International Frontier Resources Corporation
Management's Discussion and Analysis
June 30, 2016

International Frontier Resources Corporation is an independent Canadian public company, the principle business of which is to acquire, develop, exploit and produce oil and natural gas in Mexico, the Central Mackenzie Valley ("CMV"), Northwest Territories, Canada, south east Alberta, Canada, and in north-west Montana in the United States. These consolidated financial statements are denoted in Canadian dollars.

The following is management's discussion and analysis ("MD&A") of International Frontier Resources Corporation's ("International Frontier" or "IFR" or 'Frontier' or the "Corporation" or the "Company") operating and financial results for the period ending March 31, 2016, as well as information concerning the Company's future outlook based on currently available information. The MD&A has been prepared by management as at June 30, 2016 in accordance with IFRS and should be read in conjunction with the audited consolidated financial statements as at December 31, 2015 together with accompanying notes, the Statement of Reserves Data and Other Oil and Gas Information contained in the Company's annual 51-101 dated December 31, 2015. This MD&A contains forward-looking statements, the definitions of which are defined herein.

The quarterly financial statements have not been reviewed or audited on behalf of the shareholders by the Company's independent external auditors. All financial measures presented in this MD&A Report are expressed in Canadian dollars unless otherwise indicate.

Liquidity, capital resources and financing activities

Working Capital

At June 30, 2016, cash and cash equivalents were $2,705,165 (December 31, 2015 $2,240,470) and working capital was $2,602,435 (December 31, 2015 - $1,993,485).

At June 30, 2016 the Company had restricted cash securing a letter of credit in the amount of $300,000 (December 31, 2015 - $300,000); the letter of credit secures a work deposit on the Company's Northwest Territories Exploration License 495.

The increase in working capital at June 30, 2016 is the result of cash of $1,400,000 received with respect to a private placement in June 2016 mitigated by capital expenditures of $102,120 in the CMV for annual lease rentals and a loss in operations for the period of $702,545.

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 plans in Mexico, Canada and the USA. 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.

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 on-going basis and believes that its approach, given the relative size of the Company is reasonable. As at June 30, 2016, the Company's capital as defined above was approximately $2,615,595 (December 31, 2015 – $1,991,600).

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, v) issuing new shares iv) obtaining debt financing, or a combination of these possible steps.

Summary of Second Quarter Results

Selected financial information:

For the three months ended		**June 30, 2016**		**March 31, 2016**		**June 30, 2015**
Statement of operations						
Sales volumes - BOE/ day (Canada)		31		25		36
Production volumes - BOE/ day (Canada)		40		33		37
Oil revenues, net (Canada)	$	76,780	$	25,980	$	138,680
Interest income	$	2,975	$	2,775	$	5,290
Net loss and comprehensive loss	$	(585,360)	$	(359,785)	$	(354,030)
Net loss per share	$	(0.006)	$	(0.004)	$	(0.005)
Cash flow						
Net cash provided (used in)						
Operating activities	$	(509,840)	$	(273,610)	$	(454,890)
Investing activities	$	(181,510)	$	(36,550)	$	(26,150)
Financing activities	$	1,460,800	$	10,075	$	-
Balance sheet						
Assets						
Exploration and evaluation assets	$	7,693,540	$	7,668,010	$	9,716,870
Property and equipment	$	363,580	$	311,940	$	953,660
Total assets	$	11,832,835	$	10,881,835	$	13,518,010
Working capital	$	2,602,435	$	1,668,015	$	1,694,525

Investing Activities

Exploration and evaluation assets

For the three months ended		**June 30, 2016**		**March 31, 2016**		**June 30, 2015**
Canada	$	25,530	$	36,550	$	26,150
	$	25,530	$	36,550	$	26,150

Property and equipment

For the three months ended		**June 30, 2016**		**March 31, 2016**		**June 30, 2015**
Canada	$	65,780	$	-	$	-
Mexico		785		-		-
	$	66,565	$	-	$	-

