



International Frontier Resources Corporation
Interim Consolidated Financial Statements
For The Three and Nine Month Periods Ended
September 30, 2009 and 2008

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International Frontier Resources Corporation

Consolidated Financial Statements

For the three and nine month periods ended September 30, 2009 and 2008
(Unaudited)

National Instrument 51-102 Notice

The consolidated financial statements of International Frontier Resources Corporation (“the Company”) for the three and nine month periods ended September 30, 2009 and 2008 have been compiled by management.

These consolidated financial statements have not been reviewed or audited on behalf of the shareholders by the Company’s independent external auditors.

International Frontier Resources Corporation

Consolidated Balance Sheets

	September 30, 2009 (unaudited)	December 31, 2008 (audited)
Assets		
Current		
Cash and cash equivalents (Note 9)	\$ 4,062,165	\$ 9,605,300
Receivables	120,490	154,695
Prepays and deposits	155,345	43,815
Current portion of restricted cash on deposit	-	1,342,115
	4,338,000	11,145,925
Restricted cash on deposit	925,060	925,060
Property and equipment (Note 5)	24,675,380	26,137,890
Inventory	16,200	16,200
Intangibles	26,250	30,000
	\$ 29,980,890	\$ 38,255,075
Liabilities		
Current		
Payables and accruals	\$ 58,340	\$ 1,257,310
Asset retirement obligations	324,660	339,615
Future income taxes	302,490	2,028,630
	685,490	3,625,555
Shareholders' Equity		
Share capital (Note 6)	42,064,435	42,064,435
Contributed surplus (Note 6)	10,810,830	10,490,030
Deficit	(23,579,865)	(17,924,945)
	29,295,400	34,629,520
	\$ 29,980,890	\$ 38,255,075

Commitments and contingencies (Note 10)

On behalf of the Board

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

See accompanying notes to the interim consolidated financial statements.

International Frontier Resources Corporation

Consolidated Statements of Operations, Comprehensive Earnings (Loss) and Deficit

(unaudited – prepared by Management)

	<u>Three Months ended September,</u>		<u>Nine Months Ended September 30,</u>	
	2009	2008	2009	2008
Revenue				
Oil	\$ 208,960	\$ 331,330	\$ 542,470	\$ 1,026,850
Less: royalties	<u>(46,680)</u>	<u>(75,840)</u>	<u>(120,120)</u>	<u>(200,785)</u>
	162,280	255,490	422,350	826,065
Interest income	12,050	80,820	46,570	443,290
Foreign exchange gain	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,050</u>
	<u>174,330</u>	<u>336,310</u>	<u>468,920</u>	<u>1,298,405</u>
Expenses				
Field operating costs	48,090	76,380	232,815	287,065
Depletion and depreciation and impairments	3,430,305	58,020	6,688,335	1,689,560
Accretion	12,365	3,800	36,290	12,875
Foreign exchange loss	220,735	2,070	189,085	-
General and administration	69,395	106,855	382,655	442,430
Non - recoverable Sidox costs	-	-	-	105,165
Stock based compensation	<u>-</u>	<u>-</u>	<u>320,800</u>	<u>-</u>
	<u>3,780,890</u>	<u>247,125</u>	<u>7,849,980</u>	<u>2,537,095</u>
Earnings (loss) before income taxes	(3,606,560)	89,185	(7,381,060)	(1,238,690)
Future income tax recovery	<u>(1,726,140)</u>	<u>-</u>	<u>(1,726,140)</u>	<u>-</u>
Net earnings (loss) and Comprehensive income (loss)	<u>\$ (1,880,420)</u>	<u>\$ 89,185</u>	<u>\$ (5,654,920)</u>	<u>\$ (1,238,690)</u>
Deficit, beginning of period			<u>(17,924,945)</u>	<u>(7,681,340)</u>
Deficit, end of period			<u>\$ (23,579,865)</u>	<u>\$ (15,003,415)</u>
Net earnings (loss) per share				
Basic and diluted (Note 8)	<u>\$ (0.03)</u>	<u>\$ 0.00</u>	<u>\$ (0.09)</u>	<u>\$ (0.02)</u>

See accompanying notes to the interim consolidated financial statements.

