Overview

International Frontier Resources Corporation is engaged in the exploration for and development of petroleum and natural gas reserves in the Northwest Territories, Canada and in the UK sector of the North Sea. The following is management's discussion and analysis ("MD&A") of International Frontier Resources Corporation's ("International Frontier" or "IFR" or "Britcana" or the "Company") operating and financial results for the period ending December 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 December 31, 2005 audited consolidated financial statements and related notes and the Company's 51-101 report filed on Sedar, and includes subsequent events to April 13, 2006.

The Company's business plan is to expose shareholders to high impact exploration opportunities that have the potential to yield significant hydrocarbon reserves in under explored hydrocarbon basins. To meet this objective in 2005 the Company increased its prospect inventory with new opportunities in the Northwest Territories and in the UK sector of the North Sea. A review of 2005 through April 15, 2006 is as follows;

Flintstone Project, NWT

In 2005 the Summit Creek B-44 discovery well was production tested at rates of approximately 20 MMCF/D and 6,000 barrels of light condensate per day (10,000 BOEPD). The B-44 well is the first hydrocarbon discovery in the Central Mackenzie Valley since Norman Wells was discovered in 1920. The production test confirmed a new petroleum system exists south of the Norman Wells oilfield in this under-explored area where the consortium has 700,000 gross acres under lease.

In January 2006 two wells commenced drilling, the Summit Creek K-44 well appraised the discovery encountered at Summit Creek B-44 and the Stewart D-57 well tested new play concepts on the east side of the basin. As both locations are in a remote area with limited winter access production testing has been deferred until future winter drilling seasons. At the time of writing this report both wells are on confidential status.

It is worthy to note that the relationships the Company forged with the people of Tulita has served IFR and our partners well. We are pleased to report that these relationships have resulted in employment and new business opportunities for the Tulita region.

The Company holds working interests ranging from 5% to 10.875% covering 2,400 square kilometers over the central extent of this new emerging petroleum province.

Colville Hills, NWT

In 2005 the Company increased its exposure in the Northwest Territories with the acquisition of two exploration licenses covering 326,000 gross acres in the Colville Hills area. Colville is located approximately 150 kilometers north of Summit Creek. The licenses were awarded for combined work commitments of $16.5 million to BG Canada (a subsidiary of the British Group - 75%) and IFR (25%).

Hay River, NWT

In 2005 the Company signed a Memorandum of Understanding ("MOU") with the Katlodeeche First Nations ("KFN"). The agreement covers KFN Reserve and Traditional lands encompassing an area of approximately 1.9 million acres immediately north of the Alberta border. The area is subject to a moratorium on oil and gas activity until land claims are settled with the Federal Government. This strategic MOU provides IFR with the right to acquire modern seismic on KFN lands in advance of the moratorium be lifted.

North Sea - UKCS

In 2005 a new exploration area was added with the acquisition of an interest in four North Sea licenses. The Company views the North Sea as an area in which it can be competitive in acquiring high impact exploration prospects. Exploration Geosciences, who have acted as the Company's technical advisors since inception, have an excellent working knowledge of the North Sea and access to 2D & 3D seismic at reasonable costs.

In Q1, 2006 a joint venture agreement was signed with Nippon Oil Exploration UK (operator), Hunt Petroleum UK, Palace Exploration Ltd. and Exploration Geosciences Ltd. (prospect generators). We anticipate that the joint venture will provide a steady stream of new opportunities for IFR's wholly owned UK subsidiary Britcana Energy Ltd.

Financial

At December 31, 2005 the Company's working capital was $16,204,000 (2004 – $10,288,000) of which $1,441,325 (2004 – $351,500) has been lodged as security against refundable deposits in the Northwest Territories. Based on current capital expenditure projections the Company has sufficient working capital to fund anticipated 2006 exploration programs in the Northwest Territories and North Sea.

