

International Frontier Resources Corporation
Consolidated Financial Statements

March 31, 2004

Contents

	<u>Page</u>
Notice to Reader	1
Interim Statements of Loss and Deficit	2
Interim Balance Sheet	3
Interim Statements of Cash Flows	4
Notes to the Financial Statements	5-11

International Frontier Resources Corporation
Consolidated Financial Statements
For the three month interim period ended
March 31, 2004

(unaudited – prepared by Management)

National Instrument 51-102 Notice

The financial statements of International Frontier Resources Corporation (“the Company”) as at March 31, 2004 have been compiled by management and approved by the Company’s Audit Committee on May 17, 2004.

These financial statements have not been reviewed or audited on behalf of the shareholders by the Company’s independent external auditors, Grant Thornton LLP.

International Frontier Resources Corporation

Consolidated Interim Statements of Loss and Deficit

(unaudited – prepared by Management)

Three Months ended March 31,

2004

2003

Revenue		
Interest	\$ <u>1,234</u>	\$ <u>1,781</u>
Expenses		
Depreciation	2,461	549
General and administration	289,376	18,383
Interest and bank charges	16	8,003
Stock based compensation	58,714	-
Professional fees	<u>11,838</u>	<u>3,400</u>
	<u>362,405</u>	<u>30,335</u>
Loss before income taxes	(361,171)	(28,554)
Income taxes (recovery)	<u>(30,112)</u>	<u>(11,975)</u>
Net Loss	\$ <u>(331,059)</u>	\$ <u>(16,579)</u>
Loss per share		
Basic	\$ <u>(0.02)</u>	\$ <u>(0.00)</u>
Diluted	\$ <u>(0.02)</u>	\$ <u>(0.00)</u>
<hr/>		
(Deficit) retained earnings, beginning of year	\$ (1,239,512)	\$ (276,342)
Net loss	<u>(331,059)</u>	<u>(16,579)</u>
Deficit, end of period	\$ <u>(1,570,571)</u>	\$ <u>(292,921)</u>

International Frontier Resources Corporation

Consolidated Interim Balance Sheet

(unaudited – prepared by Management)

	March 31 2004	December 31 2003
--	------------------	---------------------

Assets

Current

Cash and temporary investments	\$ 977,523	\$ 1,027,864
Receivables	198,267	488,312
Prepays	<u>5,359</u>	<u>11,859</u>
	1,181,149	1,528,035
Restricted cash	292,426	292,426
Property and equipment	2,075,149	1,753,034
Investment	<u>3,675</u>	<u>3,675</u>
	\$ <u>3,552,399</u>	\$ <u>3,577,170</u>

Liabilities

Current

Payables and accruals	\$ 111,734	\$ 158,548
Convertible debentures	99,217	99,217
Future income taxes	<u>124,779</u>	<u>154,891</u>
	<u>335,730</u>	<u>412,656</u>

Shareholders' Equity

Share capital	4,078,848	3,743,098
Contributed surplus	707,599	660,135
Equity component of convertible debentures	783	783
Warrants	10	10
Deficit	<u>(1,570,571)</u>	<u>(1,239,512)</u>
	<u>3,216,669</u>	<u>3,164,514</u>
	\$ <u>3,552,399</u>	\$ <u>3,577,170</u>

On behalf of the Board

(Signed) “Wm. Patrick Boswell” Director

(Signed) “W.J. McNaughton” Director

International Frontier Resources Corporation

Consolidated Interim Statements of Cash Flows

(unaudited – prepared by Management)

Three Months Ended March 31,

2004

2003

Increase (decrease) in cash and cash equivalents

Operating

Net loss	\$ (331,059)	\$ (16,579)
Depreciation	2,461	549
Future income taxes	(30,112)	(11,975)
Stock based compensation	<u>58,714</u>	<u>-</u>
 Cash flow from operating activities	 (299,996)	 (28,005)
 Change in non-cash operating working capital	 <u>81,973</u>	 <u>8,000</u>
	<u>(218,023)</u>	<u>(20,005)</u>

Investing

Additions to petroleum and natural gas properties	(344,576)	(21,766)
Change in non-cash investing working capital	<u>203,613</u>	<u>(18,852)</u>
	<u>(140,963)</u>	<u>(40,618)</u>

