Forward Looking Statements

This Management Discussion and Analysis (MD&A) contains forward-looking or outlook information which reflects management's expectations regarding the Company's growth, results of operations, performance and business prospects and opportunities. The use of words such as "anticipate", "continue", "estimate", "expect", "may", "project", "should", ""believe", ""outlook", "forecast" and similar expressions are intended to identify forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results of events to differ materially from those anticipated in these forward-looking statements. Although management believes the expectations reflected in these forward-looking statements are reasonable, there can be no assurance that actual results will be consistent with these forward-looking statements. Readers should not put undue reliance on forward-looking information. These statements are made as of the date hereof and management assumes no obligation to update or revise these statements to reflect new events or circumstances.

Our actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this management discussion and analysis.

- Volatility in market prices for oil and natural gas;
- Risks inherent in our operations;
- Geological, technical, drilling and processing problems;
- General economic conditions;
- Industry conditions, including fluctuation in the price of oil and natural gas;
- Governmental regulation;
- Fluctuation in foreign exchange and interest rates;
- Unanticipated events that can reduce production or cause production to be shut-in or delayed;
- Failure to obtain industry partner and other third party consents and approvals, when required;
- The need to obtain required approvals from regulatory authorities; and
- The other factors discussed under "Operational and Other Business Risks" in this management discussion and analysis.

Overview

International Frontier Resources Corporation is engaged primarily in the exploration for and development of petroleum and natural gas reserves in the Northwest Territories, Canada and in conducting research and development of a patented oil production enhancement technology. The following is management's discussion and analysis ("MD&A") of International Frontier Resources Corporation's ("International Frontier" or the "Company") operating and financial results for the period ending March 31, 2005, as well as information concerning the Company's future outlook based on currently available information. This MD&A should be read in conjunction with the Company's March 31, 2005 interim consolidated financial statements and December 31, 2004 audited consolidated financial statements and related notes and includes subsequent events to May 25, 2005.

Management discussion and analysis

The primary business of the Company is to explore for hydrocarbons in under explored frontier basins of the Northwest Territories. The Company is currently exploring in three (3) separate areas in Canada's northern frontier which are discussed in the body of this MD&A.

1. Central Mackenzie Valley, Northwest Territories

a) Exploration License No. 397 ("EL-397")

Working interests;
As of March 31, 2005 working interest in EL-397 are held as follows:

Northrock Resources Ltd. – 32.50%
Husky Oil Operations Limited – 29.4775%
EOG Resources Canada Ltd. – 26.3975%
International Frontier Resources Corporation – 5.00%
Pacific Rodera Ventures Inc – 6.625%

Operations;
In Q-1, 2004 the Summit Creek (Wilma) B-44 well was drilled, logged, drill stem tested and cased to a total depth of 3,065 meters. The Company paid 1% of approximately $19,000,000 ($190,000 net) to retain a 5% interest in the B-44 well and in EL-397.

The Consortium has spent approximately $16,000,000 to acquire 2D seismic on EL-397 and approximately $19,000,000 to drill and completed the Summit Creek B-44 discovery well drilled on the Wilma structure located within EL-397.

In Q-1, 2005 the consortium spent approximately $17,500,000 to conduct an extended production test on the Summit Creek B-44 well. The B-44 production test yielded flow rates of approximately 20 MMCF/D and 6,000 barrels per day of 52 degree API condensate from two perforated intervals in the Devonian formation.

The Company's interpretation of 2D seismic indicates additional un-drilled structures exist on EL-397.

The consortium has fulfilled the work commitment on EL-397 by drilling the Summit Creek B-44 well and the work deposit has been refunded.

b) TDL Freehold Lands

As of March 31, 2005 working interests in the Tulita District Land Corporation ("TDL") Freehold lands are held as follows;

Working interests;

M-32, M-33, M-34, M-35 and M-39
Northrock Resources – 32.50%
International Frontier – 10.875%
Pacific Rodera – 6.625%
Anadarko Canada – 32.50%
EOG Resources – 17.505

M-29
Northrock Resources – 25%
International Frontier – 10.875%
Pacific Rodera – 6.625%
Anadarko Canada – 32.50%
EOG Resources – 17.50%
Duvernay -7.50%

M-37
Northrock Resources – 32.50%
International Frontier – 5.00%
Pacific Rodera – 6.625%
EOG Resources – 23.3750%
Husky Oil Operations – 32.50%

M-36 & M-38
Northrock Resources – 27.6850%
International Frontier – 4.2593%
Pacific Rodera – 5.6436%
Anadarko Canada – 32.50%
EOG Resources – 19.9121%
Husky Oil – 10.00%

Operations;
In Q-1, 2005 the consortium drilled the Sah Cho L-71 exploratory wildcat well to a depth of 11,500 feet on TDL Freehold parcel M-37. The well was drill stem tested in eight zones of interest; drill stem testing yielded none commercial rates of hydrocarbons. Subsequent to drill stem testing production casing was run to a total depth of 11,500 feet and the well has been suspended for future operations.