International Frontier Resources Corporation

Consolidated Statements of Cash Flows

(unaudited)

	<u>Three Months ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	2009	2008	2009	2008
Operating				
Net earnings (loss)	\$ (1,880,420)	\$ 89,185	\$ (5,654,920)	\$ (1,238,690)
Non cash items				
Depletion and depreciation and impairments	3,430,305	58,025	6,688,335	1,689,560
Accretion	12,365	3,800	36,290	12,875
Non - recoverable Sidox costs	-	-	-	105,165
Stock based compensation	-	-	320,800	-
Future income tax recovery	(1,726,140)	-	(1,726,140)	-
Asset retirement liabilities settled	(24,915)	(2,605)	(51,245)	(14,615)
	<u>(188,805)</u>	148,400	<u>(386,880)</u>	554,295
Change in non-cash operating working capital (Note 9)	<u>21,185</u>	<u>289,945</u>	<u>(208,925)</u>	<u>(478,160)</u>
	<u>(167,620)</u>	<u>438,345</u>	<u>(595,805)</u>	<u>132,295</u>
Investing				
Additions to property and equipment	(4,671,400)	(1,608,285)	(5,937,075)	(14,157,380)
Recovery of property and equipment costs incurred				
In prior period	-	-	714,900	-
Restricted cash on deposit	-	-	1,342,115	-
Change in non-cash investing working capital (Note 9)	<u>785,525</u>	<u>1,183,450</u>	<u>(1,067,305)</u>	<u>(1,099,300)</u>
	<u>(3,885,875)</u>	<u>(424,835)</u>	<u>(4,947,365)</u>	<u>(15,256,680)</u>
Financing				
Share issue costs	-	-	-	30,710
Contributed surplus				
– Sidox license	-	-	-	(50,000)
Convertible debenture	-	-	-	(65,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(84,290)</u>
Net increase (decrease) in cash and cash equivalents	(4,053,495)	13,510	(5,543,170)	(15,208,675)
Cash and cash equivalents, Beginning of period	<u>8,115,625</u>	<u>10,094,755</u>	<u>9,605,300</u>	<u>25,316,940</u>
End of period	<u>\$ 4,062,130</u>	<u>\$ 10,108,265</u>	<u>\$ 4,062,130</u>	<u>\$ 10,108,265</u>

See accompanying notes to the interim consolidated financial statements.

International Frontier Resources Corporation

Notes to the Consolidated Financial Statements

For the three and nine month periods ended September 30, 2009 and 2008
(Unaudited)

1. Nature of operations

The Company, since inception, is engaged primarily in the exploration for and development of petroleum and natural gas reserves. These activities are conducted in two geographical areas, being Canada and the United Kingdom. These financial statements are denoted in Canadian dollars.

The consolidated interim financial statements include the accounts of the Company, its wholly owned United Kingdom subsidiary, Britcana Energy Ltd. and its 50% jointly controlled interest in Sidox Chemicals Canada Ltd. ("Sidox Canada") accounted for on the proportionate consolidation method. All inter-company transactions and balances are eliminated upon consolidation.

In 2008, the global credit market crisis, the volatility in the price of oil and natural gas, the recession in Canada and the slowdown of economic growth in the rest of the world has created a substantially more volatile business environment. These conditions will limit certain of the Company's previously planned business development activities and it will continue to represent risk for the Company's future.