Operations Review

Central Mackenzie Valley, NWT

In Q-1, 2005 testing operations on the Summit Creek B-44 discovery well were completed at a cost of approximately $17 million, $850,000 net to IFR. Two intervals in the Devonian were tested at combined rates of 20 MMCF/D and 6,000 barrels of 55 degree condensate (10,000 BOEPD).

In Q-1, 2005 drilling operations were completed on the Sah Cho L-71 exploration well at a cost of approximately $18.5 million, $900,000 net to IFR. The well evaluated a structure located eight kms south-east of Summit B-44. The middle and lower Devonian were drill stem tested yielding non-commercial hydrocarbons and water. The operator is evaluating a possible re-entry to evaluate un-tested reservoir, which if proposed will require partner approval.

In Q-3, 2005 a 180 km 2D seismic survey was shot on the south half of EL-397 at a gross cost of $8 million, $400,000 net to IFR. To date the consortium has acquired over 1,100 kms of 2D seismic at an approximate cost of $25 million (gross); interpretation of seismic data has identified a number of un-drilled structures on our acreage portfolio. In Q3, 2006 200 kms of new seismic will be shot on EL-423, a license acquired two years ago for a work commitment of $24.8 million.

In Q1, 2006 the Company participated for a 5% interest in the Husky et al Summit Creek K-44 appraisal well located on EL-397. The K-44 was drilled to a depth of 3240 meters, the well evaluated reservoirs encountered in the Summit Creek B-44 discovery well. The Company also participated for a 7.5% interest in the Husky et al Stewart D-57 exploration well located on TDL Freehold parcel M-37. The D-57 well is located approximately 45 kms east of Summit Creek, the well was drilled to 3100 meters and it evaluated the east side of the basin. The cost of this winter's operation is estimated at $55 million, $3.4 million net to IFR.

Colville Hills, NWT

In May 2005 IFR (25%) and BG Canada (75% - operator) were awarded two exploration licenses covering 326,000 acres for work commitments of $12.5 million on EL-429 and $4 million on EL-432. In 2006 an areomag survey will be acquired, this data will assist in planning a 2D seismic program for acquisition in 2007.

Operations Review (continued)

Hay River, NWT

In 2005 the Company acquired 2D seismic trade data and commissioned a hydrodynamic study incorporating adjacent oil and gas fields in northern Alberta. In 2006 geological and geophysical mapping will be completed.

North Sea – UKCS

The Company, through its wholly owned U.K. subsidiary, Britcana Energy Ltd. ("Company"), acquired interests in the following four North Sea Licenses;

Laurel Valley Prospect – Quad 14

The Company committed to pay 15% of the cost to drill, test, complete or abandon the Laurel Valley #1 well to earn 11.25% in Quad 14. In addition the Company holds an option to pay an additional 25% of the Laurel Valley #1 well costs to earn a 25% interest in the Quad 14 acreage (65,000 acres). Subsequent to year end the Company exercised its option and farmed out 30% of the well costs to third parties who will earn 21.25%.

The Laurel Valley prospect is targeting three prospective reservoirs with estimated potential unrisked reserves in the 300 MMBO to 600 MMBO range. In Q1, 2006 a site survey was completed and the prospect is now drill ready.

Lytham – St. Anne Prospect – Quad 41/42

The Company committed to pay 10% of the cost to drill, test, complete or abandon the Lytham #1 well to earn 7.5% in the Quad 41/42 acreage. In addition the Company holds an option to pay an additional 25% of well costs to earn 18.75% in the Quad 41/42 acreage (240,000 acres). Subsequent to year end the Company exercised its option and farmed out 30% of the well costs to third parties who will earn 20%.

The Lytham #1 well is targeting estimated potential unrisked gas reserves in the 250 BCF to 600 BCF range. In Q1, 2006 a drilling site survey was completed and the prospect is drill ready.

Ridgewood Prospect – Block 12/17

Block 12/17 covering an area of 17,900 acres was acquired at the 23rd licensing round announced in September 2005. The promote license was awarded to IFR 50% and Palace Exploration 50%. A prospect has been mapped with estimated potential unrisked reserves in the 25 MMBO to 110 MMBO range.

