\$ 12,484</b>	<b>\$ 9,018</b>	<b>38%</b>	<b>\$ 37,376</b>	<b>\$ 21,321</b>	<b>75%</b>
<b>Property EBITDA as a % of Revenues</b>	<b>28%</b>	<b>33%</b>		<b>30%</b>	<b>30%</b>	
Other	(3,900)	(1,569)	149%	(9,906)	(4,012)	147%
<b>Adjusted EBITDA</b>	<b>\$ 8,584</b>	<b>\$ 7,449</b>	<b>15%</b>	<b>\$ 27,470</b>	<b>\$ 17,309</b>	<b>59%</b>
<b>Adjusted EBITDA as a % of Revenues</b>	<b>19%</b>	<b>27%</b>		<b>22%</b>	<b>25%</b>	

**Panama (1)**

	Third Quarter		%	First nine months of		%
	2008	2007 <sup>(1)</sup>	Chg	2008	2007 <sup>(1)</sup>	Chg
Gaming Revenues	\$ 13,691	\$ 6,983	96%	\$ 42,450	\$ 19,366	119%
Food & Beverage Revenues	1,073	471	128%	2,956	1,198	147%
Hospitality and Other Revenues	-	-	-	-	-	-
<b>Revenues</b>	<b>14,764</b>	<b>7,454</b>	<b>98%</b>	<b>45,406</b>	<b>20,565</b>	<b>121%</b>
Promotional Allowances	410	128	220%	1,040	632	65%
Property, Marketing and Administration	10,145	4,754	113%	30,418	13,206	130%
<b>Property EBITDA</b>	<b>\$ 4,209</b>	<b>\$ 2,572</b>	<b>64%</b>	<b>\$ 13,948</b>	<b>6,727</b>	<b>107%</b>
<b>Property EBITDA as a % of Revenues</b>	<b>29%</b>	<b>35%</b>		<b>31%</b>	<b>33%</b>	

<sup>(1)</sup> As reported

During the first quarter of 2008, we acquired an additional 11.36% and during the third quarter of 2008 another 2.273% of the total outstanding shares in this operation resulting in Thunderbird ownership of 63.63%. This purchase has resulted in the Company effectively having controlling interest in the operation; therefore the Company

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now consolidates the operation at 100% versus the proportional consolidation of 50% reported in periods prior to the first quarter of 2008. The third quarter 2008 results and first nine months results as presented herein represent 100% of the operations and the third quarter 2007 numbers represent 50% of the operations.

	Third Quarter		%	First nine months of		%
	2008	2007	Chg	2008	2007	Chg
<b>REVENUES BY PROPERTY - PANAMA</b>						
Fiesta Casino - Hotel El Panama, Panama City	\$ 5,694	\$ 3,264	74%	\$ 17,750	\$ 8,930	99%
Fiesta Casino - Hotel Soloy, Panama City	3,141	1,310	140%	9,139	3,714	146%
Fiesta Casino - Hotel Washington, Colón	2,196	1,077	104%	6,914	2,905	138%
Fiesta Casino - Hotel Guayacanes, Chitré	2,015	528	282%	5,036	1,946	159%
Fiesta Casino - Hotel Decameron, Farallón	1,182	263	349%	3,094	1,006	208%
Fiesta Casino - Hotel Nacional, David	536	1,013	-47%	3,473	2,065	68%
<b>Total Revenues</b>	<b>\$ 14,764</b>	<b>\$ 7,454</b>	<b>98%</b>	<b>\$ 45,406</b>	<b>\$ 20,565</b>	<b>121%</b>
<b>EBITDA BY PROPERTY</b>						
Fiesta Casino - Hotel El Panama, Panama City	\$ 1,323	\$ 852	55%	\$ 3,901	\$ 2,116	84%
Fiesta Casino - Hotel Soloy, Panama City	1,151	568	103%	3,689	1,553	138%
Fiesta Casino - Hotel Washington, Colón	761	505	51%	2,761	1,316	110%
Fiesta Casino - Hotel Guayacanes, Chitré	524	170	208%	1,216	512	138%
Fiesta Casino - Hotel Decameron, Farallón	302	89	241%	826	310	167%
Fiesta Casino - Hotel Nacional, David	148	389	-62%	1,555	922	69%
<b>Property EBITDA</b>	<b>\$ 4,209</b>	<b>\$ 2,572</b>	<b>64%</b>	<b>\$ 13,948</b>	<b>\$ 6,727</b>	<b>107%</b>
<b>Property EBITDA</b>						
<b>as a % of Revenues</b>	<b>29%</b>	<b>35%</b>		<b>31%</b>	<b>33%</b>	

	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Average
Table Hold	\$ 3,850	\$ 4,636	\$ 4,829	\$ 2,112	\$ 2,434	\$ 2,144	\$ 1,730	\$ 1,815	
Slot Win	9,841	9,617	9,677	4,944	4,549	4,364	4,145	4,051	
F&B & Other	1,073	1,048	835	500	471	399	328	391	
Total Revenue	\$ 14,764	\$ 15,301	\$ 15,341	\$ 7,556	\$ 7,454	\$ 6,907	\$ 6,203	\$ 6,257	\$ 9,973
Property EBITDA	4,209	4,791	4,948	2,040	2,572	2,274	1,881	1,365	3,010
as a percent of sales	29%	31%	32%	27%	35%	33%	30%	22%	30%

**Revenues**

Revenues increased for the first nine months of 2008 to \$45.4 million from the \$20.6 million recorded for the same period in 2007, an increase of \$24.8 million. \$20.6 million of this increase was due to the consolidation of 100% of the Panama operation versus the proportional consolidation of 50% of the operation during the 2007 period. The remaining increase of \$4.2 million was derived from existing facility operations. The increase in existing operations was due to increases of \$0.7 million in table win, \$3.0 million in slot win, and \$0.5 million in food and beverage revenues. Both table hold and table drop increased by 6% and 16%, respectively; while table hold percentages decreased from 18% to 16% when comparing period over period. The increase in slot win was attributed to increases in slot positions average from 1,484 in 2007 to 1,672 in 2008 and an increase of slot drop of \$4.7 million period over period. The slot win percentage decreased primarily due to the increase in number of slots on the floor, which diluted the overall average slot win per day. The overall increase in gaming revenues for the first nine months of 2008 have been influenced by increased visitation of the facilities resulting from increased marketing of \$0.1 million over the same period of 2007 and the increased entertainment offered, which led to increases in drop in both tables and slots. Food and beverage revenues increased \$0.5 million or 23% due mainly to increased visitation resulting from the increased popularity of the Salsa's brand and improvements to restaurant facilities.

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Revenues increased \$7.3 million for the third quarter of 2008 to \$14.7 million from the \$7.5 million recorded for the same period in 2007. However, when adjusted for the 100% consolidation of the Panama operation resulted in an increase of \$7.5 million in gross revenues for the third quarter of 2008 versus the proportional consolidation of 50% of the operation for the 2007 period, the third quarter of 2008 had a decrease in revenues of \$0.1 million. The decrease in existing operations revenue was due to a decrease of \$1.0 million in table hold, partially offset by increases of \$0.7 million in slot win and \$0.1 million in food and beverage. The table hold percentage decreased from 21% for the third quarter of 2007 to 16% for the third quarter of 2008. Slot win increased 30% from 25% in 2007, this increase is attributed to an increase in average slot positions of 204 period over period. Slot drop decreased 15%, from \$37.9 million in 2007 to \$32.3 million in 2008 due to increased competition. Food and beverage revenues increased 14% or \$0.1 million due mainly to increased visitation as a result of the increased popularity of the Salsa's brand and improvements to restaurant facilities.

### **Expenses**

Property, marketing and administration expenses increased to \$30.4 million for the first nine months of 2008 from \$13.5 million recorded for the same 2007 period, an increase of \$16.9 million. \$13.5 million of this increase was due to the consolidation of 100% of the Panama operation versus the proportional consolidation of 50% of the operation during the 2007 period, resulting in a proportional increase of this expense of \$3.5 million or 13.0%. The \$3.5 million increase is comprised of \$2.5 million general and administrative expenses and \$1.0 million cost of sales. These increases can be attributed to increases in rent, utilities, slot machine repairs and maintenance expenses. The increase in existing facility expenses was due primarily to the expansions of the casinos within Panama, whereby approximately 188 slot positions were added as compared to the nine months ended September 30, 2007. The property, marketing and administration expense increased as a percentage of sales to 67% for the first nine months of 2008 from 65% reported for the same period in 2007.

Property, marketing and administration expenses increased to \$10.1 million for the third quarter of 2008 from \$4.7 million recorded for the same 2007 period, an increase of \$5.3 million. \$4.8 of this increase was due to the consolidation of 100% of the Panama operation versus the proportional consolidation of 50% of the operation during the 2007 period, resulting in a proportional increase of this expense of \$0.6 million or 7%. Promotional allowances also increased to \$0.4 million in the third quarter of 2008 from \$0.3 million for the third quarter of 2007. The 8% spike in expenses is mostly attributed to increased visitation related to the expansions of our existing facilities; whereby we added approximately 204 slot positions as compared to the 3 months ended September 30, 2007. The property, marketing and administration expense increased as a percentage of sales to 69% for the third quarter of 2008 from 64% reported for the same period in 2007.

### **Property EBITDA**

Property EBITDA increased to \$13.9 million during the first nine months of 2008, from the \$6.7 million for the same period in 2007 an increase of \$7.2 million. \$6.7 million of this increase was due to the consolidation of 100% of the Panama operation versus the proportional consolidation of 50% of the operation during the 2007 period. As a percentage of sales property EBITDA decreased to 31% for the first nine months of 2008 from the 33% for the same period in 2007. This decrease was due primarily to increases in property, marketing and administration expenses and slowed revenue growth as a result of increased market competition. Property EBITDA increased to \$4.2 million during the third quarter of 2008, from the \$2.5 million for the same period in 2007 an increase of \$1.6 million. \$2.6 million of this increase was due to the consolidation of 100% of the Panama operation versus the proportional consolidation of 50% of the operation during the 2007 period, resulting in a proportional decrease in property EBITA of \$0.9 million. As a percentage of sales property EBITDA decreased to 29% for the third quarter of 2008 from 34% for the same period in 2007.

