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 year ended December 31, 2015, 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 April 12, 2016 in accordance with IFRS and should be read in conjunction with the audited financial statements as at December 31, 2015 and 2014 together with accompanying notes, the Statement of Reserves Data and Other Oil and Gas Information contained in the Company's annual information form dated December 31, 2015. This MD&A contains forward-looking statements, the definitions of which are defined herein.

The consolidated financial statements at December 31, 2015 include the accounts of the Company, its 95% owned Mexican subsidiary, Petro Frontera S.A.P.I de CV ("Frontera") ") accounted for on the proportionate consolidation method. All inter-company transactions and balances are eliminated upon consolidation. The consolidated financial statements also include Frontera's 50% investment in Mexican associate company, Tonalli Energia S.A.P.I. de CV ("TE Corporation") accounted for using the equity method of accounting.

The annual financial statements and accompanying notes have been audited by the Company's independent external auditors and approved by the Audit Committee and the Board of Directors.

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 December 31, 2015 cash and cash equivalents were $2,240,470 (December 31, 2014 $2,803,670), and working capital was $1,993,485 (December 31, 2014 - $2,260,150). At December 31, 2015 the Company had restricted cash securing a letter of credit in the amount of $300,000 (2014 - $300,000); the letter of credit secures a work deposit on the Company's Northwest Territories Exploration License 495.

The decrease in working capital at December 31, 2015 is the result of an increased loss from operating activities due to decreased oil prices, capital expenditures of $102,120 in the CMV for annual lease rentals, $76,850 paid in respect of settlement of a lawsuit filed in Glacier County, Montana and $539,615 to review joint ventures opportunities in Mexico.

Future Capital Requirements

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

The Company 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 Company's existing shareholders or the Company's interest in the specific project financed. The Company may change the allocation of capital among the categories of anticipated expenditures depending upon future events that the Company cannot predict. For example, the Company 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 Company 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 shareholders' equity, cash and cash equivalents, and restricted cash less payables and accruals and current portion of decommissioning liabilities 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 December 31, 2015, the Company's capital as defined above was approximately $1,991,600 (December 31, 2014 – $2,481,360).

The Company 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 or leasing mineral acreage in Montana iii) selling 100% interest in a property to a third party, iv) obtain joint venture financing from a third party, v) issuing new shares vi) obtaining debt financing, or a combination of these options.

Annual Results

The following table summarizes results for the years ended December 31,

	2015	2014	2013
Statement of operations			
Sales volumes - BOE/ day (Canada)	36	42	39
Production volumes - BOE/ day (Canada)	36	42	39
Oil revenues, net of royalties (Canada)	$ 439,940	$ 922,355	$ 792,800
Interest income	$ 19,325	$ 34,445	$ 26,280
Net loss and comprehensive loss	$ (4,394,775)	$ (561,465)	$ (267,190)
Loss per share	$ (0.06)	$ (0.009)	$ (0.004)
Cash flow			
Net cash provided (used in)			
Operating activities	$ (1,503,770)	$ (202,785)	$ (67,705)
Investing activities	$ (337,250)	$ (178,065)	$ (646,155)
Balance sheet			
Assets			
Exploration and evaluation assets	$ 7,631,460	$ 9,665,190	$ 9,519,730
Property and equipment	$ 389,400	$ 1,032,660	$ 1,045,945
Total assets	$ 11,339,540	$ 14,213,940	$ 14,237,655
Working capital	$ 1,993,485	$ 2,260,150	$ 2,734,545
Investing Activities			
Exploration and evaluation assets			
Canada	$ 102,740	$ 101,215	$ 121,750
United States	$ -	$ 76,850	$ 23,030
	$ 102,740	$ 178,065	$ 144,780

Summary of Alderson Operations

Twelve months ended	December 31, 2015	December 31, 2014
Sales volumes (Bbl/day)	36	42
Production volumes (Bbl/day)	36	42
Oil Sales	$ 572,070	$ 1,205,125
Royalties	132,130	282,770
Net Revenues	$ 439,940	$ 922,355
Field operating costs	$ 419,880	$ 434,955
Net operating income	$ 20,060	$ 487,400
Oil Sales ($/BBL)	$ 43.00	$ 77.70
Field operating costs ($/BBL)	$ 31.56	$ 28.05
Depletion per BOE	$ 10.98	$ 9.88