Financing

Private Placement	324,500	100,000
Deferred financing charges	-	(8,500)
Change in non-cash financing working capital	<u>(15,855)</u>	<u>8,000</u>
	<u>308,645</u>	<u>99,500</u>

Net increase (decrease) in cash and cash equivalents (50,341) 38,877

Cash and cash equivalents, beginning of period 1,320,290 342,837

Cash and cash equivalents, end of period \$ 1,269,949 \$ 381,714

Cash flow from operations per share

Basic	\$ <u>(0.02)</u>	\$ <u>(0.00)</u>
 Diluted	 \$ <u>(0.02)</u>	 \$ <u>(0.00)</u>

International Frontier Resources Corporation

Notes to the Consolidated Interim Financial Statements

(unaudited – prepared by Management)

March 31, 2004

1. Significant accounting policies

The interim financial statements have been prepared following the same accounting policies and methods of computation as the financial statements for the year ended December 31, 2003.

2. Change in accounting policy

During the fourth quarter of 2003, the Company has early adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA"), as outlined in CICA Handbook section 3870, "Stock-based Compensation and Other Stock-based Payments". The new section requires the use of the fair-value method of accounting for the stock options granted to employees and directors. As allowed by section 3870, this policy has been adopted prospectively, meaning all prior years have not been restated. The Company records a stock based compensation expense in the consolidated statement of loss and deficit for all options granted on or after January 1, 2003, with a corresponding increase to contributed surplus. Compensation expense for options granted during 2003 is based on the estimated fair values at the time of the grant and the expense is recognized over the vesting period of the option. The Company recognized \$735,135 of compensation expense for options granted during 2003 and \$58,714 of compensation expense for options granted in the first period of 2004.

3. Restricted cash

As at March 31, 2004, the Company has provided an assignment of cash totalling \$192,352 (2002 - \$192,352) and \$41,500 (2002 - \$41,500) as security on the irrevocable standby letters of credit against refundable deposits on Northwest Territories Exploration License No. 397 and No. 416 respectively (see Note 12). Subsequent to March 31, 2004, the Company fulfilled work commitments relating to Exploration License No. 397 resulting in amounts of \$189,000 becoming recoverable.

The Company has an outstanding letter of credit on Northwest Territories Exploration License No. 391 for delay rentals. As at December 31, 2003, the amount of restricted cash is \$58,574 (2002 - \$58,574) and will be refunded by \$1 for every \$1 spent on allowable expenses incurred.

International Frontier Resources Corporation

Notes to the Consolidated Interim Financial Statements

(unaudited – prepared by Management)

March 31, 2004

4. Property and equipment

March 31, 2004

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Petroleum and natural gas properties	\$ 2,198,455	\$ 156,166	\$ 2,042,289
Office furniture and equipment	56,495	37,836	18,659
Option	<u>14,201</u>	<u>-</u>	<u>14,201</u>
	<u>\$ 2,269,151</u>	<u>\$ 194,002</u>	<u>\$ 2,075,149</u>

December 31, 2003

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Petroleum and natural gas properties	\$ 1,875,767	\$ 156,166	\$ 1,719,601
Office furniture and equipment	54,606	35,374	19,232
Options	<u>14,201</u>	<u>-</u>	<u>14,201</u>
	<u>\$ 1,944,574</u>	<u>\$ 191,540</u>	<u>\$ 1,753,034</u>

5. Convertible debentures

At December 31, 2003, debenture holders of \$300,000 of convertible debentures converted into 750,000 common shares. The remaining \$100,000 of convertible debenture holders converted into 222,222 common shares in the second quarter of 2004.

As at March 31, 2004, the fair value of the remaining \$100,000 of convertible debentures is approximately \$102,330 (2003 - \$445,329).