2. Principles of presentation

These unaudited interim consolidated financial statements of the Company have been prepared by management in accordance with accounting principles generally accepted in Canada following the same accounting policies and methods of application as the consolidated financial statements of the Company for the year ended December 31, 2008, except as disclosed in Note 3 below. The disclosures provided below are incremental to those included in the Company's annual consolidated financial statements. The unaudited interim consolidated financial statements and related notes should be read in conjunction with the consolidated financial statements and notes for the year ended December 31, 2008.

The unaudited interim consolidated financial statements include the accounts of the Company and its subsidiaries and are presented in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and should be read in conjunction with the annual audited consolidated financial statements and notes thereto for the year ended December 31, 2008 as filed on SEDAR at www.sedar.com. Except as noted below, these financial statements have been prepared following the same accounting policies and methods of computation as the financial statements for the year ended December 31, 2008. The disclosures provided below are incremental to those included with the year - end financial statements.

International Frontier Resources Corporation

Notes to the Consolidated Financial Statements

For the three and nine month periods ended September 30, 2009 and 2008
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3. Accounting policies

Changes in accounting policies

On January 1, 2009, the Company adopted the following new accounting standards:

- CICA Section 3064, "Goodwill and intangible assets", which replaces Section 3062, "Goodwill and other intangible assets" and Section 3450, "Research and development costs". The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The adoption of Section 3064 "Goodwill and intangible assets" did not impact the Company's financial statements.
- CICA's EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". The EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of this EIC had no impact on the Company's consolidated financial statements.

New Accounting Pronouncements

The Company is assessing the new and revised accounting pronouncements that have been issued that are not yet effective:

- The CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The Company continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.
- In January 2009, the CICA issued new standards for Business Combinations. This standard is effective January 1, 2011 and applies prospectively to business combinations for which the acquisition date is on or after the first annual reporting period beginning on or after January 1, 2011 for the Company. Early adoption is permitted. This standard replaces Handbook Section 1581 Business Combinations, and harmonizes the Canadian standards with IFRS. This standard was amended to require additional use of fair value measurements, recognition of additional assets and liabilities, and increased disclosure. The adoption of this standard will not have a material impact on the Company's financial statements.

4. Capital Management

The Company is in the business of oil and gas exploration in Canada and in the United Kingdom. Management determines the Company's capital structure and makes adjustments to it based on funds available to the Company, in order to support the acquisition, exploration and development of oil and gas properties. The Board of Directors has not established quantitative return on capital criteria for capital management but rather relies upon the expertise of the management team to sustain the future development of the business.

The majority of the properties in which the Company currently has an interest are in the exploration stage and do not generate any revenue. The Company does earn some revenue from properties owned in Alberta. The Company therefore is dependent upon partnerships with industry and external financing to fund the majority of its exploration programs and its administrative costs.

International Frontier Resources Corporation

Notes to the Consolidated Financial Statements

For the three and nine month periods ended September 30, 2009 and 2008
(Unaudited)

4. Capital Management (continued)

The Company will spend existing working capital and will seek additional financing as needed. The Company will continue to assess new properties and to seek to acquire an interest in additional properties if management feels there is sufficient geologic or economic potential.

Historically, the Corporation has relied on proceeds from the sale of its common shares to fund its operations. In order to accelerate the Corporation's current exploration programs the Corporation may require additional capital. The timing, pace, scope and amount of the Corporation's capital expenditures is largely dependent on the operators' capital expenditure programs and the availability of capital to the Corporation.

The Corporation may obtain funds for future capital investments from strategic alliances with other energy or financial partners, the issuance of additional Common Shares, preferred shares or debt securities, project financing, sale of property interests, or other arrangements, all of which may dilute the interest of the Corporation's existing shareholders. In the current economic environment there can be no assurances that the Company can raise capital through the sale of its shares.

In the management of capital, the Company includes shareholders' equity, cash and cash equivalents and short term portion of restricted cash less accounts payable in the definition of capital. Management reviews its capital requirements on an ongoing basis and believes that its approach, given the relative size of the Company is reasonable. As at September 30, 2009, the Company's capital as defined above was approximately \$33,299,225 (December 31, 2008 - \$44,319,000).