Volumes

- Oil sales volumes in 2015 were 36 Bbl/day, a decrease of 14.29% as compared with 42 Bbl/day in 2014.
- Decrease in production is related to natural production declines and work-overs completed in Q1 and Q2 2015.
- Oil revenue in 2015 was $572,070, a decrease of 52.53% as compared to $1,205,125 in 2014.
- Decrease in oil revenues in 2015 was due to a 44.66% decrease in price received in 2015 in addition to a 14.29% decrease in production volumes in the year.
- During 2015 the Company paid royalties of $110,260, a decrease of 53.20% as compared to $235,590 in 2014. The decrease in royalties is consistent with the decrease in oil sales in 2015.
- During the year the Company paid $21,870 (2014 - $47,180) to employees and consultants pursuant to the Company`s Royalty Incentive Plan.
- Operating expenses in 2015 were $419,880 or $31.56 per Bbl an increase of 12.51% per Bbl as compared to $434,955 or $28.05 per Bbl in 2014.
- Higher field operating costs in 2015 were due to work-over costs incurred in the Alderson oil property.

Interest income

- In 2015 the Company earned interest income of $19,325 from short-term investments (2014 - $34,445). Decrease in 2015 is due to decrease in amounts invested during the year.

Depletion and depreciation

Depletion and depreciation at December 31, 2015 and 2014 consist of the following;

Depletion and depreciation	Dec. 31, 2015	Dec. 31, 2014
Depletion of oil and gas properties	$ 144,525	$ 150,705
Depreciation of Alderson Battery	9,575	9,580
Depreciation of equipment	9,265	9,000
	$ 163,365	$ 169,285

- Depletion of oil and gas properties for the year ended December 31, 2015 was $144,525 or $10.98 per Bbl which is consistent with $150,705 or $9.88 per Bbl in 2014.

Impairments

Impairments	Dec. 31, 2015	Dec. 31, 2014
Property and equipment (Alderson, S. Alberta)	$ 484,455	$ -
Exploration and evaluation assets		
Southern Alberta	32,605	32,605
North West Montana	2,103,865	-
	$ 2,620,925	$ 32,605

Property and equipment

- At December 31, 2015 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 of low oil prices a $484,455 (2014 - $Nil) impairment charge of petroleum and natural gas assets has been recorded to reflect the excess carrying amount of the Company's Alderson assets over fair value of future reserves in Canada.

Exploration and evaluation assets

- The carrying value of exploration and evaluation properties of $7,631,460 at December 31, 2015 (December 31, 2014 - $9,665,190) 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 an impairment of $32,605 (2014 - $32,605) existed with respect to properties in Southern Alberta, Canada and due to significantly lower land prices in north-west Montana, USA an impairment of $2,103,865 (2014 - $Nil) at December 31, 2015 was recorded on the Company's Montana Fee Acreage

Accretion of asset retirement obligation

- Accretion of asset retirement obligations at December 31, 2015 were $12,900 as compared to $19,270 at December 31, 2014. The decrease in accretion in 2015 is due to decrease in interest rates during the year.

General and administrative expenses

Twelve months ended December 31,	2015	2014
Investor relations	$ 16,865	$ 14,030
Filing and Transfer Fees	30,405	21,520
Project expenses	-	54,255
Professional Fees	109,975	91,510
Consulting fees and salaries	411,000	411,700
Rent and corporate	182,615	178,290
	$ 750,860	$ 771,305

- In 2015 general and administrative expenses were $750,860 a decrease of $20,445 or 2.65% as compared with $771,305 in 2014.

Share based compensation

- During 2015 the Company granted 4,000,000 options (2014 - 1,781,500 options). Total compensation expense recorded in respect of these options was $271,320 (2014 - $96,055). The fair value of each option granted was estimated on the date of grant using the Black-Scholes option-pricing model.

