

**International Frontier Resources Corporation  
Management's Discussion and Analysis  
March 31, 2011**



International Frontier Resources Corporation is engaged in the exploration for and development of oil and gas reserves in the Central Mackenzie Valley ("CMV"), Northwest Territories, Canada; in the Alderson area in Southern Alberta, Canada and in Glacier County, Northwest Montana, USA.

The following is management's discussion and analysis ("MD&A") of International Frontier Resources Corporation's ("International Frontier" or "IFR" or the "Corporation" or the "Company") operating and financial results for the interim period ending March 31, 2011, as well as information concerning the Company's future outlook based on currently available information. The MD&A has been prepared by management in accordance with International Financial Reporting Standard 1 - First-time Adoption of International Financial Reporting Standards ("IFRS"), and with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). Previously, the Company prepared its interim and annual financial statements in accordance with Canadian generally accepted accounting principles in effect prior to January 1, 2011 ("Canadian GAAP"). This MD&A contains forward looking statements, the definitions of which are defined herein.

The MD&A and the interim consolidated financial statements and accompanying notes have been prepared by management and approved by the Audit Committee and the Board of Directors on June 23, 2011. The interim consolidated financial statements have not been reviewed or audited on behalf of the shareholders by the Company's independent external auditors.

## **Corporate Update**

### **Operations Review - First Quarter 2011**

#### ***Central Mackenzie Valley, NWT***

On February 19<sup>th</sup> the Minister for the Department of Indian Affairs and Northern Development approved posting requests for eleven parcels of land covering an area of 897,890 hectares (2,218,735 acres more or less) located in the Central Mackenzie Valley, NWT. The postings cover an area of approximately 720 kilometers north-south and 300 kilometers east-west, this is the largest land sale ever to be held in the Central Mackenzie Valley.

IFR posted one parcel that covers a prospect identified on proprietary 2D seismic data. The sale closes on June 21, 2011 and results should be made public in Q3, 2011.

In March the NEB approved and granted a Certificate of Public Convenience and Necessity for the 1,196 kilometer long Mackenzie Valley Pipeline. The pipeline would run from the Beaufort Sea to Northwest Alberta, it is designed to transport up to 1.2 billion cubic feet per day. The proponents have until 2013 to advise the NEB of their intent to construct the pipeline.

Given the number of postings in the Central Mackenzie Valley, NWT ("CMV") the area is destined for another round of exploration. The postings essentially encompass the entire hydrocarbon basin south of the Norman Wells oilfield which has produced in excess of 250 million barrels of oil. The majority of the postings are located in areas where source rocks are known to exist therefore the play could turn out to be an unconventional shale oil play similar to unconventional plays being explored on with new horizontal drilling and multi-stage fracking technology. As the company's SDL lands do not expire any new play that is proven up in the CMV bodes well for IFR.

In Q4, 2010 and Q1, 2011, Husky Oil, operator of our CMV acreage, completed site restorations on the Summit Creek, Sah Cho and Stewart wells, the company's share of the total costs spent to March 31, 2011 was \$257,350



***Glacier County, NW Montana***

In Q1 the Company began negotiations with ten vendors to purchase title to their freehold acreage located in Glacier County, Northwest Montana.

In Q2 the Company entered into a Purchase and Sale Agreement to acquire title on 17,082 net acres (26 sections) for US\$3,183,133. The Company will initially pay \$2,121,876 with the balance of \$1,061,256 being held in a trust account until a title opinion has been completed. If the title opinion indicates that the vendors own less than 17,082 net acres, or more than 17,082 net acres, the purchase price will be adjusted accordingly using US\$186.33 per net acre.

The majority of the title acreage we purchased is currently under lease, the leases reserve in favor of the Lessor (IFR), gross over-riding royalties ranging from 12.50% to 18.75%. The leases expire at various times throughout the period 2011 to 2016.

To date Anschutz Exploration (private), Newfield Exploration (NFX-Z) and Rosetta Resources (ROSE-Q) have made discoveries on the Blackfeet Reserve. The two public companies, Newfield and Rosetta, have stated the following in their Q1, 2011 updates;

“Newfield has drilled seven vertical wells, completed and placed on production two horizontal wells, and is preparing to drill an eighth vertical well. All wells to date have encountered oil. Newfield has 280,000 net acres in the play, located in Glacier County Montana. Multiple prospective geological formations throughout the acreage are planned for evaluation”.

IFR owns mineral titles in 15 townships located within close proximity to wells, or well locations, reported by Newfield. A township equals 36 square miles.