The Company participated for a five percent (5%) interest in approximate costs of $19,000,000 to drill and case the Sah Cho L-71 well. The drilling of the Sah Cho L-71 well has fulfilled the terms of the TDL Freehold Lease.

c) Exploration License No 423 ("EL- 423")

On June 7, 2004 EL-423, which consists of approximately 226,500 acres, was awarded to the Consortium for a work commitment of $24,800,000.

Working interests;
Northrock Resources – 32.50%
Husky Oil – 29.48%
EOG Resources – 26.4%
International Frontier – 5%
Pacific Rodera – 6.62%

Operations;
As of March 31, 2005 the consortium has not incurred any allowable expenditure on EL-423. The Company has lodged a refundable deposit in the amount of $310,000 for its share of the work commitment deposit on EL-423.

Subsequent to March 31, 2005 the consortium will acquire up to 508 kilometers of single fold 2D trade seismic data at a maximum cost of $1,400,000. The Company will participate for its proportional five percent (5%) share of the costs.

d) Exploration License No. 416 ("EL-416")

Working interests;
As of March 31, 2005 working interests in EL-416 are held as follows:

Northrock Resources – 22.8700%
Anadarko Canada– 32.50%
EOG Resources Canada – 12.32%
International Frontier – 7.65%
Pacific Rodera – 4.66%
Husky Oil – 20.00%

Term;
EL-416 has a term of eight years, commencing September 18, 2001; the primary term expires on September 18, 2005.

Operations;
As March 31, 2005 the Consortium has spent approximately $2,000,000 to acquire 2D seismic on EL-416. Subsequent to grant of the license the Consortium entered into an agreement with Husky whereby Husky earned a 20% interest in EL-416 by drilling, testing, completing and or abandoning the Summit Creek B-44 well located on EL-397. In Q-1, 2005 the work commitment on EL-416 was fulfilled and a refund of the $381,500 work deposit will be returned to the consortium in Q-2, 2005.

No expenditures were incurred in Q-1, 2005 on EL-416.

e) Exploration License No 401 ("EL-401")

Working interests;
As of March 31, 2005 working interests in EL-401 are held as follows:

EOG Resources Canada– 45% (operator)
Anadarko Canada – 25%
Northrock Resources – 17.50%
Durvenay – 7.50%
International Frontier – 3.10%
Pacific Rodera – 1.90%

Operations;
As of March 31, 2005 the Consortium has spent approximately $13,000,000 to acquire 2D seismic and for the drilling of the Devo Creek P-45 dry hole. As of March 31, 2005 the Company has incurred approximately 4.66% of $13,000,000 in expenditures on EL-401.

No expenditures were incurred on EL-401 in Q-1, 2005.

2. Hay River Project Area, Southern NWT

In Q-1, 2005 the Company entered into a Memorandum of Understanding ("MOU") with the Katlodeeche First Nations ("KFN"). The MOU provides the Company with surface access to Hay River Reserve Lands and Katlodeeche traditional lands covering an area of approximately 1.9 million acres previously under a moratorium on exploration.

The MOU provides the Company with the right to shoot proprietary seismic data on KFN lands. The Company has the right to acquire sub-surface mineral rights on the Hay River Reserve (35,000 acres) but not on KFN Traditional Lands as these lands are subject to a Call for Nominations as and when issued by the Department of Indian and Northern Affairs.

2. Hay River Project Area, Southern NWT (continued)

The MOU provides the framework for KFN to request a rights issuance with the Federal Government covering traditional lands. Should a call for bids be announced then all bids will be submitted on a competitive bid process, the highest bids will be awarded Exploration License(s).

The Company will incur 100% of all exploration and development costs on the KFN acreage to earn 95% of all net revenues; KFN will receive a 5% carried interest. Upon the Company recovering 135% of all capital expenditures all future net revenues will be shared IFR-50% and KFN-50%.

The Company did not incur any costs on the Hay River lands in Q-1, 2005.

Subsequent Events
Central Mackenzie Valley

On May 1, 2005 Husky Oil took over operatorship from Northrock Resources on EL-397, EL-423 and EL-416.

