DAVID PESCOD'S STOCKTALK

LATE EDITION

CANACCORD CAPITAL

INDEPENDENT THINKING

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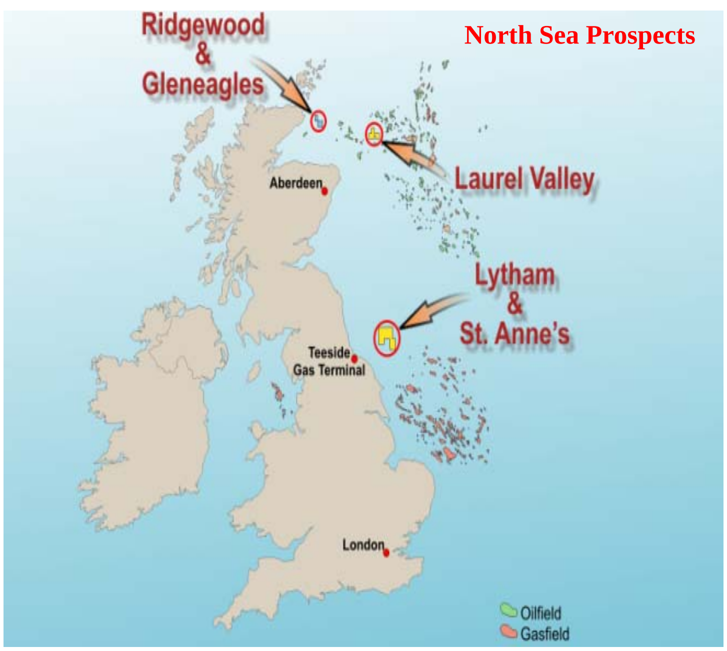

Interview with *Pat Boswell*, President of *International Frontier* (From January 16, 2007)

"Fifty-dollar" oil may not be as pizzazzy as $70.00, but it's still by historical standards one heck of a price. As we look out at all the exploration plays that the juniors are involved with Laurel Valley, in the North Sea, still seems to be the most tantalizing with a potential three zone target with up to a 600 million barrel prize. We interview *Pat Boswell*, the President of *International Frontier*, who basically put much of this play together.

***Dave*: What is the licensing procedure in the North Sea?**

***Pat*: To promote new activity the Department of Trade and Industry ("DTI") recently introduced Promote Licenses, these licenses are issued for a 2 year term with the Licensee committing to a work program that usually includes reprocessing old seismic or shooting new seismic with a view to generating a drillable prospect. At the end of the 2 year term the Licensee can convert the Promote License to a Traditional License that covers an additional 2 year term with a well commitment attached. The other form of Licensing is to bid for a Traditional License, these Licenses carry a firm work program which usually includes one or more wells. Licensing Rounds in the UK are held annually, the current round is the 24th licensing round which we are keen to know results of as we are part of a consortium that bid for Traditional Licenses covering four blocks.**

In my opinion the North Sea is going through what the Western Canadian Basin went through some 10 years ago when the majors departed for greener pastures. As a result there are a number of Fallow Discovery opportunities to chase, a Fallow Discovery is a well that tested hydrocarbons but was never developed. We've seen cases were a Fallow Discovery may have prospective resources of 10+ million barrels.

***Dave*: What is the Company's existing North Sea prospect inventory starting with Laurel Valley which we consider to be one of the largest exploration plays we've seen in 2007.**

***Pat*: Walter Oil & Gas initially acquired a Promote License covering the Laurel Valley Prospect – Walter acquired a joint 3D seismic survey with *EnCana* (now *Nexen*) covering Walter's and Nexen's offsetting acreage. Two years ago Walter sold their North Sea interests to *Palace Exploration Company* and it was at this time that our UK technical advisors Exploration Geosciences ("EGL") recommended we contact Palace to discuss a deal.**

