

**International Frontier Resources Corporation**  
**Consolidated Financial Statements**  
September 30, 2004

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**International Frontier Resources Corporation**  
**Consolidated Financial Statements**  
**For the nine month interim period ended**  
**September 30, 2004**

(unaudited – prepared by Management)

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National Instrument 51-102 Notice

The consolidated financial statements of International Frontier Resources Corporation (“the Company”) as at September 30, 2004 have been compiled by management.

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 September 30		Nine Months Ended September 30	
	2004	2003	2004	2003
<b>Revenue</b>				
Oil and Gas	\$ 315,409	\$ -	\$ 467,950	\$ -
Less: royalties	<u>(52,317)</u>	<u>-</u>	<u>(88,133)</u>	<u>-</u>
	263,092		379,817	-
Interest and other income	<u>15,029</u>	<u>2,085</u>	<u>21,007</u>	<u>5,801</u>
	<u>278,121</u>	<u>2,085</u>	<u>400,824</u>	<u>5,801</u>
<b>Expenses</b>				
Operating Costs	191,116	-	274,924	-
Depletion and depreciation	336,920	611	493,841	1,755
Accretion of asset retirement obligations (Note 5)	15,882	-	15,882	-
General and administration	73,827	30,884	545,015	105,258
Stock options compensation	-	-	58,714	-
Interest and bank charges	<u>268</u>	<u>1,182</u>	<u>2,261</u>	<u>9,518</u>
	<u>618,013</u>	<u>32,677</u>	<u>1,390,637</u>	<u>116,531</u>
Loss before income taxes	(339,892)	(30,592)	(989,813)	(110,730)
Income taxes (recovery) (Note 6)	<u>(101,104)</u>	<u>( 2,350)</u>	<u>(154,892)</u>	<u>(22,722)</u>
Net loss	<u>\$ (238,788)</u>	<u>\$ ( 28,242)</u>	<u>\$ (834,921)</u>	<u>\$ (88,008)</u>
<b>Loss per share</b>				
Basic	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.04)</u>	<u>\$ (0.00)</u>
Diluted	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.04)</u>	<u>\$ (0.00)</u>
<hr/>				
Deficit, beginning of period			\$ (1,239,512)	\$ (276,342)
Net loss			<u>(834,921)</u>	<u>(88,008)</u>
Deficit, end of period			<u>\$ (2,074,433)</u>	<u>\$ (364,350)</u>

See accompanying notes to the interim financial statements.

# International Frontier Resources Corporation

## Consolidated Interim Balance Sheets

(unaudited – prepared by Management)

	September 30, 2004	December 31 2003
<b>Assets</b>		
Current		
Cash and short term investments	\$ 4,978,127	\$ 1,027,864
Receivables	1,055,837	488,312
Prepays	<u>5,359</u>	<u>11,859</u>
	<u>6,039,323</u>	<u>1,528,035</u>
Restricted cash	351,500	292,426
Property and equipment (Note 4)	4,095,315	1,753,034
Investment	<u>3,675</u>	<u>3,675</u>
	<u>\$ 10,489,813</u>	<u>\$ 3,577,170</u>
<b>Liabilities</b>		
Current		
Payables and accruals	\$ <u>816,557</u>	\$ <u>158,548</u>
Asset retirement obligation (Note 5)	280,566	-
Future income taxes (Note 6)	-	154,891
Convertible debentures (Note 7)	<u>941,580</u>	<u>99,217</u>
	<u>2,038,703</u>	<u>412,656</u>
<b>Shareholders' Equity</b>		
Share capital (Note 8)	9,856,119	3,743,098
Contributed surplus	635,994	660,135
Equity component of convertible debentures	33,420	783
Warrants	10	10
Deficit	<u>(2,074,433)</u>	<u>(1,239,512)</u>
	<u>(8,451,110)</u>	<u>3,164,514</u>
	<u>\$ 10,489,813</u>	<u>\$ 3,577,170</u>

On behalf of the Board

**(Signed) "Wm. Patrick Boswell"** Director      **(Signed) "W.J. McNaughton"** Director

See accompanying notes to the interim financial statements.