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**Guatemala**

	Third Quarter			First nine months of		
	2008	2007	% Chg	2008	2007	% Chg
Gaming Revenues	\$ 1,041	\$ 778	34%	\$ 2,795	\$ 2,109	33%
Food & Beverage Revenues	147	105	41%	374	311	20%
Hospitality and Other Revenues	-	-	-	-	-	-
<b>Revenues</b>	<b>1,188</b>	<b>883</b>	<b>35%</b>	<b>3,169</b>	<b>2,420</b>	<b>31%</b>
Promotional Allowances	-	-	-	-	-	-
Property, Marketing and Administration	1,656	665	149%	3,646	2,478	47%
<b>Property EBITDA</b>	<b>\$ (468)</b>	<b>\$ 218</b>	<b>-315%</b>	<b>\$ (477)</b>	<b>\$ (58)</b>	<b>722%</b>

**Property EBITDA as a % of Revenues**      **-39%**      **25%**      **-15%**      **-2%**

	Third Quarter			First nine months of		
	2008	2007	% Chg	2008	2007	% Chg
<b>REVENUES BY PROPERTY - GUATEMALA</b>						
Camino Real	\$ -	\$ -	-	\$ -	\$ 184	-100%
Video Suerte Loteria Mazatenango, Guatemala City	120	75	60%	270	252	7%
Video Suerte Loteria Coatepeque, Guatemala City	84	49	71%	224	131	71%
Fiesta Video Loteria Intercontinental, Guatemala City	818	759	8%	2,488	1,853	34%
Fiesta Gran Plaza, Guatemala City	166	-	-	187	-	-
<b>Total Revenues</b>	<b>\$ 1,188</b>	<b>\$ 883</b>	<b>35%</b>	<b>\$ 3,169</b>	<b>\$ 2,420</b>	<b>31%</b>
<b>EBITDA BY PROPERTY</b>						
Camino Real	\$ -	\$ 4	-100%	\$ -	\$ (234)	-100%
Video Suerte Loteria Mazatenango, Guatemala City	(47)	(16)	194%	(63)	(37)	67%
Video Suerte Loteria Coatepeque, Guatemala City	(33)	(27)	21%	(66)	(108)	-39%
Fiesta Video Loteria Intercontinental, Guatemala City	(203)	257	-179%	(103)	321	-132%
Fiesta Gran Plaza, Guatemala City	(186)	-	-	(246)	-	-
<b>Property EBITDA</b>	<b>\$ (468)</b>	<b>\$ 218</b>	<b>-315%</b>	<b>\$ (477)</b>	<b>\$ (58)</b>	<b>722%</b>
<b>Property EBITDA as a % of Revenues</b>	<b>-39%</b>	<b>25%</b>		<b>-15%</b>	<b>-2%</b>	

	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Average
Table Hold	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
VLT Win	1,041	939	815	899	778	868	458	966	
F&B & Other	147	132	95	106	105	103	109	184	
Total Revenue	\$ 1,188	\$ 1,071	\$ 910	\$ 1,005	\$ 883	\$ 971	\$ 567	\$ 1,150	\$ 968
Property EBITDA	(468)	22	(31)	149	218	40	(316)	52	(42)
as a percent of sales	-39%	2%	-3%	15%	25%	4%	-56%	5%	-4%

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### **Revenues**

Revenues increased for the first nine months of 2008 to \$3.2 million from the \$2.4 million recorded for the same period in 2007, an increase of \$0.8 million. The increase was composed of \$0.6 million in existing facility and \$0.2 million in new facility revenues. Food and beverage revenues increased \$0.1 million due to the increased entertainment offered at the facilities.

Revenues increased for the third quarter of 2008 to \$1.2 million from the \$0.9 million recorded for the same period in 2007, an increase of \$0.3 million. The increase was composed of \$0.1 million in existing facility revenues and \$0.2 million in new facility revenues. The existing facility revenues increased due to the increased popularity of the sites. Food and beverage revenues increased in \$0.04 million specifically due to the new facility Gran Plaza, in which various promotional activities such as concerts were performed in order to promote this new location.

### **Expenses**

Property, marketing and administration expenses increased to \$3.6 million for the first nine months of 2008 from \$2.5 million recorded for the same 2007 period, an increase of \$1.1 million. The costs were comprised of \$3.2 million for existing facilities and \$0.4 million for the new facility. The increase in existing facilities was due to the increase in the operating leases of facilities and utilities. The property, marketing and administration expense increased as a percentage of sales to (115%) for the first nine months of 2008 from (102%) reported for the same period in 2007. The variance was due to the increase in expenses associated with the opening of the Gran Plaza location specifically marketing and rent expense which represents 50% of all costs of the facility, without the increase in associated revenues due to the ramp up of the operation.

Property, marketing and administration expenses increased to \$1.7 million for the third quarter of 2008 from \$0.7 million recorded for the same 2007 period, an increase of \$1.0 million. The costs were comprised of \$1.3 million for existing facilities and \$0.4 million for new facilities. The increase in existing facilities was due to costs associated with the opening of the Gran Plaza without the increase in associated revenues due to the ramp up of the operation and the increase in costs in other facilities such as rent, security and surveillance. The food and beverage costs had also increased to \$0.4 million in third quarter of 2008 from \$0.2 million for the same 2007 period. All these expenses affected the property, marketing and administration expense as a percentage of sales to 39% for the first nine months of 2008 from 25% reported for the same period in 2007.

The Company has made significant management changes within this country during the last six months and expects these changes will lead to improvements in operating efficiencies and revenue generation within the country.

### **Property EBITDA**

Property EBITDA decreased to a loss of \$(0.5) million during the first nine months of 2008, from the loss of \$(0.1) million for the same period in 2007 an increase in loss of \$(0.4) million. As a percentage of sales Property EBITDA decreased to (15)% for the first nine months of 2008 from the (2)% for the same period in 2007. This increase was due to new start up costs of new Gran Plaza facility as it ramps revenues up to the projected levels.

Property EBITDA decreased to a loss of \$(0.5) million during the third quarter of 2008, from \$0.2 million for the same period in 2007, a decrease of \$(0.7) million. As a percentage of sales Property EBITDA decreased to (39) % for the third quarter of 2008 from the 25% for the same period in 2007. This variance was due to increases in cost of operations incurred during the start up phase of the Gran Plaza project as it ramps revenues up to projected levels.

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**Nicaragua (1)**

	Third Quarter		% Chg	First nine months of		% Chg
	2008	2007		2008	2007	
Gaming Revenues	\$ 3,750	\$ 3,123	20%	\$ 10,318	\$ 9,648	7%
Food & Beverage Revenues	48	24	100%	251	66	280%
Hospitality and Other Revenues	(1)	-	-	152	-	-
<b>Revenues</b>	<b>3,797</b>	<b>3,147</b>	<b>21%</b>	<b>10,721</b>	<b>9,714</b>	<b>10%</b>
Promotional Allowances	336	232	45%	819	653	25%
Property, Marketing and Administration	2,385	2,012	19%	6,494	6,423	1%
<b>Property EBITDA</b>	<b>\$ 1,076</b>	<b>\$ 903</b>	<b>19%</b>	<b>\$ 3,408</b>	<b>\$ 2,638</b>	<b>29%</b>
<b>Property EBITDA as a % of Revenues</b>	<b>28%</b>	<b>29%</b>		<b>32%</b>	<b>27%</b>	

- (1) The Company indirectly owns 55% of the Nicaraguan operation. 100% of the operation is consolidated within the Company's financial statements and non-controlling interest is calculated to reflect the portion of net assets attributable to the minority shareholder.

	Third Quarter		% Chg	First nine months of		% Chg
	2008	2007		2008	2007	
<b>REVENUES BY PROPERTY - NICARAGUA</b>						
Pharaohs Casino, Carretera a Masaya, Managua	\$ 1,723	\$ 1,740	-1%	\$ 5,328	\$ 5,268	1%
Zona Pharaohs, Multicentro Las Americas en Bello Horizonte, Managua	539	-	-	575	-	-
Pharaohs Casino, Hotel Holiday Inn, Managua	598	568	5%	1,812	1,700	7%
Pharaohs Casino, Camino Real, Managua	640	786	-19%	2,207	2,552	-14%
Pharaohs Casino Masaya, Masaya	143	-	-	419	-	-
Sportsbook	154	53	191%	380	194	96%
<b>Total Revenues</b>	<b>\$ 3,797</b>	<b>\$ 3,147</b>	<b>21%</b>	<b>\$ 10,721</b>	<b>\$ 9,714</b>	<b>10%</b>
<b>EBITDA BY PROPERTY</b>						
Pharaohs Casino, Carretera a Masaya, Managua	\$ 543	\$ 486	12%	\$ 1,790	\$ 1,281	40%
Zona Pharaohs, Multicentro Las Americas en Bello Horizonte, Managua	42	-	-	50	-	-
Pharaohs Casino, Hotel Holiday Inn, Managua	180	165	9%	641	461	39%
Pharaohs Casino, Camino Real, Managua	142	218	-35%	660	813	-19%
Pharaohs Casino Masaya, Masaya	25	-	-	68	-	-
Sportsbook	143	34	321%	200	83	141%
<b>Property EBITDA</b>	<b>\$ 1,076</b>	<b>\$ 903</b>	<b>19%</b>	<b>\$ 3,408</b>	<b>\$ 2,638</b>	<b>29%</b>
<b>Property EBITDA as a % of Revenues</b>	<b>28%</b>	<b>29%</b>		<b>32%</b>	<b>27%</b>	

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	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Average
Table Hold	\$ 886	\$ 887	\$ 895	\$ 857	\$ 1,048	\$ 1,251	\$ 1,077	\$ 1,271	
Slot Win	2,864	2,446	2,340	2,265	2,075	2,148	2,049	1,974	
F&B & Other	47	184	172	35	24	113	(71)	33	
Total Revenue	\$ 3,797	\$ 3,517	\$ 3,407	\$ 3,157	\$ 3,147	\$ 3,512	\$ 3,055	\$ 3,278	\$ 3,359
Property EBITDA	1,076	1,273	1,059	564	903	829	906	181	849
as a percent of sales	28%	36%	31%	18%	29%	24%	30%	6%	25%

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**Revenues**

Revenues increased for the first nine months of 2008 to \$10.7 million from the \$9.7 million recorded for the same period in 2007, an increase of \$1.0 million. The table hold percentage improved for the first nine months of 2008 due to the elimination of the match plays for the complete year 2008, coupled with a better distribution of different table games, mainly at Pharaohs Camino Real and Pharaohs Holiday Inn. The increase in slot win was attributed to the increase in drop, even though our win per position decreased slightly over period. The increase in drop was attributable to the increases in promotional costs from \$0.7 million for the 2007 period to \$0.8 million for the 2008 period. Food and beverage revenues increased \$0.5 million primarily due to the opening of new restaurant Ring Side at Zona Pharaohs in June 2008.