Net loss

- For the year ended December 31, 2015 the Company recorded a net loss of $4,394,775 ($0.06 loss per share) as compared with $561,465 ($0.009 loss per share) at December 31, 2014.
- Increased loss at December 31, 2015 is a result of decrease in net revenues due to declining commodity prices in 2015, impairments to oil and gas properties of $2,620,925 at December 31, 2015 and costs incurred in Mexico of approximately $540,000 during the year.

Financial Instruments

As disclosed in Note 3 to the financial statements, 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 December 31, 2015 and 2014 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.

December 31, 2015			**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	$ 255,885	$ 255,885	$ -	$ 255,855
Reclamation deposits	336,540	336,540	-	336,540
Held for trading				
Cash and cash equivalents	2,240,470	2,240,470	2,240,470	-
Restricted cash on deposit	300,000	300,000	300,000	-
	$ 3,132,895	$ 3,132,895	$ 2,540,470	$ 592,425
Financial liabilities				
Measured at amortized costs				
Payables and accruals	$ 456,370	$ 456,370	$ -	$ 456,370
Total financial liabilities	$ 456,370	$ 456,370	$ -	$ 456,370

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 December 31, 2015 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 December 31, 2015 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
$ 255,885	$ 35,685	$ 84,245	$ 99,165	$ 36,790

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 December 31, 2015.

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 December 31, 2015 the Company's payables and accruals were $456,370 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
$ 456,370	$ 127,655	$ 18,825	$ 62,165	$ 247,725

Investing Activities

Exploration and evaluation assets

	Twelve months ended December 31,					
	2015			2014		
	Canada	United States	Total	Canada	United States	Total
Cash Expenditures	$ 102,740	$ -	$ 102,740	$ 101,215	$ -	$ 101,215
Montana Expenditures		-	-	-	76,850	76,850
	$ 102,740	$ -	$ 102,740	$ 101,215	$ 76,850	$ 178,065

- Capital expenditures in 2015 were $102,740 (2014 - $178,065) of which 100% (2014 – 56.80%) is related to activities in Canada and Nil% (2014 – 43.20%) is related to the costs accrued per a settlement for a lawsuit relating to services performed in acquiring mineral titles in north-west Montana, USA in 2014.

Property and equipment

- During 2015 the Company incurred $4,560 (2014 - $Nil) in property and equipment costs.

Mexico

In Q1, 2015 the Company incorporated a Mexican subsidiary Petro Frontera S.A.P.I. de C.V. ('Frontera'). IFR owns 95% of the issued share capital with the balance of 5% being owned by a citizen of Mexico. To date IFR has invested approximately $540,000 in its' Mexican subsidiary Frontera to evaluate and participate in joint venture opportunities and to bid on acreage available in Round One of Mexico's Energy Reform.

In Q4 2015 the Company, through its Mexican subsidiary Petro Frontera S.A.P.I de CV (Frontera) invested in a 50% interest in a Mexican associated company, "Tonalli Energia, S.A.P.I de C.V." (TE Corporation). Grupo Idesa owns the other 50% and is one of the largest Petrochemical Companies in Mexico with over 50-years of downstream energy experience.

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 December 31, 2015 the Company's original investment in TE Corporation has been adjusted for losses of $90,165. The net investment at December 31, 2015 is $139,785.

In December 2015 Tonalli Energia submitted bids on four license blocks in Round 1.3, although Tonalli's bids were unsuccessful the results of Round 1.3 confirm management's belief in the large untapped potential of Mexico's onshore fields.

Obligations

- The Company is party to an agreement to lease its premises until October 31, 2016. The rent payable to the end of the lease is $22,050.
- 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, 2015, payout of 100% of cumulative annual capital expenditures had been reached on the Alderson oil property.

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 year ending December 31, 2015 are provided below, these costs are included in general and administrative expenses on the statements of operations and comprehensive loss at December 31, 2015:

- Compensation paid to executive officers was $533,100 (2014 - $420,600).
- At December 31, 2015 royalties of $21,870 (2014 - $47,180) were paid to officers and consultants pursuant to the Company's Royalty Incentive Plan.

