International Frontier Resources Corporation

Management Discussion and Analysis

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For the three months ended March 31, 2019

International Frontier Resources Corporation (the "Company") is an independent Canadian publicly traded company, the principle business of which is to acquire, develop, exploit and produce oil and natural gas in Mexico, the Central Mackenzie Valley ("CMV"), Northwest Territories, Canada, and in north-west Montana in the United States.

The following is management's discussion and analysis ("MD&A") of IFR's operating and financial results for the period ended March 31, 2019, as well as information concerning the Corporation's future outlook based on currently available information. The MD&A has been prepared by management as at May 24, 2019 in accordance with International Financial Reporting Standards, in Canadian dollars and should be read in conjunction with the interim unaudited consolidated financial statements as at March 31, 2019 together with the accompanying notes. This MD&A contains forward-looking statements. See *"Forward Looking Statements".*

The interim unaudited financial statements include the accounts of the Company and its 99.80% owned Mexican subsidiary, Petro Frontera S.A.P.I de CV ("Frontera"), which is accounted for using the consolidation method. All inter-company transactions and balances are eliminated upon consolidation. The consolidated financial statements also include Frontera's 50% investments in Tonalli Energia S.A.P.I. de CV ("Tonalli"), and Energia Mexcan ("Mexcan"), Mexican companies which are accounted for using the equity method.

The quarterly financial statements have not been reviewed or audited on behalf of the shareholders by the Corporation's independent external auditors. All financial measures presented in this MD&A Report are expressed in Canadian dollars unless otherwise indicate. References herein to "boe" mean barrels of oil equivalent derived by converting gas to oil in the ratio of six thousand cubic feet (Mcf) of gas to one barrel (bbl) of oil. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Summary of First Quarter Results

Selected financial information:

For the three months ended	**March 31, 2019**	**December 31, 2018**	**March 31, 2018**
Statement of operations			
Interest Income	$ 55,530	$ 43,370	$ 2,590
Net loss and comprehensive loss			
Net loss and comprehensive loss	$ (588,960)	$ (6,324,000)	$ (809,265)
Loss per share			
Net loss from continuing operations per share	$ (0.00)	$ (0.04)	$ (0.01)
Cash flow			
Net cash provided (used in)			
Operating activities	$ 101,825	$ 433,265	$ (571,425)
Investing activities	$ (332,840)	$ (1,654,715)	$ (2,317,515)
Financing activities	$ -	$ 105,000	$ 53,650
	March 31, 2019	**December 31, 2018**	
Balance sheet - Assets			
Investment in asssociates	$ 114,440	$ 358,840	
Total assets	$ 6,088,220	$ 6,647,250	
Working capital	$ 5,189,300	$ 5,483,330	

Discussion of Operations

Exploration and evaluation assets

Impairments

Three months ended	March 31, 2019	Dec. 31, 2018	March 31, 2018
Northwest Territories	$ -	$ 5,569,785	$ -
	$ -	$ 5,569,785	$ -

- The impairment at December 31, 2018 represents costs associated with the Company's significant discovery licenses in the NWT assets as there has been no activity in the area and the Company does not have any current plans for future development.

Interest income

- In Q1 2019 the Company earned interest income of $1,500 from short-term investments (Q4, 2018 - $715, Q1, 2018 - $2,590). the decrease was due to a decrease in amounts being invested at March 31, 2019.
- Also included in interest income in Q1, 2019 is $54,030 (Q4, 2018 - $111,540, Q1, 2018 - $Nil) of interest accrued in Petro Frontera, with respect to a shareholder loan to Tonalli.

General and administrative expenses

Three months ended:	31-Mar-19	31-Dec-18	31-Mar-18
Professional fees	$ 6,700	$ 92,760	$ 6,740
Consulting fees and salaries	81,440	68,440	199,865
Rent and corporate costs	43,760	60,185	58,685
Filing and transfer fees	1,365	18,470	13,260
Corporate travel	11,060	15,300	7,400
Business development	-	8,000	42,835
Investor relations	36,245	32,750	62,800
	$ 180,570	$ 295,905	$ 391,585

- Total general and administration expenses in the three months ended March 31, 2019 were $180,570 a 37.45% decrease as compared to the previous quarter.
- In Q4, 2018 General and administration costs included year-end audit fees of approximately $72,500.

