International Frontier Resources Corporation

Consolidated Interim Financial Statements

March 31, 2005

Contents

International Frontier Resources Corporation
Consolidated Financial Statements
For the three month interim period ended
March 31, 2005

(unaudited – prepared by Management)

National Instrument 51-102 Notice

The consolidated financial statements of International Frontier Resources Corporation ("the Company") as at March 31, 2005 have been compiled by management.

These financial statements have not been reviewed or audited on behalf of the shareholders by the Company's independent external auditors, Grant Thornton LLP.

International Frontier Resources Corporation

Consolidated Interim Balance Sheets

(unaudited – prepared by Management)

	March 31, 2005	December 31, 2004
Assets		
Current		
Cash and cash equivalents	**$ 10,854,777**	$ 9,961,732
Receivables	**1,374,290**	195,095
Prepaids	**30,337**	12,273
	12,259,404	10,169,100
Restricted cash (Note 4)	**351,500**	351,500
Property and equipment (Note 5)	**5,104,146**	4,270,408
	$ 17,715,050	$ 14,791,008
Liabilities		
Current		
Payables and accruals	**$ 94,007**	$ 214,944
Asset retirement obligations (Note 6)	**255,460**	232,752
Future income taxes (Note 7)	**647,790**	668,488
Convertible debentures (Notes 8)	**91,563**	216,860
	1,088,820	1,333,044
Shareholders' Equity		
Share capital (Note 9b)	**18,896,399**	15,475,755
Contributed surplus	**3,788,159**	2,588,519
Equity component of convertible debentures	**3,437**	8,140
Warrants (Note 9d)	**10**	10
Deficit	**(6,061,775)**	(4,614,460)
	16,626,230	13,457,964
	$ 17,715,050	$ 14,791,008

Contingent liabilities (Note 12)
Subsequent events (Note 16)

On behalf of the Board

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

See accompanying notes to the consolidated financial statements.

International Frontier Resources Corporation
Consolidated Interim Statements of Loss and Deficit

(unaudited – prepared by Management)

Three months ended March 31,	2005	2004
Revenue		
Oil sales	$ 173,181	$ -
Less: gross overriding royalties	(44,438)	-
	128,743	-
Interest and other income	57,652	1,234
	186,395	1,234
Expenses		
Field operating costs	83,181	-
Depletion and depreciation	32,892	2,461
Accretion of asset retirement obligations (Note 6)	6,171	-
General and administration	104,872	301,214
Stock based compensation	1,423,260	58,714
Interest and bank charges	4,032	16
	1,654,408	362,405
Loss before income taxes	(1,468,013)	(361,171)
Future income tax recovery (Note 7)	(20,698)	(30,112)
Net loss	$ (1,447,315)	$ (331,059)
Net loss per share		
Basic (Note 10)	$ (0.04)	$ (0.02)
Diluted (Note 10)	$ (0.04)	$ (0.02)

Deficit, beginning of year	$ (4,614,460)	$ (1,239,512)
Net loss	(1,447,315)	(331,059)
Deficit, end of year	$ (6,061,775)	$ (1,570,571)

See accompanying notes to the consolidated financial statements.

International Frontier Resources Corporation
Consolidated Interim Statements of Cash Flows

(unaudited – prepared by Management)

Three months ended March 31	2005	2004
Operating		
Net loss	$ (1,447,315)	$ (331,059)
Depletion and depreciation	32,892	2,461
Accretion of asset retirement obligations	6,171	-
Stock based compensation	1,423,260	58,714
Gain on sale of of investment	(4,746)	-
Future income tax recovery	(20,698)	(30,112)
	(10,436)	(299,996)
Change in non-cash operating working capital (Note 14)	(162,580)	81,973
	(173,016)	(218,023)
Investing		
Additions to petroleum and natural gas properties	(695,346)	(344,576)
Change in non-cash investing working capital (Note 14)	(1,102,489)	203,613
	(1,797,835)	(140,963)
Financing		
Shares issued for cash	2,917,025	324,500
Change in non-cash financing working capital (Note 14)	(53,130)	(15,855)
	2,863,895	308,645
Net increase in cash and cash equivalents	893,044	(50,341)
Cash and cash equivalents,		
Beginning of year	10,313,233	1,320,290
End of year	$ 11,206,277	$ 1,269,949
Cash and cash equivalents are represented by:		
Cash and temporary investments	$ 10,854,777	$ 977,523
Restricted cash	351,500	292,426
	$ 11,206,277	$ 1,269,949