International Frontier Resources Corporation

Notes to the Consolidated Interim Financial Statements

(unaudited – prepared by Management)

March 31, 2004

6. Share capital

a) Authorized

Unlimited common shares

Unlimited preferred shares

b) Issued

	<u>March 31, 2004</u>	
	<u>Number of Shares</u>	<u>Amount</u>
Common shares		
Beginning of year	14,834,918	\$ 3,743,098
Cash on exercise of warrants	1,280,000	307,200
Exercise of options	90,000	33,750
Share issue costs	-	(5,200)
Balance, end of Period	<u>16,204,918</u>	<u>\$ 4,078,848</u>

c) Stock options

The Company has a stock option plan available to officers, directors, employees of the Company, and to key consultants. During the period, the Company reserved 155,000 common shares at \$0.50 per share. During the period 90,000 common shares were exercised at \$0.25 per share by consultants of the Company. On March 31, 2004 1,500,000 common shares with exercise prices ranging between \$0.25 and \$0.50 were outstanding and exercisable at various dates to January 23, 2009, and were reserved for issuance under the plan. Options granted under the plan generally have a term of five years to expiry.

Outstanding and exercisable

	<u>March 31, 2004</u>	
	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>
Beginning of year	1,435,000	\$ 0.42
Granted	155,000	\$ 0.50
Exercised	(90,000)	\$ 0.25
Cancelled	-	\$ -
Balance, end of period	<u>1,500,000</u>	<u>\$ 0.43</u>

International Frontier Resources Corporation

Notes to the Consolidated Interim Financial Statements

(unaudited – prepared by Management)

March 31, 2004

6. Share capital (Continued)

<u>Expiry Dates</u>	<u>March 31, 2004</u>	
	<u>Number of</u> <u>Options</u>	<u>Price</u>
April 10, 2008	155,000	\$ 0.25
December 23, 2008	1,190,000	\$ 0.45
January 28, 2009	155,000	\$ 0.50
	<u>1,500,000</u>	<u>\$ 0.43</u>

<u>Exercise Price</u>	<u>Options</u> <u>Outstanding</u>	<u>Weighted</u> <u>Average</u> <u>Contractual</u> <u>Life (years)</u>	<u>Weighted</u> <u>Average</u> <u>Exercise</u> <u>Price</u>	<u>Options</u> <u>Exercisable</u>	<u>Weighted</u> <u>Average</u> <u>Exercisable</u> <u>Price</u>
\$0.25 - \$0.50	<u>1,500,000</u>	<u>4.85</u>	<u>\$0.43</u>	<u>1,500,000</u>	<u>\$0.43</u>

The weighted average fair market value of options granted for the period ended March 31, 2004 is \$0.36 per option. The fair value of each option granted was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	<u>2004</u>	<u>2003</u>
Risk-free interest rate	3.82%	4.37%
Estimated hold period prior to exercise (years)	5	5
Volatility in price of the Company's shares	67.803%	133.12%
Dividend yield rate	0%	0%

d) Warrants

Warrants outstanding are as follows:

	<u>March 31, 2004</u>	
	<u>Number of</u> <u>Warrants</u>	<u>Amount</u>
Balance, beginning of year	5,420,000	\$ 10
Issued	-	-
Exercised [d(ii)]	(1,280,000)	-
Expired	-	-
Balance, end of period	<u>4,140,000</u>	<u>\$ 10</u>

International Frontier Resources Corporation

Notes to the Consolidated Interim Financial Statements

(unaudited – prepared by Management)

March 31, 2004

6. Share capital (Continued)

- i) As of June 11, 2003, the Company acquired 100% of Sidox Chemicals Canada Ltd. The consideration paid for the purchase of all of the issued and outstanding shares of Sidox Canada is the issuance of 2,000,000 non-transferable performance warrants with a deemed value of \$10, entitling holders to acquire one common share at \$0.25 for two years and \$0.35 in the third year. The warrants can only be exercised if Sidox Canada acquires a ten year exclusive license for Sidox and if wells in which the Company holds an interest that have been treated with Sidox achieve a minimum 25% barrel of oil per day increase for a period of 100 days. The purchase of Sidox Canada was from a company controlled by a director of the Company.
- ii) In conjunction with the private placement occurring September 11, 2003, the Company issued 1,420,000 warrants entitling holders to acquire one common share at \$0.24. These warrants expire March 9, 2004. As at March 31, 2004 there were 140,000 warrants remaining outstanding.
- iii) In conjunction with a private placement occurring November 2, 2003, the Company issued 2,000,000 warrants entitling holders to acquire one common share at \$0.35. During the second quarter of 2004, 1,850,000 warrants were exercised. The remaining 150,000 warrants expire November 30, 2004.