# International Frontier Resources Corporation

## Consolidated Interim Statements of Cash Flows

(unaudited – prepared by Management)

	Three Months ended September 30		Nine Months Ended September 30	
	2004	2003	2004	2003
Increase (decrease) in cash and cash equivalents				
<b>Operating</b>				
Net loss	\$ (238,788)	\$ ( 28,242)	\$ (834,921)	\$ (88,008)
Depletion and depreciation	336,920	611	493,841	1,755
Stock based compensation	-	-	58,714	-
Accretion of asset retirement obligations	15,882	-	15,882	-
Income tax (recovery)	(101,104)	(2,350)	(154,892)	(22,722)
Cash flow from operating activities	12,910	(29,981)	(421,376)	(108,975)
Change in non-cash operating working capital (Note 12)	(160,243)	(17,682)	199,122	(16,635)
	<u>(147,333)</u>	<u>(47,663)</u>	<u>(222,254)</u>	<u>(125,610)</u>
<b>Investing</b>				
Additions to petroleum and natural gas properties	( 387,577)	(74,965)	(2,578,687)	(130,464)
Change in non-cash investing working capital (Note 12)	(234,009)	-	(73,170)	(1,990)
	<u>( 621,586)</u>	<u>(74,965)</u>	<u>(2,651,857)</u>	<u>(132,454)</u>
<b>Financing</b>				
Shares issued for cash, net	2,897,319	220,141	6,037,416	466,026
Convertible debentures	-	-	875,000	-
Deferred financing charge	-	16,050	-	-
Change in non-cash financing working capital (Note 12)	79,087	-	(28,968)	-
	<u>2,976,406</u>	<u>236,191</u>	<u>6,883,448</u>	<u>466,026</u>
Net decrease in cash and cash equivalents	2,207,487	113,563	4,009,337	207,962
Cash and cash equivalents, Beginning of period	<u>3,122,140</u>	<u>437,236</u>	<u>1,320,290</u>	<u>342,837</u>
End of period	<u>\$ 5,329,627</u>	<u>\$ 550,799</u>	<u>\$ 5,329,627</u>	<u>\$ 550,799</u>
Cash and cash equivalents is represented by:				
Cash and temporary investments			\$ 4,978,127	\$ 258,373
Restricted cash			<u>351,500</u>	<u>292,426</u>
			<u>\$ 5,329,627</u>	<u>\$ 550,799</u>
Cash flow from operations per share				
Basic	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.02)</u>	<u>\$ (0.00)</u>
Diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.02)</u>	<u>\$ (0.00)</u>

See accompanying notes to the interim financial statements.

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# **International Frontier Resources Corporation**

## **Notes to the Consolidated Interim Financial Statements**

(unaudited – prepared by Management)  
September 30, 2004

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### **1. Significant accounting policies**

The consolidated financial statements include the accounts of International Frontier Resources Corporation and its wholly owned subsidiary Sidox Chemicals Canada Ltd. The Company, since inception, is engaged primarily in the exploration for and development of petroleum and natural gas reserves in Canada.

The consolidated 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. The consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto in the Company's annual report for the year ended December 31, 2003.

### **2. Change in accounting policy**

During the fourth quarter of 2003, the Company 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 recognised over the vesting period of the option. The Company recognised \$735,135 of compensation expense for options granted during 2003 and \$58,714 of compensation expense for options granted in the first quarter of 2004.

Effective January 1, 2004, the Company adopted the new Canadian accounting standard for asset retirement obligations. The new standard requires the Company to record the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development, and/or normal use of the assets. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and depleted and depreciated using a unit of production method over estimated gross proved reserves. Subsequent to the initial measurement of the asset retirement obligations, the obligations are adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation.

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# International Frontier Resources Corporation

## Notes to the Consolidated Interim Financial Statements

(unaudited – prepared by Management)

September 30, 2004

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### 3. Restricted cash

As at September 30, 2004, the Company has provided an assignment of cash totalling \$nil (2003 - \$192,352) and \$41,500 (2003 - \$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 11). During the period the Company fulfilled work commitments relating to Exploration License No. 397 resulting in amounts of \$189,000 becoming recoverable.