Net loss

- For the three months ended March 31, 2019 the Company recorded a net loss of $588,960 ($0.00 loss per share) as compared to $6,324,000 ($0.04 loss per share) for Q4, 2018 (Net loss for Q1, 2018 - $809,265 or $0.01 loss per share)
- The decreased loss in Q1, 2019 as compared with Q4, 2018 is the result of an accrual for year-end audit fees of $72,500 and non-cash impairments to oil and gas properties of $5,569,785 at December 31, 2018.

Share based compensation

- In Q1, 2019 the Company recorded a compensation expense of $50,315 with respect to options granted in 2017. The fair value of options granted was estimated on the date of grant using the Black-Scholes option-pricing model.
- There were no options granted in Q1, 2019.

Investing activities

Investment in Tonalli Energia S.AP.I. de C.V.

On September 21, 2015, a Mexican Company, Tonalli Energia S.A.P.I de C.V. Tonalli was set up to participate in Mexico's Energy Reform. The shareholders of Tonalli are Frontera (50%) and Grupo Idesa (50%).

In 2018 Petro Frontera acquired a 50% interest in Energia Mex Can in association with its investment in Tonalli. The investments are accounted for using the equity method.

The Company's investments in Tonalli and Energia Mex Can is as follows:

As at March 31, 2019	**Tonalli**	**Mexcan**	**Total**
Balance, beginning of period	$ 328,395	$ 30,445	**$ 358,840**
Share of income (loss) for the period	(248,550)	4,150	**(244,400)**
Balance, end of period	$ 79,845	$ 34,595	**$ 114,440**
As at December 31, 2018	**Tonalli**	**Mexcan**	**Total**
Balance, beginning of year	$ 1,293,930	$ -	**$ 1,293,930**
Contributions	-	27,215	**27,215**
Share of income (loss) for the year	(965,535)	3,230	**(962,305)**
Balance, end of year	$ 328,395	$ 30,445	**$ 358,840**

At March 31, 2019, Frontera has loaned $4,800,660 CAD equivalent to Tonalli in the form of a shareholder loan pursuant to a shareholder loan agreement. Per the terms of a shareholder loan agreement, the loan has a maturity date of December 31, 2019 and accrues interest at Libor plus 2.75%.

Interest accrued at March 31, 2019 was $192,065 (December 31, 2018 - $129,385) and has been included in accounts receivable at March 31, 2019.

Tonalli Share Option Agreement

On September 26, 2018 the Company entered into a share option agreement (the "Option Agreement') with its joint venture partner, Grupo IDESA S.A. de C.V. (IDESA) pursuant to which the Company's wholly-owned Mexican subsidiary Frontera was granted the option (the "Option") to purchase all of the outstanding shares in Tonalli held by IDESA. Currently, Frontera holds 50% of the outstanding shares of Tonalli with IDESA holding the remaining 50%.

Under the terms of the Option Agreement, Frontera has the right to acquire the outstanding shares of Tonalli held by IDESA prior to the expiry date of September 25, 2020 upon payment of the exercise price in the amount of 70,000,000 common shares of the Company less the number of the Company's shares issued to IDESA prior to the exercise as part of the future private placement as set out in the Option Agreement. Pursuant to the Option Agreement, IDESA has agreed to subscribe for the Company's shares in the aggregate amount of a minimum of CDN$1,000,000 as part of a future private placement of the Company's shares to be completed by Company before March 25, 2019. Subsequent to the perioded ended March 31, 2019 it was agreed that the Option Agreement would be amended to extend the date of the subscription of shares and on April 22, 2019 IDESA participated in a private placement and was issued 10,714,500 shares for proceeds of CDN $1,017,880.

The exercise of the Option is subject to certain customary closing conditions, as well as the approval of the TSX Venture Exchange and the National Hydrocarbons Commission of Mexico. The fair value of the Option is determined to be $45,000 at March 31, 2019. The Option is classified as a Level 3 financial instrument in the fair value hierarchy and is measured based on the adjusted net asset value of Tonalli with reference to a reserve report on Tonalli's oil and gas properties, the trading price of the Company's share at the valuation date and expected volatility.