7. Per share amounts

Earnings per share is calculated using earnings and the weighted-average number of common shares outstanding. Diluted earnings per share is calculated using earnings and the weighted-average number of diluted common shares outstanding.

	March 31, 2004
Weighted average shares outstanding:	
Basic, beginning of period	14,834,918
Shares issued pursuant to options	60,329
Shares issued pursuant to warrants	<u>493,407</u>
Diluted, end of period	<u>15,388,654</u>

International Frontier Resources Corporation

Notes to the Consolidated Interim Financial Statements

(unaudited – prepared by Management)

March 31, 2004

8. Related party transactions

During the period, the Company paid consulting fees to certain officers and directors and debenture interest to a company controlled by a director. These transactions were measured at the exchange amount which approximated fair market value as set out below:

March 31,	<u>2004</u>	<u>2003</u>
Consulting fees	\$ 24,680	\$ 21,360
Debenture interest	<u>2,000</u>	<u>2,000</u>
	<u>\$ 26,680</u>	<u>\$ 23,360</u>

9. Contingent liabilities

- a) The Company is party to a joint venture agreement covering Exploration License No. 416(EL-416) in the Central Mackenzie Valley, Northwest Territories. Pursuant to the agreement, the Company and its joint venture participants were required to provide a \$381,608 refundable work deposit and commit to expend \$1,526,430 on qualified exploration and development expenditures on EL-416 by September 18, 2005. The work deposit will be refunded by \$1 for every \$4 spent on qualified exploration and development expenditures on EL-416. In 2001, the Company lodged an irrevocable standby letter of credit for \$41,500 for its share of a refundable work deposit on EL-416.

The letter of credit is secured by an assignment of cash of \$41,500. The Company is contingently liable under the letter of credit for any portion of the work commitment not fulfilled.

The Company is party to a joint venture agreement covering Exploration License No. 397 (EL-397) in the Central Mackenzie Valley, Northwest Territories. Pursuant to the agreement, the Company and its joint venture participants were required to provide a \$4,145,000 refundable work deposit and commit to expend \$16,580,000 on qualified exploration and development expenditures on EL-397 by August 1, 2004. The work deposit will be refunded by \$1 for every \$4 spent on qualified exploration and development expenditures on EL-397. In 2001 the Company lodged an irrevocable standby letter of credit for \$194,314 for its share of a refundable work deposit on EL-397. The letter of credit is secured by an assignment of cash of \$194,314. The Company is contingently liable under the letter of credit for any portion of the work commitment not fulfilled. Pursuant to an agreement with a joint venture participant the Company's letter of credit of \$194,314 is fully secured and refundable by the joint venture participant.

International Frontier Resources Corporation

Notes to the Consolidated Interim Financial Statements

(unaudited – prepared by Management)

March 31, 2004

10. Supplemental cash flow information

	March 31, <u>2004</u>	March 31, <u>2003</u>
--	----------------------------------	--------------------------

Cash and cash equivalents are represented by:

Cash and temporary investments	\$ 977,523	\$ 89,288
Restricted cash	<u>292,426</u>	<u>292,426</u>
	<u>\$ 1,269,949</u>	<u>\$ 381,714</u>

11. Commitments

- a) The Company is party to an agreement to lease its premises until December 31, 2006. The annual rent of premises consists of a minimum rent plus occupancy costs. Minimum rent payable for premises until the end of the lease are as follows:

2004	\$ 22,341
2005	\$ 26,809
2006	\$ 26,809

- b) The Company is committed to purchase two additional tonnes of the chemical compound Sidox for an aggregate amount of \$90,000 in 2004.

12. Subsequent events

- a) On April 4, 2004, the Company entered into an agreement to purchase two operated properties in southern Alberta for a total of \$956,000.

Financing of the above production acquisition is by way of issuing up to \$1,000,000 in convertible redeemable debentures, subject to TSX venture exchange approval.