3. Colville Hills Project Area, NWT

On May 18, 2005 the Company (25%) was awarded two (2) Exploration Licenses in the Colville Hills area, NWT. The licenses awarded cover EL-429 (210,500 acres) for a work commitment bid of $12,500,000 and EL-432 (162,680 acres) for a work commitment bid of $4,000,000. The licenses will be operated by BG Canada Exploration and Production, Inc (75%) a wholly owned subsidiary of multi national company BG Group plc. of London, England.

Colville Hills is located approximately 120 kilometeres north of the Company's Summit Creek B-44 discovery well.

SIDOX Pilot Project

Alderson Lower Mannville M2M Pool

The Company holds an option to acquire a 10-year Exclusive License for the patented SIDOX oil production enhancement technology. SIDOX is a relative permeability modifier that alters the mobility ratios of oil and water in sandstone reservoirs. In Q-2, 2004 the Company purchased a 100% interest in the Alderson Lower Mannville M2M and Ferguson Lower Mannville A oil pools for $1.2 million. The pools were acquired to conduct SIDOX pilot projects.
In July 2004 phase one of the Sidox pilot projects commenced on eight wells with four wells treated down casing and four wells treated down tubing. Based on phase one results wells treated down tubing have reacted much better as confirmed by oil rate increases of 35%. Phase two of the pilot project commenced in April, 2005; in phase two larger volumes of Sidox and load oil were injected down tubing in four wells in the Alderson oil pool.
In 2005 the Company has budgeted $1.5 million to purchase additional wells for SIDOX testing, and $450,000 for other costs associated with the SIDOX License and pilot project.

QUARTERLY RESULTS

Revenue and Pricing

The following table summarizes results for the three months ended March 31, 2005 and 2004.

Three months ended March 31,	2005	2004	2003
Sales volumes – BOE/day	45	-	-
Oil Revenues, net of royalties	$ 128,743	$ -	$ -
Interest and other income	57,652	1,234	$ 1,781
Net loss	$ (1,447,315)	$ (331,059)	$ (16,579)
Net loss per share - basic	$ (0.04)	$ (0.02)	$ (0.00)
- diluted	$ (0.04)	$ (0.02)	$ (0.00)
Total assets	$ 17,715,050	$ 3,552,399	$ 2,302,127
Working capital	$ 12,165,397	$ 1,069,415	$ (20,599)

Revenues and operating costs

For the three month period ending March 31, 2005 the Company received gross oil and gas revenues of $173,181 (2004 - $nil) and paid royalties of $44,438 (2004 - $ nil). Net oil revenues of $128,473 for the three months ended March 31, 2005 decreased by $52,771 as compared to the three months ended December 31, 2004. Net oil revenues in the first quarter of 2005 decreased due to decrease in production volumes from an average of 60 BOE per day in the fourth quarter of 2004 to an average of 50 BOE per day in the first quarter of 2005 as a result of shitting in one of the two operated properties used for Sidox testing in the first quarter of 2005.

During the three months ended March 31, 2005, the Company incurred operating expense of $83,181 (2004 - $ nil). Operating expenses in the first quarter of 2005 decreased by $53,825 or 39.29% as compared to the fourth quarter of 2004. Operating costs per BOE decreased from $24.45 for the three months ended December 31, 2004 to $19.38 per BOE for the three months ended March 31, 2005, a decrease of 21%. This decrease in the first quarter of 2005 is due to certain non-recurring Sidox operating costs incurred in the fourth quarter of 2004.

The revenues net of royalties and operating costs referred to are being generated solely from properties acquired for purposes of testing Sidox as previously described. The Company has also generated interest income from short term investments of $57,652 (2004 - $1,234) for the three months ended March 31, 2005. The increase in interest income in the first quarter of 2005 as compared to 2004 is due to interest earned on investment of funds raised through financing activities during the year resulting in a larger cash balance at the end of the first quarter of 2005.

QUARTERLY RESULTS

Depletion and depreciation

Depletion and depreciation decreased by 96.51% to $32,892 in the first quarter of 2005 as compared to $941,844 for the three months ended December 31, 2004. The decrease in DD&A in the first quarter of 2005 as compared to the fourth quarter of 2004 is mainly due to recognition of a $795,554 impairment loss during the three months ended December 31, 2004 which represents the amount by which the carrying amount of capitalized costs related to producing properties in Alberta exceeded fair value of the reserves as estimated by the Company's reservoir engineers at December 31, 2004. There was no such impairment for the three months ended March 31, 2005. Also included in depletion and depreciation in the three months ended December 31, 2004 is an impairment loss of $64,169 related to write down to estimated net realizable value of costs incurred on unproven properties in which the Company has dropped its interests. There were no such costs written off at March 31, 2005. The overall increase in depletion and depreciation as compared to the same period in 2004 is due to the fact that there were no producing properties until the second quarter of 2004.