See accompanying notes to the consolidated financial statements.

1. Nature of operations

The Company, since inception, is engaged primarily in the exploration for and development of petroleum and natural gas reserves. These activities are conducted in one cost centre, being Canada.

The costs associated with the acquisition and development thereon to date is recognized in these consolidated financial statements in accordance with the accounting policies outlined in Note 2. Accordingly, their carrying value represents costs incurred to date and do not necessarily reflect present or future values. The recoverability of these amounts is dependent upon the existence of economically recoverable petroleum and natural gas reserves.

2. Significant accounting policies

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

The consolidated interim financial statements have been prepared following the same accounting policies and methods of computation as the financial statements for the year ended December 31, 2004. The consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto in the Company's annual report for the year ended December 31, 2004.

3. Change in accounting policies

a) Effective January 1, 2004, the Company retroactively adopted the new Canadian accounting standard as outlined in CICA Handbook section 3110 "Asset Retirement Obligations". Prior to January 1, 2004, the Company had not incurred any obligation for restorations. As such, the adoption of the new standard did not effect any period prior to 2004.

b) Effective January 1, 2004, the Company adopted CICA Accounting Guideline 16 "Oil and Gas Accounting – Full Cost". The new guideline modifies the way the impairment test is performed and requires cost centres be tested for recoverability using undiscounted future cash flows from proved reserves plus the cost of undeveloped properties. When the carrying amount of the asset is not recoverable, the asset would be written down to its fair value. Fair value is determined to be discounted cash flow plus the cost of undeveloped properties. Discounted cash flow is calculated using a present value technique that incorporates proved plus probable reserves, prices that are consistent with those used by the Company in developing other corporate information and a risk free interest rate.

3. Change in accounting policies (continued)

c) Effective January 1, 2004, the Company adopted the standards outlined in CICA Handbook section 3063, "Impairment of Long-Lived Assets", which establishes standards for the recognition, measurement and disclosure of any impairment of long-lived assets comprised of office equipment. An impairment is recognized when the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. The Company estimates fair value based upon current prices for similar assets. The accounting policy has been adopted prospectively and had no impact on the consolidated financial statements.

4. Restricted cash

As at March 31, 2005, the Company has provided an assignment of cash totalling $41,500 (2004 - $41,500) as security on the irrevocable standby letter of credit against refundable deposits on Northwest Territories Exploration License No. 416 (see Note 12).

As at March 31, 2005, the Company has provided an assignment of cash totalling $310,000 (2004 - $310,000) as security on the irrevocable standby letter of credit against refundable deposits on Northwest Territories Exploration License No. 423 (see Note 12).

5. Property and equipment

March 31, 2005

	Cost	Accumulated Depletion and Depreciation	Net Book Value
Petroleum and natural gas properties	$ 6,673,855	$ 1,615,190	$ 5,058,665
Office furniture and equipment	76,209	44,929	31,280
Options	14,201	-	14,201
	$ 6,764,265	$ 1,660,119	$ 5,104,146

December 31, 2004

	Cost	Accumulated Depletion and Depreciation	Net Book Value
Petroleum and natural gas properties	$ 5,807,225	$ 1,584,321	$ 4,222,904
Office furniture and equipment	76,209	42,906	33,303
Options	14,201	-	14,201
	$ 5,897,635	$ 1,627,227	$ 4,270,408