“Rosetta’s 11-well vertical drilling program to assess the commerciality of the play across its approximately 300,000-acre position in northwest Montana is nearing completion. The company has two rigs under contract in Q1, 2011. As of March 31, 2011, eight vertical delineation wells had been drilled with operations underway on the ninth and tenth vertical wells. In Q2, 2011 Rosetta will spud the first of three horizontal wells”. Rosetta have also “confirmed significant oil hydrocarbons in place and over-pressured reservoirs”.

In a presentation dated June 6, 2011 at the RBC Capital Markets forum Rosetta’s slides on the Southern Alberta Basin stated “Our vertical delineation program is now complete and has resulted in a more comprehensive understanding of the play. We now have plans this year for 3 horizontal wells to further test the commerciality...” A second slide provided the following;

- 300,000 net acres
- 6 BBOE hydrocarbon resource in place ( six billion barrels equivalent)
- 1500 potential locations
- Exploration underway
- 11 delineation wells completed
- 3 horizontal wells planned (‘11)

IFR owns mineral titles in 17 townships of the 24 townships identified on Rosetta’s map which covers an area of 45 miles north-south and 30 miles east-west.

Scouting reports indicate that Anschutz have also discovered hydrocarbons on their Blackfeet acreage, which is located on the west side of the Blackfeet Reserve. IFR owns mineral titles in 16 townships on the west side of the Blackfeet Reserve.

The discovery of light oil in tight rock in Montana kicked off the Alberta Basin Bakken play in southwest Alberta which is currently being explored on by Argosy (GSY-T), Crescent Point (CPG-T), Murphy Oil (MUR-Z), Royal Dutch Shell (RDS-Z) Nexen (NXY-T), Dee Three (DTX-T) and Bowood-Legacy (BWD-TV) + (LEG – T).

**International Frontier Resources Corporation  
Management's Discussion and Analysis  
March 31, 2011**



In a research report dated April 2011 BMO Capital Markets Oil & Gas “estimates that from January 2009 to March 31, 2011 industry has spent approximately \$518 million along the ABPS fairway for land, bonus and farm-ins to establish land positions in southwest Alberta and northwest Montana. As of March 31, 2011 a total of 59 wells (32 in Alberta and 27 in Montana) have either been drilled or licensed. At an estimated cost of \$4 million per well for the 59 wells industry have committed approximately \$245 million for drilling”.

Our Montana acreage portfolio provides excellent exposure to an emerging light tight oil resource play that offers multiple stacked zones, which include the Lodgepole, Bakken, Three Forks, Nisku and Cone. As our lands do not expire we have numerous options available for future operations.

***Alderson – Brooks Area Alberta***

IFR – 100%

The Company operates five producing oil wells and an oil battery located in the Alderson area of southern Alberta. The wells produce approximately 30 BOPD of 30 degree API oil from the Mannville Reservoir.

**Liquidity, capital resources and financing activities**

***Working Capital***

At March 31, 2011, cash and cash equivalents were \$6,242,540 (December 31, 2010 \$6,813,190) and working capital was \$6,124,775 (December 31, 2010 - \$6,590,615). At March 31, 2011 the Company had restricted cash securing letters of credit in the amount of \$640,670; the letters of credit secure work deposits on the Company's Northwest Territories Exploration Licenses. At December 31, 2010 the Company set up a provision for EL-441 in the amount \$266,365 (2009 - \$68,750 for EL-445). These licenses expired in May 2011 and the deposits in the amount of \$266,365 and \$68,750 respectively were forfeited.

The decrease in working capital at March 31, 2011 is the result of cash used to purchase freehold mineral titles located in the Glacier County, Northwest Montana.

***Future Capital Requirements***

The Corporation regularly forecasts its capital needs on an annual, quarterly and monthly basis. The Corporation's current internally generated cash flows do not provide sufficient capital for the Corporation's current exploration plans. Historically, the Corporation has relied on proceeds from the sale of its Common Shares to fund its operations. In order to accelerate the Corporation's current exploration programs the Corporation may require additional capital. The timing, pace, scope and amount of the Corporation's capital expenditures is largely dependent on the operators capital expenditure program(s) and the availability of capital to the Corporation.