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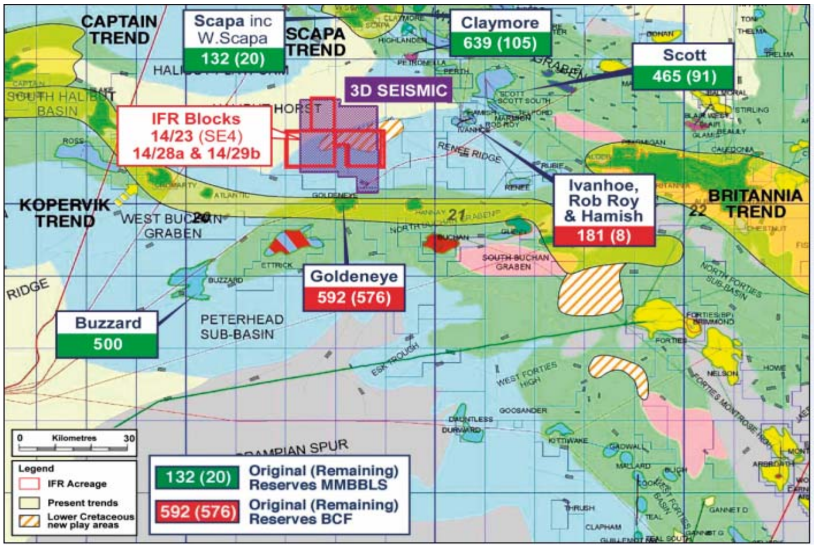
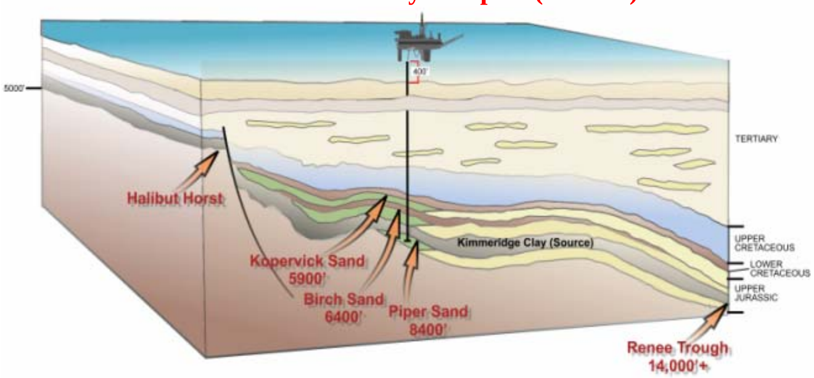
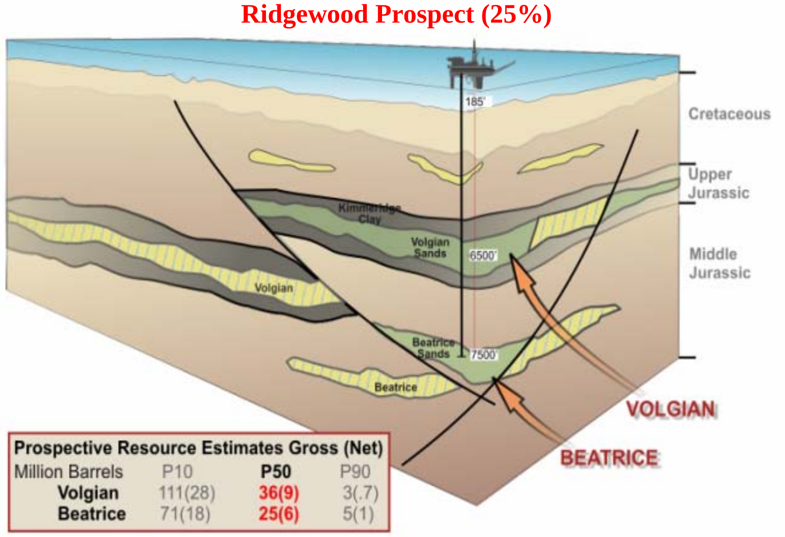


Laurel Valley Prospect (10.45%)



Prospective Resource Estimates Gross (Net) Million Barrels	P10	P50	P90
Kopervick, Birch, Piper	1548(162)	**370(38)**	50(5)

Ridgewood Prospect (25%)



Prospective Resource Estimates Gross (Net) Million Barrels	P10	P50	P90
Volgian	111(28)	**36(9)**	3(.7)
Beatrice	71(18)	**25(6)**	5(1)

These discussions lead to IFR taking an interest in three North Sea Prospects of which Laurel Valley was one. Subsequent to completing our deal with Palace we farmed out 100% of the drilling costs *Oilexco*, ***Gulf Shores Resources*** and ***Eternal Energy*** as a result of the farmin IFR holds a 10.4% carried interest in the first well. We are very fortunate to have Oilexco operate this project for us; Oilexco had the foresight to tie up a drilling rig at very reasonable days rates, to put this in prospective current rig rates range from US$300k to $450K per day – Oilexco's rate on the Sedco 712 is in the US$150k per day range.