On June 4, 2004, the Company was successful in obtaining License No. 423 and has provided an assignment of cash totalling \$310,000 as security on the irrevocable standby letters of credit against refundable deposits on Northwest Territories Exploration License No. 423.

### 4. Property and equipment

#### September 30, 2004

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Petroleum and natural gas properties	\$ 4,702,965	\$ 645,956	\$ 4,057,009
Office furniture and equipment	63,532	39,427	24,105
Options	<u>14,201</u>	<u>-</u>	<u>14,201</u>
	<u>\$ 4,780,698</u>	<u>\$ 685,383</u>	<u>\$ 4,095,315</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>

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# International Frontier Resources Corporation

## Notes to the Consolidated Interim Financial Statements

(unaudited – prepared by Management)

September 30, 2004

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### 5. Asset retirement obligation

The Company's asset retirement obligations result from net ownership interest in petroleum and natural gas assets including well sites, gathering systems and processing facilities. The Company estimates the total undiscounted amount of cash flows required to settle its asset retirement obligations is approximately \$450,000. A credit-adjusted risk-free rate of 9 percent was used to calculate the fair value of the asset retirement obligations. A reconciliation of the asset retirement obligations is provided below:

#### Asset retirement obligations

	<b>Nine-months ended September 30, 2004</b>
Balance, beginning of period	\$ -
Liabilities incurred in period	264,684
Liabilities settled in period	-
Accretion expense	15,882
Balance, end of period	<u>\$ 280,566</u>

### 6. Income taxes

- a) The total provision for income taxes differs from the expected amount calculated by applying the combined basic federal and provincial tax rate of approximately 38.50% (2003 – 39.50%) to loss before income taxes. This difference results from the following items:

	<b>Nine months ended September 30, 2004</b>	Year ended December 31, 2003
Loss before income taxes	<u>\$ (834,921)</u>	<u>\$ (1,085,416)</u>
Expected tax recovery at combined federal and provincial statutory rates	<u>\$ (321,446)</u>	\$ (428,739)
Increase (decrease) resulting from:		
Statutory rate change	(3,676)	(9,184)
Resource allowance	8,321	17,194
Share issue costs	149,655	(7,306)
Stock-based compensation	22,605	290,378
Other	<u>(3,015)</u>	<u>15,411</u>
	<u>(147,556)</u>	<u>(122,246)</u>
Valuation allowance	<u>147,556</u>	-
Future income tax recovery	<u>\$ -</u>	<u>\$ (122,246)</u>

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## International Frontier Resources Corporation

### Notes to the Consolidated Interim Financial Statements

(unaudited – prepared by Management)  
September 30, 2004

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#### 6. Income taxes (continued)

b) Future income taxes consist of the following temporary differences:

	<u>September 30, 2004</u>	<u>December 31, 2003</u>
Property and equipment	\$ 121,372	\$ 344,655
Asset retirement obligation	(108,018)	-
Share issue costs	182,699	(14,642)
Non-capital losses carry-forward	(340,653)	(171,019)
Other	(2,956)	(4,103)
Valuation allowance	<u>147,556</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 154,891</u>

#### 7. Convertible debentures

On June 4, 2004 the Company completed a convertible redeemable debenture in the amount of \$975,000. The debentures have a term of four years, pay interest at a rate of 9.5% and are convertible into common shares at \$0.60 per share in year 1, \$0.65 per share in year 2, \$0.70 per share in year three and \$0.75 per share in year four. The debentures and any shares acquired on conversion are subject to restriction on re-sale until October 4, 2004.

As at September 30, 2004 the fair value of the \$975,000 in convertible debentures is approximately \$941,580 (2003 – \$445,329).