The Corporation may obtain funds for future capital investments from strategic alliances with other energy or financial partners, the issuance of additional Common Shares, preferred shares or debt securities, project financing, sale of property interests, or other arrangements, all of which may dilute the interest of the Corporation's existing shareholders or the Corporation's interest in the specific project financed. The Corporation may change the allocation of capital among the categories of anticipated expenditures depending upon future events that the Corporation cannot predict. For example, the Corporation may change the allocation of its expenditures based on the actual results and costs of future exploration, appraisal, development, production, property acquisition and other activities. In addition, the Corporation may have to change its anticipated expenditures if costs of placing any particular discovery into production are higher, if the field is smaller or if the commencement of production takes longer than expected.

**International Frontier Resources Corporation  
Management's Discussion and Analysis  
March 31, 2011**



In the management of capital, the Company includes certain working capital balance - cash and cash equivalents, marketable securities and restricted cash less accounts payable and current portion asset retirement obligations in the definition of capital. Management reviews its capital requirements on an ongoing basis and believes that its approach, given the relative size of the Company is reasonable. As at March 31, 2011, the Company's capital as defined above was approximately \$6,326,770 (December 31, 2010 – \$6,771,180).

The Corporation has a number of options available to it if existing working capital does not cover future capital expenditures including, but not limited to, i) revising its capital expenditure plans ii) selling a partial or 100% interest in a property to a third party, iii) obtain joint venture financing from a third party, iv) obtaining debt financing, or a combination of these possible steps.

### **Adoption of International Financial Reporting Standards**

On January 1, 2011, the Company adopted IFRS for financial reporting purposes, using a transition date of January 1, 2010. The unaudited interim condensed financial statements for the three months ended March 31, 2011, including required comparative information, have been prepared in accordance with IAS 34, as issued by the IASB. Except as noted in the Summary of Quarterly Results section of this MD&A, 2010 comparative information has been prepared in accordance with IFRS. Reconciliations between Canadian GAAP and IFRS can be found in Note 17 of the unaudited interim condensed financial statements for the three months ended March 31, 2011.

The adoption of IFRS has not had an impact on the Company's operations, strategic decisions or cash flow. The most significant area of impact was the adoption of the IFRS accounting policies relating to property, plant and equipment, and decommissioning liabilities. Further information on the impact of converting to IFRS is provided in the Critical Accounting Policies section of this MD&A and in Notes 3 and 17 of the Company's unaudited interim condensed financial statements for the three months ended March 31, 2011.

### **Summary of First Quarter Results**

Selected financial information:

<b>For the three months ended</b>	<b>March 31, 2011</b>	<b>Dec. 31, 2010</b>	<b>March 31, 2010</b>
<b>Statement of operations</b>			
Sales volumes - BOE/ day (Canada)	26	29	35
Production volumes - BOE/ day (Canada)	27	26	36
Oil revenues, net (Canada)	\$ 122,665	\$ 145,940	\$ 148,225
Interest income from continuing operations	\$ 13,375	\$ 15,355	\$ 695
Net loss and comprehensive loss			
Net loss from continuing operations	\$ (132,955)	\$ (3,631,850)	\$ (149,450)
Net loss for discontinued operations	\$ -	\$ (1,185)	\$ (104,255)
Net loss and comprehensive loss	\$ (132,955)	\$ (3,633,035)	\$ (253,705)
Net loss per share			
Net loss from continuing operations per share	\$ (0.002)	\$ (0.06)	\$ (0.003)
Net loss from discontinued operations per share	\$ -	\$ (0.00)	\$ (0.001)
Net loss per share	\$ (0.002)	\$ (0.06)	\$ (0.004)
<b>Cash flow</b>			
Net cash provided (used in )			
Operating activities	\$ (187,105)	\$ (253,005)	\$ (134,130)
Investing activities	\$ (383,545)	\$ 28,130	\$ (144,980)
Financing activities	\$ -	\$ -	\$ -

**International Frontier Resources Corporation**  
**Management's Discussion and Analysis**  
**March 31, 2011**



**Balance sheet**

**Assets of Continuing operations**

Exploration and evaluation assets	\$ 6,789,190	\$ 6,491,090	\$ 8,640,940
Property and equipment	\$ 983,315	\$ 1,009,750	\$ 1,897,025
Total assets	\$ 14,985,285	\$ 15,257,360	\$ 19,500,090
Working capital	\$ 6,124,775	\$ 6,590,615	\$ 7,795,675

**Investing Activities**

**For the three months ended**

	March 31, 2011	Dec. 31, 2010	March 31, 2010
Canada	\$ 6,805	\$ 298,225	\$ 33,400
United States	\$ 291,500	\$ 27,120	
Discontinued operations	\$ -	\$ -	\$ 65,815
	\$ 298,305	\$ 325,345	\$ 99,215