Gleneagles Prospect – Block 12/23

The Company holds a 5% interest in block 12/23 that was acquired as a promote license at the 23rd licensing round. The block was acquired on the basis of potential by-passed-pay in a well located on the block. Endeavour Energy has been appointed operator.

SIDOX

In Q-2, 2005 the Company and Enhanced Recovery Systems Ltd., entered into a 50/50 shareholding in Sidox Chemicals Canada Ltd. ("SCC"). SCC holds an exclusive ten year license for the Sidox technology in Canada. In 2004/05 Sidox was field tested in the Company's Alderson (100%) oil pool, located in the Brooks area of southern Alberta. Field testing showed encouraging results as oil rates increased and water cuts decreased. The Company recently entered into an arrangement with a major producing Company to test Sidox in three of their wells, testing is scheduled to commence in Q2, 2006.

Annual Results

Revenue and Pricing

The following table summarizes results for the years 2005, 2004, and 2003.

		2005		2004		2003
Sales volumes – BOE/day		50		45		-
Oil Revenues, net	$	656,078	$	561,331	$	-
Net loss	$	(1,837,234)	$	(3,374,948)	$	(963,170)
Net loss per share – basic	$	(0.05)	$	(0.15)	$	(0.10)
– diluted	$	(0.05)	$	(0.15)	$	(0.10)
Total assets	$	23,536,000	$	14,773,508	$	3,557,170
Working capital	$	16,204,000	$	10,288,000	$	1,369,000
Flow through share obligations	$	5,567,500	$	3,990,480	$	323,350

Sales Volumes

Sales volumes for 2005 were 50 BOE per day, up 4 BOE per day or 9% compared with the 46 BOE per day in 2004. Increase in sales volumes in 2005 mainly is due to the fact that the properties were purchased in April of 2004, therefore, there was not a full twelve months of production for the year ended December 31, 2004.

Gross Revenues

Gross revenues in 2005 were $866,000 up $173,000 or 20% from $693,000 in 2004. Increase in 2005 gross revenues was due to a 12% increase in average price per BOE received of $47.38 per barrel compared to $41.69 per barrel in 2004. Interest income generated from short term investments was $219,000 in 2005 up $155,000 or 242% from $64,000 for the year ended December 31, 2004. The increase in interest income is due to interest earned on cash balances resulting from investments on funds raised through financing activities in 2004 and 2005.

Royalty Expense

Gross overriding royalty costs were $210,000 or 24% of gross revenues in 2005 as compared with $132,000 or 19% of gross revenues in 2004. The increase in royalties in 2005 is due to increased oil prices combined with increased production received in during the year ended December 31, 2005 as compared to the same period in 2004. In addition royalties of $29,773 (2004 – $nil) were paid to certain officers, directors and consultants in accordance with the Company's Royalty Incentive Plan.

Operating expenses

During 2005 the Company incurred operating expenses of $409,000 (2004 – $412,000). Operating costs per BOE remained relatively consistent during the year averaging $22.40 per BOE throughout 2005 as compared to $24.77 per BOE in 2004. Operating costs were abnormally high during field testing of Sidox in 2004 as certain non-recurring expenditures were incurred during the research and development phase.

Annual Results (continued)

Depletion and depreciation

Depletion, depreciation at December 31, 2005 consists of depletion and depreciation of property and equipment of $158,000 (2004 – $576,000; 2003 – $4,700) and a $45,000 (2004 – $795,500; 2003 –$nil) and an impairment loss which represents the amount by which the carrying amount of capitalized costs related to producing properties in Alberta exceeds fair value of the reserves as estimated by McDaniel's & Associates at December 31, 2005. The carrying value of properties in the exploration stage in the Northwest Territories of $6,222,000 (December 31, 2005) have been excluded in the depletion calculation at December 31, 2005. A separate impairment test has been performed on these properties and no impairment exists at December 31, 2005. Also included in depletion and depreciation at December 31, 2005 is an impairment loss of $nil (2004 – $64,000; 2003 – $nil) related to a write down on unproven properties in which the Company has dropped its interests.