Summary of Alderson Operations

Three months ended	June 30, 2016	March 31, 2016	June 30, 2015
Sales volumes (Bbl/day)	31	25	36
Production volumes (Bbl/day)	40	33	37
Oil Sales	$ 101,710	$ 36,270	$ 182,175
Royalties	20,980	8,920	33,475
Royalties (Employee Roy. Pool)	3,950	1,370	10,020
Net Revenues	76,780	25,980	138,680
Field operating costs	81,270	54,150	159,755
Net operating income	$ (4,490)	$ (28,170)	$ (21,075)
Oil Sales ($/BBL)	$ 36.27	$ 24.21	$ 55.07
Field operating costs ($/BBL)	$ 28.99	$ 34.04	$ 48.29
Depletion per BOE	$ 3.00	$ 3.81	$ 10.75

- Due to declining oil prices the Company determined that it would be most cost effective to shut-in production beginning in March 2016, as a result Q1, 2016 production figures represent two months of operations. The Alderson field was brought back on production in mid May 2016.
- Oil sales volumes in Q2, 2016 were 31 Bbl/day a 24.00% increase as compared to 25 Bbl/day in Q1, 2016.
- Production volumes in Q2, 2016 were 40 Bbl/day a 21.21% increase as compared to 33 Bbl/day in Q1, 2016.
- Oil revenue in Q2, 2016 was $101,710, an increase of 180.42% as compared to $36,270 in Q1, 2016.
- Increase in oil revenues in the period was due to a 49.80% increase in price received in the quarter of $36.27 per Bbl as compared to $24.20 per Bbl in the previous quarter. In addition, there was an increase in sales in Q2, 2016 as the field was shut-in for a portion of Q1, 2016.
- During Q2, 2016 the Company paid royalties of $20,980, an increase of 135.20% as compared to $8,920in Q1, 2016. The increase in royalties is consistent with the increase in oil sales in the period.
- Operating expenses in the second quarter of 2016 were $81,270 or $28.99 per Bbl a change of 14.84% as compared to $54,150 or $34.04 per Bbl in Q1, 2016. The Company incurred above normal field expenditures in Q2, 2016.
- Two wells were abandoned in the reporting period, as a result the Company's LMR increased to 1.5.

Interest income

- In Q2, 2016 interest income from short-term investments was $2,975 (Q1, 2016 - $2,775, Q2, 2015 - $5,290) the decrease was due to a decrease in amounts being invested at June 30, 2016.

Accretion of asset retirement obligation

- Accretion of asset retirement obligations in Q2, 2016 was $2,000 (Q1, 2016 - $3,300, Q2, 2015 - $3,000)

Depletion, depreciation and impairments

For the three months ended:	June 30, 2016	March 31, 2016	June 30, 2015
Depletion of oil and gas properties	$ 7,255	$ 7,600	$ 36,325
Amortization of Alderson Battery	5,135	2,395	2,395
Impairment of oil and gas properties	-	-	-
Depreciation of equipment	2,535	2,465	2,290
	$ 14,925	$ 12,460	$ 41,010

- Depletion of oil and gas properties for the three months ended June 30, 2016 was $7,255 or $3.00 per Bbl, as compared to $7,600, or $3.81 per Bbl in Q1, 2016. (Q2, 2015 $36,325 or $10.75 per Bbl)
- Decrease in depletion at June 30, 2016 is due to decreased production in the period coupled with a decrease in the net book value of properties and equipment at June 30, 2016 due to impairments booked at December 31, 2015.
- At June 30, 2016 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, 2015. As a result there was a $Nil impairment recorded in Q2, 2016 (Q1, 2015 - $Nil, Q2, 2015- $Nil)
- The carrying value of exploration and evaluation properties of $7,693,540 at June 30, 2016 (Mach 31, 2016 - $7,668,010, June 30, 2015 - $9,716,870) have been evaluated 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 June 30, 2016 (March 31, 2016 - $Nil, June 30, 2015 - $Nil)

General and administrative expenses

Three months ended:	June 30, 2016	March 31, 2016	June 30, 2015
Investor relations	$ 29,020	$ -	$ 11,895
Filing and transfer fees	19,515	7,100	2,060
Professional fees	29,745	380	11,345
Consulting fees and salaries	132,820	134,600	118,375
Rent and corporate costs	48,780	46,705	47,575
	$ 259,880	$ 216,950	$ 191,250

- Total general and administration expenses in the three months ended June 30, 2016 were $259,880 a 37.65% increase as compared to the previous quarter
- increase in Q2, 2016 expense are due to costs incurred with respect to annual meeting in June 2016 and legal and filing fees incurred with respect to private placement in Q2, 2016