Summary of Fourth Quarter Results

Selected financial information:

	Three months ended, December 31,		Three months ended, September 30	
	2015	2014	2015	2014
Statement of operations				
Sales volumes - BOE/ day (Canada)	37	43	40	45
Production volumes - BOE/ day (Canada)	35	40	38	46
Oil revenues, net (Canada)	$ 94,530	$ 194,415	$ 117,000	$ 253,785
Interest Income	$ 3,125	$ 7,905	$ 4,410	$ 8,520
Net earnings (loss) and comprehensive loss	$ (3,410,410)	$ (285,775)	$ (387,000)	$ (40,175)
Net earnings(loss) per share	$ (0.05)	$ (0.004)	$ (0.01)	$ (0.001)
Cash flow				
Net cash provided (used in)				
Operating activities	$ (462,290)	$ (3,045)	$ (311,855)	$ 56,855
Investing activities	$ (255,480)	$ (103,015)	$ (30,090)	$ (26,765)

Summary of Alderson Operations

Three months ended	December 31, 2015	September 30, 2015	December 31, 2014
Sales volumes (Bbl/day)	37	40	43
Production volumes (Bbl/day)	35	38	40
Oil Sales	$ 121,700	$ 149,985	$ 251,330
Royalties	27,170	32,985	56,915
Net Revenues	94,530	117,000	194,415
Field operating costs	91,370	79,655	117,945
Net operating income	$ 3,160	$ 37,345	$ 76,470
Oil Sales ($/BBL)	$ 36.17	$ 40.78	$ 64.25
Field operating costs ($/BBL)	$ 27.31	$ 21.66	$ 30.15
Depletion per BOE	$ 11.59	$ 10.86	$ 9.22

- Sales volumes for the three months ended December 31, 2015 were 37 Bbl/day a 7.50% decrease as compared to 40 Bbl/day for the third quarter of 2015 (Q4, 2014 – 43 Bbl/day)
- Oil revenue in Q4, 2015 was $121,700 a decrease of $28,285 or 18.85% as compared to $149,985 in Q3, 2015 (Q4, 2014 - $251,330)
- Decreases in revenues in the fourth quarter of 2015 is mainly due to a 23.34% decrease in sales price in the period.
- In Q4, 2015 the Company paid royalties of $22,545 a decrease of 17.30% as compared to $27,265 in Q3, 2015 (Q4, 2014 - $47,150). The decrease in royalties is consistent with the decrease in sales revenues in the period.
- Field operating costs in the fourth quarter of 2015 were $91,370, an increase of $11,715 or $5.65 per Bbl as compared to the third quarter of 2014 (Q4, 2014 - $117,945 or $30.15 per Bbl)
- Increased costs in Q4 2015 is due to lease rentals paid on the Company's Alderson property in the period.

Depletion and depreciation

For the three months ended	December 31, 2015	September 30, 2015	December 31, 2014
Depletion of oil and gas properties	$ 37,220	$ 37,500	$ 33,790
Amortization of Alderson Battery	2,395	2,395	2,395
Depreciation of equipment	2,500	2,355	2,225
	$ 42,115	$ 42,250	$ 38,410

- Depletion of oil and gas properties for the three months ended December 31, 2015 was $37,220 or $11.59 per Bbl, compared to $37,500 or $10.86 per Bbl in Q3, 2015. (Q4, 2014 $33,790 or $9.22 per Bbl)

General and administrative expenses

Three months ended:	December 31, 2015	September 30, 2015	December 31, 2014
Investor relations	$ 2,230	$ 2,740	$ 770
Filing and transfer fees	15,560	3,670	4,210
Project expenses	-	-	53,065
Professional fees	77,230	700	69,500
Consulting fees and salaries	74,625	74,625	130,875
Rent and corporate costs	47,305	52,055	43,605
	$ 216,950	$ 133,790	$ 302,025

- In Q4 general and administrative expenses were 216,950 an increase of $83,160 or 62.15% as compared with $133,790 in Q4, 2015 (Q4, 2014 - $302,025)
- The increase in G&A is due to year-end accruals for audit fees and 51-101 reserve report costs