5. Property and equipment

<u>September 30, 2009</u>	<u>Cost</u>	<u>Accumulated Depletion, Depreciation and Impairments</u>	<u>Net Book Value</u>
Petroleum and natural gas properties	\$ 44,432,515	\$ 19,772,030	\$ 24,660,485
Office furniture and equipment	<u>84,980</u>	<u>70,085</u>	<u>14,895</u>
Petroleum and natural gas properties	\$ <u>44,517,495</u>	\$ <u>19,842,115</u>	\$ <u>24,675,380</u>
<u>December 31, 2008</u>	<u>Cost</u>	<u>Accumulated Depletion, Depreciation and Impairments</u>	<u>Net Book Value</u>
Petroleum and natural gas properties	\$ 39,210,260	\$ 13,090,385	\$ 26,119,875
Office furniture and equipment	<u>84,980</u>	<u>66,965</u>	<u>18,015</u>
Petroleum and natural gas properties	\$ <u>39,295,240</u>	\$ <u>13,157,350</u>	\$ <u>26,137,890</u>

International Frontier Resources Corporation

Notes to the Consolidated Financial Statements

For the three and nine month periods ended September 30, 2009 and 2008
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5. Property and equipment (continued)

Canada

During the period ended September 30, 2009, \$47,775 (December 31, 2008 - \$58,300) of overhead expenses directly related to exploration activities in the Northwest Territories were capitalized. Of these amounts, \$Nil (December 31, 2008 - \$3,600) related to interest expense was capitalized for activities in the Northwest Territories.

As at September 30, 2009, the Company has accumulated capital expenditures for land, seismic, and drilling in the Northwest Territories of \$28,347,355 (December 31, 2008 - \$28,203,005). Included in this amount are costs of \$12,893,380 (December 31, 2008 - \$19,431,260) which have been included in petroleum and natural gas properties as undeveloped properties and have not been included in the respective cost centers for purposes of calculating depletion.

At September 30, 2009, \$6,688,335 (2008 - \$Nil) impairment of petroleum and natural gas assets in the Northwest Territories has been recorded as part of depletion to reflect the excess carrying amount of assets over fair value of future reserves in Canada.

North Sea

During the period ended September 30, 2009, \$47,775 (December 31, 2008 - \$58,300) of overhead expenses directly related to exploration activities in the North Sea were capitalized.

As at September 30, 2009, the Company has accumulated capital expenditures for land, seismic, and drilling in the North Sea of \$16,085,090 (December 31, 2008 - \$11,007,255). Included in this amount are costs of \$10,368,855 (December 31, 2008 - \$5,291,020) which have been included in petroleum and natural gas properties as undeveloped properties.

6. Share capital

a) Authorized:

Unlimited common shares
Unlimited preferred shares

b) Issued:

	September 30, 2009		December 31, 2008	
	Number of Shares	Amount	Number of Shares	Amount
Common shares				
Beginning of period	59,578,965	\$ 42,064,435	59,578,965	\$ 44,121,725
Tax effect of flow through shares (i)	-	-	-	(2,088,000)
Share issue costs (ii)	-	-	-	30,710
Balance, end of period	59,578,965	\$ 42,064,435	59,578,965	\$ 42,064,435

International Frontier Resources Corporation

Notes to the Consolidated Financial Statements

For the three and nine month periods ended September 30, 2009 and 2008
(Unaudited)

6. Share capital (continued)

c) Stock options

The Company has a stock option plan available to consultants, officers, directors, and employees of the Company to be granted options of up to 10 percent of the issued and outstanding common shares of the Corporation. The exercise price of each option approximates the market price for the common shares on the date the option was granted. As at September 30, 2009, 4,170,000 common shares were reserved for issuance under the plan. Options granted under the plan vest upon granting and have a term of five years to expiry.