- b) On May 17, 2004, the Company announced that it had entered into a non-brokered private placement of a minimum 4 million – maximum 6 million units at a price of \$0.80 per unit. Each unit consists of one common share, one series “A” warrant and one series “B” warrant. Two series “A” warrants entitle the holder thereof to acquire one common share at \$1.15 per share for a period of 180 days. Two series “B” warrants entitle the holder thereof to acquire on common share at \$1.50 for a period of 180 days from the date of exercise of the series “A” warrants. Series “B” warrants can only be exercised if the series “A” warrants are fully subscribed, subject to TSX venture exchange approval.

**International Frontier Resources Corporation
Management's Discussion and Analysis
March 31, 2004**

The following is management's discussion and analysis ("MD&A") of International Frontier Resources Corporation's ("International Frontier" or the "Company") operating and financial results for the three months ended March 31, 2004 as well as information concerning the Company's future outlook based on currently available information. This MD&A should be read in conjunction with the Company's December 31, 2003 and 2002 consolidated financial statements and related notes and includes information to May 17, 2004.

Forward Looking Information

This MD&A contains forward-looking or outlook information which reflects management's expectations regarding the Company's growth, results of operations, performance and business prospects and opportunities. The use of words such as "anticipate", "continue", "estimate", "expect", "may", "project", "should", "believe", "outlook", "forecast" and similar expressions are intended to identify forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results of events differ materially from those anticipated in these forward-looking statements. Although management believes the expectations reflected in these forward-looking statements are reasonable, there can be no assurance that actual results will be consistent with these forward-looking statements. Readers should not put undue reliance on forward-looking information. These statements are made as of the date hereof and management assumes no obligation to update or revise these statements to reflect new events or circumstances.

Capital Expenditures and Results of Operations

Total capital expenditures for the first quarter of 2004 were \$344,576, up from \$21,766 in the first quarter of 2003 and compared to \$190,695 for the year ended December 31, 2003. In the first quarter, 43% (100% in the first quarter of 2003 and 83% for the year 2003) of these expenditures related to its exploration activities in the Central Mackenzie Valley in the Northwest Territories, Canada. Operations in this area are expensive and of a high risk nature that could create conditions that could alter plans of the Company and its partners. Further, should commercial quantities of petroleum and natural gas be proven to exist in the area, the timing of revenue generation is dependent on a variety of factors not within control of the Company.

The Company's wholly owned subsidiary, Sidox Chemicals Canada Ltd. ("Sidox Canada"), is expected to incur property acquisition cost and testing costs, including the acquisition cost of Sidox. Sidox is a permeability modifier that will be tested on acquired properties that is intended to enhance oil production relative to water production from existing producing wells. In the second quarter 2004 the Company acquired two properties in southern Alberta upon which it intends to test Sidox during mid-2004. Total capital expenditures attributed to the Sidox operation are \$173,026 in the first quarter of 2004 (first quarter 2003 - \$0; year 2003 - \$14,201) and \$187,227 to the date hereof. International Frontier holds an option to acquire Exclusive License Canadian distribution rights for the Sidox product and technology after one year of testing and the payment of \$100,000 to the patent owner.

Revenue

Since inception the Company has been involved in the exploration for and development petroleum and natural gas reserves. To date International Frontier has not earned revenue from these operations and is in the development stage. Thus the only revenue the Company is reporting is interest income.

General and Administrative

The most significant item included in General and Administrative Expenses for the three months ended March 31, 2004 were expenses of \$263,347 related to efforts to enhance shareholder awareness of the Company in Canada and Europe. In its current development stage, International Frontier is reliant upon investment capital and has incurred these costs to optimize understanding of the Company's operations amongst the investment community. These efforts have been completed and no such activities are currently underway or planned for the foreseeable future. During the year 2003, the Company incurred expenses of this nature totaling \$135,570.

Other General and Administrative Expenses totaled \$25,929 in the first quarter of 2004 (2003 - \$18,383).

Liquidity, Capital Resources and Commitments

Pending revenue generation from its exploration and development activities, International Frontier relies upon its ability to raise equity and debt financing from private placements and the public markets. Details of financing activities to the date hereof are set out in the March 31, 2004 and December 31, 2003 Financial Statements and the Notes thereto.