Revenues increased for the third quarter of 2008 to \$3.8 million from the \$3.1 million recorded for the same period in 2007, an increase of \$0.7 million, due to the new facility revenues generated by the opening of Zona Pharaohs (Bello Horizonte) and Pharaohs Masaya.

**Expenses**

Property, marketing and administration expenses increased to \$6.5 million for the first nine months of 2008 from \$6.4 million recorded for the same 2007 period, an increase of approximately \$0.1 million. The increase was comprised of decrease of \$0.8 million for existing facilities, offset by an increase of \$0.9 million for new facilities. The decrease in existing facilities operation costs was primarily due to reduction of operational personnel, renegotiation of contract services, reduction of overtime by restructuring of working hours and a more effective player complimentary policy. The property, marketing and administration expense decreased as a percentage of sales to 61% for the first nine months of 2008 from 66% reported for the same period in 2007. The decrease was primarily due to increased operating efficiencies in the operations.

Property, marketing and administration expenses decreased to \$2.4 million for the third quarter of 2008 from \$2.0 million recorded for the same 2007 period, a decrease of \$0.4 million. The decrease was comprised of a decrease in existing facilities of \$0.6 million offset by an increase of \$0.2 million for new facilities. The property, marketing and administration expense decreased as a percentage of sales to 63% for the third quarter of 2008 from 64% reported for the same in 2007. The decrease was primarily due to increased operating efficiencies in the operations.

**Property EBITDA**

Property EBITDA increased to \$3.4 million during the first nine months of 2008, from the \$2.6 million for the same period in 2007 an increase of \$0.8 million. As a percentage of sales Property EBITDA increased to 32% for the first nine months of 2008 from the 27% for the same period in 2007. This increase was due to the general increased revenues in the majority of the properties, coupled with increasing operating efficiencies in all operations. Property EBITDA increased to \$1.1 million during the third quarter of 2008, compared to \$0.9 million for the same period in 2007. As a percentage of sales Property EBITDA increased to 28% for the third quarter of 2008 from the 29% for

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the same period in 2007. The opening of the new Zona Pharaohs (Bello Horizonte) impacted the third quarter 2008 margins as compared to the second quarter 2008 margins for the country as the operation opened during the quarter and is in the start-up phase.

**Costa Rica (1)**

	Third Quarter			% Chg	First nine months of		
	2008	2007			2008	2007	% Chg
Gaming Revenues	\$ 4,869	\$ 3,290	48%	\$ 12,858	\$ 8,901	44%	
Food & Beverage Revenues	224	236	-5%	774	640	21%	
Hospitality and Other Revenues	102	-	-	110	-	-	
<b>Revenues</b>	<b>5,195</b>	<b>3,526</b>	<b>47%</b>	<b>13,742</b>	<b>9,541</b>	<b>44%</b>	
Promotional Allowances	90	129	-31%	358	507	-29%	
Property, Marketing and Administration	2,865	1,769	62%	7,348	4,913	50%	
<b>Property EBITDA</b>	<b>\$ 2,241</b>	<b>\$ 1,628</b>	<b>38%</b>	<b>\$ 6,037</b>	<b>\$ 4,121</b>	<b>46%</b>	
<b>Property EBITDA as a % of Revenues</b>	<b>43%</b>	<b>46%</b>		<b>44%</b>	<b>43%</b>		

- (1) During the third quarter of 2008 the Company acquired a controlling interest in the entity that holds the Fiesta Casino Holiday Inn Express (formerly Garden Court) operation, as a result began consolidating that operation at 100% beginning September 1, 2008. The balance of the Costa Rican operation is a joint venture of the Company and its results of operations are proportionally consolidated into the Company's financial statements; the tables above and below represent the Company's 50% share of the operation except for the Fiesta Casino Holiday Inn Express.

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	Third Quarter		% Chg	First nine months of		% Chg
	2008	2007		2008	2007	
<b>REVENUES BY PROPERTY - COSTA RICA</b>						
Gran Hotel	\$ -	\$ 61	-100%	\$ -	\$ 255	-100%
Fiesta Casino - Hotel El Presidente, San José	791	781	1%	2,516	2,396	5%
Fiesta Casino - Holiday Inn Express (formerly Garden Court Hotel), San José	2,733	1,853	47%	6,636	4,896	36%
Fiesta Casino - Heredia	436	365	19%	1,440	1,019	41%
Fiesta Casino - Herradura	367	81	-	1,022	81	1162%
Lucky's - Tournon	158	114	39%	469	203	132%
Lucky's - Colon	67	-	-	121	-	-
Hotel Diamante (Perez Zeledon)	100	-	-	100	-	-
Lucky's Slot Parlors	543	272	100%	1,439	693	108%
<b>Total Revenues</b>	<b>\$ 5,195</b>	<b>\$ 3,526</b>	<b>47%</b>	<b>\$ 13,742</b>	<b>\$ 9,541</b>	<b>44%</b>
<b>EBITDA BY PROPERTY</b>						
Gran Hotel	\$ -	\$ -	-	\$ -	\$ 38	-100%
Fiesta Casino - Hotel El Presidente, San José	360	374	-4%	1,338	1,084	24%
Fiesta Casino - Holiday Inn Express (formerly Garden Court Hotel), San José	1,347	919	47%	3,145	2,045	54%
Fiesta Casino - Heredia	134	155	-14%	571	578	-1%
Fiesta Casino - Herradura	127	18	606%	228	18	1165%
Lucky's - Tournon	36	13	177%	82	13	529%
Lucky's - Colon	(31)	-	-	(22)	-	-
Hotel Diamante (Perez Zeledon)	68	-	-	68	-	-
Lucky's Slot Parlors	200	150	34%	628	346	82%
<b>Property EBITDA</b>	<b>\$ 2,241</b>	<b>\$ 1,628</b>	<b>38%</b>	<b>\$ 6,037</b>	<b>\$ 4,121</b>	<b>46%</b>
<b>Property EBITDA as a % of Revenues</b>	<b>43%</b>	<b>46%</b>		<b>44%</b>	<b>43%</b>	

	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Average
Table Hold	\$ 1,439	\$ 1,121	\$ 1,098	\$ 1,138	\$ 939	\$ 980	\$ 997	\$ 900	
Slot Win	3,430	3,028	2,742	2,586	2,351	1,913	1,721	1,646	
Room Revenue	102	8	-	-	-	-	-	-	
F&B & Other	224	272	278	270	236	211	193	171	
Total Revenue	\$ 5,195	\$ 4,429	\$ 4,118	\$ 3,994	\$ 3,526	\$ 3,104	\$ 2,911	\$ 2,717	\$ 3,749
Property EBITDA	2,241	1,963	1,833	1,433	1,628	1,207	1,286	792	1,548
as a percent of sales	43%	44%	45%	36%	46%	39%	44%	29%	41%

Revenues increased for the first nine months of 2008 to \$13.7 million from the \$9.5 million recorded for the same period in 2007, an increase of \$4.2 million which represents a 44% of increase. \$0.6 million of this increase was due to the consolidation of 100% of the Fiesta Casino Holiday Inn Express (formerly Garden Court) operation versus the proportional consolidation of 50% of the operation during the 2007 period. The remaining increase was composed of \$1.2 million in new operations including the Fiestas Casino Herradura; Fiesta Casino Carnival which was converted in March 2008 from a slot route contract to a company operated casino and Hotel Perez Zeledon. The remaining \$2.4 million of the increase was generated by existing operations due to increased gaming positions country-wide and increase win per position.

Revenues increased for the third quarter of 2008 to \$5.2 million from the \$3.5 million recorded for the same period in 2007, an increase of \$1.7 million. \$0.6 million of this increase was due to the consolidation of 100% of the Fiesta

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Casino Holiday Inn Express (formerly Garden Court) operation versus the proportional consolidation of 50% of the operation during the 2007 period. The remaining increase was composed of \$0.5 million in new facilities operations of Fiesta Casino Herradura, Lucky's Colon and Hotel Perez Zeledon and \$0.6 million from existing operation.

**Expenses**

Property, marketing and administration expenses increased to \$7.3 million for the first nine months of 2008 from \$4.9 million recorded for the same 2007 period, an increase of \$2.4 million. \$0.3 million of this increase was due to the consolidation of 100% of the Fiesta Casino Holiday Inn Express (formerly Garden Court) operation versus the proportional consolidation of 50% of the operation during the 2007 period. The remaining portion of the increase of \$2.1 million corresponds to Fiesta Casino Herradura which opened on August 31, 2007, and Lucky's Colon which opened in February 2008. Direct expenses increased due to the general increase in gaming positions and corresponding increase in maintenance costs for slot machines. The property, marketing and administration expenses increased to 53% for the nine month of 2008 from 51% recorded for the same period last year.