<u>Outstanding and exercisable</u>	Sept. 30, 2009		December 31, 2008	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	1,015,000	\$ 1.16	5,855,000	\$ 1.23
Granted	3,320,000	\$ 0.10	-	\$ -
Cancelled (surrendered)	(165,000)	\$ 0.50	(4,840,000)	\$ 1.31
Exercised	-	\$ -	-	\$ -
Balance, end of period	4,170,000	\$ 0.34	1,015,000	\$ 1.16

September 30, 2009

<u>Exercise Price</u>	Options Outstanding			Options Exercisable	
	<u>Options Outstanding</u>	<u>Weighted Average Contractual Life (years)</u>	<u>Weighted Average Exercise Price</u>	<u>Options Exercisable</u>	<u>Weighted Average Exercisable Price</u>
\$0.10 - \$0.82	3,670,000	4.41	\$ 0.17	3,670,000	\$ 0.17
\$1.35 - \$1.95	500,000	0.62	\$ 1.62	500,000	\$ 1.62
	4,170,000	3.95	\$ 0.34	4,170,000	\$ 0.34

December 31, 2008

<u>Exercise Price</u>	Options Outstanding			Options Exercisable	
	<u>Options Outstanding</u>	<u>Weighted Average Contractual Life (years)</u>	<u>Weighted Average Exercise Price</u>	<u>Options Exercisable</u>	<u>Weighted Average Exercisable Price</u>
\$0.25 - \$0.82	515,000	2.42	\$ 0.71	515,000	\$ 0.71
\$1.35 - \$1.95	500,000	1.36	\$ 1.62	500,000	\$ 1.62
	1,015,000	1.90	\$ 1.16	1,015,000	\$ 1.16

International Frontier Resources Corporation

Notes to the Consolidated Financial Statements

For the three and nine month periods ended September 30, 2009 and 2008
(Unaudited)

6. Share capital (continued)

c) Stock options

The weighted average fair market value of options granted in the period ended September 30, 2009 is \$0.09 per option (2008 – \$Nil per option). The fair value of each option granted was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	September 30, 2009	December 31, 2008
Risk-free interest rate	2.01%	-
Expected life of options	5 years	-
Volatility in price of the Company's shares	257%	-
Dividend yield rate	0%	-

d) Warrants:

	September 30, 2009		December 31, 2008	
	Number of Warrants	Amount	Number of Warrants	Amount
Balance, beginning of year	-	\$ -	7,504,000	\$ 3,757,090
Issued	-	-	-	-
Expired	-	-	(7,504,000)	(3,757,090)
Balance, end of period	-	\$ -	-	\$ -

e) Contributed surplus:

	September 30, 2009	December 31 , 2008
Balance, beginning of year	\$ 10,490,030	\$ 6,732,940
Value attributed to stock options granted	320,800	-
Fair value of expired warrants	-	3,757,090
Balance, end of period	\$ 10,810,830	\$ 10,490,030

International Frontier Resources Corporation

Notes to the Consolidated Financial Statements

For the three and nine month periods ended September 30, 2009 and 2008
(Unaudited)

7. Related party transactions

a) During the period, the Company paid compensation to certain officers and directors as follows:

	Nine months ended <u>September 30, 2009</u>	Year ended December 31, 2008
Executive officers compensation	\$ 76,500	\$ 108,000
Director's fees	-	14,500
Royalty incentive program	<u>10,510</u>	<u>16,745</u>
	<u>\$ 87,010</u>	<u>\$ 139,245</u>

At September 30, 2009, \$10,510 (December 31, 2008 – \$16,745) of the above amounts were included in payables and accruals.

b) During the period ended September 30, 2009, two of the directors of the Company were also directors of Sidox Chemicals Canada Ltd.

The above transactions were incurred in the normal course of operations of the Company and have been recorded at the exchange amounts that were established and agreed upon by the related parties.