5. Property and equipment (continued)

The Company has financed a portion of its exploration and development activities from the proceeds of flow-through share issues. As a result, petroleum and natural gas properties with a cost of $4,056,058 (2004 - $4,899,473) have no cost basis for income tax purposes. During the three months ended March 31, 2005, $19,125 (2004 - $59,043) of overhead expenses directly related to exploration and development activities were capitalized and $4,473 (2004 - $38,594) of interest expense was capitalized. Also during the three months ended March 31, 2005 $40,885 (2004 - $549,228) of expenses incurred in conducting a pilot project to test the Sidox product were capitalized to petroleum and natural gas properties.

As at March 31, 2005, undeveloped properties with a cost of $4,270,440 (2004 - $3,550,670) included in petroleum and natural gas properties have not been subject to depletion.

As at March 31,2005 a $nil (2004 - $859,273) impairment of petroleum and natural gas assets has been recorded to reflect the excess carrying amount of assets over fair value of future reserves. This amount is included in depletion and depreciation on the consolidated statements of loss and deficit.

Included in property and equipment is the cost of securing an option to acquire an exclusive licensing agreement for the Sidox product in Canada. The option is exercisable by the Company after one year of field testing Sidox and the payment of $100,000 to the patent owner of Sidox. If exercised, the agreement covering an exclusive license for Canada will have a ten year term and costs related thereto will be amortized over that period.

6. Asset retirement obligations

The Company's asset retirement obligations result from net ownership interest in petroleum and natural gas assets including well sites, gathering systems and processing facilities. The Company estimates the total undiscounted amount of cash flows required to settle its asset retirement obligations at March 31, 2005 is approximately $410,000 (2004 - $360,000). A credit-adjusted risk-free rate of 9 % was used to calculate the fair value of the asset retirement obligations. A reconciliation of the asset retirement obligations is provided below:

	Three months ended March 31, 2005	Year ended December 31, 2004
Balance, beginning of period	**$ 232,752**	$ -
Liabilities incurred	**16,537**	211,748
Liabilities settled	**-**	-
Accretion expense	**6,171**	21,004
Balance, end of period	**$ 255,460**	$ 232,752

:

7. Income taxes

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

	Three months ended March 31, 2005	Year ended December 31, 2004
Loss before income taxes	**$ (1,468,013)**	$ (4,037,542)
Expected tax recovery at combined federal and provincial statutory rates	**$ (565,184)**	$ (1,554,454)
Increase (decrease) resulting from:		
Statutory rate change	**-**	(1,549)
Resource allowance	**10,115**	50,882
Stock-based compensation	**547,955**	796,128
Other	**(13,584)**	46,399
Future income tax recovery	**$ (20,698)**	$ (662,594)

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

	March 31, 2005	December 31, 2004
Property and equipment	**$ 1,395,528**	$ 1,401,078
Asset retirement obligations	**(98,353)**	(89,610)
Share issue costs	**(249,218)**	(266,071)
Non-capital losses carry-forward	**(383,031)**	(361,378)
Other	**(17,136)**	(15,531)
	$ 647,790	$ 668,488

8. Convertible debentures

On June 4, 2004, the Company issued convertible redeemable debentures for total proceeds of $975,000. The debentures have a term of four years, pay interest at a rate of 9.5% per year and are convertible into common shares at $0.60 per share in year 1, $0.65 per share in year 2, $0.70 per share in year three and $0.75 per share in year four.

The Company's convertible debentures are presented in their component parts. The debt component represents the present value of the payment obligations, interest and principal, to be satisfied in cash, discounted at the rate of interest that would be applicable to a debt-only instrument of comparable term and risk. The residual amount of the debenture represents the equity component and is presented in shareholders' equity. These component parts have been measured at their respective estimated fair values at the time the convertible debentures were originally issued.