The Company's Working Capital of \$1.1 million at March 31, 2004, combined with the proceeds of financings announced subsequent to March 31, 2004, is expected to be sufficient to fund exploration and development activities for which plans are currently in formulation. Capital expenditures expected in the NWT are projected to approximate \$3 million, expenditures identified with acquiring producing properties for Sidox testing are projected to be \$950,000 and other identified capital expenditures are forecasted to be approximately \$750,000 for fiscal 2004.

The continuing availability of funding from these sources is uncertain and is a risk factor to the Company's longer term planning.

There were no material changes to the Company's contractual commitments during the quarter.

Related Party Transactions

Certain officers and directors provide professional, consulting and management services to the Company. The amounts paid to these officers and directors during the first quarter of 2004 were \$24,680 (2003 - \$21,360). A company controlled by a director holds a Convertible Debenture in the amount of \$100,000 upon which interest of \$2,000 was paid in each of the first quarters of 2004 and 2003.

Changes in Accounting Policies

During the fourth quarter of 2003, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") as outlined in Handbook section 3870, "Stock-based Compensation and Other Stock-based Payments". The new section requires the use of the fair-value method of accounting for the stock options granted to employees and directors. As allowed by section 3870, this policy has been adopted prospectively, meaning all prior years have not been restated. The Company records stock based compensation expense in the consolidated statement of loss and deficit for all options granted after January 1, 2003, with a corresponding increase to contributed surplus. Compensation Expense for options granted is based on the estimated fair values at the time of grant and the expense is recognized over the vesting period of the option. The Company recognized \$58,714 of compensation expense in the first quarter of 2004 and \$735,135 during 2003.

Other Items

Details on outstanding common shares, stock options and warrants are set out in the Notes to the Consolidated Interim Financial Statements dated March 31, 2004.

Since January 1, 2004, the Company has added W.J. (Bill) McNaughton C.A. as an independent member of the Board of Directors. Mr. Berg resigned as a Director on Jan 15, 2004.

International Frontier Resources Corporation Management Discussion and Analysis 31-Mar-04 Annual Results

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Total Revenues	\$7,663	\$11,663	\$61,928
Net Loss	(\$963,170)	(\$170,701)	(\$71,333)
Net Loss	(\$963,170)	(\$170,701)	(\$71,333)
Loss per share - basic	(\$0.10)	(\$0.03)	(\$0.01)
Loss per share - fully diluted	(\$0.10)	(\$0.03)	(\$0.01)
Total Assets	\$3,577,170	\$2,230,098	\$2,542,825
Working Capital	(\$814,087)	(\$124,557)	(\$42,284)
Additions to petroleum and natural gas properties	\$118,878	(\$507,798)	(\$261,221)

Quarterly Results

	<u>Mar-31</u> <u>2003</u>	<u>Jun-30</u> <u>2003</u>	<u>Sept. 30</u> <u>2003</u>	<u>Dec. 31</u> <u>2003</u>
Total Revenues	\$1,781	\$1,995	\$2,085	\$1,802
Net Loss	(\$16,579)	(\$43,187)	(\$28,242)	(\$875,162)
Net Loss	(\$16,579)	(\$43,187)	(\$28,242)	(\$875,162)
Loss per share - basic	\$0	(\$0.01)	(\$0.00)	(\$0.10)
Loss per share - fully diluted	\$0	(\$0.01)	(\$0.00)	(\$0.10)
Total Assets	\$2,302,127	\$2,376,979	\$2,582,595	\$994,575
Working Capital	(\$30,857)	(\$49,080)	(\$47,663)	(\$686,487)
Additions to petroleum and natural gas properties	(\$21,766)	(\$33,733)	(\$74,965)	(\$60,501)

	<u>Mar-31</u> <u>2002</u>	<u>Jun-30</u> <u>2002</u>	<u>Sept. 30</u> <u>2002</u>	<u>Dec. 31</u> <u>2002</u>
Total Revenues	\$5,633	\$1,716	\$2,489	\$1,825
Net Loss	(\$27,252)	(\$9,830)	(\$26,258)	(\$107,361)
Net Loss	(\$27,252)	(\$9,830)	(\$26,258)	(\$107,361)
Loss per share - basic	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.03)
Loss per share - fully diluted	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.03)
Total Assets	\$2,640,546	\$2,389,395	\$2,335,856	\$2,230,098
Working Capital	\$112,655	(\$280,181)	\$2,379	\$40,590
Additions to petroleum and natural gas properties	(\$300,248)	(\$100,353)	(\$35,068)	(\$72,129)