Net loss

- For the three months ended December 31, 2015 the Company recorded a net loss of $3,410,410 ($0.05 loss per share) as compared to $387,000 ($0.01 loss per share) for Q3, 2015 (Net loss for Q4, 2014 - $285,775 or $0.004 loss per share)
- The increased loss in Q4 as compared with Q3 is a result of:
  - impairment costs of $2,620,925 recorded in Q4, 2015 as a result of impairment of exploration and evaluation assets in Southern Alberta and north-west Montana at December 31, 2015
  - accruals for year-end audit fees and 51-101 reserve report costs of $55,000
  - Stock based compensation of $271,320 booked in Q4 2015 with respect to stock options granted in the period
  - a $90,165 loss on equity investment of TE Corporation the Company's 50% investment in Mexico.

Summary of Quarterly Results

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

Quarter ended:	March 31, 2014	June 30, 2014	Sept 30, 2014	Dec. 31. 2014
Statement of operations				
Sales volumes - BOE/ day (Canada)	43	39	45	43
Production volumes - BOE/ day (Canada)	42	39	46	40
Oil revenues, net (Canada)	$ 236,940	$ 237,215	$ 253,785	$ 194,415
Net loss and comprehensive loss	$ (60,190)	$ (175,325)	$ (40,175)	$ (285,775)
Net loss per share	$ (0.001)	$ (0.003)	$ (0.001)	$ (0.004)
Balance Sheet				
Total assets	$ 14,206,930	$14,073,010	$ 14,032,610	$ 14,213,940
Working capital	$ 2,725,855	$ 2,561,830	$ 2,545,905	$ 2,260,150
Restricted Cash on deposit	$ 300,000	$ 300,000	$ 300,000	$ 300,000
Funds flow from operations	$ (230,065)	$ (26,530)	$ 56,855	$ (3,045)

Quarter ended:	March 31, 2015	June 30. 2015	Sept 30, 2015	Dec 31, 2015
Statement of operations				
Sales volumes - BOE/ day (Canada)	32	36	40	37
Production volumes - BOE/ day (Canada)	34	37	38	35
Oil revenues, net (Canada)	$ 89,730	$ 138,680	$ 117,000	$ 94,530
Net loss and comprehensive loss	$ (243,335)	$ (354,030)	$ (387,000)	$ (3,410,410)
Net loss per share	$ (0.004)	$ (0.005)	$ (0.010)	$ (0.05)
Balance Sheet				
Total assets	$ 13,984,480	$13,518,010	$ 13,381,105	$ 11,339,540
Working capital	$ 2,031,455	$ 1,694,525	$ 1,080,015	$ 1,993,485
Restricted Cash on deposit	$ 300,000	$ 300,000	$ 300,000	$ 300,000
Funds flow from operations	$ (274,735)	$ (454,890)	$ (311,855)	$ (462,290)

Outstanding shares, options and warrants

The Company's share capital structure is as follows:

As of:	December 31, 2015	April 12, 2016
Common shares outstanding	85,540,845	85,540,845
Warrants outstanding	25,961,880	25,961,880
Options outstanding	8,356,500	8,356,500
Fully diluted	119,859,225	119,859,225

Additional details on the shares and stock options outstanding at December 31, 2015 are available in the notes to the December 31, 2015 audited 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:

New Accounting Policies

Change in accounting policies

On January 1, 2015, 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 3 Business Combination

This IFRS now requires contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date. This amendment also clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

ii) IFRS 2 Share-based Payment

The amendment clarifies vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition.

iii) IAS 24 Related Party Disclosures

The amendments to IAS 24 clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation.

iv) IFRS 8 Operating Segments

The amendment requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, and clarifies that reconciliations of segment assets is only required if segment assets are reported regularly.

v) IFRS 13 Fair Value Measurement

This amendment clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation. This amendment also clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

vi) IAS 16 Property, Plant and Equipment

The amendment clarifies the requirements for the revaluation method to address concerns about the calculation of the accumulated depreciation or amortization at the date of the revaluation.

vii) IAS 40 Investment Property

The amendment clarifies that judgment is needed to determine whether the acquisition of investment property is the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3 and that this judgment is based on the guidance in IFRS

<u>Future accounting policies</u>

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) 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.