General and administrative expenses

	2005	2004	2003
Investor relations	$ 50,648	$ 351,826	$ 166,737
Filing and transfer fees	26,444	55,151	205
Professional fees	151,875	73,210	55,334
Consulting fees - gross	326,196	249,166	124,551
Consulting fees - capitalized	(105,625)	(158,730)	(60,604)
Rent and office costs	144,272	146,486	65,095
Part 12.6 Tax	37,808	-	-
	$ 631,618	$ 717,109	$ 351,318

General and administrative expenses decreased by $85,491 or 12% to $631,618 for the year ended December 31, 2005 as compared to $717,109 for 2004. The most significant item included in General and administrative expenses for the year ending December 31, 2004 were expenses of $351,826 related to efforts to enhance shareholder awareness of the Company. Costs related to investor relations decreased by $301,178 in 2005 to $50,648 at December 31, 2005.

The remaining amounts in general and administrative expenses for the year ended 2005 were $580,970 (2004 – $365,283, 2003 – $184,581). The increase in general and administrative costs is due to increased TSX-V filing fees, legal fees associated with private placements and a general increase in professional fees in 2005.

Stock based compensation

The Company expenses stock compensation costs for directors, officers, employees and consultants. Stock based compensation costs decreased by $505,000 or 24% from $2,068,000 in 2004 to $1,562,000 for the year end December 31, 2005 (2003 – $735,000). Decrease in 2005 due to a fewer number of options issued to officers, directors, employees and consultants during the year ended December 31, 2005. In addition to this, the expense for 2004 reflects the Company's prospective adoption in the fourth quarter of 2003 of the change in accounting policy with respect to stock based compensation as described in Notes 2 and 3a) to the financial statements.

Net Loss

The Company had a net loss of $1,837,000 or $0.05 per share in 2005, compared to $3,375,000 or $0.15 per share in 2004. The Company's net loss is affected by items which are non-operational in nature. At December 31, 2005 these non-cash items included depletion and depreciation and accretion expense of $225,000 (2004 – $1,457,000), abandonment costs incurred of $69,000 (2004 – $nil), stock based compensation expense of $1,562,000 (2004 – $2,068,000), write off of investment of $52,875 (2004 – $3,675), gain on sale of investment of 4,700 (2004 – $nil) and a future income tax recovery of $176,000 (2004 – $663,000) resulting in an adjusted net loss from operations at December 31, 2005 of $247,000 (2004 – $509,325).

Liquidity capital resources and financing activities

The Company had working capital of $16,204,000 at December 31, 2005 as compared to $10,288,000 at December 31, 2004, of which $1,441,325 (2004 – $351,500) has been lodged as security against refundable deposits in the Northwest Territories. Included in working capital at December 31, 2005 is a $1,753,000 increase in accounts receivable from $178,000 at December 31, 2004 to $1,931,000 at December 31, 2005. The increase in accounts receivable at December 31, 2005 is mainly attributable to a $900,000 receivable from joint venture partners with respect to 2006 TDL Freehold Lease rentals paid by the Company on behalf of the NWT consortium in 2005; and $700,000 in cash calls paid in 2005 with respect to 2006 drilling program in the Central Mackenzie Valley, NWT. In addition, increase in working capital at December 31, 2005 as compared to 2004 includes an increase in cash and cash equivalents of $4,000,000 generated from financing activities as described below:

- On November 3, 2005, the company entered in a non-brokered private placement for 3,275,000 flow through units at a price of $1.70 per unit for net proceeds of $5,307,000
- 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 6,080,000 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.

The Company has sufficient working capital to meet all commitments to which it is currently committed.