**International Frontier Resources Corporation
Management's Discussion and Analysis
March 31, 2004**

The following is management's discussion and analysis ("MD&A") of International Frontier Resources Corporation's ("International Frontier" or the "Company") operating and financial results for the three months ended March 31, 2004 as well as information concerning the Company's future outlook based on currently available information. This MD&A should be read in conjunction with the Company's December 31, 2003 and 2002 consolidated financial statements and related notes and includes information to May 17, 2004.

Forward Looking Information

This MD&A contains forward-looking or outlook information which reflects management's expectations regarding the Company's growth, results of operations, performance and business prospects and opportunities. The use of words such as "anticipate", "continue", "estimate", "expect", "may", "project", "should", "believe", "outlook", "forecast" and similar expressions are intended to identify forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results of events differ materially from those anticipated in these forward-looking statements. Although management believes the expectations reflected in these forward-looking statements are reasonable, there can be no assurance that actual results will be consistent with these forward-looking statements. Readers should not put undue reliance on forward-looking information. These statements are made as of the date hereof and management assumes no obligation to update or revise these statements to reflect new events or circumstances.

Capital Expenditures and Results of Operations

Total capital expenditures for the first quarter of 2004 were \$344,576, up from \$21,766 in the first quarter of 2003 and compared to \$190,695 for the year ended December 31, 2003. In the first quarter, 43% (100% in the first quarter of 2003 and 83% for the year 2003) of these expenditures related to its exploration activities in the Central Mackenzie Valley in the Northwest Territories, Canada. Operations in this area are expensive and of a high risk nature that could create conditions that could alter plans of the Company and its partners. Further, should commercial quantities of petroleum and natural gas be proven to exist in the area, the timing of revenue generation is dependent on a variety of factors not within control of the Company.

The Company's wholly owned subsidiary, Sidox Chemicals Canada Ltd. ("Sidox Canada"), is expected to incur property acquisition cost and testing costs, including the acquisition cost of Sidox. Sidox is a permeability modifier that will be tested on acquired properties that is intended to enhance oil production relative to water production from existing producing wells. In the second quarter 2004 the Company acquired two properties in southern Alberta upon which it intends to test Sidox during mid-2004. Total capital expenditures attributed to the Sidox operation are \$173,026 in the first quarter of 2004 (first quarter 2003 - \$0; year 2003 - \$14,201) and \$187,227 to the date hereof. International Frontier holds an option to acquire Exclusive License Canadian distribution rights for the Sidox product and technology after one year of testing and the payment of \$100,000 to the patent owner.

Revenue

Since inception the Company has been involved in the exploration for and development petroleum and natural gas reserves. To date International Frontier has not earned revenue from these operations and is in the development stage. Thus the only revenue the Company is reporting is interest income.

General and Administrative

The most significant item included in General and Administrative Expenses for the three months ended March 31, 2004 were expenses of \$263,347 related to efforts to enhance shareholder awareness of the Company in Canada and Europe. In its current development stage, International Frontier is reliant upon investment capital and has incurred these costs to optimize understanding of the Company's operations amongst the investment community. These efforts have been completed and no such activities are currently underway or planned for the foreseeable future. During the year 2003, the Company incurred expenses of this nature totaling \$135,570.

Other General and Administrative Expenses totaled \$25,929 in the first quarter of 2004 (2003 - \$18,383).

Liquidity, Capital Resources and Commitments

Pending revenue generation from its exploration and development activities, International Frontier relies upon its ability to raise equity and debt financing from private placements and the public markets. Details of financing activities to the date hereof are set out in the March 31, 2004 and December 31, 2003 Financial Statements and the Notes thereto.

The Company's Working Capital of \$1.1 million at March 31, 2004, combined with the proceeds of financings announced subsequent to March 31, 2004, is expected to be sufficient to fund exploration and development activities for which plans are currently in formulation. Capital expenditures expected in the NWT are projected to approximate \$3 million, expenditures identified with acquiring producing properties for Sidox testing are projected to be \$950,000 and other identified capital expenditures are forecasted to be approximately \$750,000 for fiscal 2004.