This standard is effective for reporting periods beginning on or after January 1, 2016.

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.

This amendment is effective for reporting periods beginning on or after January 1, 2016.

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.

This standard is effective for reporting periods beginning on or after January 1, 2016.

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.

This amendment is effective for reporting periods beginning on or after January 1, 2016.

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.

This amendment is effective for reporting periods beginning on or after January 1, 2016.

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).

These amendments are effective for reporting periods beginning on or after January 1, 2016.

vii) 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.

viii) 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.

ix) 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.

x) 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 International Financial Reporting Standards 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. Decommissioning liabilities 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 decommissioning liabilities included in property and equipment.

Operational and other business risks

Current Economic Conditions

The volatility in the price of oil and natural gas has created a substantially more volatile business environment. These conditions may limit certain of the Company's business activities and it will continue to provide risk for International Frontier's exploration projects.

Need to Replace and Grow Reserves

The future oil and natural gas production of International Frontier, and therefore future cash flows, are highly dependent upon ongoing success in exploring its current and future undeveloped land base, exploiting the current producing properties, and acquiring or discovering additional reserves. Without reserve additions through exploration, acquisition or development activities, reserves and production will decline over time as reserves are depleted.

The business of discovering, developing, or acquiring reserves is capital intensive. To the extent cash flows from operations are insufficient and external sources of capital become limited or unavailable, the ability of International Frontier to make the necessary capital investments to maintain and expand its oil and natural gas reserves may be impaired. There can be no assurance that International Frontier will be able to find and develop or acquire additional reserves to replace and grow production at acceptable costs.

Exploration, Development and Production Risks

Oil and natural gas exploration in the Central Mackenzie Valley ("CMV"), Northwest Territories, Canada, south east Alberta, Canada, north-west Montana in the United States and in Mexico. involves a high degree of risk, which even with a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that expenditures made on future exploration by International Frontier will result in new discoveries of oil and natural gas in commercial quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over pressured zones, tools lost in the hole and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof.

The long-term commercial success of International Frontier depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. No assurance can be given that International Frontier will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participation are identified, International Frontier may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic.

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recover of drilling, completion and operating cost. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rate over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

In addition, oil and gas operations are subject to the risks of exploration, development and production of oil and natural gas properties, including encountering unexpected formations or pressures, premature declines of reservoirs, blowouts, sour gas releases, fires and spills. Losses resulting from the occurrence of any of these risks could have a materially adverse effect on future results of operations, liquidity and financial condition.

Reserve Estimates

The production forecast and recoverable estimates contained in International Frontier's engineering report are only estimates and the actual production and ultimate recoverable reserves from the properties may be greater or less than the independent estimates of McDaniel & Associates Consultants Ltd. There is no certainty that the Company's assets in the Northwest Territories will be commercially viable to produce any portion of the contingent resources identified in the December 31, 2013 McDaniel & Associates report on the Company's assets in the Northwest Territories.

There are numerous uncertainties inherent in estimating quantities of reserves and cash flows to be derived thereof, including many factors that are beyond the control of International Frontier. The reserve and cash flow information set forth herein represent estimates only. The reserves and estimated future net cash flow from the assets of International Frontier have been independently evaluated effective December 31, 2015 by McDaniel & Associates Consultants Ltd. These evaluations include a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditure, marketability of production, future prices of oil and natural gas, operating costs and royalties and other government levies that may be imposed over the producing life of the reserves. These assumptions were based on price forecasts in use at the date the relevant evaluations were prepared and many of these assumptions are subject to change and are beyond the control of International Frontier. Actual production and cash flows derived thereof will vary from these evaluations, and such variations could be material. The foregoing evaluations are based in part on the assumed success of exploitation activities intended to be undertaken in future years. The reserves and estimated cash flows to be derived thereof contained in such evaluations will be reduced to the extent that such exploitation activities do not achieve the level of success assumed in the evaluations.