The carrying value of properties in the exploration stage in the Northwest Territories which have been excluded from the depletion calculation at March 31, 2005 is $4,056,058 (2004- $ nil). A separate impairment test has been performed on these properties and no impairment exists at March 31, 2005.

General and administrative expenses

Three months ended March 31,	2005	2004	2003
Investor relations	$ 2,997	$ 263,446	$ 574
Filing and transfer fees	11,345	6,530	4,709
Professional fees	22,319	11,838	3,400
Consulting fees - gross	71,660	32,580	21,360
Consulting fees - capitalized	(38,500)	(22,461)	(11,921)
Rent and office costs	35,051	9,281	3,661
	$ 104,872	$ 301,214	$ 21,783

General and administrative expenses of $104,872 were incurred in the first quarter of 2005 (2004 - $301,214) a 65% decrease as compared to the same quarter in 2004. During the three months ended March 31, 2004, the Company incurred expenses totaling $263,446 related to the efforts to enhance shareholder awareness of the Company, there were no significant expense of this nature incurred in the first quarter of 2005. General and administrative expenses decreased by 39% for the three months ended March 31, 2005 as compared to the fourth quarter of 2004.

Stock based compensation

Stock based compensation costs increased from $58,714 in the first quarter of 2004 to $1,423,260 in the same period in 2005 due to an increased number of options issued to officers, directors, employees and consultants during the three months ended March 31, 2005.

Net Loss

The Company had a net loss for the three month period ending March 31, 2005 of $1,447,315 or $0.04 per share as compared with a net loss of $361,171 or $0.02 per share in first quarter of 2004. The Company's net loss is affected by items which are non-operational in nature. For the quarter ending March 31, 2005 these non-cash items included depletion and depreciation and accretion expense of $39,063 (2004 - $2,461) stock based compensation expense of $1,463,260 (2004 - $58,714), and a future income tax recovery of $20,698 (2004 - $30,112) resulting in an adjusted net loss from operations at March 31, 2005 of $5,690 (2004 - $330,108).

Liquidity capital resources and financing activities

The Company had working capital of $12,165,397 at March 31, 2005. During 2004 the Company generated funds from financing activities of $9,816,680 as follows:

- In June 2004, the Company completed a convertible redeemable debenture in the amount of $975,000.
- In conjunction with a private placement occurring May 17, 2004 and closing July 19, 2004, the Company issued 6,064,000 units at a price of $0.80 per unit for net proceeds of $4,851,200.
- On October 26, 2004, the Company entered into a private placement for 2,530,000 flow through units at a price of $1.35 per unit for net proceeds of $3,415,500.
- On November 10, 2004, the Company entered into a non-brokered private placement for 410,700 flow through units at a price of $1.40 per unit for net proceeds of $574,980.

Funds raised in conjunction with the above were undertaken in order to conduct exploration programs in the Central Mackenzie Valley in the Northwest Territories. The Company's working capital at March 31, 2005 is expected to be sufficient to fund projected NWT exploration activities and expenditures related to the SIDOX Pilot Project.

Financial Instruments

International Frontier does not have any commodity or financial instrument hedges. The Company carries various forms of financial instruments, all of which are recognized in International Frontier's interim financial statements at March 31, 2005. Unless otherwise denoted in the March 31, 2005 interim financial statements it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the these financial instruments. The fair values of financial instruments approximate their carrying value. The Company has no unrecognized gains or losses in its financial statements.

Investing Activities

Total capital expenditures for the three months ended March 31, 2005 were $848,155 (2004 - $344,576), of which 74% (2004 - 43%) of these expenditures related to exploration activities in the Central Mackenzie Valley, Northwest Territories. Operations in this area are expensive and of a high risk nature that could create conditions that could alter the plans of the Company and its partners. Further, should commercial quantities of petroleum and natural gas be proven to exist in the area, the timing of revenue generation is dependent on a variety of factors not within control of the Company.