Property, marketing and administration expenses increased to \$2.9 million for the third quarter of 2008 from \$1.8 million recorded for the same 2007 period, an increase of \$1.1 million. \$0.3 million of this increase was due to the consolidation of 100% of the Fiesta Casino Holiday Inn Express (formerly Garden Court) operation versus the proportional consolidation of 50% of the operation during the 2007 period. The remaining portion of the increase of \$0.8 million corresponds to Fiesta Casino Herradura as it opened in August 31, 2007, and Lucky's Colon which opened in February 2008 in addition to the expenses related to Hotel Perez Zeledon. The property, marketing and administration expenses increased as a percentage of sales to 55% for the third quarter of 2008 from the 50% recorded the same period of 2007.

**Property EBITDA**

Property EBITDA increased to \$6.0 million during the first nine months of 2008, from the \$4.1 million for the same period in 2007 an increase of \$1.9 million. \$0.8 million of this increase was due to the consolidation of 100% of the Fiesta Casino Holiday Inn Express (formerly Garden Court) operation versus the proportional consolidation of 50% of the operation during the 2007 period. The remaining portion of the increase of \$1.1 million is due to the opened of new facilities in Hotel Perez Zeledon and Fiesta Casino Herradura which were not opened during the entire nine months of 2007, along with a general increase in gaming positions country-wide. As a percentage of sales Property EBITDA increase to 44% for the first nine months of 2008 from the 43% for the same period in 2007.

Property EBITDA increased to \$2.2 million during the third quarter of 2008, from the \$1.6 million for the same period in 2007 an increase of \$0.6 million. \$0.4 million of this increase was due to the consolidation of 100% of the Fiesta Casino Holiday Inn Express (formerly Garden Court) operation versus the proportional consolidation of 50% of the operation during the 2007 period while existing operations accounted for the balance of the increase. As a percentage of sales, Property EBITDA decreased to 43% for the third quarter of 2008 from the 46% for the same period in 2007, due to the increase in expenses explained above.

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**Philippines**

	Third Quarter		%	First nine months of		%
	2008	2007	Chg	2008	2007	Chg
Gaming Revenues	\$ 10,991	\$ 9,188	20%	\$ 32,418	\$ 23,946	35%
Food & Beverage Revenues	206	140	47%	760	696	9%
Hospitality and Other Revenues	389	66	489%	813	211	285%
<b>Revenues</b>	<b>11,586</b>	<b>9,394</b>	<b>23%</b>	<b>33,991</b>	<b>24,853</b>	<b>37%</b>
Promotional Allowances	121	237	-49%	361	627	-42%
Property, Marketing and Administration	8,340	6,357	31%	24,188	17,230	40%
<b>Property EBITDA</b>	<b>\$ 3,125</b>	<b>\$ 2,800</b>	<b>12%</b>	<b>\$ 9,442</b>	<b>\$ 6,996</b>	<b>35%</b>

**Property EBITDA as a % of Revenues**                      **27%**                      **30%**                      **28%**                      **28%**

	Third Quarter		%	First nine months of		%
	2008	2007	Chg	2008	2007	Chg
<b>REVENUES BY PROPERTY - PHILIPPINES</b>						
Fiesta Thunderbird Resorts - Rizal, Binangonan	\$ 5,925	\$ 5,140	15%	\$ 17,869	\$ 13,408	33%
Fiesta Thunderbird Resorts - Poro Point, San Fernando City, La Union	5,498	4,254	29%	15,960	11,445	39%
Thunderbird Resorts - Poro Point Golf Course, San Fernando City, La Union	162	-	-	162	-	-
<b>Total Revenues</b>	<b>\$ 11,586</b>	<b>\$ 9,394</b>	<b>23%</b>	<b>\$ 33,991</b>	<b>\$ 24,853</b>	<b>37%</b>

**EBITDA BY PROPERTY**

Fiesta Thunderbird Resorts - Rizal, Binangonan	\$ 1,178	\$ 1,405	-16%	\$ 4,033	\$ 3,062	32%
Fiesta Thunderbird Resorts - Poro Point, San Fernando City, La Union	2,396	1,395	72%	5,858	3,935	49%
Thunderbird Resorts - Poro Point Golf Course, San Fernando City, La Union	(449)	-	-	(449)	-	-
<b>Property EBITDA</b>	<b>\$ 3,125</b>	<b>\$ 2,800</b>	<b>12%</b>	<b>\$ 9,442</b>	<b>\$ 6,996</b>	<b>35%</b>
<b>Property EBITDA as a % of Revenues</b>	<b>27%</b>	<b>30%</b>		<b>28%</b>	<b>28%</b>	

	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Average
Table Hold	\$ 5,163	\$ 4,502	\$ 4,980	\$ 4,455	\$ 4,219	\$ 3,840	\$ 3,137	\$ 3,164	
Slot Win	5,828	6,334	5,611	4,976	4,969	4,479	3,302	3,067	
Room Revenue	389	256	168	112	66	75	70	-	
F&B & Other	206	240	314	68	140	334	222	346	
<b>Total Revenue</b>	<b>\$ 11,586</b>	<b>\$ 11,332</b>	<b>\$ 11,073</b>	<b>\$ 9,611</b>	<b>\$ 9,394</b>	<b>\$ 8,728</b>	<b>\$ 6,731</b>	<b>\$ 6,577</b>	<b>\$ 9,379</b>
<b>Property EBITDA</b>	<b>3,125</b>	<b>3,181</b>	<b>3,136</b>	<b>2,250</b>	<b>2,800</b>	<b>2,775</b>	<b>1,421</b>	<b>1,008</b>	<b>2,462</b>
<b>as a percent of sales</b>	<b>27%</b>	<b>28%</b>	<b>28%</b>	<b>23%</b>	<b>30%</b>	<b>32%</b>	<b>21%</b>	<b>15%</b>	<b>26%</b>

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**Revenues**

Revenues increased for the first nine months of 2008 to \$34.0 million from the \$24.9 million recorded for the same period in 2007, an increase of \$9.1 million. The increase was driven by increased gaming positions in both properties combined with increased win per position as the properties achieved better market penetration.

Revenues increased for the third quarter of 2008 to \$11.6 million from the \$9.4 million recorded for the same period in 2007, an increase of \$2.2 million as both properties reached a stabilization point. .

**Expenses**

Property, marketing and administration expenses increased to \$24.0 million for the first nine months of 2008 from \$17.2 million recorded for the same 2007 period, an increase of \$6.8 million. The increase was directly related to the increase in gaming positions and related costs to support the higher levels of revenue. .

Property, marketing and administration expenses increased to \$8.3 million for the third quarter of 2008 from \$6.0 million recorded for the same 2007 period, an increase of \$2.3 million. This increase was the related to the higher revenues experienced during the quarter.

**Property EBITDA**

Property EBITDA increased \$9.6 million during the first nine months of 2008, from the \$7.0 million for the same period in 2007, an increase of \$2.6 million. As a percentage of sales Property EBITDA was 28% for both periods. The increase of \$2.6 million was due to the increased gaming positions and win per position.

Property EBITDA was \$3.1 million for both the third quarter of 2008 and 2007. As a percentage of sales Property EBITDA decreased to 27% for the third quarter of 2008 from the 33% for the same period in 2007. This variance was due to the operating loss generated by the new hotel and golf course at the Poro Point property as the operation is in a ramp-up phase.

**Peru***Peru - Hotels*

	Third Quarter			First nine months of		
	2008	2007	% Chg	2008	2007	% Chg
Food & Beverage Revenues	\$ 1,277	\$ 809	58%	\$ 3,632	\$ 809	349%
Hospitality and Other Revenues	3,282	1,870	76%	9,642	1,870	416%
<b>Revenues</b>	<b>4,559</b>	<b>2,679</b>	<b>70%</b>	<b>13,274</b>	<b>2,679</b>	<b>395%</b>
Promotional Allowances	-	-	-	-	-	-
Property, Marketing and Administration	2,852	1,782	60%	8,850	1,782	397%
<b>Property EBITDA</b>	<b>\$ 1,707</b>	<b>\$ 897</b>	<b>90%</b>	<b>\$ 4,424</b>	<b>\$ 897</b>	<b>393%</b>
<b>Property EBITDA as a % of Revenues</b>	<b>37%</b>	<b>33%</b>		<b>33%</b>	<b>33%</b>	

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	Third Quarter		% Chg	First nine months of		% Chg
	2008	2007		2008	2007	
<b>REVENUES BY PROPERTY - PERU</b>						
Thunderbird Hotels Principal, Lima	\$ 759	\$ 848	-10%	\$ 3,147	\$ 848	271%
Thunderbird Hotels Suits & Casino, Lima	376	276	36%	1,218	276	342%
Thunderbird Hotels Pardo, Lima	456	443	3%	1,498	443	238%
Thunderbird Hotels Bellavista	249	192	30%	824	192	330%
Thunderbird Hotels Carrera	417	262	59%	1,399	262	433%
Thunderbird Resorts El Pueblo	1,043	659	58%	3,658	659	455%
Thunderbird Real Estate Perú	1,259	-	-	1,530	-	-
<b>Total Revenues</b>	<b>\$ 4,559</b>	<b>\$ 2,679</b>	<b>70%</b>	<b>\$ 13,274</b>	<b>\$ 2,679</b>	<b>395%</b>
<b>EBITDA BY PROPERTY</b>						
Thunderbird Hotels Principal, Lima	\$ 138	\$ 339	-59%	\$ 918	\$ 339	171%
Thunderbird Hotels Suits & Casino, Lima	68	125	-46%	295	125	136%
Thunderbird Hotels Pardo, Lima	83	195	-57%	464	195	138%
Thunderbird Hotels Bellavista	45	86	-48%	282	86	228%
Thunderbird Hotels Carrera	76	72	6%	271	72	276%
Thunderbird Resorts El Pueblo	190	80	138%	814	80	918%
Thunderbird Real Estate Perú	1,107	-	-	1,379	-	-
<b>Property EBITDA</b>	<b>\$ 1,707</b>	<b>\$ 897</b>	<b>90%</b>	<b>\$ 4,424</b>	<b>\$ 897</b>	<b>393%</b>
<b>Property EBITDA</b>						
as a % of Revenues	37%	33%		33%	33%	