**Summary of Alderson Operations**

	Three months ended March 31, 2011	Three months ended December 31, 2010	Three months ended March 31, 2010
Sales volumes (Bbl/day)	26	29	28
Production volumes (Bbl/day)	27	26	28
Oil Sales	\$ 164,495	\$ 186,640	\$ 189,060
Royalties	35,485	33,400	37,160
Net Revenues	129,010	153,240	151,900
Operating expenses	109,950	146,715	104,745
Net Income	\$ 19,060	\$ 6,525	\$ 47,155
Oil Sales (\$/BBL)	\$ 70.81	\$ 70.09	\$ 73.00
Operating costs (\$/BBL)	\$ 47.33	\$ 55.09	\$ 40.81
Depletion per BOE	\$ 10.42	\$ 26.36	\$ 29.24

- Sales volumes for the three months ended March 31, 2011 were 26 Bbl/day a 10.18% decrease as compared to 29 Bbl/day for the three months ended December 31, 2010 (Q-1 2010 – 28 Bbl/day)
- Decrease in sales volumes in the first quarter of 2011 is due to poor weather conditions experienced in the quarter.
- Oil revenue in Q1, 2011 was \$164,495 a decrease of 11.87% at \$186,640 as compared to Q4, 2010.
- In Q1, 2011 the Company paid royalties of \$35,485 which is consistent with \$33,400 in the previous quarter
- The decrease in net oil revenues in Q1, 2011 is a direct result of decreased production volumes in the period.
- Operating expenses in the first quarter of 2011 were \$109,950 or \$47.33 per Bbl a decrease of \$36,765 or 25.06% as compared to Q4, 2010
- Decrease in operating costs in Q1, 2011 is attributed to work-over costs and increased facility costs incurred in the fourth quarter of 2010 on the Alderson property

**Interest income**

- In Q-1, 2011 interest income from short term investments was \$13,375 (Q4, 2010 - \$15,355, Q1, 2010 - \$695) the decrease was due to a decrease in cash invested at March 31, 2011.

**International Frontier Resources Corporation**  
**Management's Discussion and Analysis**  
**March 31, 2011**



***Depletion, depreciation and impairments***

Depletion, depreciation and impairments at March 31, 2011 and 2010 consist of the following

<b>Depletion, depreciation and impairments</b>	<b>March 31, 2011</b>	<b>March 31, 2010</b>
Depletion of oil and gas properties	\$ 26,005	\$ 45,495
Amortization of Sidox license	-	-
Impairment of oil and gas properties	-	-
Depreciation of equipment	430	815
	<b>\$ 26,435</b>	<b>\$ 46,310</b>

- Depletion of oil and gas properties for the three months ended March 31, 2011 was \$26,005 or \$10.42 per Bbl as compared to \$195,150 or \$82.87 per Bbl in Q4 - 2010, a decrease of \$169,145 or \$72.45 per Bbl (Q1 -2010 \$45,495 or \$17.60 per Bbl)
- The decrease in depletion is due to a marginal decrease in reserves as estimated by McDaniel's & Associates at December 31, 2010.
- At March 31, 2011 an impairment test was performed which calculates the amount by which the carrying amount of capitalized costs related to producing properties exceeds the fair value of the reserves as estimated by the Company's reservoir engineers at December 31, 2010. As a result there was no impairment of oil and gas properties recorded in Q1, 2011 (Q1, 2010- \$Nil)
- The carrying value of exploration and evaluation properties of \$6,789,190 at March 31, 2011 (March 31, 2010 - \$8,640,940, December 31, 2010 - \$6,491,090) have been evaluated at March 31, 2011 and it was determined that no costs had met the requirements to be transferred to property and equipment. These costs were also evaluated for impairment and it was determined that no impairment existed for the period ended March 31, 2011.

***General and administrative expenses***

<b>Three months ended:</b>	<b>March 31, 2011</b>	<b>December 31, 2010</b>	<b>March 31, 2010</b>
Investor relations	\$ 4,625	\$ 155	\$ -
Filing and Transfer Fees	8,550	270	1,925
Professional Fees	6,140	69,165	7,785
Consulting Fees - gross	48,305	64,255	81,850
Consulting Fees - capitalized	-	(6,245)	(24,450)
Rent and office Costs	37,950	41,510	52,340
	<b>\$ 105,570</b>	<b>\$ 169,110</b>	<b>\$ 119,450</b>

- In Q1, 2011 general and administrative expenses were \$105,570, a decrease of \$63,540 or 37.57% as compared with \$169,110 in Q4, 2010.
- The decrease in G&A is due to lower consulting and professional fees in Q1, 2011.