Net loss

Three months ended:	Q-2 2016	Q-1 2016	Q-2 2015
Net loss from continuing operations	$ (585,360)	$ (359,785)	$ (354,030)

Loss per share			
Loss per share	$ (0.006)	$ (0.004)	$ (0.005)

- The net loss for the three months ended June 30, 2016 was $585,360 (Q1, 2016 net loss - $359,785)
- The increased loss in Q2, 2016 as compared with Q1, 2016 is the result of share based compensation costs of $191,385 booked in Q2, 2016 with respect to stock options granted in the period.

Summary of Quarterly Results

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

Quarter ended:	Sept 30, 2014	Dec. 31. 2014	March 31, 2015	June 30. 2015
Statement of operations				
Sales volumes - BOE/ day (Canada)	45	43	32	36
Production volumes - BOE/ day (Canada)	46	40	34	37
Oil revenues, net (Canada)	$ 253,785	$ 194,415	$ 89,730	$ 138,680
Net loss and comprehensive loss	$ (40,175)	$ (285,775)	$ (243,335)	$ (354,030)
Net loss per share	$ (0.001)	$ (0.004)	$ (0.004)	$ (0.005)
Balance Sheet				
Total assets	$ 14,032,610	$ 14,213,940	$ 13,984,480	$ 13,518,010
Working capital	$ 2,545,905	$ 2,260,150	$ 2,031,455	$ 1,694,525
Restricted Cash on deposit	$ 300,000	$ 300,000	$ 300,000	$ 300,000
Funds flow from operations	$ 56,855	$ (3,045)	$ (274,735)	$ (454,890)

Quarter ended:	Sept 30, 2015	Dec 31, 2015	March 31, 2016	June 30, 2016
Statement of operations				
Sales volumes - BOE/ day (Canada)	40	37	25	31
Production volumes - BOE/ day (Canada)	38	35	33	40
Oil revenues, net (Canada)	$ 117,000	$ 94,530	$ 25,980	$ 76,780
Net loss and comprehensive loss	$ (387,000)	$ (3,410,410)	$ (359,785)	$ (585,360)
Net loss per share	$ (0.010)	$ (0.050)	$ (0.00)	$ (0.006)
Balance Sheet				
Total assets	$ 13,381,105	$ 11,339,540	$ 10,881,835	$ 11,832,835
Working capital	$ 1,080,015	$ 1,993,485	$ 1,668,015	$ 2,602,435
Restricted Cash on deposit	$ 300,000	$ 300,000	$ 300,000	$ 300,000
Funds flow from operations	$ (311,855)	$ (462,290)	$ (273,610)	$ (509,840)

Financial Instruments

As disclosed in Note 14 to the unaudited condensed interim financial statements at March 31, 2016, 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 June 30, 2016 include cash and cash equivalents, receivables, restricted cash on deposit, reclamation deposits and payables and accruals. The fair values of receivables, reclamation deposits and payables and accruals approximate their carrying amounts due to their short terms to maturity. The cash and cash equivalents and the restricted cash on deposit balances are equal to their fair values.

June 30, 2016			Fair Value Measurements	
	Carrying Value ($)	Fair Value ($)	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)
Financial assets:				
Loans and receivables				
Receivables	$ 183,890	$ 183,890	$ -	$ 183,890
Reclamation deposits	337,800	337,800	-	337,800
Held for trading				
Cash and cash equivalents	2,705,165	2,705,165	2,705,165	-
Restricted cash on deposit	300,000	300,000	300,000	-
	$ 3,526,855	$ 3,526,855	$ 3,005,165	$ 521,690
Financial liabilities				
Measured at amortized costs				
Payables and accruals	$ 357,010	$ 357,010	$ -	$ 357,010
Total financial liabilities	$ 357,010	$ 357,010	$ -	$ 357,010

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 June 30, 2016 cash and cash equivalents and restricted cash on deposit have been classified as Level 1.

b) **Credit risk:** Substantially all of the receivables 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 June 30, 2016 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.