	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Average
Room Revenue	2,498	\$ 3,196	\$ 2,741	\$ 2,493	1,692	\$ -	\$ -	\$ -	
F&B and Banquet	1,277	1,270	1,085	1,418	832	-	-	-	
Other Revenues	784	272	151	466	155	-	-	-	
Total Revenue	\$ 4,559	\$ 4,738	\$ 3,977	\$ 4,377	\$ 2,679	\$ -	\$ -	\$ -	\$ 4,066
Property EBITDA	1,707	1,751	966	1,206	897	-	-	-	1,305
as a percent of sales	37%	37%	24%	28%	33%	-	-	-	32%

**Revenues**

Revenues increased for the first nine months of 2008 to \$13.3 million from the \$2.7 million recorded for the same period in 2007, an increase of \$10.6 million due primarily to the fact that the properties were acquired on July 27, 2007 and the 2007 amounts reflect approximately 2 months of activity. Revenues for the 2008 period were comprised of \$8.4 million in room revenue, \$3.6 million in food and beverage, and \$1.3 million in real estate and other revenues. Due to increased room rates and occupancies the revenue average per available room ("revpar") increased to \$53.60 for the first nine months of 2008 from \$38.80 for the same period of 2007. The increases in food and beverage revenues are attributed to increased event bookings and increased visitation resulting from improvements to restaurant facilities. Increased real estate revenues have been experienced as a result of increased commercial space leasing due to greater marketing of available commercial spaces.

Revenues increased for the third quarter of 2008 to \$4.6 million from the \$2.7 million recorded for the same period in 2007, an increase of \$1.9 million due primarily to the fact that the properties were acquired on July 27, 2007 and the 2007 amounts reflect approximately 2 months of activity. Revenues for the 2008 quarter were comprised of \$2.2 million in rooms, \$1.3 million in food and beverage, and \$1.1 million in real estate and other revenues. The increases in room revenues are attributable to increased average room rates and increased occupancy resulting from

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improvements to existing hotel facilities. The revpar increased to \$62.60 for the third quarter of 2008 from \$38.80 for the same period last year. The increase in food and beverage revenues was attributable to the increased event bookings across all the properties. Increased hotel visitation was also experienced during the period on account of holidays related to the Peruvian Independence Day. The increase in real estate revenues is due to increased marketing and the improvements to hotel properties. The hotel properties have also entered into leases for office and retail space with several clients under both short and long-term contracts.

**Expenses**

Property, marketing and administration expenses increased to \$8.9 million for the first nine months of 2008 from \$1.8 million recorded for the same period last year, an increase of \$7.1 million. The increase is due to the nine month of operations for 2008 against two months of operation for 2007, as well as, additional staff and management personnel hired in order to comply with Thunderbird Resorts policies and expectations. Property, marketing and administration expenses remained the same as a percentage of sales at 67% for the first nine months of 2008 and 2007.

Property, marketing and administration expenses increased to \$2.9 million for the third quarter of 2008 from \$1.8 million recorded for the same period in 2007, an increase of \$1.1 million. The increase is due to the nine months of operations for 2008 against two months of operation for 2007, as well as improved services and amenities which are being provided to hotel customers, such as Internet, and other aggregate values which were not provided by the hotels for the same period in 2007. In addition, the increase in direct and indirect expenses grew according to the increase in revenues for the third quarter. Property, marketing and administration expense decreased as a percentage of sales to 63% for the third quarter of 2008 from 67% reported for the same period of 2007. This decreased was due to the increases in revenues across all properties.

**Property EBITDA**

Property EBITDA increased to \$4.4 million during the first nine months of 2008, from the \$0.9 million for the same period in 2007 an increase of \$3.5 million. As a percentage of sales Property EBITDA remained flat at 33% for the first nine months of 2008 and 2007. The increase in Property EBITDA was due to the increased room rates, improvements to hotel facilities, as well as, additional services to satisfy customer needs.

Property EBITDA increased to 1.7 million during the third quarter of 2008, from \$0.9 million for the same period in 2007 an increase of \$0.8 million. As a percentage of sales, Property EBITDA increase to 37% for the third quarter of 2008 from the 33% for the same period in 2007. This increase was due to the positive changes made to hotel infrastructures as well as the services mentioned above.

*Peru - Casinos*

	Third Quarter			First nine months of		
	2008	2007	% Chg	2008	2007	% Chg
Gaming Revenues	\$ 2,307	\$ -	-	\$ 2,307	\$ -	-
Food & Beverage Revenues	6	-	-	6	-	-
<b>Revenues</b>	<b>2,313</b>	<b>-</b>	<b>-</b>	<b>2,313</b>	<b>-</b>	<b>-</b>
Promotional Allowances	98	-	-	98	-	-
Property, Marketing and Administration	1,650	-	-	1,650	-	-
<b>Property EBITDA</b>	<b>\$ 565</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 565</b>	<b>\$ -</b>	<b>-</b>
<b>Property EBITDA as a % of Revenues</b>	<b>24%</b>	<b>-</b>	<b>-</b>	<b>24%</b>	<b>-</b>	<b>-</b>

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- (1) During the third quarter of 2008, the Company acquired five existing slot parlor locations in Peru: Tacna, Cuzco, Iquitos, Gold Mountain and Lima. Due to this, the Company has no comparable data from 2007. Also, on September 19, 2008 the flagship Fiesta Casino Benavides opened in Miraflores, Lima, Peru.

	Third Quarter		%	First nine months of		%
	2008	2007	Chg	2008	2007	Chg
<b>REVENUES BY PROPERTY - PERU</b>						
Fiesta Casino Benavides	238	-	-	238	-	-
Luxor Tacna, Hotel El Emperador	623	-	-	623	-	-
Luxor, Lima	933	-	-	933	-	-
Mystic Slot, Cuzco	298	-	-	298	-	-
El Dorado, Iquitos Hotel, El Dorado	219	-	-	219	-	-
Gold Mountain	2	-	-	2	-	-
<b>Total Revenues</b>	<b>\$ 2,313</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 2,313</b>	<b>\$ -</b>	<b>-</b>
<b>EBITDA BY PROPERTY</b>						
Fiesta Casino Benavides	(157)	-	-	(157)	-	-
Luxor Tacna, Hotel El Emperador	288	-	-	288	-	-
Luxor, Lima	281	-	-	281	-	-
Mystic Slot, Cuzco	95	-	-	95	-	-
El Dorado, Iquitos Hotel, El Dorado	76	-	-	76	-	-
Gold Mountain	(18)	-	-	(18)	-	-
<b>Property EBITDA</b>	<b>\$ 565</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 565</b>	<b>\$ -</b>	<b>-</b>
<b>Property EBITDA</b>						
as a % of Revenues	24%	-	-	24%	-	-

	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Average
Table Hold	\$ 62	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Slot Hold	2,245	-	-	-	-	-	-	-	
F&B and Others	6	-	-	-	-	-	-	-	
<b>Total Revenue</b>	<b>\$ 2,313</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,313</b>
<b>Property EBITDA</b>	<b>565</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>565</b>
as a percent of sales	24%	-	-	-	-	-	-	-	24%

**Revenues**

Revenues were \$2.3 million for the third quarter of 2008. Luxor Lima contributed 40% of overall revenues, while Luxor Tacna represents 27%, Mystic Cuzco 13%, Casino Benavides 10%, and others 10%. The Luxor and Tacna locations are located in Lima, where the majority of the country's population resides.

**Expenses**

Property, marketing and administration expenses for the third quarter of 2008 were \$1.7 million. The property with the highest expenses was Fiesta Benavides which represents 51% of the total property, marketing and administration expense amongst all Peru casinos. This is due to significant investment the Company made for the opening of the property on September 26, 2008 as the Fiesta brand was and continues to be introduced to the marketplace. The largest expenses for Fiesta Casino Benavides were wages and significant marketing costs related to the promotion of the facility. Luxor Lima and Luxor Tacna represent 24% and 12% respectively of the total of property, marketing and expenses. The others properties represent 13%.

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**Property EBITDA**

Property EBITDA for the third quarter 2008 was \$0.6 million comprised of the slot parlor acquisitions generating \$0.8 million of Property EBITDA while the start-up costs incurred by Fiesta Benavides created a loss of \$0.2 million.

**Poland (1)**

	Third Quarter		% Chg	First nine months of		% Chg
	2008	2007		2008	2007	
Gaming Revenues	\$ 970	\$ -	-	\$ 970	\$ -	-
Food & Beverage Revenues	20	-	-	20	-	-
Hospitality and Other Revenues	-	-	-	-	-	-
<b>Revenues</b>	<b>990</b>	<b>-</b>	<b>-</b>	<b>990</b>	<b>-</b>	<b>-</b>
Promotional Allowances	-	-	-	-	-	-
Property, Marketing and Administration	961	-	-	961	-	-
<b>Property EBITDA</b>	<b>\$ 29</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 29</b>	<b>\$ -</b>	<b>-</b>
<b>Property EBITDA as a % of Revenues</b>	<b>3%</b>	<b>-</b>	<b>-</b>	<b>3%</b>	<b>-</b>	<b>-</b>

(1) During the third quarter of 2008, we acquired two ongoing operation located in Lodz, Poland: a full casino operation and a slot parlor.