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# International Frontier Resources Corporation

## Notes to the Consolidated Interim Financial Statements

(unaudited – prepared by Management)

September 30, 2004

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### 8. Share capital

#### a) Authorized

Unlimited common shares

Unlimited preferred shares

#### b) Issued

	<u>September 30, 2004</u>	
	<u>Number of Shares</u>	<u>Amount</u>
Common shares		
Beginning of year	14,834,918	\$ 3,743,098
Shares issued for cash	6,591,500	5,261,200
Cash on exercise of warrants	3,570,000	1,099,300
Exercise of options	275,000	175,605
Conversion of Debentures	222,222	100,000
Share issue costs	<u>-</u>	<u>( 523,084)</u>
Balance, end of Period	<u>25,493,640</u>	<u>\$ 9,856,119</u>

#### c) Stock options

The Company has a stock option plan available to officers, directors, employees of the Company, and to key consultants. For the period ending March 31, 2004, the Company reserved 155,000 common shares at \$0.50 per share. During the period 65,000 common shares were exercised at \$0.25 per share and 120,000 common shares were exercised at \$0.45 by consultants of the Company. On September 30, 2004 1,315,000 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.

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# International Frontier Resources Corporation

## Notes to the Consolidated Interim Financial Statements

(unaudited – prepared by Management)

September 30, 2004

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### c) Stock options (continued)

<u>Outstanding and exercisable</u>	<u>September 30, 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	(275,000)	\$ 0.34
Cancelled	-	\$ -
Balance, end of period	<u>1,315,000</u>	<u>\$ 0.43</u>

<u>Expiry Dates</u>	<u>September 30, 2004</u>	
	<u>Number of Options</u>	<u>Price</u>
April 10, 2008	90,000	\$ 0.25
December 23, 2008	1,070,000	\$ 0.45
January 28, 2009	155,000	\$ 0.50
	<u>1,315,000</u>	<u>\$ 0.43</u>

<u>Exercise Price</u>	<u>Options Outstanding</u>	<u>Weighted Average Contractual Life (years)</u>	<u>Weighted Average Exercise Price</u>	<u>Options Exercisable</u>	<u>Weighted Average Exercisable Price</u>
\$0.25 - \$0.50	<u>1,315,000</u>	<u>4.85</u>	<u>\$0.43</u>	<u>1,315,000</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%

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# International Frontier Resources Corporation

## Notes to the Consolidated Interim Financial Statements

(unaudited – prepared by Management)

September 30, 2004

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### d) Warrants

Warrants outstanding are as follows:

	<u>September 30, 2004</u>	
	<u>Number of</u>	<u>Amount</u>
	<u>Warrants</u>	
Balance, beginning of year	5,420,000	\$ 10
Issued in conjunction with Private Placement (iii)	6,200,000	-
Exercised	(3,570,000)	-
Expired	<u>(50,000)</u>	<u>-</u>
Balance, end of period	<u>8,000,000</u>	<u>\$ 10</u>

- 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 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 125,000 warrants were exercised subsequent to September 30, 2004. During the second quarter the Company issued and additional 200,000 warrants as payment of commissions. These warrants have been exercised at September 30, 2004.
- iii) In conjunction with a private placement occurring May 17, 2004 and closing July 19, 2004, the Company issued 6,000,000 units. A Unit consists of one common share, one series "A" warrant and one series "B" warrant. Two series "A" warrants entitle the holder to acquire one common share at \$1.15 per share for a period of 180 days. Two series "B" warrants entitle the holder to acquire one common share at \$1.50 for a period of 365 days. Series "B" warrants can only be exercised if the holder has exercised the series "A" warrant.

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# International Frontier Resources Corporation

## Notes to the Consolidated Interim Financial Statements

(unaudited – prepared by Management)

September 30, 2004

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### 9. 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.