Tonalli Operations

Tecolutla Contract

A summary of the License terms for the Tecolutla block is as follows;

- **Effective Date**: August 2016
- **Term:** 25 years plus two possible extensions of five years each
- **National Content Rule:** 22% escalating to 38%
- **Appraisal Period:** one to two years to Perform a Minimum Work Program of one well and one work over at an estimated cost of US$1.8 million
- **Performance Guarantee:** 50% of assigned value of 4600 Work Units ($1.8 MM US)
- **Royalties:**
  - Base Oil Royalties (7.5% @ $48 US linear to 14% @ 100$ US Brent)
  - Additional Bid Royalty of 31.22% of the contract value of hydrocarbons produced
  - A royalty to the surface landowner in an amount of 1% of the contract value subject to negotiation after the signing of the Licence (being directed by the Mexican energy regulator, the National Hydrocarbons Commission (“CNH”))

The Tecolutla Block is a 7.2 km2 block in the Tampico-Misantla Basin located within the state of Veracruz. The producing carbonate oil reservoir in the Tecolutla Block is the El Abra formation at a depth of 2,340 meters. 3D seismic has been acquired over the entire Tecolutla Block and 7 wells were drilled into the Tecolulta block. Peak production of over 900 bbl/d occurred from the Tecolutla Block in 1972 from 4 wells, with 1 producing well remaining as of December 2014.

Evaluation Plan

- In December 2018 Tonalli completed drilling of the TEC-11 well and satisfied the requirements to earn the work units under the modification of its evaluation plan.

- In November 2018, Tonalli received accreditation for 4,000 work units with respect to the TEC -10 drill and is working on completing the work and applying for accreditation of its remaining 600 work units.

- On July 6, 2018 Tonalli received approval from Mexico’s National Hydrocarbons Commission (“CNH”) to extend its Tecolutla evaluation plan and final approval for the modification of the work program was received on October 18, 2018.

- On September 23, 2017, the Mexican energy regulator, the CNH, approved Tonalli’s evaluation plan for the Tecolutla Block. The evaluation plan outlines in detail the scheduled work program to develop the Tecolutla Block.

Operations

	CAD	CAD
Three months ended:	**March 31, 2019**	**December 31, 2018**
Total Production (BBL/Day	89	148
Oil sales	541,935	1,072,500
Royalties	(220,475)	(440,550)
Production and operating expenses	(248,205)	(264,130)
Total operating netback (1)	**73,255**	**367,820**
Oil Sales ($/BBL)	$ 67.51	$ 79.51
Royalties ($/BBL)	$ (27.47)	$ (32.66)
Field operating costs ($/BBL)	$ (30.92)	$ (19.58)
Total operating netback (1)	**$ 9.13**	**$ 27.27**
Total production (bbl)	8,027	13,489

(1) See Non GAAP measures

Sales Volumes/Price

- Price is calculated using the agreed upon formula per the Company's executed Commercialization Contract with PEMEX.

Royalties

- Total royalties are made up of the base royalty calculated using the formula as prescribed in the Tecolutla Contract and the additional bid or contract royalty of 31.22%.

Commitments

- Effective December 1, 2016 the Company is party to an agreement to lease its new premises until June 29, 2019. The annual rent of the premises will consist of minimum rent plus occupancy costs. Minimum rent plus occupancy costs to the end of the lease is $12,500.

- On August 25, 2016, Tonalli met all of the terms and conditions and signed a license contract with the Mexico Comision Nacional de Hidrocarburos (CNH) for the Onshore Oil and Gas Development Block 24, Tecolutla, granting Tonalli the right to develop and produce hydrocarbons. As required by the CNH, Tonalli secured from a Mexican institution a US$1,764,100 performance bond toward the guarantee of performance of the minimum work programs for a total of 4,600 work units.

  In conjunction with the above, in 2017, the Company announced the closing of an Account Performance Security Guarantee (APSG) facility of US$882,050 with Export Development Canada ("EDC"). The facility is provided as 50% of a performance bond issued by Tonalli.

  At March 31, 2019, Tonalli had completed the majority of the work required for its workover of the TEC-2 well and the full requirements for the drilling of the TEC-10 well in order to satisfy the minimum work requirement as required by the License Contract. Tonalli has received accreditation for 4,000 work units with respect to the TEC-10 drill and is working on completing the work and applying for accreditation of its remaining 600 work units. The performance bond was returned in January 2019 upon fulfilment and approval of the required work program.

On July 6, 2018, Tonalli received approval from CNH to extend its Tecolutla evaluation plan. Subject to final approval for the modification of the work program, Tonalli intends to drill a horizontal well as part of this extension. As a result, Tonalli posted an additional performance bond relative to the new work program in the amount of US$1,649,050.