	Third Quarter		% Chg	First nine months of		% Chg			
	2008	2007		2008	2007				
<b>REVENUES BY PROPERTY - POLAND</b>									
Casino Centrum	\$ 505	\$ -	-	\$ 505	\$ -	-			
Salon Gier (Slot Parlor)	485	-	-	485	-	-			
<b>Total Revenues</b>	<b>\$ 990</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 990</b>	<b>\$ -</b>	<b>-</b>			
<b>EBITDA BY PROPERTY</b>									
Casino Centrum	\$ 15	\$ -	-	\$ 15	\$ -	-			
Salon Gier (Slot Parlor)	14	-	-	14	-	-			
<b>Property EBITDA</b>	<b>\$ 29</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 29</b>	<b>\$ -</b>	<b>-</b>			
<b>Property EBITDA as a % of Revenues</b>	<b>3%</b>	<b>-</b>	<b>-</b>	<b>3%</b>	<b>-</b>	<b>-</b>			
	<b>Q3 2008</b>	<b>Q2 2008</b>	<b>Q1 2008</b>	<b>Q4 2007</b>	<b>Q3 2007</b>	<b>Q2 2007</b>	<b>Q1 2007</b>	<b>Q4 2006</b>	<b>Average</b>
Table Hold	\$ 289	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Slot Win	681	-	-	-	-	-	-	-	-
F&B & Other	20	-	-	-	-	-	-	-	-
Total Revenue	\$ 990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 990
Property EBITDA	29	-	-	-	-	-	-	-	29
as a percent of sales	3%	-	-	-	-	-	-	-	3%

For the third quarter of 2008, gaming revenues were \$1.0 million while Property EBITDA was nil. The Company is investing in upgrades to the facilities as the Fiesta brand is introduced to the market.

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**Corporate and Other**

	Third Quarter		%	First nine months of		%
	2008	2007	Chg	2008	2007	Chg
Gaming Revenues	\$ -	\$ -	-	\$ -	\$ -	-
Food & Beverage Revenues	-	-	-	-	-	-
Hospitality and Other Revenues	155	68	128%	569	215	165%
<b>Revenues</b>	<b>155</b>	<b>68</b>	<b>128%</b>	<b>569</b>	<b>215</b>	<b>165%</b>
Promotional Allowances	-	-	-	-	-	-
Property, Marketing and Administration	4,055	1,637	148%	10,475	4,227	148%
<b>Adjusted EBITDA</b>	<b>\$ (3,900)</b>	<b>\$ (1,569)</b>	<b>149%</b>	<b>\$ (9,906)</b>	<b>\$ (4,012)</b>	<b>147%</b>

**Expenses**

Property, marketing and administrative expenses for corporate services increased to \$4.1 million during the third quarter of 2008, as compared to \$1.6 million for the same quarter in 2007, an increase of 148%. This increase was primarily due to the increased size of the headquarter costs, corporate staffing and worldwide development staffing that management deemed necessary to expand the operation to its current levels and to manage the existing operations and ongoing development. In October 2008 the Company initiated a cost reduction program that will reduce certain ongoing corporate costs and is further described below in the Costs Saving Initiative section.

During the first nine months of 2008 corporate and other costs were \$10.5 million, a 148 % increase over the costs of \$4.2 million incurred during the same period of 2007. This increase is the result of the expansion of the corporate and development staffing and associated costs as the company has expanded its operations significantly over this period. In addition, as the Company has successfully listed on NYSE Euronext it has been necessary to increase staff size and recruit experienced professionals from the United States and other parts of the world to move to the Panama headquarters, thereby increasing costs.

In light of the recent economic crisis the Company has curtailed its development activities and recently reduced its development staffing. The company may increase its development staff again once the economic situation improves.

**Discussions of Items Excluded from EBITDA*****Depreciation and Amortization***

Depreciation and amortization increased 103% to \$5.0 million for the third quarter of 2008, compared with \$2.5 million for the same period in 2007, an increase of \$2.5 million. Of the total increase, \$0.9 million is related to the Peru hotels, \$0.8 million is related to the consolidation of 100% of the Panama operation, \$0.1 million resulting from the controlling interest of Garden Court in Costa Rica and the remaining increase of \$0.8 million is due to the additional depreciation of the new equipment, expansions in the existing operations as well as the acquisition of ongoing casino operations in Poland and Peru.

For the first nine months of 2008 depreciation and amortization was \$14.0 million as compared to \$5.9 million for the same period in 2007, an increase of \$8.1 million or 136%. Of the total increase, \$3.3 million is related to the Peru hotels and \$2.2 million is related to the consolidation of 100% of Panama, \$0.6 million is related to the new casinos acquisition in Peru. The remaining increase of \$2.0 million is due to the additional depreciation of the new equipment expansions in the existing operations.

Depreciation and amortization increased 10%; \$5.0 million for the third quarter 2008, compared to \$4.5 million in the second quarter of 2008.

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### ***Stock based Compensation***

On January 16, 2008, the Company granted 500,000 stock grants that vest over a three year period beginning November 20, 2008. The price of the Company's stock on the day of the Grant was \$7.00 per share and the amortized expense recognized for the stock grants as well as the vesting of outstanding options in the third quarter of 2008 was \$0.8 million and a total of \$2.1 million was recognized for the nine months of the year. These grants and options vest on various dates and the valuation of the options is calculated using the Black Scholes method.

### ***Project Development Costs***

Project development costs were \$2.9 million for the third quarter 2008, compared with \$0.6 million in the same quarter for 2007. \$1.9 million of the costs for the third quarter were the pre-opening costs associated with the new flagship casino in Peru. Project development costs were \$6.4 million for the nine months of 2008 as compared to \$1.2 million for the same period of 2007. The costs for the nine months of 2008 primarily consisted of the pre-opening costs associated with the flagship casino in Peru, which were \$3.3 million. The other costs were comprised of \$0.4 million for the Philippines hotel and golf course, \$1.0 million for Poland development, \$0.3 million for India, \$0.4 million for Nicaragua, \$0.4 million for Costa Rica and \$0.6 million for Colombia.

### ***Interest and Financing Costs***

Interest and financing costs were \$5.4 million for the third quarter of 2008 compared to \$3.4 million for the same period last year, a 58% increase. The primary reason for the increase in financing costs is due to the overall increase in debt incurred by the company as a result of its new project development activities. The debt balance as of September 30, 2008 was \$178.5 million and the debt balance as of September 30, 2007 was \$107.4 million, a 66% increase. The primary increase has been due to the purchase of the Peru hotels and the further development within Peru along with debt used to finance the acquisition of controlling interest in the Panama operation. These debt balance increases also lead to the increase in financing costs for the first nine months of 2008 to \$12.2 million from the \$6.8 million recorded during the nine months of 2007.

### ***Non-controlling Interests***

The non-controlling interest was \$0.3 million for the third quarter of 2008 as compared to \$0.5 million for the same period in 2007. The nine month period reflected non-controlling interest cost of \$1.4 million compared to \$1.4 million for the same period in 2007.

### ***Foreign Exchange***

For the nine month period foreign exchange expense increased significantly to a \$4.5 million expense from the \$2.3 million loss reported during the first nine months of 2008 primarily due to the United States Dollar ("USD") debt held in the Peruvian operations, intercompany USD debt in the Philippines as well as Costa Rica. A non-cash unrealized foreign exchange gain is recognized when the full carrying balances of the loans and other debts, which are recorded in the functional currency of the subsidiary, are adjusted according to the current exchange rate at the end of the period. In Peru, the unrealized foreign exchange loss for the first nine months of 2008 was \$0.3 million on an average USD debt balance of \$61.2 million, due to Peruvian Nuevo Sol decreasing against the USD from S/. 2.997 as of December 31, 2007; to S/. 2.9810 as of September 30, 2008. In the Philippines the foreign exchange loss was \$3.3 million for the first nine months of 2008, due to the Philippine Peso decreasing against the USD from Php 41.40 as of December 31, 2007, to Php 46.9170 as of September 30, 2008. A \$0.8 million increase in the third quarter of 2008 was due to the USD debt in Costa Rica as the Costa Rican Colon decreased against the USD from CRC 500.97 as of December 31, 2007, to CRC 559.26 as of September 30, 2008. The additional \$0.1 million increase is related to our acquisition in Poland and our operation in Nicaragua.

### ***Other Expenses (Gains)***

For the three month period ended September 30, 2008 other expenses included \$1.2 million in costs related to the NYSE Euronext application incurred through September 30, 2008. Loss on disposal of assets for the three month period included \$0.3 million related to the write off associated with damaged assets from the Guatemala fire. For

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the first nine months of 2008 other expenses (gains) was \$2.3 million, which includes \$1.8 relating to the one-time NYSE Euronext listing costs, \$0.6 million for the losses associated with the Guatemala fire less \$0.1 million for revenues received from the Company's Philippine entity which holds the property of our East Bay Resorts operation.

**Income Taxes**

Income tax expense decreased to a positive \$0.4 million for the third quarter of 2008 as compared to \$1.0 million during the same quarter in 2007. This was caused primarily by an increase in deferred tax assets recognized in Peru. This led to a decrease for the first nine months of 2008 to \$1.6 million from the \$2.5 million recorded for same period in 2007. The Philippines is primarily exempt from income taxes.

**CONSOLIDATED QUARTERLY RESULTS TREND**

For the year	2008			2007				2006
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	44,547	40,621	39,007	29,787	27,152	\$ 23,339	\$ 19,497	\$ 20,119
Income (loss) from continuing operations	(8,973)	(9,688)	1,749	(4,050)	(639)	235	(264)	(2,965)
Earnings (loss) per share – basic	\$ (0.46)	\$ (0.50)	\$ 0.09	(0.40)	(0.08)	0.03	(0.03)	(0.12)
Earnings (loss) per share – diluted	\$ (0.46)	\$ (0.50)	\$ 0.09	(0.40)	(0.08)	0.03	(0.03)	(0.12)

**COST SAVINGS INITIATIVES**

In response to the recent global economic downturn, Thunderbird Resorts, Inc. has undertaken a comprehensive cost reduction study that began in October 2008 and includes all areas of our business, including organizational restructurings at our corporate and property operations and reduction of travel and entertainment expenses. The Company expects to implement most of the program directives by December 31, 2008 and will report in our 2008 annual report the savings generated by the program.

**CAPITAL SPENDING AND DEVELOPMENT**

In addition to the development and expansion projects discussed in the Recent Development section, we also perform on-going refurbishment and maintenance at our casino, slot parlor and hotel facilities to maintain our high quality standards. The costs of pursuing development projects are expensed as incurred while construction-related costs incurred are capitalized and depreciated over the estimated useful life of the asset. Project pre-opening costs are expensed as incurred.