Total receivables:	0 to 30 days	31 to 60 days	61 to 90 days	Greater than 90 days
$ 183,890	$ 94,660	$ 17,425	$ 34,860	$ 36,945

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 June 30, 2016.

d) **Foreign currency risk:** The Company is exposed to risks arising from fluctuations in foreign currency exchange rates, primarily between Canadian and U.S. dollars. The Company does not utilize any foreign currency based derivatives. In order to manage this risk and to defer the realization of any resulting currency loss from converting Canadian dollars to US dollars, the Company retains cash balances in both US and Canadian dollars.

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 June 30, 2016, the Company's accounts payable and accrued liabilities were $357,010 most 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:

Total payables:	0 to 30 days	31 to 60 days	61 to 90 days	Greater than 90 days
$ 357,010	$ 110,560	$ 14,735	$ 490	$ 231,225

Investing Activities

Exploration and evaluation assets

For the three months ended	June 30, 2016	March 31, 2016	June 30, 2015
Canada	$ 25,530	$ 36,550	$ 26,150
United States	-	-	-
Mexico	-	-	-
	$ 25,530	$ 36,550	$ 26,150

- Capital expenditures represent amounts paid in the CMV for annual lease rentals

Property and equipment

For the three months ended	June 30, 2016	March 31, 2016	June 30, 2015
Canada	$ 65,780	$ -	$ -
United States	-	-	-
Mexico	785	-	-
	$ 66,565	$ -	$ -

- Capital expenditures in Canada in Q2, 2016 represent amounts paid for a battery turnaround completed on the Alderson property.

Mexico

On September 21, 2015 a Mexican Corporation, Tonalli Energia ("Tonalli or TE Corporation") was set up to participate in Mexico's historical Energy Reform. The shareholders of Tonalli are Petrofrontera (a subsidiary of IFR) 45%, Grupo Idesa 50% and Enrique Miranda 5%.

The investment in TE Corporation is accounted for using the equity method of accounting. The Company's original investment in TE Corporation of $229,950 at September 30, 2015 represents the value of Frontera's investment for shares of TE Corporation. At June 30, 2016 the Company's investment in TE Corporation at December 31, 2015 of $139,785 has been adjusted for an additional cash investment of $89,415 in April 2016 and losses of $83,290. The net investment at June 30, 2016 is $145,910.

In Q2, 2016 Tonalli was awarded the Tecolutla block, the block was awarded to Tonalli as the first place bidder did not provide the required financial guarantees. The Tecolutla license agreement was signed on August 25th, 2016.

A summary of the License terms is as follows;

- **Effective Date**: August, 2016
- **Term:** 25 years plus two possible extensions of five years each
- **National Content Rule :** 22% escalating to 38%
- **Appraisal Period:** one to two years to Perform a Minimum Work Program of one well and one work over at an estimated cost of US$1.8 million
- **Performance Guarantee:** 50% of assigned value of 4600 Work Units ($1.8 MM US)
- **Royalties:**
  - Base Oil Royalties (7.5% @ $48 US linear to 14% @ 100$ US Brent)
  - Additional Bid Royalty of 31.22% of the contract value of hydrocarbons produced

A royalty to the surface landowner in an amount of 1- 3% of the contract value subject to negotiation after the signing of the Licence (being directed by CNH)

The Tecolutla Block is a 7.2 km2 block in the Tampico-Misantla Basin located within the state of Veracruz. The producing carbonate oil reservoir in the Tecolutla Block is the El Abra formation at a depth of 2,340 meters. 3D seismic has been acquired over the entire Tecolutla Block and 7 wells have been drilled into the producing reservoir. Peak production of over 900 bbl/d occurred from the Tecolutla Block in 1972 from 3 wells, with 1 producing well remaining as of Dec 2014. Tonalli's experienced operating team intends to deploy advanced carbonate drilling, completion and recompletion techniques in the Tecolutla Block. Field operations are scheduled to commence in Q4, 2016.

Tonalli is the operator of the Tecolutla block and IFR provides geological, geophysical, engineering and project management services; Tonalli reimburses IFR for 40% of our geological, engineering a project management costs.

Subsequent Events - Mexico

In August Idesa provided a corporate guarantee in favour of the United Mexican States through the National Commission of Mexican Hydro Carbons to guarantee certain of the obligations of Tonalli under the Hydro Carbon Extraction Agreement;

The Company's Mexican subsidiary, Petro Frontera, have agreed to be responsible, by way of a guarantee, of their respective share of any amounts that Idesa may be required to pay to the National Commission of Mexican Hydro Carbons by virtue of the Idesa corporate guarantee in the event of any default by Tonalli of its obligations under the licence agreement.