**September 30,**  
**2004**

Weighted average shares outstanding:

Basic, beginning of period	<b>14,834,918</b>
Shares issued pursuant to options	<b>183,073</b>
Shares issued pursuant to private placement	<b>2,509,693</b>
Shares issued pursuant to conversion of debenture	<b>101,379</b>
Shares issued pursuant to warrants	<b><u>2,184,069</u></b>
Diluted, end of period	<b><u>19,813,132</u></b>

### 10. 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:

	<b>Nine months ended</b> <b><u>September 30, 2004</u></b>	Year ended <u>December 31, 2003</u>
Consulting fees	<b>\$ 109,520</b>	\$ 21,360
Debenture interest	<b><u>2,000</u></b>	<u>2,000</u>
	<b>\$ <u>111,520</u></b>	\$ <u>23,360</u>

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# International Frontier Resources Corporation

## Notes to the Consolidated Interim Financial Statements

(unaudited – prepared by Management)

September 30, 2004

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### 11. 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.

- b) The Company is party to a joint venture agreement covering Exploration License No. 423 (EL-423) in the Central Mackenzie Valley, Northwest Territories. Pursuant to the agreement, the Company and its joint venture participants were required to provide a \$6,200,000 refundable work deposit and commit to expend \$24,800,000 on qualified exploration and development expenditures on EL-423 by June 1, 2008. The work deposit will be refunded by \$1 for every \$4 spent on qualified exploration and development expenditures on EL-423. In June, 2004 the Company lodged an irrevocable standby letter of credit for \$310,000 for its share of a refundable work deposit on EL-423. The letter of credit is secured by an assignment of cash of \$310,000. The Company is contingently liable under the letter of credit for any portion of the work commitment not fulfilled.

### 12. Supplemental cash flow information

Changes in non-cash working capital items increased (decrease) cash as follows:

	Three Months ended September 30		Nine Months Ended September	
	2004	2003	2004	2003
Receivables	\$ (764,694)	\$ (17,700)	\$ (567,524)	\$ (15,826)
Prepays	-	-	6,500	-
Payables and accruals	<u>449,529</u>	<u>18</u>	<u>658,008</u>	<u>(2,799)</u>
	<u>\$ (315,165)</u>	<u>\$ (17,682)</u>	<u>\$ 96,984</u>	<u>\$ (18,625)</u>
Operating activities	\$ (160,243)	\$ (17,682)	\$ 199,122	\$ (16,635)
Investing activities	(234,009)	-	(73,170)	-
Financing activities	<u>79,087</u>	<u>-</u>	<u>(28,968)</u>	<u>(1,990)</u>
	<u>\$ (315,165)</u>	<u>\$ (17,682)</u>	<u>\$ 96,984</u>	<u>\$ (18,625)</u>

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# International Frontier Resources Corporation

## Notes to the Consolidated Interim Financial Statements

(unaudited – prepared by Management)

September 30, 2004

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### 13. 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

### 14. Subsequent events

- a) On July 19, 2004, the Company reported that the second and final tranch of a \$4,800,000 non-brokered private placement announced May 17, 2004 has closed. The Company issued 3,830,000 units at \$0.80 per unit for proceeds of \$3,064,000. 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 one 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. A commission in the form of 306,500 common shares was paid to registered broker dealers.
- b) On October 26, 2004 the Company announced that it had entered into a private placement for 2,503,000 units at a price of \$1.35 per unit. Each unit consists of one common flow through share and one-half warrant. One full warrant entitles the holder to purchase one additional non-flow through common share at a price of \$1.75 on or before June 30, 2005. The Company has agreed to pay a commission in the form of common shares to investment dealers in an amount equal to 7.5% of the number of units place in financing. Under the terms of the flow-through agreement the Company is required to expend \$3,105,000 on qualifying oil and natural gas expenditures prior to December 31, 2005.
- c) On November 10, 2004 the Company announced that it had entered into a non-brokered private placement for up to 400,000 flow through units at a price of \$1.40 per unit. Each unit consists of one common flow through share and one-half warrant. One full warrant entitles the holder to purchase one additional non-flow through common share at a price of \$1.75 on or before June 30, 2005. The private placement is subject to TSX Venture approval.
- d) On November 10, 2004 the Company announced the issuance of 650,000 stock options to Directors, consultants and senior management under the Company's stock option plan. The options have an exercise price of \$1.50 per share and are subject to TSX Venture approval.