We also will continue to pursue development and acquisition opportunities for additional casino and slot parlor facilities that meet our return on investment criteria. However, in light of the current world economic environment which has negatively impacted the Company's ability to secure project financing; the Company is taking a conservative approach regarding new project development and the future availability of funds for new projects. As a result, the Company has recently downsized its development organization pending a change in this economic environment. This may negatively impact the continuing growth of the Company. Nevertheless, during these difficult economic times, the Company will focus only on high return projects with low capital requirements, such as slot parlors, until such time that longer term financing becomes more readily available under terms the Company considers favorable.

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## **LIQUIDITY AND CAPITAL RESOURCES**

### *Overview*

Liquidity is a measure of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund and maintain investments and other general business needs. Our primary source of liquidity has historically been cash provided by our operating activities (including cash provided by distributions from joint ventures, subsidiaries, management fees), as well as debt and equity capital raised at the corporate or project subsidiary company level, both from private investors, banks and other similar credit providers. Our primary liquidity and capital requirements are for acquisition and construction of new properties, expansions of existing properties and for working capital purposes.

As we have historically pursued growth, we continually monitor the capital resources available to us to meet our future financial obligations and planned capital expenditures. Our future success in growing our operations will be highly dependent on capital resources available to us as well as our success in acquiring and expanding additional properties. We actively review acquisition opportunities on an ongoing basis. If we were to make significant additional acquisitions for cash, we would need to obtain additional debt or equity financing.

### **Significant Financings**

As previously reported, on November 20, 2007, the Company closed an \$85.5 million Placement (the "Placement") of 9,500,000 shares of Thunderbird Resorts Inc. common stock at a purchase price per share of \$ 9.00 following the one-for-three reverse stock split that occurred prior to the opening of trading on November 20, 2007. All the shares sold in the Placement were subject to resale restrictions and are now freely tradable on the NYSE Euronext. The Company received approximately \$77.1 million after expenses incurred in connection with the Placement. With the funds raised in the Placement, the Company has repaid certain existing debt and has expanded operations in certain existing markets, both through new developments and expansions of existing facilities.

While the funds raised in the Placement have partially satisfied the capital requirements to construct and open the projects described in the development discussions above, the Company has had to seek additional sources of debt financing to complete the projects. The sources of this debt financing have been to date a combination of in-country bank financing and private debt financing. While the Company believes it will be successful in securing the debt financing required to complete the identified projects, it cannot predict the continuing effect of the ongoing worldwide capital market crisis and the effect such events or conditions may have on the markets where it operates and the Company's ability to raise the funds necessary to complete the projects.

During the recent difficult worldwide capital market conditions, the Company has recently secured several debt facilities or has issued debt offerings as described below:

- In December 2007 a \$10.0 million loan facility from Interbank-Peru was signed. It provides financing for hotel improvements, and to upgrade and build out a portion of the casino area for the flagship casino in the Suites property. The loan agreements call for a fixed interest rate of 9.75% and terms of four and seven years, depending on the type of collateral. As of October 31, 2008 the Company has drawn \$7.6 million of this facility.
- In Panama, the Company signed a loan agreement in April 2008 for \$20.0 million with Capital International Assets Corporation, a privately held Panama equity investment firm. The 72-month, 13% loan will be drawn in several installments. As of November 20, 2008 \$12.4 million has been drawn. The Company intends to use the \$20.0 million in proceeds for potential acquisitions and/or development of gaming facilities in Peru. Part of the proceeds may also be used to fund the construction of gaming

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facilities located within the Thunderbird Hoteles Las Americas in Peru that are now under construction or in the design phase.

- In Panama a loan agreement in the amount of \$19.5 million was signed on April 18, 2008 with a syndicate of private banks in Panama (led by Banco Panameño de la Vivienda S.A., Grupo Mundial Tenedora and Mundial Fiduciaria S.A.). The loan is fully amortized over a 10-year period at 9.5% interest. The full loan agreement amount of \$19.5 million was approved by the Panama Gaming Board, which resulted in \$17.5 million being funded on May 22, 2008 and \$2.0 million being funded on September 30, 2008. Approximately \$2.0 million of the loan was used to purchase an additional 2.27% of International Thunderbird Gaming (Panama) Corporation shares on September 30, 2008 while the uses of the initial draw of \$17.5 million has been detailed in previous filings.
- We have issued a private financing offer for \$20.0 million to be used for slot machines and other gaming equipment for uses in our various countries at 12% interest payable over a 60-month term. As of November 20, 2008 \$5.2 million had been raised under this offering.
- We have issued a private financing offer totaling \$16.9 million at 14% interest payable over a 60 month term. The proceeds will be used to fund the Rizal and Poro Point casino expansions. As of November 20, 2008 \$7.2 million had been raised under this offering.
- We have issued a private financing offer totaling \$5.6 million at 12% interest payable over 60 months to expand our casinos in Poland. As of November 20, 2008 \$1.7 million had been raised under this offering.
- We have issued a private financing offer totaling \$3.5 million at 14% interest payable over 60 months to expand our casinos in Costa Rica. As of November 20, 2008 \$3.5 million had been raised under this offering.
- We have issued a private financing offer totaling \$2.3 million at 14% interest payable over 60 months to expand our casinos in Guatemala. As of November 20, 2008 \$0.6 million had been raised under this offering.
- In October 2008 we closed on a financing for \$5.3 million that was utilized for the completion of our flagship Peru casino that opened on September 26, 2008. The terms of this financing are 13% interest payable over 36 months.

Based upon our current expectations for 2008, we anticipate that our available cash balances including the cash reserves we plan to reserve from the Placement funding, our cash flow from operations and available borrowing capacity under our existing credit arrangements will be sufficient to fund our liquidity requirements for the next 12 months. The completion of our material projects is subject to the Company's ability to secure additional debt financing, which is subject to various risks and uncertainties. There can be no assurances that such debt financing will prove to be successful. Important factors that could affect the consummation of such debt financing include competitive pressures, unfavourable changes in regulatory structures, and general risks associated with business, all of which are disclosed under the heading "Risk Factors" and elsewhere in the Company's documents filed from time to time with the Euronext, AFM, CNSX, SEDAR and with other regulatory authorities.

### ***Comparative Cash Flows***

Net cash used by operating activities for the quarter ended September 30, 2008 was \$2.5 million compared to the same cash used of \$2.5 million for the same period last year. The use of cash was primarily due to the increase in account receivable of \$3.4 million for loans to our joint venture operations and an increase in prepaid expenses and supplies of \$4.3 million due to the increases in inventories and prepaid expenses of the five casino operations acquired in Peru and the opening of Fiesta Casino Benavides at end of the quarter which was offset by increases in trade payables and other accrued liabilities. Net cash from operations for the nine month period in 2008 decreased from proceeds of \$3.0 million as of September 30, 2007 to a use of \$7.8 million. The decrease is associated with the increase in prepaid expenses, deposits and inventories associated with the Company's new properties in Guatemala (Gran Plaza) and the new Peruvian operations. Net cash used for investing activities for the nine months ended September 30, 2008 was \$95.0 million compared to \$60.8 million for the same period last year. The use of cash in

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2008 included \$68.6 million of capital assets and increase of \$21.1 million in investment to subsidiaries. The capital assets were purchased across all operations, with the primary purchases completed in Peru for both hotel and casino operations of 24.2 million, \$8.5 million in Costa Rica, \$15.6 million in the Philippines, \$11.3 million in Panama \$3.2 million for the Company's 50% share of the land in India and the remaining \$5.8 million spent in the Companies other operations. Additionally, \$21.1 million was spent on investments in subsidiaries (excluding amounts for net assets acquired) consisting of \$11.7 million for the additional 13.63% of the Panama operation, \$1.4 million for an additional 12.34% of the Garden Court casino in Costa Rica, \$0.8 million for the goodwill recognized on India investment, \$0.5 million in Casino Centrum - Poland and \$10.1 million in Peru Casinos netted against \$3.4 million of minority interest. Also, the company placed deposits for future investments in the Philippines. Net cash provided by financing activities was \$59.7 million compared to \$59.5 million received for the same period last year. The primary new financings were the \$19.5 million in Panama with a syndication of private Panamanian banks to finance the controlling interest of that operation and to pay down certain debts, the \$10.4 million from private investors to finance the acquisition of the slot parlor operation in Peru, the approximate \$6.8 million with Interbank-Peru to finance the improvements to the Peru hotel assets, along with other financings normally incurred by the business in normal developments and capital expenditures.

Cash and cash equivalents decreased to \$28.5 million at September 30, 2008 from \$41.3 million at June 30, 2008. This decrease is primarily due to additions of fixed assets in the operations as well as increased inventory levels.

***Comparative Balance Sheet***

Our assets at September 30, 2008 were \$289.5 million as compared to \$215.3 million at December 31, 2007. Our total liabilities at September 30, 2008 were \$222.7 million as compared to \$134.4 million at December 31, 2007. The increase in both assets and liabilities is attributable to the debt funding raised for the expansion of the company's operations and the corresponding increase in capital assets acquired through September 30, 2008 for the existing locations, resulting in an increase in property, plant and equipment, net from \$114.5 million at December 31, 2007 to \$175.7 million at September 30, 2008.

As of September 30, 2008, the Company had outstanding share options exercisable for up to 570,430 common shares at prices ranging from \$0.96 to \$5.00 per share. If all share options are exercised, to which no assurance can be given, 570,430 common shares would be issued generating proceeds of approximately \$1.7 million.