***Net loss***

<b>Three months ended:</b>	<b>Q-1 2011</b>	<b>Q-4 2010</b>	<b>Q-1 2010</b>
Net loss from continuing operations	\$ (132,955)	\$ (3,631,850)	\$ (149,450)
Net loss from discontinued operations	-	(1,185)	(104,255)
<b>Consolidated net loss</b>	<b>\$ (132,955)</b>	<b>\$ (3,633,035)</b>	<b>\$ (253,705)</b>

***Loss per share***

Continuing operations	\$ (0.002)	\$ (0.06)	\$ (0.003)
Discontinued operations	\$ (0.000)	\$ (0.00)	\$ (0.001)
<b>Loss per share</b>	<b>\$ (0.002)</b>	<b>\$ (0.06)</b>	<b>\$ (0.004)</b>

- The decreased loss in Q1, 2011 as compared with Q4, 2010 is the result of a depletion and depreciation charge on property and equipment of \$1,128,270 and an impairment charge on exploration evaluation properties of \$2,224,365 at December 31, 2010.

**International Frontier Resources Corporation**  
**Management's Discussion and Analysis**  
**March 31, 2011**



**Summary of Quarterly Results**

The following table summarized the Company's financial and operating highlights for the past eight quarters:

<b>Quarter ended:</b>	<b>June 30, 2009</b>	<b>Sept 30, 2009</b>	<b>Dec 31, 2009</b>	<b>Mar 31, 2010</b>
<b>Statement of operations</b>				
Sales volumes - BOE/ day (Canada)	34	35	36	28
Production volumes - BOE/ day (Canada)	35	37	34	33
Oil revenues, net (Canada)	\$ 149,235	\$ 162,280	\$ 180,885	\$ 148,225
Net earnings (loss) and comprehensive loss				
Net earnings (loss) from continuing operations	\$ (3,669,530)	\$ (1,682,195)	\$ (2,294,220)	\$ (165,860)
Net loss for discontinued operations	\$ (2,873,875)	\$ (1,809,830)	\$ (6,764,310)	\$ (104,255)
Net earnings (loss) and comprehensive loss	\$ (6,543,405)	\$ (3,492,025)	\$ (9,058,530)	\$ (270,115)
Net earnings(loss) per share				
Net loss from continuing operations per share	\$ (0.06)	\$ (0.03)	\$ (0.04)	\$ (0.003)
Net loss from discontinued operations per share	\$ (0.05)	\$ (0.03)	\$ (0.00)	\$ (0.001)
Net loss per share	\$ (0.11)	\$ (0.06)	\$ (0.04)	\$ (0.004)
<b>Balance Sheet</b>				
Total assets	\$37,219,740	\$29,980,890	\$ 20,972,600	\$ 20,719,095
Working capital	\$10,239,230	\$ 4,279,660	\$ 7,865,635	\$ 7,646,280
Refundable Deposits	\$ 1,520,315	\$ 925,060	\$ 640,670	\$ 640,670
Funds flow from operations	\$ (75,685)	\$ (188,805)	\$ (146,220)	\$ (126,625)
<b>Quarter ended:</b>	<b>June 30, 2010</b>	<b>Sept 30, 2010</b>	<b>Dec 31, 2010</b>	<b>March 31, 2011</b>
<b>Statement of operations</b>				
Sales volumes - BOE/ day (Canada)	30	26	28	26
Production volumes - BOE/ day (Canada)	25	31	28	27
Oil revenues, net (Canada)	\$ 151,820	\$ 111,445	\$ 145,940	\$ 122,665
Net earnings (loss) and comprehensive loss				
Net earnings (loss) from continuing operations	\$ (651,115)	\$ (100,335)	\$ (5,192,815)	\$ (132,955)
Net loss for discontinued operations	\$ (7,810)	\$ -	\$ (1,185)	\$ -
Net earnings (loss) and comprehensive loss	\$ (658,925)	\$ (100,335)	\$ (5,194,000)	\$ (132,955)
Net earnings(loss) per share				
Net loss from continuing operations per share	\$ (0.01)	\$ -	\$ (0.09)	\$ (0.002)
Net loss from discontinued operations per share	\$ -	\$ -	\$ (0.00)	\$ -
Net loss per share	\$ (0.01)	\$ -	\$ (0.09)	\$ (0.002)
<b>Balance Sheet</b>				
Total assets	\$19,708,385	\$19,531,265	\$ 15,283,980	\$ 14,985,285
Working capital	\$ 7,310,610	\$ 7,186,425	\$ 6,457,185	\$ 6,124,775
Refundable Deposits	\$ 640,670	\$ 640,670	\$ 640,670	\$ 640,670
Funds flow from operations	\$ (436,995)	\$ (77,935)	\$ (251,820)	\$ (187,105)