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 consolidated financial statements at December 31, 2005. Unless otherwise denoted in the December 31, 2005 consolidated 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 year ended 2005 were $2,880,000 (2004 – $3,740,000) of which $2,265,000 or 76% (2004 – 29%) related to exploration activities in the Central Mackenzie River Valley. 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.

Obligations

Under the terms of the flow-through agreements undertaken in 2005 the Company had flow-through share spending obligations of $5,567,500 at December 31, 2005. The Company had no debt at December 31, 2005. The Company has sufficient working capital and future cash flow to meet its flow through share obligations.

Related Party Transactions

Certain officers and directors provide professional, consulting and management services to the Company and are eligible to receive royalties per the Company's Royalty Incentive Plan. The amounts paid to these officers and directors during the year ended December 31, 2005 were $206,835 (2004 – $155,120). Of the total consulting fees paid to related parties during the year, $93,375 (2004 –$90,230) was capitalized to Property and equipment at December 31, 2005. During 2004 debenture interest in the amount of $2,000 was paid to a company controlled by a director, no such payments were made in 2005.

Quarterly Results

Fourth Quarter

The following summarizes the results for the three months ended December 31, 2005 compared with the same period in 2004.

Sales Volumes

Sales volumes for the fourth quarter of 2005 were 45 BOE per day, down 16 BOE per day or 26% compared with the 61 BOE per day in the fourth quarter of 2004. Decrease in sales volumes 2005 is due to fewer wells operating at December 31, 2005.

Gross Revenues

Gross revenues were $192,000 in the fourth quarter of 2005 down $32,700 or 15% from the $224,700 in 2004 due to decreased volumes as discussed above and mitigated by a 13% increase in average price per BOE received in the three months ended December 31, 2005 at $46.04 per barrel as compared to $40.11 per barrel in the third quarter of 2004.

The Company also generated interest income from short term investments of $45,200 in the third quarter of 2005 up $1,900 from $43,300 for the three months ended December 31, 2004. The interest income received by the Company is directly related to interest earned on investment of funds raised through financing activities during 2004 and 2005.

Royalty Expense

Gross overriding royalty costs were $42,400 or 22% in the fourth quarter of 2005 as compared with $44,000 or 20% in the same quarter in 2004. The increase in royalty rates is due mainly to increased prices on production received in 2005.

Operating expenses

Production expenses were $139,000 or $24.77 per BOE for the three months ended December 31, 2004 as compared with $81,000 or $19.39 per BOE in 2005. This decrease of $58,000 or 72% was due primarily to increased costs incurred in 2004 during the first phase of the Sidox pilot project.

Depletion and Depreciation

Depletion and depreciation on oil and gas properties before impairment loss of $884,000 was $81,000 in the fourth quarter of 2004 or $14.60 per BOE compared with $7.61 per BOE or $31,700 before an impairment loss of $24,340 in the fourth quarter of 2005. The decrease in 2005 is mainly due to decrease in reserves at December 31, 2005 and a decrease in production volumes for the three months ended December 31, 2005 resulting in a lower depletion rate.

Accretion of asset retirement obligation

The accretion of asset retirement obligations remained relatively constant in the third quarter of 2005 at $5,180 as compared to $5,120 in the same quarter in 2004.

Quarterly Results (continued)

General and Administrative Costs:

General and administrative expenses were $326,700 for the fourth quarter of 2005 up $154,700 or 94% compared with $172,000 in 2004. This increase is primarily a result of increases in professional fees accrued in the fourth quarter of 2005 as compared to 2004.

Stock based compensation

There were no stock options issued or exercised in the fourth quarter of 2005, therefore, no stock based compensation costs were booked for the three months ended December 31, 2005 as compared to stock based compensation costs of $2,009,000 in the fourth quarter of 2004 as a result of 1,450,000 options issued to officers, directors, employees and consultants in the three months ended December 31, 2004.

