Overview

International Frontier Resources Corporation is engaged in the exploration for and development of petroleum and natural gas reserves in the frontier regions of the Northwest Territories, Canada and 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 June 30, 2006, 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 June 30, 2006 consolidated interim financial statements and related notes, and December 31, 2005 audited financial statements and related notes and the Company's 51-101 report filed on Sedar. This MD&A includes subsequent events to August 29, 2006.

Operations Review

A summary of operations in Q2, 2006 is as follows;

Central Mackenzie Valley, Northwest Territories

Flintstone Project

A 250 kilometer 2-D seismic program is currently being shot on EL-423, EL-397 and EL-441. In EL-423 seismic is being acquired over the Haywood structure where a large Devonian prospect has been identified. In EL-397 and EL-441 seismic is being shot on the North Stewart Cretaceous prospect and on the South Tate Cretaceous/Devonian prospects. The program should be completed by mid September, with interpretation due in November. The new seismic, coupled with existing seismic, will assist in selecting locations for drilling in Q1, 2008. The program is expected to cost $13 million gross, $750,000 net to the Company.

In Q-2 the consortium was awarded EL-441 for a work commitment of $10.5 million, $787,500 net to the Company. The license is located immediately east of EL-397 where the Summit Creek and Stewart discovery wells have been drilled. The license covers an area of 216,000 acres; three Cretaceous leads and one Devonian lead have been identified on the License.

At a meeting in July the operator proposed drilling two exploration wells in Q1, 2007. The wells proposed were, North Stewart, a follow up to the Stewart D-57 Cretaceous discovery, and the Det'onecho prospect, a Devonian exploratory test. The consortium discussed the merits and risk associated with both prospects, coupled with other prospects in inventory, and it was decided to delay drilling until the new seismic has been interpreted. From a technical point of view this was the correct decision as the new seismic will reduce future drilling risk.

The consortium granted Husky approval to prepare Significant Discovery Applications on the Summit Creek Devonian discovery and the Stewart Cretaceous discovery. It's envisioned that the applications will be submitted to the National Energy Board before year end.

Subsequent to June 30, 2006 the consortium relinquished EL-401, a license located 60 miles north of the Flintstone project. IFR held a 3.10% interest in EL-401 and all costs associated with this license will be written off.

Colville Hills, NWT

In Q-2 an 8,400 square kilometer aero-gravity survey was acquired on EL-429 and EL-432. The data has been interpreted and it has identified a number of prospect leads for seismic acquisition in Q-3, 2007. IFR holds a 25% interest in EL-429 and EL-432, BG Canada (75%) has been appointed operator.

Hay River, NWT

Subsequent to the reporting period the First Nation in the Fort Liard area in the Deh Cho region agreed to hold a rights issuance in Q-4, 2006. This is the first land sale in the Deh Cho region for some time and hopefully it will pave the way for future rights issuance in the region. IFR has a memorandum of understanding with the Katlodeeche First Nation of the Hay River area; the MOU covers an area of 1.9 million acres and allows IFR the right to acquire seismic in advance of future land sales.

North Sea, UKCS

The Company operates in the UK through its wholly owned UK subsidiary Britcana Energy Ltd.

Laurel Valley Prospect (Quad 14)

Subject to Department of Trade and Industry approval, the Laurel Valley #1 well will commence drilling on or before December 31, 2006. Oilexco will be appointed operator and will drill the well using the Sedco 712 rig currently under contract to Oilexco. The well will test three prospective oil horizons identified on 3-D seismic. Britcana will be carried for a 10.45% interest in the first well drilled on the prospect.

Lytham Prospect (Quad 41/42)

A farmin agreement is currently being finalized whereby an international Company will be appointed operator. The Company has access to a drilling rig and subject to execution of formal agreements, and Department of Trade and Industry approval; a test well will be drilled in 2007. The well will test two prospective gas horizons identified on 3-D seismic. Britcana will pay 5% to earn 6.25% in the licenses covering the Lytham and St. Anne's prospects.

Ridgewood Prospect (block 12/17)

Block 12/17a was awarded to IFR (50%) and Palace Exploration UK (50%) at the 23rd Licensing Round held last year. Letters of intent have been executed whereby third parties will fund 70% of the well costs to earn a 50% interest. Subject to execution of formal farmin agreements, and Department of Trade and Industry approval, operatorship of 12/17 will be transferred to one of the third parties. Preliminary indications are that the well will be drilled in the first half of 2007. The well will test a Jurassic oil prospect identified with 2-D seismic. Britcana's current obligation is to fund 15% of the well cost to retain a 25% interest.

Belfry Prospect (Quad 21)

A seismic review and farmin option agreement covering blocks 21/8, 21/14 and 21/15b was not exercised by Britcana.