At March 31, 2019, Tonalli had completed the the full requirements for the drilling of the TEC-11 well in order to satisfy the minimum work requirement as required by the extension of the evaluation plan. Tonalli is in the process of applying for accreditation of the total work units under the new work program

Outstanding shares, options and warrants

The Company's share capital structure is as follows:

As of:	March 31, 2019	May 24, 2019
Common shares outstanding	152,072,385	173,851,385
Options outstanding	10,900,000	10,900,000
Fully diluted	162,972,385	184,751,385

Summary of Quarterly Results

The following table summarized the Corporation's financial and operating highlights for the past eight quarters:

Quarter ended:	June 30, 2017	September 30, 2017	December 31 2017	March 31, 2018
Statement of operations				
Net loss and comprehensive loss	$ 73,815	$ (334,270)	$ (2,343,415)	$ (809,265)
Net loss per share				
Basic and diluted	$ 0.00	$ (0.003)	$ (0.030)	$ (0.01)
Balance Sheet				
Total assets	$ 13,284,045	$ 12,803,075	$ 13,211,590	$ 12,669,115
Working capital	$ 5,288,040	$ 4,266,230	$ 5,683,860	$ 3,012,915
Restricted cash on deposit	$ 300,000	$ 300,000	$ 300,000	$ 300,000
Funds flow from operations (1)	$ (296,225)	$ (671,235)	$ (165,350)	$ (571,425)

Quarter ended:	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019
Statement of operations				
Net loss and comprehensive loss	$ (1,087,435)	$ (640,750)	$ (6,324,000)	$ (588,960)
Net loss per share				
Basic and diluted	$ (0.01)	$ (0.00)	$ (0.04)	$ (0.00)
Balance Sheet				
Total assets	$ 12,757,470	$ 12,222,395	$ 6,647,250	$ 6,088,220
Working capital	$ 5,805,695	$ 2,348,540	$ 5,483,330	$ 5,189,300
Restricted cash on deposit	$ 300,000	$ 300,000	$ 300,000	$ -
Funds flow from operations (1)	$ (1,032,515)	$ (521,990)	$ 433,265	$ (47,895)

Non Gaap measures

This MD&A contains the term “funds flow from operations”, which is commonly used in the oil and natural gas industry. This term is not defined by IFRS and therefore may not be comparable to similar measures presented by other companies. There are measures commonly used in the oil and gas industry and by the Corporation to provide shareholders and potential investors with additional information regarding the Corporation’s liquidity and its ability to generate funds to finance its operations. These terms should not be considered an alternative to, or more meaningful than, cash provided by operating activities or net earnings as determined in accordance with IFRS as indicators of the Corporation’s performance. The Corporation considers funds from operations to be a key measure of operating performance as it demonstrates the Corporation’s ability to generate the necessary funds to fund sustaining capital and future growth through capital investment. Management believes that such a measure provides an insightful assessment of the Corporation’s operations on a continuing basis by eliminating certain non-cash charges and charges that are nonrecurring. Funds from operations is not a standardized measure and therefore may not be comparable with the calculation of similar measures for other entities.

Liquidity, capital resources and financing activities

Three months ended:	**31-Mar-19**	**31-Dec-18**	**31-Mar-18**
Opening cash position	$ 425,030	$ 1,541,480	$ 5,640,735
Inflow of funds			
Adjusted funds flow	(47,895)	433,265	(571,425)
Proceeds from warrant exercises	-	-	18,000
Proceeds from stock option exercises	-	105,000	35,650
	(47,895)	538,265	(517,775)
Outflow of funds			
Sharholder loan	(332,840)	(1,654,715)	(2,317,515)
	(332,840)	(1,654,715)	(2,317,515)
Closing cash position	$ 44,295	$ 425,030	$ 2,805,445

At March 31, 2019 cash and cash equivalents were $44,295 (December 31, 2018 $425,030), and working capital was $5,189,300 (December 31, 2018 - $5,483,330),

Working capital at March 31, 2019 includes $4,800,660 in shareholder loan receivable due to its Mexican subsidiary Petro Frontera with respect to its investment in Tonalli Energia.

Planned Capital Program

In 2019 Tonalli plans to bring its TEC-11 well onstream with production expected in Q2 2019.

The Company’s working capital position at March 31, 2019 along with funds to be raised from the Company’s private placement announced April 2019 is sufficient to fund any additional funds required by Tonalli for 2019.