Net Income (Loss)

The Company had a net loss of $228,000 or $0.01 per share in the fourth quarter of 2005 compared with a net loss of $2,540,000 or $0.15 per share for the same period in 2004. The improvement in the net loss is due primarily to the fact that no stock based compensation costs were incurred in the fourth quarter of 2005 along with increased net revenues in 2005 offset by an increased future income tax expense for the three months ended December 31, 2005.

The Company's net loss is affected by items which are non-operational in nature. For the three months ended December 31, 2005 these non-cash items included depletion and depreciation and accretion expense of $58,000 (2004 – 947,000) stock based compensation expense of $nil (2004 – $2,009,150), write off of investment of $52,875 (2004 – $3,675) and a future income tax recovery of $121,000 (2004 – $507,700) resulting in an adjusted net loss from operations for the fourth quarter ended December 31, 2005 of $238,125 (2004 – $87,875).

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	**Dec. 31, 2005**	**Sept 30, 2005**	**June 30, 2005**	**March 31, 2005**
Sales volumes – Bbl/day	45	51	56	50
Revenues, net	119,586	281,853	242,202	186,395
Net loss	(228,373)	(158,531)	(2,314)	(1,447,315)
Net loss per share – basic	(0.01)	(0.04)	(0.00)	(0.04)
– diluted	(0.01)	(0.04)	(0.00)	(0.04)
Total assets	23,536,000	17,796,340	17,802,253	17,715,050
Working capital	16,204,000	9,635,305	9,977,820	12,165,397
Refundable Deposits	1,441,325	1,382,750	1,382,750	351,500
Net cash generated (loss) from operations	(238,125)	65,489	27,992	(10,436)

Summary of Quarterly Results (continued)

	Dec. 31, 2004	Sept 30, 2004	June 30, 2004	March 31, 2004
Sales volumes – BOE/day	60	68	-	-
Revenues, net	224,806	278,121	121,469	1,234
Net loss	(2,540,027)	(238,788)	(265,074)	(331,059)
Net loss per share – basic	(0.15)	(0.00)	(0.01)	(0.02)
– diluted	(0.15)	(0.00)	(0.01)	(0.02)
Total assets	14,773,508	10,489,813	7,435,380	3,552,399
Working capital	9,954,156	5,222,766	2,449,190	1,069,415
Refundable deposits	351,500	351,500	602,426	292,426
Total cash	10,288,000	5,574,266	3,101,616	1,361,841
Net cash generated (loss) from operations	(87,875)	12,910	(134,290)	(299,996)

Other Items

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

Outstanding shares, options and warrants

The Company's share capital structure is as follows:

As of:	December 31, 2005	April 13, 2006
Common shares outstanding	40,247,468	40,247,468
Warrants outstanding	1,637,500	1,637,500
Options outstanding	3,320,000	3,420,000
Convertible debentures	100,000	100,000
Fully diluted	45,304,968	45,404,968

There have been no additional warrants exercised subsequent to December 31, 2005. The warrants outstanding at April 13, 2006 represent the 1,637,500 warrants issued pursuant to the private placement completed on November 2, 2005.

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

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.

Disclosure Controls

At December 31, 2005 the Company has carried out an evaluation under the supervision and with the participation of its Management, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. ('Disclosure Controls'), as defined under rules adopted by the Canadian Securities Administrators. Based upon its evaluation, the Company has concluded that, subject to the inherent limitations discussed below, as of December 31, 2005, the disclosure controls and procedures were effective in all material respects.

Disclosure Controls are procedures designed to ensure that information required to be disclosed in the documents filed with securities regulatory authorities is recorded, processed, summarized and reported on a timely basis, and is accumulated and communicated to the Company's management, to allow timely decisions regarding required disclosure.

The Company's management does not expect that the Company's disclosure controls will prevent of detect all error and fraud. Due to inherent limitation in all controls systems, an evaluation of controls can provide only a reasonable, not absolute, assurance that all control issued and instances of fraud or error, if any, within the Company have been detected.

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.

Forward Looking Statements (continued)

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.

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 www.sedar.com