24th Licensing Round

Britcana participated in a joint bid covering five North Sea blocks at the 24th UKCS Licensing Round. Applications were submitted on June 16, 2006 and awards should be announced in September.

Corporate

At June 30, 2006 the Company had 41,818,718 common shares outstanding, 45,338,718 fully diluted.

At June 30, 2006 the Company had cash of $13.4 million and refundable deposits of $1,596,700.

The Company is pleased to announce the appointment of Dr. Gary Lyons and Mr. Laurie Smith to its Board of Directors. The Company would like to thank Mr. Jihad Shibley for serving as a Director. Mr. Shibley resigned from the Board in Q-2 to pursue personal business opportunities.

Quarterly Results

The following table summarizes results for the three months ended June 30, 2006, 2005 and 2004.

Six months ended June 30,		2006		2005		2004
Sales volumes – BOE/day		51		56		22
Oil Revenues, net of royalties	$	402,880	$	314,760	$	116,725
Interest and other income	$	186,244	$	113,836	$	5,978
Net loss	$	(352,741)	$	(1,450,331)	$	(596,133)
Net loss per share - basic	$	(0.01)	$	(0.04)	$	(0.03)
- diluted	$	(0.01)	$	(0.04)	$	(0.03)
Total assets	$	26,402,099	$	17,802,253	$	7,435,380
Working capital	$	13,439,824	$	9,977,820	$	2,449,190

Sales Volumes

Sales volumes for the six months ended June 30, 2006 were 51 BOE per day, a decrease of 5 BOE per day or 9% as compared with the 56 BOE per day in the second quarter of 2005. Sales volumes in the second quarter of 2006 increased 1 BOE per day as compared to the first quarter of 2006 at 51 BOE per day. Sales volumes for the quarter ended June 30, 2006 are consistent with prior periods.

Gross Revenues and Royalties

For the six month period ended June 30, 2006 the Company received gross oil and gas revenues of $505,959 (2005 - $395,098) and paid royalties of $103,079 (2005 - $80,338). Increase in net oil revenues in 2006 is a result of an increase in average price received of 22% from $42.27 per BOE in 2005 to $54.31 per BOE in 2006. Net oil revenues of $246,079 for the three months ended June 30, 2006 increased by $89,278 as compared to the three months ended March 31, 2006 as a result of an increase in the average price received in the second quarter of 2006.

Operating expenses

In the six months ended June 30, 2006, the Company incurred operating expenses of $184,781 (2005 - $193,110) a decrease of 4.5%. Decrease in operating costs in 2006 is reasonable due to fewer producing properties at for the six months ended June 30, 2006 as, compared to 2005. For the three months ended June 30, 2006 the Company incurred operating costs of $84,495 as compared to $99,285 in the first quarter of 2006. Operating costs per BOE decreased from $21.78 for the three months ended March 31, 2006 to $17.95 per BOE for the three months ended June 30, 2006, an increase of 17% due to higher utility costs in the first quarter of 2006.

Interest income

The Company generated interest income from short term investments of $186,244 (2005 - $113,836) for the six months ended June 30, 2006. The increase in interest income in the second quarter of 2006 as compared to 2005 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 2006 coupled with an increase in interest rate received on investments at June 30, 2006.

Quarterly Results (continued):

Depletion and Depreciation

Depletion and depreciation on oil and gas properties of $64,254 or $6.90 per BOE for the six months ended June 30, 2006 as compared to $81,170 or $8.68 per BOE for the six months ended June 30, 2005. The decrease in DD&A in the 2006 as compared to the 2005 is mainly due to decrease in depletion rate in 2006 as there are were very few additions to the depletion base in the period ended June 30, 2006.

At June 30, 2006 an impairment test was performed which calculates 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, 2005. There was no impairment loss recognized for the six months ended June 30, 2006

The carrying value of properties in the exploration stage in the Northwest Territories which have been excluded from the depletion calculation at June 30, 2006 is $10,124,680 (2005- $6,222,050). A separate impairment test has been performed on these properties and an impairment write down of $345,415 (2005 - $nil) has been included in depletion and depreciation on the consolidated statements of loss and deficit in the period ended June 30, 2006.

Accretion of asset retirement obligation

The accretion of asset retirement obligations remained relatively constant in the six months ended June 30, 2006 at $10,889 as compared to $11,351 in the same period in 2005.

General and administrative expenses

Six months ended June 30,	2006	2005	2004
Investor relations	$ 20,686	$ 27,382	$ 11,324
Filing and transfer fees	29,761	17,878	-
Professional fees	41,663	49,952	37,737
Consulting fees - gross	146,400	138,260	62,275
Consulting fees - capitalized	(41,100)	(67,675)	(46,820)
Rent and office costs	99,505	44,368	18,254
	$ 296,915	$ 209,805	$ 82,770

General and administrative expenses were $296,915 for the six months ended June 30, 2006 up $87,110 or 41% compared with $209,805 in 2005. This increase is primarily a result of increases in filing and transfer fees, consulting fees and a general increase in office costs and consulting fees in 2006

Stock based compensation

Stock based compensation costs decreased from $1,423,260 in the six months ended June 30, 2005 to $194,679 in the same period in 2006 due to a fewer number of options issued to officers, directors, employees and consultants during the three months ended June 30, 2006. There were no stock options granted in the second quarter of 2006.