***Commitments***

The Company expects the following maturities of its financial liabilities (including interest) and operating leases and contracts:

	Current		Non Current	
	within 6 months \$ '000's	6 to 12 months \$ '000's	1 to 5 years \$ '000's	later than 5 years \$ '000's
Long-term bank loans	\$ 23,324	\$ 22,761	\$ 115,202	\$ 42,921
Finance lease obligations	4,332	5,685	15,822	12,293
Trade payables	16,333	-	-	-
Other short-term financial liabilities	14,604	-	-	-
Operating leases	1,528	1,281	9,814	27,974
<b>Total</b>	<b>\$ 60,121</b>	<b>\$ 29,727</b>	<b>\$ 140,838</b>	<b>\$ 83,188</b>

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***Off Balance Sheet Arrangements***

There are no off-balance sheet arrangements to which the Company is committed except for operating leases as disclosed above.

***Financial instruments and other instruments***

We classify our financial assets in the following categories: loans, receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. We determine the classifications of our financial assets when acquired and reevaluate this classification at each financial year end. When financial assets are recognized initially they are measured at fair value, being the transaction price plus directly attributable transaction costs.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless we intend to dispose of the investment within 12 months of the balance sheet date.

The carrying value of cash and cash equivalents and accounts payable and accrued liabilities approximate their fair values due to the short maturity of those instruments. Unless otherwise noted in our consolidated financial statements, we believe that we are not exposed to significant interest, currency or credit risks arising from these financial instruments.

**Risk management objectives and policies*****Foreign currency risk***

Most of the Company's transactions are carried out in the functional currency where the operations reside. Exposures to currency exchange rates arise from the Company's loans payable, inter-company payables and cash balances, which are primarily denominated in US Dollars. The loans, inter-company payables and cash have been designated at fair value through profit or loss.

To mitigate the Company's exposure to foreign currency risk, non functional currency cash flows are monitored. Generally, the amounts to be paid for purchases completed in US Dollars versus the functional currency the financing of the purchase is short term; therefore, a decision is made to either finance the equipment or to pay in cash depending on the current value of the US Dollar compared to the functional currency. At this time the Company is reviewing a hedging strategy but has not decided to implement one at this time.

***Interest rate risk***

Thunderbird Resorts' policy is to minimize interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates.

Please refer to the Company's interim consolidated financial statements for a complete review of the Company's risk management objectives and policies.

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### **Critical Accounting Policies and Estimates**

We have identified the following critical accounting policies that affect our more significant judgments and estimates used in the preparation of our consolidated financial statements as reported under Canadian GAAP.

A summary of our significant accounting policies is set out below. Except where noted below, these policies have been consistently applied.

#### ***Key sources of estimation uncertainty***

The preparation of financial information in conformity with Canadian GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial information and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the special purpose consolidated financial statements are set out below. Our best estimates may differ from actual results.

Estimated economic lives and residual values.....	Depreciable lives of assets
Carrying value of assets and potential impairments .....	Goodwill and intangibles
Recoverability of deferred tax assets.....	Potential use of asset
Retirement benefit .....	Actuarial analysis
Litigation provisions and contingent liabilities .....	Judgments on legal cases
Stock options .....	Valuation model

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to carrying amounts of assets and liabilities within the next financial year as noted above require our board of directors to consider the useful lives of assets, the estimation of future cash flows, selection of appropriate valuation models and consideration of inputs necessary for the calculation and future market conditions.

#### ***Transactions with Related Parties***

##### **Transactions with joint ventures**

The accounts receivable for Thunderbird Panama balance was reduced to \$Nil as of September 30, 2008 (December 31, 2007 - \$2.4 million) due the consolidation of 100% of the entity rather than the proportional consolidation completed in prior periods. Also included in accounts receivable and intercompany notes receivable is \$5.1 million as of September 30, 2008 (December 31, 2007 - \$3.2 million) due from Thunderbird de Costa Rica S.A. These amounts represent the balances due in excess of the Company's proportionate share of the net assets included up on consolidation. These balances are primarily comprised of management fees accrued but not yet paid by the entity. The income and expenses related to these management fees are fully eliminated upon consolidation.

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**Transactions with partners in operating entities**

Included in loans payable are loans from partners in the Company's operating entities. The loans outstanding are as follows:

	Country	September 30, 2008		December 31, 2007	
		Amount Due	Interest Paid	Amount Due	Interest Paid
Panama partners	Panama	\$ 1,449	\$ 206	\$ 1,845	\$ 203
Nicaragua partners	Nicaragua	-	5	117	18
<b>Total</b>		<b>\$ 1,449</b>	<b>\$ 211</b>	<b>\$ 1,962</b>	<b>\$ 221</b>

Included in other liabilities are amounts due to the Company's partner in Costa Rica for \$1.2 million as of September 30, 2008 (December 31, 2007 - \$0.4 million) and included in current liabilities was \$1.0 million as of September 30, 2008 (December 31, 2007 - \$1.0 million) for their portion of management fees, which have been fully eliminated in the income statement. In other liabilities are amounts due to the Company's partner in its Philippines entity Eastbay Resorts, Inc. as of September 30, 2008 for \$0.2 million (December 31, 2007 - \$0.3), for amounts due for their expenses associated with the securing of the gaming license for that facility. Additionally, in other liabilities is \$0.1 million as of September 30, 2008 (December 31, 2007 - \$0.1 million) due to a shareholder of the Nicaraguan operation for a loan for a small acquisition completed by the entity for Masaya.

Included in trade and other receivables is \$Nil as of September 30, 2008 (December 31, 2007 - \$0.2 million) due from a shareholder in the Nicaraguan operation for their portion of the loan attributed to the purchase of the majority interest in Nicaragua in October 2004. Also included in trade and other receivables as of September 30, 2008 is \$0.1 million (December 31, 2007 \$0.1 million) due from our Costa Rican partner for their portion of the repurchase of minority interest shares in the Garden Court Casino, and \$0.9 million as of September 30, 2008 (December 31, 2007 - \$0.6 million) due from our Poro Point partner.

An officer owns indirectly 10% of Angular Investments S.A., which owns 50% of the Costa Rica operating entity.

**Transactions with officers and directors**

A Director received compensation under a consulting agreement in the amount of \$0.1 million for September 30, 2008 (December 31, 2007 - \$0.1 million), and received commissions from the successful securitization of loans payable in the amount of \$Nil for September 30, 2008 (December 31, 2007 - \$Nil) in addition to directors fees.

In addition Directors have loaned various amounts to the Company. The loans outstanding are as follows:

**THUNDERBIRD RESORTS, INC.**

Management's Discussion and Analysis

(Expressed in United States Dollars)

(Tabular amounts expressed in thousands of dollars, except per share amounts)

For the Nine Months Ended September 30, 2008

	Country	September 30, 2008		December 31, 2007	
		Amount Due	Interest Paid	Amount Due	Interest Paid
Director	Philippines	\$ 17	\$ 4	\$ 44	\$ 9
Director	Philippines	46	6	68	11
Director	Corporate	93	6	104	9
Mother of Director	Philippines	69	9	91	14
Director	Philippines	61	8	80	18
<b>Total</b>		<b>\$ 286</b>	<b>\$ 33</b>	<b>\$ 387</b>	<b>\$ 61</b>

The loans to Costa Rica contained an equity interest in the subsidiary Thunderbird Gran Entretenimiento for which the loans benefited. Both the Director and the Director's mother received a 0.04% interest in the entity as a result of their loans. As of September 30, 2008 the Director and the Director's mother received \$Nil each (December 31, 2007 - \$Nil each) related to their ownership interest in this entity.

The Company employs immediate family members of the President of the Company, they are as follows:

Relation	Position	September 30,	December 31,
		2008	2007
		Salary (1)	Salary (1)
Spouse	Executive Assistant	\$ 12	\$ 28
Brother-in-law	Regional Counsel	40	82
Brother-in-law	General Manager	59	46
Brother-in-law	General Manager	54	39
Daughter	Assistant Analyst	48	44
Brother	Project Manager	63	78
<b>Total</b>		<b>\$ 276</b>	<b>\$ 317</b>

(1) Includes bonuses and other compensation. The Spouse is no longer employed by the Company.

***Changes in Accounting policies***

Effective January 1, 2008, the Company adopted the following Canadian Institute of Chartered Accountants ("CICA") accounting standards:

- Section 1535 – Capital Disclosures
- Section 3031 – Inventories
- Section 3862 – Financial Instruments – Disclosures
- Section 3863 – Financial Instruments – Presentation

The adoption of these new standards resulted in additional disclosures with regard to financial instruments and the Company's objectives, policies and processes for managing capital. The new standards have no impact on either the classification and/or valuation of the Company's financial instruments or on the Company's accounting for inventory.

**THUNDERBIRD RESORTS, INC.**

Management's Discussion and Analysis

(Expressed in United States Dollars)

(Tabular amounts expressed in thousands of dollars, except per share amounts)

For the Nine Months Ended September 30, 2008

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In February 2008, the CICA issued a new accounting standard entitled Goodwill and Intangible Assets, Section 3064. The new section replaced the existing guidance on goodwill and other intangible assets and research and development costs. The new section provides additional guidance on measuring the cost of goodwill and intangible assets. The standard is effective for interim and annual financial statements for fiscal years beginning October 1, 2008. The Company will apply the new accounting standards at the beginning of its 2009 fiscal year. This new accounting standard is not expected to have a material impact on the Company's consolidated financial statements.

***Other MD&A Requirements******Disclosure of Outstanding Share Capital***

	<b>Number</b>	<b>Value<sup>(1)</sup></b>
Outstanding common shares at November 21, 2008	19,644,748	\$ 39,682,391
Warrants exercisable	173,471	350,411
Stock options exercisable	563,764	1,138,803
Balance at November 21, 2008	<u>20,381,983</u>	<u>\$ 41,171,606</u>

(1) The closing price of the Company's common shares was US\$2.02 on November 21, 2008

Share capital as of September 30, 2008 has increased 792,744. Therefore, 292,744 were added through the exercise of stock options and 500,000 shares through stock granted to the Officers and Directors in January 2008, from the total outstanding shares as of December 31, 2007

(1) Based on CNSX Pricing

***Additional Information***

Additional information may be obtained from the Company's AIF or on the Sedar website at: [www.sedar.com](http://www.sedar.com)