The continuing availability of funding from these sources is uncertain and is a risk factor to the Company's longer term planning.

There were no material changes to the Company's contractual commitments during the quarter.

Related Party Transactions

Certain officers and directors provide professional, consulting and management services to the Company. The amounts paid to these officers and directors during the first quarter of 2004 were \$24,680 (2003 - \$21,360). A company controlled by a director holds a Convertible Debenture in the amount of \$100,000 upon which interest of \$2,000 was paid in each of the first quarters of 2004 and 2003.

Changes in Accounting Policies

During the fourth quarter of 2003, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") as outlined in Handbook section 3870, "Stock-based Compensation and Other Stock-based Payments". The new section requires the use of the fair-value method of accounting for the stock options granted to employees and directors. As allowed by section 3870, this policy has been adopted prospectively, meaning all prior years have not been restated. The Company records stock based compensation expense in the consolidated statement of loss and deficit for all options granted after January 1, 2003, with a corresponding increase to contributed surplus. Compensation Expense for options granted is based on the estimated fair values at the time of grant and the expense is recognized over the vesting period of

the option. The Company recognized \$58,714 of compensation expense in the first quarter of 2004 and \$735,135 during 2003.

Other Items

Details on outstanding common shares, stock options and warrants are set out in the Notes to the Consolidated Interim Financial Statements dated March 31, 2004.

Since January 1, 2004, the Company has added W.J. (Bill) McNaughton C.A. as an independent member of the Board of Directors. Mr. Berg resigned as a Director on Jan 15, 2004.

International Frontier Resources Corporation
Management Discussion and Analysis
31-Mar-04
Annual Results

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Total Revenues	\$7,663	\$11,663	\$61,928
Net Loss	(\$963,170)	(\$170,701)	(\$71,333)
Net Loss	(\$963,170)	(\$170,701)	(\$71,333)
Loss per share - basic	(\$0.10)	(\$0.03)	(\$0.01)
Loss per share - fully diluted	(\$0.10)	(\$0.03)	(\$0.01)
Total Assets	\$3,577,170	\$2,230,098	\$2,542,825
Working Capital	(\$814,087)	(\$124,557)	(\$42,284)
Additions to petroleum and natural gas properties	\$118,878	(\$507,798)	(\$261,221)

Quarterly Results

	<u>Mar-31</u> <u>2003</u>	<u>Jun-30</u> <u>2003</u>	<u>Sept. 30</u> <u>2003</u>	<u>Dec. 31</u> <u>2003</u>
Total Revenues	\$1,781	\$1,995	\$2,085	\$1,802
Net Loss	(\$16,579)	(\$43,187)	(\$28,242)	(\$875,162)
Net Loss	(\$16,579)	(\$43,187)	(\$28,242)	(\$875,162)
Loss per share - basic	\$0	(\$0.01)	(\$0.00)	(\$0.10)
Loss per share - fully diluted	\$0	(\$0.01)	(\$0.00)	(\$0.10)
Total Assets	\$2,302,127	\$2,376,979	\$2,582,595	\$994,575
Working Capital	(\$30,857)	(\$49,080)	(\$47,663)	(\$686,487)
Additions to petroleum and natural gas properties	(\$21,766)	(\$33,733)	(\$74,965)	(\$60,501)

	<u>Mar-31</u> <u>2002</u>	<u>Jun-30</u> <u>2002</u>	<u>Sept. 30</u> <u>2002</u>	<u>Dec. 31</u> <u>2002</u>
Total Revenues	\$5,633	\$1,716	\$2,489	\$1,825
Net Loss	(\$27,252)	(\$9,830)	(\$26,258)	(\$107,361)
Net Loss	(\$27,252)	(\$9,830)	(\$26,258)	(\$107,361)
Loss per share - basic	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.03)
Loss per share - fully diluted	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.03)
Total Assets	\$2,640,546	\$2,389,395	\$2,335,856	\$2,230,098
Working Capital	\$112,655	(\$280,181)	\$2,379	\$40,590
Additions to petroleum and natural gas properties	(\$300,248)	(\$100,353)	(\$35,068)	(\$72,129)