8. Per share

	<u>Three Months ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	2009	2008	2009	2008
Net earnings (loss)	<u>\$ (1,880,420)</u>	\$ 89,185	<u>\$ (5,654,920)</u>	\$ (1,238,690)
Weighted average number of shares	<u>59,578,965</u>	59,578,965	<u>59,578,965</u>	59,578,965
Basic earnings (loss) per share	<u>\$ (0.03)</u>	\$ 0.00	<u>\$ (0.09)</u>	\$ (0.02)
Weighted average number of shares	<u>59,578,965</u>	59,578,965	<u>59,578,965</u>	59,578,965
Dilutive effect of stock options	<u>69,650</u>	-	<u>69,650</u>	-
Dilutive weighted average number of shares	<u>59,648,615</u>	59,578,965	<u>59,648,615</u>	59,578,965
Diluted earnings (loss) per share	<u>\$ (0.03)</u>	\$ 0.00	<u>\$ (0.09)</u>	\$ (0.02)

In calculating diluted common share amounts for the period ended September 30, 2009, the Company excluded 850,000 (2008 – 2,830,000) options and Nil (2008 – Nil) warrants because the exercise price was greater than the average market price.

International Frontier Resources Corporation

Notes to the Consolidated Financial Statements

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(Unaudited)

9. Supplemental cash flow information

The components of the change in non-cash working capital is as follows:

	Three Months ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Receivables	\$ 1,117,410	\$ 466,055	\$ 34,405	\$ 1,006,285
Prepays	46,280	191,480	(111,535)	80,805
Payables and accruals	<u>(356,980)</u>	<u>815,860</u>	<u>(1,199,100)</u>	<u>(2,608,390)</u>
	<u>\$ 806,710</u>	<u>\$ 1,473,395</u>	<u>\$ (1,276,230)</u>	<u>\$ (1,521,300)</u>
Operating activities	\$ 21,185	\$ 289,945	\$ (208,925)	\$ (422,000)
Investing activities	785,525	1,183,450	(1,067,305)	(1,099,300)
Financing activities	-	-	-	-
	<u>\$ 806,710</u>	<u>\$ 1,473,395</u>	<u>\$ (1,267,230)</u>	<u>\$ (1,521,300)</u>
Interest paid	\$ -	\$ -	\$ -	\$ 2,060
Cash and cash equivalents are comprised of:				
Cash on hand	\$ 3,976,050	\$ 3,841,560	\$ 3,976,050	\$ 3,841,560
Short-term Banker's Acceptances	<u>86,080</u>	<u>4,274,065</u>	<u>86,080</u>	<u>4,274,065</u>
Total	<u>\$ 4,062,130</u>	<u>\$ 8,115,625</u>	<u>\$ 4,062,130</u>	<u>\$ 8,115,625</u>

10. Commitments and contingencies

- a) The Company has letters of credit for its share of refundable deposits on Northwest Territories exploration licenses. The letters of credit are secured by a total assignment of cash of \$925,060 (2008 – \$2,267,175). The Company is contingently liable under the letters of credit for \$925,060 (2008 - \$2,267,175). The deposits will be refunded by \$1 for every \$4 spent on qualified expenditures on each exploration license. At September 30, 2009 the Company has met a certain portion of its work commitments on the exploration licenses which entitle it to a refund of qualified expenditures upon approval by the National Energy Board and Department of Indian Affairs.
- b) 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 is as follows:

2009	\$ 13,250
2010	\$ 53,000
2011	\$ 53,000

International Frontier Resources Corporation

Notes to the Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2009 and 2008

(Unaudited)

- c) The Company has established a Royalty Incentive Agreement for officers who are also Directors and consultants. Under the plan, the compensation committee issues units and pays royalties on an annual basis to employees, consultants and directors. The units entitle the holder to receive an annual payment based on 2% of the Company's annual gross oil and gas production revenue, net of transportation and processing fees from licenses and lands owned by the Company. Under the terms of the agreement, once the Company has recovered payout of 100% of its cumulative annual capital expenditures from licenses and lands owned by the Company, the payment to employees, consultants and directors is based on 4% of the Company's annual production revenue less transportation and processing fees. At September 30, 2009, payout of 100% of cumulative annual capital expenditures had not been reached. At September 30, 2009, the Company recorded costs of \$10,510 with respect to this plan.