Contingent Resources

The resources assigned to the Company's properties have been classified as contingent. The Canadian Oil and Gas Evaluation Handbook (COGEH) Volume 1 defines contingent resources as quantities of oil and gas estimated to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are further classified in accordance with the level of certainty associated with the estimates and may be sub classified based on project maturity and/or characterized by their economic status.

- Low Estimate: This is considered to be a conservative estimate of the quantity that will actually be recovered from the accumulations. If probabilistic methods are used this term reflects a P90 confidence level.
- Best Estimate: This is considered to be the best estimate of the quantity that will actually be recovered from the accumulation. If probabilistic methods are used this term is a measure of the central tendency of the uncertainty distribution (most likely/mode, P50/median, or arithmetic average/mean).
- High Estimate: This is considered to be an optimistic estimate of the quantity that will actually be recovered from the accumulation. If probabilistic methods are used, this term reflects a P10 confidence level.

There is no certainty that a gas pipeline will be constructed to tie-in the Company's contingent resources, nor is there certainty that it will be commercially viable to produce any portion of the contingent resources identified in the McDaniel & Associates contingent resource report on the Company's Northwest Territories properties dated December 31, 2013.

Volatility of Oil and Natural Gas Prices

The operational results and financial condition of International Frontier will be dependent on the prices received for oil and natural gas production. Oil and natural gas prices have fluctuated widely during recent years and are determined by supply and demand factors, including weather and general economic conditions, as well as conditions in other oil and natural gas regions. Any decline in oil and natural gas prices could have an adverse effect on the operations, proved reserves, and financial conditions of International Frontier and could result in a reduction of the net production revenue of the Company causing a reduction in its oil and gas acquisition and development activities. In addition, bank borrowings that might be made available to the Company are typically determined in part by the borrowing base of the reserves of International Frontier. A sustained material decline in prices from historical average prices could reduce the borrowing base of International Frontier, therefore reducing the bank credit available to International Frontier and could require that a portion of such bank debt be repaid.

Operational Hazards and Other Uncertainties

Oil and natural gas exploration operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, and oil spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or in personal injury. In accordance with industry practice, International Frontier is not fully insured against all of these risks, nor is all such risks insurable. Although International Frontier will maintain liability insurance, where available, in an amount which it considers adequate and consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event International Frontier could incur significant costs that could have a material adverse affect upon its financial condition. Business interruption insurance may also be purchased for selected facilities, to the extent that such insurance is available. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including premature decline of reservoirs and the invasion of water into producing formations.

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such equipment or access restrictions may affect the availability and/or cost of such equipment to International Frontier and may delay exploration and development activities. To the extent International Frontier is not the operator of its oil and gas properties, the Company will be dependent on other operators for timing of activities related to non-operating properties and will be largely unable to direct or control the activities of the operators.

Although property title reviews will be done according to industry standards prior to the purchase of most oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the claim of International Frontier which could result in reduction of the revenue received by the Company.

Competition

There is strong competition relating to all aspects of the oil and natural gas industry. International Frontier will actively compete for capital, skilled personnel, undeveloped land, reserve acquisitions, access to drilling rigs, service rigs and other equipment, access to processing facilities and pipeline and refining capacity, and in all other aspects of its operations with a substantial number of other organizations, many of which may have greater technical and financial resources than does International Frontier.

Key Personnel

The success of International Frontier will depend in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse affect on International Frontier. International Frontier does not have key person insurance in effect for management. The contributions of these individuals to the immediate operations of International Frontier are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that International Frontier will be able to continue to attract and retain all personnel necessary for the development and operation of its business.

Environmental Risks

The oil and natural gas industry is subject to environmental regulation pursuant to a variety of international conventions and Canadian federal, provincial and municipal laws, regulations, and guidelines and Montana state laws and regulations. A breach of such regulations may result in the imposition of fines or issuances of clean up orders in respect of International Frontier or its assets. Such regulation may be changed to impose higher standards and potentially more costly obligations on International Frontier. There can be no assurance that future environmental costs will not have a material adverse affect on International Frontier.

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 Company'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 resource estimates.

With respect to forward-looking statements contained in this MD&A and other documents of public record, the Company 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 Company'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 Company's reserves and other data are available on SEDAR at www.sedar.com