The Laurel Valley prospect has a very good address as it is located within close proximity to some major North Sea fields. Interpretation of the 3D seismic suggests there could be 3 prospective reservoir targets with a combined prospective resource in excess of 500 million recoverable barrels (gross un-risked).

Dave: Some people have suggested the risk could be as low as 1 in 4, what's your opinion?

Pat: First off we have done a great deal of technical work on this play as have our partners, I confident that we have covered all the technical bases so it's now up to the drill bit.

Dave: You have not answered my question.

Pat: Dave if I tell you it's a 1:5 then that would equate to the average North Sea risk profile --- problem is we can not find five look a like plays in the North Sea--- Laurel Valley just happens to be at the high end of the prospective resource spectrum. So let's go with 1 in 2 --- it's either there or its not.

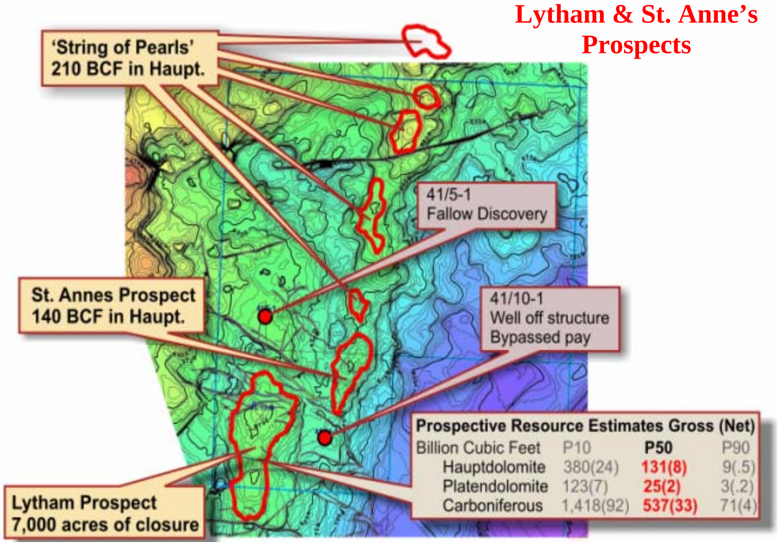
Dave: Okay, then what other prospects do you have in the North Sea?

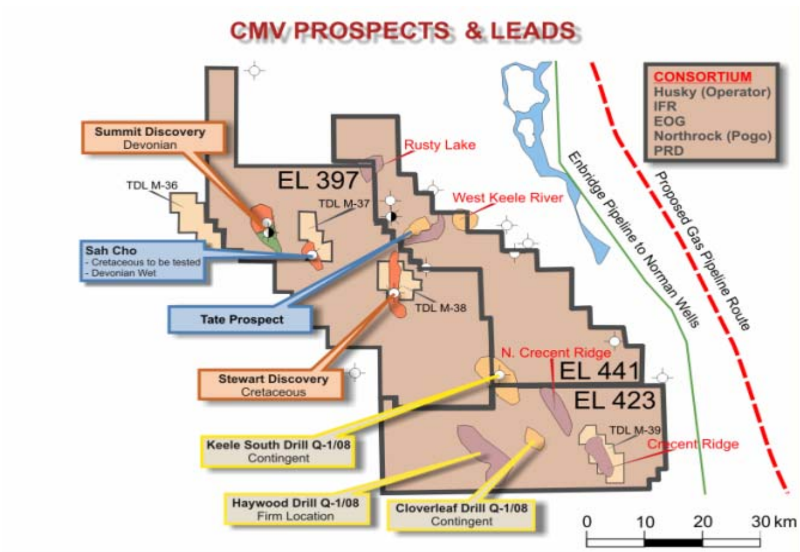
Pat: Rigs have been contracted to drill two other plays we are involved in. The Ridgewood prospect is scheduled for drilling in Aug/Sept. The prospect covers block 12/17b which is a block that has never been licensed before, which is very rare in the North Sea. IFR (50%) and Palace (50%) picked up this block at the 23rd Licensing Round as a Promote License and we subsequently acquired 2D seismic. Interpretation of the seismic indicates that we have a classic North Sea tilted Jurassic fault block with 4 way closure. EGL assigns a prospective resource of 61 million barrels (P50 gross un-risked).