In July 2016, IFR entered into a finder's fee agreement with Industria Miral, SA de CV for an amount of US$185,000. Industria Miral, SA de CV provided services that assisted IFR in obtaining Idesa as a joint venture partner as well as services for bidding on four onshore licenses in round 1.3. In August the Company submitted documentation the TSX Venture Exchange seeking approval to issue shares as consideration for the finder's fee. The price per share will be based on the average trading price of the Company's shares for the 30 proceeding days from the date of TSX-V approval.

In August 2016 the Company entered into an agreement to purchase Enrique Miranda's five per cent shareholding in Petrofrontera as a result IFR will own 100% of the issued shares.

The shareholders of Tonalli have agreed to fund the costs to evaluate onshore acreage that will be included in Round 2.2.

Obligations

- The Company is party to an agreement to lease its premises until October 31, 2016. The annual rent of premises consists of a minimum rent plus occupancy costs. Minimum rent payable for premises until the end of the lease is $4,410.
- 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 June 30, 2016, payout of 100% of cumulative annual capital expenditures had been reached on the Alderson oil property and subsequent payments are 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 June 30, 2016 are provided below, these costs are included in general and administrative expenses on the condensed statements of operations and comprehensive loss at June 30, 2016:

- Compensation paid to executive officers was $260,000 (June 30, 2015 - $70,000) in salaries and $13,800 (June 30, 2015 - $196,550) in consulting fees.
- At June 30, 2016 royalties of $9,270 (June 30, 2015 - $11,530) 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:

As of:	June 30, 2016	August 29, 2016
Common shares outstanding	98,490,845	98,490,845
Warrants outstanding	32,361,880	32,361,880
Options outstanding	9,356,500	9,356,500
Fully diluted	140,209,225	140,209,225

Additional details on the shares, options and warrants outstanding at June 30, 2016 are available in the Notes to the June 30, 2016 condensed consolidated interim 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:

Change in accounting policies

On January 1, 2016, the Company adopted the following pronouncements as issued by the IASB. The adoption of these standards did not have a material impact on Company's consolidated financial statements.

i) IFRS 5 Non current Assets Held for Sale and Discontinued Operations

The amendment clarifies circumstances in which an entity reclassifies an asset (or disposal group) from held for sale to held for distribution (or vice versa), and in circumstances which an entity no longer meets the criteria for held for distribution.

ii) IFRS 7 Financial Instruments

The amendment clarifies the applicability of the amendments to IFRS 7 Disclosure–Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements.

iii) IAS 19 Employee Benefits

The amendment clarifies the application of the requirements of IAS 19 Employee Benefits (2011) on determination of the discount rate to a regional market consisting of multiple countries sharing the same currency.

iv) IAS 34 Interim Financial Reporting

The amendment clarifies the meaning of disclosure of information 'elsewhere in the interim financial report' and requires a cross reference.

v) IAS 27 Separate Financial Statements

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

vi) IFRS 11 Joint Arrangements

These amendments require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3) to: (a) apply all of the business combinations

accounting principles in IFRS 3 and other IFRS standards, except for those principles that conflict with the guidance in IFRS 11; and (b) disclose the information required by IFRS 3 and other IFRS standards for business combinations. The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not re-measured).

Future accounting policies

The following accounting standards and amendments are effective for future periods. The impact of the adoption of the following pronouncements are currently being evaluated.

i) Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows)

These amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfill the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

These amendments are effective for reporting periods beginning on or after January 1, 2017.

ii) IFRS 9 Financial Instruments

This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortized cost or fair value. To be classified and measured at amortized cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognized in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.

This standard is effective for reporting periods beginning on or after January 1, 2018.

iii) IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service.

This standard is effective for reporting periods beginning on or after January 1, 2018.

iv) IFRS 16 Leases

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

This standard is effective for reporting periods beginning on or after January 1, 2019.

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.
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.
- Third party drilling programs and well status reports.

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

- Terms and conditions of license documentation, and interpretations thereof, for any agreement, or agreements, entered into in Mexico.

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