(1) Results reported for 2011 are in accordance with IFRS.

(2) Results reported for 2010 and 2009 are in accordance with Canadian GAAP and are not to be compared to the results presented in accordance with IFRS.



## Financial Instruments

As disclosed in Note 3 to the unaudited condensed consolidated interim financial statements at March 31, 2011, the Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to interest rate risk, foreign exchange risk, fair value risk and industry credit risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

- a) Fair value of financial assets and liabilities: The Company's financial instruments as at March 31, 2011 include cash and cash equivalents, trade accounts receivable, restricted cash and trade accounts payable. The fair values of trade accounts receivable and trade accounts payable approximate their carrying amounts due to their short terms to maturity. The cash and cash equivalents and the restricted cash balances are equal to their fair values.

	March 31, 2011		December 31, 2010	
	Carrying Value (\$)	Fair Value (\$)	Carrying Value (\$)	Fair Value (\$)
<b>Financial assets:</b>				
Receivables	\$ 73,225	\$ 73,225	\$ 111,010	\$ 111,010
<b>Total financial assets</b>	<b>\$ 73,225</b>	<b>\$ 73,225</b>	<b>\$ 111,010</b>	<b>\$ 111,010</b>
<b>Financial liabilities</b>				
Payables and accruals	\$ 486,595	\$ 486,595	\$ 607,600	\$ 607,600
<b>Total financial liabilities</b>	<b>\$ 486,595</b>	<b>\$ 486,595</b>	<b>\$ 607,600</b>	<b>\$ 607,600</b>

The Company classifies the fair value of financial instruments held for trading according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

At March 31, 2011 cash and cash equivalents and restricted cash have been classified as Level 1.

- b) **Credit risk:** Substantially all of the accounts receivable are with customers and joint venture partners in the oil and gas industry and are subject to normal industry credit risks. Though, the Company markets its oil to only one marketer revenues are not significant so that the exposure to the Company is minimized. Management does not believe that there is significant credit risk arising from any of the Company's customers or partners, as substantially all amounts outstanding at March 31, 2011 have been received subsequent to period end. The maximum exposure to loss arising from accounts receivable at any given time is equal to their total carrying amounts on the balance sheet.

<b>Total receivables:</b>	<b>0 to 30 days</b>	<b>31 to 60 days</b>	<b>61 to 90 days</b>	<b>Greater than 90 days</b>
\$ 73,225	\$ 66,390	\$ 6,835	\$ -	\$ -

**International Frontier Resources Corporation**  
**Management's Discussion and Analysis**  
**March 31, 2011**



- c) **Interest rate risk:** The Company is exposed to interest rate cash flow risk to the extent the changes in market interest rates will impact the Company's interest rate price risk. The Company does not use interest rate hedges or fixed interest rate contracts to manage the Company's exposure to interest rate fluctuations. A 1% increase or decrease in interest rates would have had no material impact on the cash flow of the Company during the period ended March 31, 2011.
- d) **Foreign currency risk:** The Company is exposed to foreign currency risk as the Company holds cash and cash equivalents on hand that are denominated in United States dollars. At March 31, 2011, the carrying amount of the Company's foreign currency denominated net monetary assets was approximately C\$3,109,680. Assuming all other variables remain constant, a fluctuation of one cent in the exchange rate of the Canadian dollar to the U.S. dollar would not result in a material change in income.
- e) **Liquidity risk:** Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to ensure that it has sufficient resources available to meet its liabilities when due. At March 31, 2011, the Company's accounts payable and accrued liabilities were \$486,595 all of which are due for payment within normal terms of trade which is generally between 30 and 60 days. The Company regularly reviews its accounts payable balances and follows up on amounts past due. The Company's financial liabilities are summarized below:

<b>Total payables:</b>	<b>0 to 30 days</b>	<b>31 to 60 days</b>	<b>61 to 90 days</b>	<b>Greater than 90 days</b>
\$ 486,595	\$ 54,370	\$ -	\$ 875	\$ 431,350

**Investing Activities**

<b>For the three months ended</b>	<b>March 31, 2011</b>	<b>Dec 31, 2010</b>	<b>March 31, 2010</b>
Canada	\$ 6,500	\$ 298,225	\$ 33,400
United States	\$ 291,500	\$ 27,120	\$ -
Discontinued operations	\$ -	\$ -	\$ 65,815
	\$ 298,100	\$ 325,345	\$ 99,215

- Capital expenditures for the period ending March 31, 2011 were \$298,100 of which \$291,500 is related to a deposit to purchase mineral titles on freehold lands located in Glacier County, Northwest Montana, USA and \$6,500 is related to geological and geophysical consulting fees in the Central Mackenzie Valley, NWT.

**Obligations**

- The Company is party to an agreement to lease its premises until December 31, 2014. The annual rent of premises consists of a minimum rent payment of \$53,980 plus occupancy costs for 2011 and \$43,120 plus occupancy cost per year for 2012 to 2014.
- The Company has established a Royalty Incentive Agreement for employees, consultants and senior executives that are also directors. Under the plan, the compensation committee issues units on an annual basis to employees, consultants and directors. The units entitle the holder to receive an annual payment based on 2% of the Company's annual production revenue, net of transportation and processing fees. Under the terms of the agreement, once the Company has recovered payout of 100% of its cumulative annual capital expenditures from licenses and lands owned by the Company, the payment to employees, consultants and directors is based on 4% of the Company's annual production revenue less transportation and processing fees. At December 31, 2010, payout of 100% of cumulative annual capital expenditures had been reached on the Alderson oil property and subsequent payments calculated at 4% of the Company's annual production revenue less transportation and processing fees.



## **Related Party Transactions**

Certain officers who are directors and consultants provide professional, consulting and management services to the Company and are eligible to receive royalties pursuant to the Company's Royalty Incentive Plan. The amounts paid to officers (directors) and consultants during for the period ending March 31, 2011 are provided below, these costs are included in general and administrative expenses on the consolidated condensed statements of operations and comprehensive loss at March 31, 2011:

- Compensation paid to executive officers was \$19,500 (2010 - \$33,000) of which \$Nil (2010 - \$24,450) was capitalized to property and equipment for the period ending March 31, 2011.
- Legal fees of \$nil (2010 – \$40,675) were paid to a law firm in which a director of the company is a partner. In June 2010, the director resigned and was no longer affiliated with the company.
- At March 31, 2011 royalties of \$6,345 (2010 - \$3,120) were paid to officers and consultants pursuant to the Company's Royalty Incentive Plan.

## **Other Items**

### ***Outstanding shares, options and warrants***

The Company's share capital structure is as follows:

<b>As of:</b>	<b>March 31, 2011</b>	<b>June 23, 2011</b>
Common shares outstanding	59,578,965	59,578,965
Options outstanding	4,081,500	4,081,500
Fully diluted	63,660,465	63,660,465

Additional details on the shares, options and warrants outstanding at March 31, 2011 are available in the Notes to the March 31, 2011 interim consolidated condensed financial statements.

## **Accounting Policies and Estimates**

The Company is assessing the new and revised accounting pronouncements that have been issued that are not yet effective:

### ***Adoption of IFRS***

The Company has prepared its interim condensed consolidated financial statements for the three months ended March 31, 2011 in accordance with IAS 34 and IFRS 1 – *First-time Adoption of IFRS*. Previously, the Company prepared its financial statements in accordance with Canadian GAAP. The adoption of IFRS has not changed the Company's business activities or actual cash flow; however, it has resulted in adjustments to the Company's financial statements.

The areas that were most impacted by the transition to IFRS are accounting for exploration and evaluation assets, accounting for property, plant and equipment, asset impairment testing, and accounting for income taxes. Refer to Note 3 of the Company's unaudited interim consolidated condensed financial statements for the Company's detailed IFRS accounting policies.

In order to allow the users of the financial statements to better understand the impact of the change to IFRS, the Company's Canadian GAAP balance sheets at January 1, 2010, March 31, 2010 and December 31, 2010, and the Company's consolidated statements of operations and comprehensive loss for the three months ended March 31, 2010 and for the year ended December 31, 2010 have been reconciled to IFRS.