Future Capital Requirements

The Company regularly forecasts its capital needs on an annual, quarterly and monthly basis. The Company’s current internally generated cash flows provide sufficient capital for the Company’s current exploration plans. Historically, the Company has relied on proceeds from the sale of its common shares to fund its operations. In order to accelerate the Company’s current exploration programs, the Company may require additional capital. The timing, pace, scope and amount of the Company’s capital expenditures is largely dependent on the operator’s capital expenditure program(s) and the availability of capital to the Company.

The majority of the properties in which the Company currently has an interest are in the exploration stage and do not generate any significant revenue at this time. The Company therefore is dependent upon partnerships with industry and external financing to fund the majority of its future exploration programs. 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.

In the management of capital, the Company includes cash and cash equivalents, accounts receivable, shareholder loan receivable and restricted cash less accounts payable and accrued liabilities 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 March 31, 2019, the Company's capital as defined above was approximately $5,145,965 (December 31, 2018 – $5,446,610).

Subsequent to the period ended March 31, 2019 the Company had received gross proceeds of $2,069,005 (net $2,003,957) in conjunction with its private placement announced in April 2019.

Related Party Transactions

The amounts paid to officers and directors during for the periods ended March 31, 2019 and 2018 are provided below, these costs are included in general and administrative expenses.

March 31,	2019	2018
Executive compensation	$ 152,000	$ 152,500
Stock based compensation	39,905	119,715
Director's fees	-	12,000
	$ 191,905	$ 283,715

Financial Instruments

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

a) Fair value of financial assets and liabilities: The Company's financial instruments as at March 31, 2019 and 2018 include cash and cash equivalents, accounts receivable, shareholder loan, restricted cash on deposit and accounts payable and accrued liabilities. The fair values of accounts receivable, shareholder loan, restricted cash on deposit and accounts payable and accrued liabilities approximate their carrying amounts due to their short terms to maturity. Cash and cash equivalents and the restricted cash on deposit balances are equal to their fair values.

b) 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. Management does not believe that there is significant credit risk arising from any of the Company's customers or partners as all amounts outstanding at March 31, 2019 are due from related parties and are expected to be collected in 2019. The maximum exposure to loss arising from accounts receivable at any given time is equal to their total carrying amounts on the balance sheet.

The following table presents the aging of the Company's accounts receivable at March 31, 2019:

Total accounts receivable	0 to 30 days	31 to 60 days	61 to 90 days	Greater than 90 days
$ 1,036,765	$ 113,895	$ 53,860	$ 50,905	$ 818,105

c) **Interest rate risk:** 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. The Company does not use interest rate hedges or fixed interest rate contracts to manage the Company's exposure to interest rate fluctuations. A 1% increase or decrease in interest rates would have had no material impact on the cash flow of the Company during the period ended March 31, 2019.

d) **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 has financial instruments denominated in US dollars and Mexican pesos. The Company's management monitors the exchange rate fluctuations on a regular basis. The Company does not use currency derivative instruments to manage the Company's exposure to foreign currency fluctuations.

e) **Foreign currency risk:** Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum are impacted by the relationship between the Canadian Dollar and Mexican Peso, the Canadian Dollar and United States Dollar, global economic events and Mexican government policies.

The operations of Tonalli are affected by changes in commodity prices, which in turn, will affect the Company's investment in associates.

f) **Liquidity risk:** Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to ensure that it has sufficient resources available to meet its liabilities when due. At March 31, 2019. the Company's payables and accruals were $756,140 most of which are due for payment within normal terms of trade, which is generally between 30 and 60 days. The Company regularly reviews its accounts payable balances and follows up on amounts past due. The Company's financial liabilities are summarized below:

Total accounts payable and accrued liabilities	0 to 30 days	31 to 60 days	61 to 90 days	Greater than 90 days
$ 735,755	$ 148,110	$ 114,410	$ 103,485	$ 369,750

Accounting Policies and Estimates

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

New Accounting Policies

Change in accounting policies

On January 1, 2019, the Company adopted the following pronouncements and amendments as issued by the IASB. The adoption of these standards did not have a material impact on the Company's financial statements.

i) IFRS 16 Leases

Effective January 1, 2019, the Company adopted IFRS 16, "Leases", which replaced IAS 17, "Leases. The Company applied the new standard retrospectively and, in accordance with the transitional provisions, comparative figures have not been restated. The adoption of IFRS 16 did not have a material impact on the Company's financial statements.