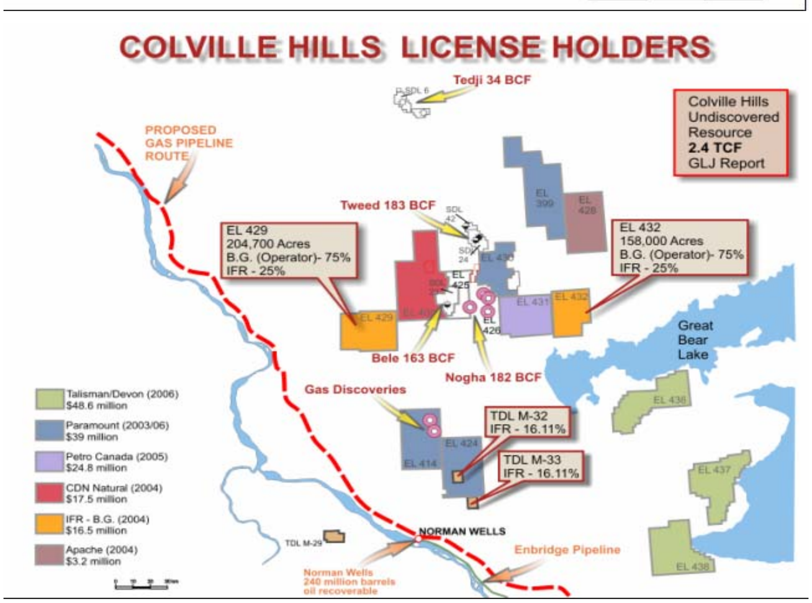
Dave: Who are the other partners in this play?

Pat: In December we completed a farmin with Lundin who will become operator of the project. We have also granted *Gulf Shores Resources* and *Monarch Resources* an option to farmin, if the options are exercised IFR will pay 15% to retain a 25% interest and Gulf Shores and Monarch will each earn a 10% interest.

Lytham & St. Anne's Prospects







Dave: **What are your chances of success at Ridgewood?**

Pat: **I'd say we are in the 1:5 range.**

Dave: **I understand the 3rd well you are planning in 2007 is a gas prospect;**

Pat: **Yes that's right. In Q4 we will be drilling our Lytham prospect. Lytham is located in the southern sector of the North Sea. Interpretation of our 3-D seismic indicates a 7000 acre closure with a prospective gas resource in excess of 690 BCF. If the play at Lytham works we have de-risked the St. Anne's and String of Pearls prospects that could add an addition prospective resource in excess of 350 BCF.**

Dave: **We've talked a lot about your North Sea plays but let's not forget the Northwest Territories where you've have been working for the last 10 years.**

Pat: **I'm glad you brought up the NWT. In the late 1970's a moratorium was placed on oil & gas exploration in the Central Mackenzie Valley. The moratorium was removed in 1997 and IFR was the first junior to acquire acreage in the region. Initially we acquired EL-391 and nine Freehold parcels from the Tulita First Nations.**

Our first farmout was to Northrock Resources and Berkley Petroleum, the farmout covered seismic and the drilling of two wells, both of which were dry holes. Following the dry holes we commissioned a petroleum source rock report through EGL; the report suggested two petroleum systems may exist in the area.

One of the systems covered the Norman Wells oilfield which has produced over 240 million barrels since the 1940's. The report suggested that a second petroleum system may exist south and west of our first two dry holes.

On the back of this report we acquired three Exploration Licenses in the prospective area. We also formed a larger stronger technical and financial consortium that includes Husky Oil (operator), EOG Resources, Northrock Resources (subsidiary of Pogo) and Pacific.

In 1994 the consortium drilled the Summit Creek B-44 discovery well, in 1995 the well production tested 20,000 MMCF/D and 6000 barrels of light oil from two Devonian intervals.