As at March 31, 2005 $880,000 (2004 - $750,000) of debentures had been converted into 1,466,667 (2004 - 1,249,990) common shares of the Company. At March 31, 2005 the fair value of the remaining $95,000 of convertible debentures is approximately $91,563.

9. Share capital

a) Authorized

Unlimited common shares
Unlimited preferred shares

b) Issued

	March 31, 2005		December 31, 2004	
	Number of Shares	**Amount**	Number of Shares	Amount
Common shares				
Beginning of year	**32,006,580**	**$ 15,475,755**	15,034,918	$ 3,743,098
Issued for cash	**-**	**-**	6,861,250	5,581,363
Issued upon exercise of warrants	**2,106,457**	**2,716,024**	5,267,500	3,010,925
Issued upon exercise of options	**480,000**	**424,620**	430,000	305,230
Issued upon conversion of debentures	**216,666**	**130,000**	1,472,212	850,000
Flow-through shares, net	**-**	**-**	2,940,700	2,454,145
Issued upon acquisition of properties	**75,000**	**150,000**		
Tax effected share issue costs	**-**	**-**	-	(496,006)
Balance, end of period	**34,884,703**	**$ 18,896,399**	32,006,580	$ 15,475,755

c) Stock options

The Company has a stock option plan available to key consultants, officers, directors, and employees of the Company. For the period ended March 31, 2005, the Company issued 900,000 options at an exercise price of $1.84 per share. During the period, 480,000 options were exercised at an average price of $0..42 per share. On March 31, 2005, 3,230,000 options with exercise prices ranging between $0.25 and $1.80 were outstanding and exercisable at various dates to February 11, 2010, and were reserved for issuance under the plan. Options granted under the plan generally have a term of five years to expiry.

Outstanding and exercisable	**March 31, 2005**		December 31, 2004	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Beginning of year	**2,810,000**	**$ 1.02**	1,435,000	$ 0.42
Granted	**900,000**	**$ 1.85**	1,805,000	$ 1.34
Exercised	**(480,000)**	**$ 0.42**	(430,000)	$ 0.39
Cancelled	**-**	**$ -**	-	$ -
Balance, end of period	**3,230,000**	**$ 1.34**	2,810,000	$ 1.02

Expiry dates	**March 31, 2005**		December 31, 2004	
	Number of Options	**Price**	Number of Options	Price
April 10, 2008	**15,000**	**$ 0.25**	90,000	$ 0.25
December 23, 2008	**685,000**	**$ 0.45**	1,090,000	$ 0.45
January 26, 2008	**90,000**	**$ 0.50**	90,000	$ 0.50
April 1, 2009	**90,000**	**$ 0.45**	90,000	$ 0.45
November 16, 2009	**650,000**	**$ 1.50**	650,000	$ 1.50
December 23, 2009	**800,000**	**$ 1.60**	800,000	$ 1.60
February 11, 2010	**900,000**	**$ 1.80**	800,000	$ 1.60
	3,230,000	**$ 1.34**	2,810,000	$ 1.02

c) Stock options (continued)

	Options Outstanding			Options Exercisable	
Exercise Price	Options Outstanding	Weighted Average Contractual Life (years)	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercisable Price
$0.25 - $0.50	880,000	3.76	$ 0.45	880,000	$ 0.45
$1.50 - $1.85	2,350,000	4.76	$ 1.67	2,350,000	$ 1.67
	3,230,000	4.52	$ 1.34	3,230,000	$ 1.34

The weighted average fair market value of options granted for the period ended March 31, 2005 is $1.85 per option (2004 - $1.15 per option). The fair value of each option granted was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	March 31, 2005	December 31, 2004
Risk-free interest rate	**3.56%**	3.75%
Estimated hold period prior to exercise (years)	**5**	5
Volatility in price of the Company's shares	**121.57%**	121.57%
Dividend yield rate	**0%**	0%

d) Warrants

Warrants outstanding are as follows:

	March 31, 2005		December 31, 2004	
	Number of Warrants	**Amount**	Number of Warrants	Amount
Balance, beginning of year	**12,398,225**	**$ 10**	5,420,000	$ 10
Issued in conjunction with				
Private Placement	**-**	**-**	250,000	-
Private Placement (ii)	**-**	**-**	12,128,000	-
Flow-through shares (iii),(iv)	**-**	**-**	1,565,225	-
Exercised	**(4,022,057)**	**-**	(6,915,000)	-
Expired	**-**	**-**	(50,000)	-
Balance, end of period	**8,376,168**	**$ 10**	12,398,225	$ 10

d) Warrants (continued)

	March 31, 2005			December 31, 2004		
	Number of Warrants Outstanding	**Exercise Price**	**Number of Common Shares for Exercise of Warrants**	Number of Warrants Outstanding	Exercise Price	Number of Common Shares for Exercise of Warrants
Private Placement (i)	**2,000,000**	**$ 0.25**	**2,000,000**	2,000,000	$ 0.25	2,000,000
Private Placement (ii)*	**-**	**$ -**	**-**	2,769,000	$ 1.15	1,384,500
Private Placement (ii)*	**4,985,800**	**$ 1.50**	**2,492,900**	6,064,000	$ 1.50	3,032,000
Flow-through Shares (iii), (iv)	**1,390,368**	**$ 1.75**	**1,390,368**	1,565,225	$ 1.75	1,565,225
	8,376,168	**$ 1.24**	**5,883,268**	12,398,225	$ 1.18	7,981,725

* Represents one full warrant. Two full warrants entitles the holder to acquire one common share at the price indicated.

i) As of June 11, 2003, the Company acquired 100% of Sidox Canada. The consideration paid for the purchase of all of the issued and outstanding shares of Sidox Canada is the issuance of 2,000,000 non-transferable performance warrants with a deemed value of $10, entitling holders to acquire one common share at $0.25 for two years and $0.35 in the third year. The warrants can only be exercised if Sidox Canada acquires a ten year exclusive license for Sidox and if wells in which the Company holds an interest that have been treated with Sidox achieve a minimum 25% barrel of oil per day increase for a period of 100 days. The purchase of Sidox Canada was from a company controlled by a director of the Company.

ii) In conjunction with a private placement occurring May 17, 2004 and closing July 19, 2004, the Company issued 6,064,000 units at $0.80 per unit for total proceeds of $4,851,200. Each unit consists of one common share, one Series “A” warrant and one Series “B” warrant. Two Series “A” warrants entitle the holder to acquire one common share at $1.15 per share for a period of 180 days. Two Series “B” warrants entitle the holder to acquire one common share at $1.50 for a period of 365 days. Series “B” warrants can only be exercised if the holder has exercised the Series “A” warrant. At March 31, 2005, all of the Series “A” warrants and 1,078,200 of the Series “B” warrants have been exercised

d) Warrants (continued)

iii) In conjunction with a private placement occurring September 29, 2004 and closing October 26, 2004 the Company issued 2,530,000 flow-through share units at $1.35 per unit for total proceeds of $3,415,500. Each unit consists of one common flow-through share and one-half Series "C" warrant. One full warrant entitles the holder to purchase one additional non-flow through common share at a price of $1.75 on or before June 30, 2005. A commission of 7.5% was paid to the Underwriters by issuance of 189,750 non-flow through units consisting of one common share and one half warrant having the same terms and conditions as the units comprised in the offering.

iv) In conjunction with a non-brokered private placement occurring November 10, 2004 and closing on December 23, 2004, the Company issued 410,700 flow-through share units at $1.40 per unit for total proceeds of $574,980. Each unit consists of one common flow-through share and one-half Series "C" warrant. One full warrant entitles the holder to purchase one additional non-flow through common share at a price of $1.75 on or before June 30, 2005.