11. Segmented information

The Company's activities are conducted in two geographic segments: Canada and the United Kingdom. All activities relate to exploration for and development of petroleum and natural gas.

a) Earnings (Loss)

Canada

	Three Months ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Oil	\$ 208,960	\$ 331,330	\$ 542,470	\$ 1,026,850
Less: royalties	<u>(46,680)</u>	<u>(75,840)</u>	<u>(120,120)</u>	<u>(200,785)</u>
	162,280	255,490	422,350	826,065
Interest	12,050	79,070	46,570	383,210
Foreign exchange gain	<u>-</u>	<u>11,940</u>	<u>-</u>	<u>20,915</u>
	<u>174,330</u>	<u>346,500</u>	<u>468,920</u>	<u>1,230,190</u>
Expenses				
Field operating costs	48,090	76,380	232,815	287,065
Depletion, depreciation and impairments	3,430,305	58,020	6,688,335	1,689,560
Accretion	12,365	3,800	36,290	12,875
Foreign exchange loss	1,685	-	1,685	-
General and administration	90,220	106,320	396,790	440,160
Stock based compensation	<u>-</u>	<u>-</u>	<u>320,800</u>	<u>-</u>
	<u>3,582,665</u>	<u>244,520</u>	<u>7,676,715</u>	<u>2,534,820</u>
Earnings (loss) before income taxes	\$ (3,408,335)	\$ 101,980	\$ (7,207,795)	\$ (1,304,630)
Future income tax recovery	<u>(1,726,140)</u>	<u>-</u>	<u>(1,726,140)</u>	<u>-</u>
Net earnings (loss)	\$ (1,682,195)	\$ 101,980	\$ (5,481,655)	\$ (1,304,630)

International Frontier Resources Corporation

Notes to the Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2009 and 2008
(Unaudited)

11. Segmented information (continued)

United Kingdom

	Three Months ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2007
Oil	\$ -	\$ -	\$ -	\$ -
Less: royalties	-	-	-	-
Interest	-	1,750	60,080	60,080
Foreign exchange gain	-	-	8,135	8,135
	-	1,750	68,215	68,215
Expenses				
Foreign exchange loss	219,050	14,010	187,400	-
General and administration	(20,825)	535	(14,135)	2,275
	198,255	14,545	173,265	2,275
Earnings (loss) before Income taxes	\$ (198,255)	\$ (12,795)	\$ (173,265)	\$ 65,940
Future income tax recovery	-	-	-	-
Net earnings (loss)	\$ (198,255)	\$ (12,795)	\$ (173,265)	\$ 65,940

b) Property and equipment

<u>September 30, 2009</u>	<u>Canada</u>	<u>U.K.</u>	<u>Total</u>
Capital expenditures			
Cash expenditures	\$ 598,005	\$ 5,339,070	\$ 5,937,075
Recovery of costs	(453,710)	(261,190)	(714,900)
	\$ 144,295	\$ 5,077,880	\$ 5,222,175
Property and equipment	\$ 14,306,525	\$ 10,368,855	\$ 24,675,380

<u>September 30, 2008</u>	<u>Canada</u>	<u>U.K.</u>	<u>Total</u>
Capital expenditures during the period	\$ 9,379,650	\$ 4,777,730	\$ 14,157,380
Property and equipment, net book value	\$ 23,084,055	\$ 6,891,275	\$ 29,975,330

International Frontier Resources Corporation

Notes to the Consolidated Financial Statements

For the three and nine month periods ended September 30, 2009 and 2008
(Unaudited)

12. Financial Instruments

The Company is exposed to financial risk in a range of financial instruments including cash and cash equivalents, trade accounts receivable, and trade accounts payable. The Company manages its exposure to financial risks by operating in a manner that minimizes its exposure to the extent practical. The main financial risks affecting the Company are discussed below:

a) Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. A portion of the Company's financial assets at the balance sheet date arise from crude oil sales. Industry standard dictates that commodity sales are settled on the 25th day of the month following the month of production.