**International Frontier Resources Corporation**  
**Management's Discussion and Analysis**  
**March 31, 2011**



The following provides a summary reconciliation of the Company's 2010 Canadian GAAP and IFRS results. Further discussion of the significant IFRS accounting policy changes can be found in Note 17 of the Company's Interim Consolidated Condensed Financial Statements.

**Summary of Net Earnings Reconciliation**

	2010				2010
	Q-1	Q-2	Q-3	Q-4	
Net loss - GAAP	\$ (270,115)	\$ (658,925)	\$ (100,335)	\$ (5,194,000)	\$ (6,223,375)
Additions (deductions)					
Exploration and evaluation costs	24,450	167,080	2,000	(1,624,635)	(1,431,105)
Depletion	(30,100)	(32,240)	(13,700)	(144,150)	(220,190)
Adjust investment in subsidiary to equity method of consolidation	(1,350)	(1,350)	(1,350)	(21,370)	(25,420)
Impairment of property and equipment				240,635	240,635
Decommissioning liabilities - accretion	(9,410)	(10,010)	(10,900)	(11,445)	(41,765)
	(16,410)	123,480	(23,950)	(1,560,965)	(1,477,845)
Net loss - IFRS	\$ (253,705)	\$ (782,405)	\$ (76,385)	\$ (3,633,035)	\$ (4,745,530)

**Recent Accounting Pronouncements**

All accounting standards effective for periods beginning on or after January 1, 2011 have been adopted as part of the transition to IFRS. As of January 1, 2013, the Company will be required to adopt IFRS 9 - *Financial Instruments*, which is the result of the first phase of the IASB's project to replace IAS 39 - *Financial Instruments: Recognition and Measurement*. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

**Critical Accounting Estimates**

Management is required to make judgments, assumptions and estimates in the application of Canadian generally accepted accounting principles that have a significant impact on the financial results of the Company. Reserve estimates are a key component in the calculation of depletion, depreciation and accretion costs. A change in reserve quantity estimates will result in a corresponding change in DD&A costs. In addition, if capitalized costs are determined to be in excess of the calculated ceiling, which is based on reserve quantities and values, the excess must be written off as an expense. Asset retirement costs are estimated, discounted and carried on the balance sheet as a liability. A change in estimated future asset restoration costs will change the liability on the balance sheet and the amortization of the asset retirement costs included in property and equipment.

**Forward Looking Statements**

Certain statements contained in this MD&A constitute forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "strategy" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements are based on reasonable assumptions but no assurance can be given that these expectations will prove to be correct and the forward-looking statements included in this MD&A should not be unduly relied upon. These statements are made only as of the date of this MD&A.

**International Frontier Resources Corporation  
Management's Discussion and Analysis  
March 31, 2011**



In particular, this MD&A may contain forward-looking statements including, but not limited to, the following:

- oil and natural gas production rates;
- commodity prices for crude oil or natural gas;
- supply and demand for oil and natural gas;
- the estimated quantity of oil and natural gas reserves, including reserve life;
- capital expenditure programs;
- future exploration, development and production costs;
- timing of drilling plans;
- plans for and results of exploration and development activities;
- expectations regarding the Corporation's ability to raise capital and to continually add to oil and natural gas reserves through acquisitions, exploration and development; and
- treatment under governmental regulatory regimes and tax laws.

With respect to forward-looking statements contained in this MD&A and other documents of public record, the Corporation has made assumptions regarding, among other things:

- future oil and natural gas production levels from IFR's properties and the prices obtained from the sales of such production;
- the level of future capital expenditure required to exploit and develop reserves; and
- the Company's ability to obtain financing on acceptable terms, as required.

The Corporation's actual results could differ materially from those anticipated in these forward-looking statements and information as a result of assumptions proving inaccurate and of both known and unknown risks as set forth below:

- general economic, political, market and business conditions;
- risks inherent in oil and natural gas operations;
- uncertainties associated with estimating oil and natural gas reserves;
- competition for, capital, acquisitions of reserves, undeveloped lands, drilling equipment and skilled personnel;
- geological, technical, drilling and processing problems;
- incorrect assessments of the value of acquisitions;
- the availability of capital on acceptable terms;
- volatility in market prices for oil and natural gas;
- actions by governmental authorities, including regulatory, environmental and taxation policies; and
- fluctuations in foreign exchange or interest rates and stock market volatility
- ability to raise project finance capital from chartered banks

***Other information***

Additional information regarding International Frontier Corporation's reserves and other data is available on SEDAR at [www.sedar.com](http://www.sedar.com)