Quarterly Results (continued):

Net Income (Loss)

The Company had a net loss for the six month period ending June 30, 2006 of $352,741 or $0.01 per share as compared with a net loss of $1,450,331 or $0.04 per share for the six months ended June 30, 2005. The Company's net loss is affected by items which are non-operational in nature. For the six months ending June 30, 2006 these non-cash items included depletion and depreciation and accretion expense of $426,274 (2005–$113,024) stock based compensation expense of $194,679 (2005 – $1,423,260), gain on sale of investment of $Nil (2005 – $4,746), and a future income tax recovery of $168,031 (2005 – $64,352) resulting in an adjusted net income from operations at June 30, 2006 of $100,182 as compared to a net income from operations of $16,855 for the six months ended June 30, 2005.

Liquidity capital resources and financing activities

At June 30, 2006, the Company had working capital of $13,439,824 (2005 - $9,977,820). The Increase in working capital at June 30, 2006 as compared to 2005 is mainly due funds raised from a non-brokered private placement entered into on November 3, 2005 for the issuance of 3,275,000 flow through units at a price of $1.70 per unit for net proceeds of $5,307,000, together with the exercise of 1,521,250 warrants for proceeds of $2,814,313. The Company has sufficient working capital to meet all commitments to which it is currently committed. The Company has no debt at June 30, 2006.

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 interim financial statements at June 30, 2006. Unless otherwise denoted in the June 30, 2006 consolidated 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 six months ended June 30, 2006 were $4,178,170 (2005 – $1,771,789) of which $3,941,000 or 94% (2004 – 79%) related to exploration activities in the Central Mackenzie River 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.

Obligations

Under the terms of the November 3, 2005 flow-through agreement the Company has remaining flow-through share spending obligations of $1,623,500 at June 30, 2006. The Company has sufficient working capital and future cash flow to meet its flow through share obligations. The Company is party to an agreement to lease its premises until December 31, 2011. The annual rent of premises consists of a minimum rent plus occupancy costs. Minimum rent payable for premises until the end of the lease will be $27,790 to the end of December 31, 2005 and $81,360 per year to the end of December 31, 2011.

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 six months ended June 30, 2006 were $105,000 (2005 – $93,000). Of the amount paid to related parties during the period, $41,100 (2005 –$55,125) was capitalized to property and equipment at June 30, 2006.

Other Items

Outstanding shares, options and warrants

The Company's share capital structure is as follows:

As of:	June 30, 2006	August 29, 2006
Common shares outstanding	41,818,718	41,818,718
Warrants outstanding	-	-
Options outstanding	3,420,000	3,285,000
Convertible debentures	100,000	100,000
Fully diluted	45,338,718	45,203,718

Additional details on the shares, options and warrants outstanding at June 30, 2006 are available in the notes to the June 30, 2006 consolidated interim 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.

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	June 30, 2006	March 31, 2006	Dec 31, 2005	Sept 30, 2005
Sales volumes – Bbl/day	52	51	45	51
Revenues, net	246,079	240,305	119,586	281,853
Net loss	(135,291)	(217,450)	(228,373)	(158,531)
Net loss per share – basic	(0.00)	(0.005)	(0.01)	(0.04)
– diluted	(0.00)	(0.005)	(0.01)	(0.04)
Total assets	26,402,099	23,440,488	23,536,000	17,796,340
Working capital	13,439,824	12,555,476	14,762,475	9,635,305
Refundable Deposits	1,596,700	2,016,225	1,441,325	1,382,750
Net cash generated (loss) from operations	100,181	2,529	(238,125)	65,489

Summary of Quarterly Results (continued):

	June 30, 2005	March 31, 2005	Sept 30, 2004	Sept 30, 2004
Sales volumes – BOE/day	50	50	60	68
Revenues, net	242,202	186,395	224,806	278,121
Net loss	(2,314)	(1,447,315)	(2,540,027)	(238,788)
Net loss per share – basic	(0.00)	(0.04)	(0.15)	(0.00)
– diluted	(0.00)	(0.04)	(0.15)	(0.00)
Total assets	17,802,253	17,715,050	14,773,508	10,489,813
Working capital	9,977,820	12,165,397	9,954,156	5,222,766
Refundable deposits	1,382,750	351,500	351,500	351,500
Net cash generated (loss) from operations	27,992	(10,436)	(87,875)	12,910

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.

Other information

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