Critical Accounting Estimates

Management is required to make judgments, assumptions and estimates in the application of International Financial Reporting Standards that have a significant impact on the financial results of the Corporation. 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. Decommissioning liabilities 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 decommissioning liabilities included in property and equipment.

Operational and other business risks

Current Economic Conditions

The volatility in the price of oil and natural gas has created a substantially more volatile business environment. These conditions may limit certain of the Corporation's business activities and it will continue to provide risk for International Frontier's exploration projects.

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 in Mexico 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.

Contingent Resources

The resources assigned to the Corporation's properties have been classified as contingent. The Canadian Oil and Gas Evaluation Handbook Volume 1 defines contingent resources as quantities of oil and gas estimated to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are further classified in accordance with the level of certainty associated with the estimates and may be sub classified based on project maturity and/or characterized by their economic status.

- Low Estimate: This is considered to be a conservative estimate of the quantity that will actually be recovered from the accumulations. If probabilistic methods are used this term reflects a P90 confidence level.
- Best Estimate: This is considered to be the best estimate of the quantity that will actually be recovered from the accumulation. If probabilistic methods are used this term is a measure of the central tendency of the uncertainty distribution (most likely/mode, P50/median, or arithmetic average/mean).
- High Estimate: This is considered to be an optimistic estimate of the quantity that will actually be recovered from the accumulation. If probabilistic methods are used, this term reflects a P10 confidence level.

There is no certainty that a gas pipeline will be constructed to tie-in the Corporation's contingent resources, nor is there certainty that it will be commercially viable to produce any portion of the contingent resources identified in the McDaniel & Associates contingent resource report on the Corporation's Northwest Territories properties dated December 31, 2013.

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 on the operations, proved reserves, and financial conditions of International Frontier and could result in a reduction of the net production revenue of the Corporation causing a reduction in its oil and gas acquisition and development activities. In addition, bank borrowings that might be made available to the Corporation 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.

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 facilities, 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 effect 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 Corporation 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 Corporation.

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 effect 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 and Montana state laws and regulations. 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 effect on International Frontier.

Forward Looking Statements

Certain statements contained in this MD&A, constitute forward-looking statements. The use of any of the words “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe”, “strategy” and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements are based on reasonable assumptions, but no assurance can be given that these expectations will prove to be correct and the forward-looking statements included in this MD&A should not be unduly relied upon. These statements are made only as of the date of this MD&A.

In particular, this MD&A may contain forward-looking statements including, but not limited to, the following:

- oil and natural gas production rates;
- commodity prices for crude oil or natural gas;
- supply and demand for oil and natural gas;
- capital expenditure programs;
- future exploration, development and production costs;
- timing of drilling plans;
- plans for and results of exploration and development activities;
- expectations regarding the Corporation's ability to raise capital and to continually add to oil and natural gas reserves through acquisitions, exploration and development; and
- treatment under governmental regulatory regimes and tax laws.
- Third party resource estimates.

With respect to forward-looking statements contained in this MD&A and other documents of public record, the Corporation has made assumptions regarding, among other things:

- future oil and natural gas production levels from IFR's properties and the prices obtained from the sales of such production;
- the level of future capital expenditure required to exploit and develop reserves; and
- the Corporation's ability to obtain financing on acceptable terms, as required.

The Corporation's actual results could differ materially from those anticipated in these forward-looking statements and information as a result of assumptions proving inaccurate and of both known and unknown risks as set forth below:

- general economic, political, market and business conditions;
- risks inherent in oil and natural gas operations;
- uncertainties associated with estimating oil and natural gas reserves;
- competition for, capital, acquisitions of reserves, undeveloped lands, drilling equipment and skilled personnel;
- geological, technical, drilling and processing problems;
- incorrect assessments of the value of acquisitions;
- the availability of capital on acceptable terms;
- volatility in market prices for oil and natural gas;
- actions by governmental authorities, including regulatory, environmental and taxation policies; and
- fluctuations in foreign exchange or interest rates and stock market volatility
- ability to raise project finance capital from chartered banks

This forward-looking information represents the Corporation's views as of the date of this MD&A and such information should not be relied upon as representing its views as of any subsequent date. IFR has attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. There may be other factors, however, that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities legislation.

Additional information regarding the Corporation and factors that could affect its operations and financial results are included in reports on file with Canadian securities regulatory authorities, including the Corporation's Annual Information Form, and may be accessed through the SEDAR website (www.sedar.com). Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A and the Corporation does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. The Corporation's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

Other information

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