Last winter the consortium discovered a shallow gas pool at the Stewart D-57 exploration well. The operator has submitted a Significant Discovery Application covering the Stewart Lands, in Q1 we hope to complete a Significant Discovery Application covering the Summit Creek lands.

Dave: **Have you assigned reserves to these discoveries?**

Pat: **Yes we have internal reserve estimates, but due to confidentiality clauses in our agreements we are not allowed to release our estimates.**

Dave: **What your general feeling on the play?**

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***Pat*: In my view the north represents one of the last remaining areas in Canada where significant un-discovered resources exist. To date we have drilled seven exploration wells in the area resulting in two discoveries, two cased wells that require further testing and three dry holes.**

We've encountered hydrocarbons in four of the seven wells drilled which is an awesome batting average in a frontier basin. To date the consortium has spent approx. $50 million on proprietary seismic and roughly $100 million on drilling.

We have some real encouraging drilling results that have essentially proven up a new petroleum province where we control the majority of the acreage. In the last 4-years we have been busy acquiring new seismic data that has identified an additional eight separate structures. The group is currently ranking these prospects and we expect the operator will propose drilling up to three wells next winter.

***Dave*: What is your opinion on the proposed gas pipeline?**

***Pat*: First off let me say if we prove up a commercial oilfield we can tie into the Enbridge pipeline that services Norman Wells, the Enbridge line has available capacity for up to 30,000 BOPD.**

Our group, together with other Companies in the area, certainly would like to see the Mackenzie Valley pipeline go forward. My take on the situation is that Esso et al are currently doing revised cost estimates, we have no idea what the end costs will be but we do know they have escalated since the initial $5 billion estimate.

It also looks to me like the in service date has fallen back to 2012. I think in the fullness of time the Fed's will settle the Native land claim issues so if construction costs are in line one would have to bet that the pipeline will be built.

It's worthy to note that the pipeline is, in my view, a National priority as it essentially opens up north of 60 degrees for exploration, development and economic development of the Territories. If the pipeline goes forward it will deliver between 1.2 to 1.8 BCF per day to gas hungry southern markets which includes Alberta's oil sands.

Once the pipeline is firmed up I suspect you will see a number of new entrants exploring in the area and a significant increase in land costs. As the area heats up it will be very hard for smaller E&P companies to compete in the area so its nice that IFR has a stake early in the area's development.

***Dave*: You also have a second NWT project with British Gas.**

***Pat*: Yes we hold a 25% in two Exploration Licenses in the Colville Hills area, Colville is located approx. 150 kms north of our Summit Creek discovery. Paramount and Apache are active in the area and have announced a couple new discoveries. It's worthy to mention that a report published by GLJ in June 2004 postulates that the Colville area may contain an un-discovered recoverable gas resource of 2.4 TCF.**

***Dave*: What are your plans in this area?**

***Pat*: We just completed an aero-gravity survey and we will be participating in a $10-$12 million 2-D seismic survey in Q3/07. This data will assist us in selecting drilling locations, which we hope to drill in the winter of 2009.**

***Dave*: How would you sum up IFR?**

***Pat*: IFR is a pure exploration Company that plans to take enough shoots on goal to win the game. Our drilling inventory over the next 15 months provides a net exposure to prospective resources of 60 million barrels in the North Sea and 20 million barrels in the NWT.**

***Dave*: If you had to select one Company other than IFR who would you pick.**

***Pat*: Dave I'll give you three picks – In the junior sector I like *Gulf Shores* because they plan to participate in 3-5 North Sea prospects and should any one of them work out I can see GUL trading north of $5. I like *Oilexco* because of their rig contract's which allows them to be active explorers, in addition Brenda will soon be generating significant cash flow to fund their exploration program. I also like *Candax Energy* as I think they will have success in Tunisia and at today's share price there is lots of upside.**

***Dave*: Thank you, Pat, for your time!**

***Disclosure*: Oilexco Inc. and EOG Resources:** Canaccord Capital covers these stocks and has a Buy rating on them. (Buy: The stock is expected to generate risk-adjusted returns of over 10% during the next 12 months.) **Candax Energy**: Canaccord Capital covers this stock and has a Speculative Buy rating on it. (Speculative buy: Stocks bear significantly higher risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in material loss.) Canaccord has recently led a financing for **Eternal Energy**.

DEB'S DITTY:

True friends always stab you in the front.