At September 30, 2009, substantially all of the accounts receivable are with customers and joint venture partners in the oil and gas industry and are subject to normal industry credit risks. The Company markets its oil through one marketer the increased risk arising from exposure to one entity is mitigated by the fact that oil production is not a significant part of the Company's business at this time as the Company is engaged primarily in the exploration for and development of petroleum and natural gas reserves.

The maximum exposure to loss arising from accounts receivable at any given time is equal to their total carrying amounts on the balance sheet. During the period ended September 30, 2009, there were no amounts deemed as uncollectible and as such no amounts have been written off at September 30, 2009.

The following table presents the aging the Company's accounts receivable at September 30, 2009:

Total receivables:	0 to 30 days	31 to 60 days	61 to 90 days	Greater than 90 days
\$ 120,490	\$ 59,265	\$ -	\$ -	\$ 61,225

The maximum exposure to credit risk is represented by the carrying amount on the balance sheet of all the financial assets. There are no material financial assets that are past due. During the period ended September 30, 2009, there was no allowance for doubtful accounts recorded as all amounts outstanding at September 30, 2009 are deemed collectible.

b) Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and foreign currencies will affect the Company's operating and financial results. The Company is exposed to foreign currency risk as the Company holds some cash and cash equivalents on hand that are denominated in British pounds and is exposed to foreign currency fluctuations on its operations in the United Kingdom as these are denominated in British pounds. The Company's management monitors the exchange rate fluctuations on

International Frontier Resources Corporation

Notes to the Consolidated Financial Statements

For the three and nine month periods ended September 30, 2009 and 2008
(Unaudited)

12. Financial Instruments (continued)

a regular basis. The Company does not use currency derivative instruments to manage the Company's exposure to foreign currency fluctuations.

At September 30, 2009, the carrying amount of the Company's U.K. pound denominated net monetary assets was approximately C\$12,250. Assuming all other variables remain constant, a fluctuation of one cent in the exchange rate of the Canadian dollar to the British pound would not result in a material change in income.

c) Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate cash flow risk to the extent the changes in market interest rates will impact the Company's interest rate price risk with respect to funds invested in short term marketable securities. As a September 30, 2009, the Company did not have any financial assets based on variable interest rates and as such the Company has no specific interest rate risk at year end. The Company does not use interest rate hedges or fixed interest rate contracts to manage the Company's exposure to interest rate fluctuations.

d) Liquidity Risk

Liquidity risk includes the risk that:

- The Company will not have sufficient funds to settle a transaction on the due date;
- The Company will be forced to sell financial assets at a value which is less than what they are worth; or
- The Company may be unable to settle or recover a financial asset at all.

The Company's operating cash requirements including, amounts projected to complete budgeted capital expenditures are continuously monitored and adjusted as input variables change. These variables include, but are not limited to, opening cash and cash equivalents balance, available bank lines, oil and natural gas production from existing wells, results from new wells drilled, commodity prices, cost overruns on capital projects and changes to government regulations relating to prices, taxes, royalties, land tenure, allowable production and access to equity markets. As these variables change, liquidity risks may necessitate the need for the Company to conduct equity issues, obtain project debt financing, obtain joint venture partners or sell assets.

At September 30, 2009 the Company had cash and cash equivalents of \$4,062,165 (December 31, 2008 - \$9,605,300), and working capital was \$4,279,660 (December 31, 2008- \$9,888,615).