Investing Activities (continued)

The Company's wholly owned subsidiary, Sidox Chemicals Canada Ltd. ("Sidox Canada"), is incurring property acquisition costs and testing costs, including the acquisition cost of Sidox. Sidox is a relative permeability modifier that is being tested on acquired properties that is intended to enhance oil production relative to water production from existing producing oil wells. To date, the Company has acquired two properties in southern Alberta at a cost of $1,263,531, upon which it is testing Sidox. In addition to the property acquisitions, the Company has incurred $484,120 in capital expenditures to replace equipment and prepare the properties for testing of the technology. Total capital expenditures attributed to the Sidox operation were $44,740 during the first quarter of 2005 (2004 - $173,026). International Frontier has secured an option to acquire Exclusive License Canadian distribution rights for the Sidox product after one year of testing and the payment of $100,000 to the patent owner.

Obligations

Under the terms of the flow-through agreements undertaken in 2004 the Company had flow-through share spending obligations of $3,147,065 at March 31, 2005. The Company had no debt at March 31, 2005. The Company has sufficient working capital and future cash flow to meet its obligations.

Related Party Transactions

Certain officers and directors provide professional, consulting and management services to the Company. The amounts paid to these officers and directors during the three months ended March 31, 2005 were $46,500 (2004 - $26,680). Of the total consulting fees paid to related parties during the quarter, $29,250 (2003 –$11,921) was capitalized to property and equipment at the end of the period.

Changes in Accounting Policies including initial adoption

Effective January 1, 2004, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") as outlined in Handbook section 3110, "Asset Retirement Obligations".

Effective January 1, 2004 the Company adopted CICA Accounting Guideline 16 "Oil and Gas Accounting – Full Cost".

See March 31, 2005 interim consolidated financial statements Note 3 "Change in Accounting Policy" for detailed discussion of the above mentioned accounting changes.

OTHER ITEMS

Outstanding shares, options and warrants

The Company's share capital structure is as follows:

As of:	March 31, 2005	May 31, 2005
Common shares outstanding	34,884,716	34,961,318
Warrants outstanding	5,883,268	5,806,655
Options outstanding	3,230,000	3,230,000
Convertible debentures	233,344	233,344
Fully diluted	44,231,328	44,231,317

Subsequent to March 31, 2005:

- 50,000 Series "B" Warrants representing 25,000 shares of the Company were exercised in conjunction with a private placement occurring July 19, 2004.
- 51,613 Series "C" warrants issued in conjunction with private placements occurring on October 26, 2004 and December 23, 2004 were exercised.

Additional details on the shares, options and warrants outstanding at March 31, 2005 are available in the notes to the March 31, 2005 interim consolidated financial statements.

OTHER ITEMS

Critical Accounting Estimates

Management is required to make judgments, assumptions and estimates in the application of 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.

Summary of quarterly results

The quarterly results have been prepared without audit or review by the Company's independent external auditors. The following table summarized the Company's financial and operating highlights for the past eight quarters:

Quarter ended	**March 31, 2005**	**Dec 31, 2004**	**Sept. 30, 2004**	**June 30, 2004**
Sales volumes – BOE/day	45	60	68	33
Revenues, net	186,395	224,806	278,121	121,469
Net loss	(1,452,172)	(2,540,027)	(339,892)	(265,074)
Net loss per share - basic	(0.04)	(0.15)	(0.01)	(0.01)
- diluted	(0.04)	(0.15)	(0.01)	(0.01)
Total assets	18,066,105	14,791,008	10,489,813	7,435,380
Working capital	12,165,397	9,954,156	5,222,766	2,449,190
Net cash generated (loss) from operations	(5,690)	(87,938)	12,910	(134,290)

	March 31, 2004	**Dec 31, 2003**	**Sept. 30, 2003**	**June 30, 2003**
Sales volumes – BOE/day	-	-	-	-
Revenues, net	1,234	1,802	2,085	1,995
Net loss	(331,059)	(875,162)	(28,242)	(43,187)
Net loss per share – basic	(0.02)	(0.10)	(0.00)	(0.00)
- diluted	(0.02)	(0.10)	(0.00)	(0.00)
Total assets	3,552,399	3,577,170	2,582,595	2,376,979
Working capital	1,069,415	1,369,487	164,259	33,016
Net cash generated (loss) from operations	(299,996)	(236,558)	(29,980)	(50,989)

OPERATIONAL AND OTHER BUSINESS RISKS

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 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 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, 2004 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.

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 of 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 which 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.

International Frontier uses the full cost method of accounting for oil and natural gas properties. Under this accounting method, capitalized costs are reviewed on a quarterly basis for impairment to ensure that the carrying amount of these costs is recoverable based on expected future cash flows.

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 faculties, 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. 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.

Other information

Additional information regarding International Frontier Corporation's reserves and other data is available on SEDAR at sedar.com.