10. Per share amounts

Basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding for the year. Diluted net loss per common share is computed by dividing net loss by the diluted weighted average number of common shares outstanding for the year. In the calculation of diluted per share amounts, options under the stock option plan are assumed to have been converted or exercised on the later of the beginning of year and the date granted. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. Loss per share on a diluted weighted average basis is the same as that presented for basic, as all factors are anti-dilutive.

Weighted average shares outstanding:

	March 31, 2005	March 31, 2004
Basic, beginning of period	**33,899,830**	14,834,918
Shares reserved pursuant to options	**1,344,103**	60,329
Shares reserved pursuant to conversion of debenture	**161,546**	-
Shares reserved pursuant to warrants	**4,954,376**	493,407
Fully diluted, end of period	**40,359,855**	15,388,654

In calculating fully diluted common share amounts for the three months ended March 31, 2005, the Company excluded no options and warrants (2004 – nil), because the exercise price was greater than the average market price of its common shares in those periods.

11. Related party transactions

During the period, the Company paid consulting fees to certain officers and directors.

	Three months ended March 31, 2005	Year ended December 31, 2004
Consulting fees	**$ 46,500**	$ 155,120
Debenture interest	**-**	2,000
	$ 46,500	$ 157,120

12. Contingent liabilities

a) The Company is party to a joint venture agreement covering Exploration License No. 416 (EL-416) in the Central Mackenzie Valley, Northwest Territories. Pursuant to the agreement, the Company and its joint venture participants were required to provide a $381,608 refundable work deposit and commit to expend $1,526,430 on qualified exploration and development expenditures on EL-416 by September 18, 2005. The work deposit will be refunded by $1 for every $4 spent on qualified exploration and development expenditures on EL-416. In 2001, the Company lodged an irrevocable standby letter of credit for $41,500 for its share of a refundable work deposit on EL-416.

The letter of credit is secured by an assignment of cash of $41,500. The Company is contingently liable under the letter of credit for any portion of the work commitment not fulfilled. Subsequent to year end, the $1,526,430 work commitment has been fulfilled and an application for the return of the Company's letter of credit has been made.

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

13. Financial Instruments

As disclosed in Note 2, the Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to fair value, interest rate and industry credit risks. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

a) Commodity price risk

The Company will be subject to commodity price risk for the delivery of natural gas and crude oil.

b) Credit risk

Substantially all of the Company's accounts receivable are with customers and joint venture partners in the oil and gas industry and are subject to normal industry credit risks.

14. Supplemental cash flow information

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

Three months ended March 31,	**2005**	2004
Receivables	**$ (1,179,196)**	$ 290,045
Prepaids	**(18,065)**	6,500
Payables and accruals	**(120,938)**	(46,814)
	$ (1,318,199)	$ 249,731
Operating activities	**$ (162,580)**	$ 81,973
Investing activities	**(1,102,489)**	183,613
Financing activities	**(53,130)**	(15,855)
	$ (1,318,199)	$ 249,731
Interest paid	**$ 4,473**	$ -

15. Commitments

The Company is party to an agreement to lease its premises until December 31, 2006. The annual rent of premises consists of a minimum rent plus occupancy costs. Minimum rent payable for premises until the end of the lease are as follows:

2005	$ 53,370
2006	$ 53,370

16. Subsequent events

a) Subsequent to March 31, 2005, 50,000 Series "B" warrants representing 25,000 shares of the Company were exercised related to the private placement occurring July 19, 2004 (Note 11e) v)).

b) Subsequent to March 31, 2005, 51,613 Series "C" warrants were exercised in conjunction with private placements occurring on October 26, 2004 and December 23, 2004 (Note 11e) vi) & vii)).

c) On May 18, 2005 the Company was awarded two exploration licenses in the Colville Hills area, NWT. The licenses awarded cover EL-429 for a work commitment bid of $12,500,000 and EL-432 for a work commitment bid of $4,000,000. The Company's share of the work commitment deposit is approximately $1,300,000.