



International Frontier Resources Corporation

Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars)

For the three and nine months ended September 30, 2024

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International Frontier Resources Corporation
Condensed Consolidated Interim Financial Statements
For the three and nine month periods ended September 30, 2024 and 2023
(Unaudited)

National Instrument 51-102 Notice

The condensed consolidated interim financial statements of International Frontier Resources Corporation (“the Company”) For the three and nine month periods ended September 30, 2024 and 2023 have been compiled by management.

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

International Frontier Resources Corporation
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)

As at	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Assets		
Current		
Cash (Notes 9, 15)	\$ 331,180	\$ 17,130
Accounts receivable (Notes 9, 17)	38,455	45,500
Prepays expenses (Note 5)	12,455	35,030
	\$ 382,090	\$ 97,660
Liabilities		
Current		
Accounts payable and accrued liabilities (Notes 9,10)	\$ 142,190	\$ 652,950
Due to related parties (Notes 9, 13)	1,276,715	17,420
Finance payable (Notes 6, 9)	-	22,235
	1,418,905	692,605
Long-term debt (Note 7)	55,060	53,410
	1,473,965	746,015
Shareholders' Deficit		
Share capital (Note 8a)	59,589,795	58,671,850
Contributed surplus (Note 8b)	12,873,820	12,789,650
Deficit	(73,555,490)	(72,109,855)
	(1,091,875)	(648,355)
	\$ 382,090	\$ 97,660

Going concern (Note 2)
Subsequent events (Note 18)

On behalf of the Board of Directors

(Signed) "Steve Hanson" Director **(Signed) "Anthony Kinnon"** Director

See accompanying notes to the condensed consolidated interim financial statements.

International Frontier Resources Corporation
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

Unaudited

(Expressed in Canadian Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Expenses				
General and administration (Note 16)	\$ 45,020	\$ 88,795	\$ 145,765	\$ 355,430
Share based compensation (Note 8d)	29,715	-	59,080	-
Loss on equity investment in Tonalli (Note 13)	324,920	564,590	1,273,970	564,590
	399,655	653,385	1,478,815	920,020
Other income				
Gain on expiration of Letter of Intent (Note 13)	-	(472,780)	-	(472,780)
Gain on settlement of accounts payable (Note 10)	-	-	(22,510)	-
	-	(472,780)	(22,510)	(472,780)
Finance expenses				
Interest on finance payable debt (Note 6)	(160)	-	(1,165)	-
Accretion on long-term debt (Note 7)	(550)	(830)	(1,650)	(2,490)
Interest on long-term debt (Note 7)	(755)	-	(2,020)	-
Foreign exchange gain (loss)	18,035	(945)	15,505	(50,320)
	16,570	(1,775)	10,670	(52,810)
Net Loss and Comprehensive Loss	\$ (383,085)	\$ (182,380)	\$ (1,445,635)	\$ (500,050)
Basic and diluted (Note 11)	\$ (0.01)	\$ (0.01)	\$ (0.05)	\$ (0.03)

See accompanying notes to the condensed consolidated interim financial statements.

International Frontier Resources Corporation
Condensed Consolidated Interim Statements of Changes in
Shareholders' Deficit

Unaudited

(Expressed in Canadian Dollars)

	September 30, 2024		September 30, 2023	
	Number	Amount	Number	Amount
Common shares				
Balance, beginning of period	14,955,397	\$ 58,671,850	14,955,397	\$ 58,671,850
Shares issued for cash (Note 8(a)(i))	16,330,000	816,500	-	-
Shares issued for debt (Note 8(a)(ii))	6,800,000	340,000	-	-
Value of warrants (Note 8(c)(i))		(25,090)	-	-
Share issue costs (Note 8(a)(i))		(213,465)	-	-
Balance, end of period	38,085,397	\$ 59,589,795	14,955,397	\$ 58,671,850
Contributed surplus				
Balance, beginning of period		\$ 12,789,650		\$ 12,789,650
Share based compensation (Note 8(d))		59,080	-	-
Value of warrants (Note 8(c)(i))		25,090	-	-
Balance, end of period (Note 8(b))		\$ 12,873,820		\$ 12,789,650
Deficit				
Balance beginning of period		\$ (72,109,855)		\$ (72,303,195)
Net loss		(1,445,635)		(500,050)
Balance, end of period		\$ (73,555,490)		\$ (72,803,245)
Total shareholders' deficit		\$ (1,091,875)		\$ (1,341,745)

See accompanying notes to the condensed consolidated interim financial statements.

International Frontier Resources Corporation
Condensed Consolidated Interim Statements of Cash Flows
Unaudited
(Expressed in Canadian Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating				
Net loss	\$ (383,085)	\$ (182,380)	\$ (1,445,635)	\$ (500,050)
Non-cash items:				
Accretion of long-term debt (Note 7)	550	830	1,650	2,490
Share based compensation (Note 8b)	29,715	-	59,080	-
Loss on equity investment (Note 13)	324,920	564,590	1,273,970	564,590
Gain on expiration of Letter of Intent (Note 13)	-	(472,780)	-	(472,780)
Unrealized foreign exchange (gain) loss	(16,530)	1,515	(13,760)	45,695
Change in non-cash working capital	(4,130)	71,030	(141,055)	38,715
Cash flow used in operations	(48,560)	(17,195)	(265,750)	(321,340)
Investing				
Deposit on option agreement (Note 13)	-	115,120	-	472,780
Equity investment in associates (Note 13)	-	(118,840)	-	(118,840)
Change in non-cash investing capital	-	3,720	-	3,720
Cash flow from investing activities	-	-	-	357,660
Financing				
Finance payable (Note 6)	(7,640)	-	(22,235)	-
Units issued for cash (Note 8(a)(i))	-	-	816,500	-
Share issue costs (Note 8(a)(i))	-	-	(213,465)	-
Cash flow from (used in) financing activities	(7,640)	-	580,800	-
Foreign exchange loss on cash held in foreign currencies	(770)	600	(1,000)	(4,365)
Net change in cash	(56,970)	(16,595)	314,050	31,955
Cash, beginning of period	388,150	74,020	17,130	25,470
End of period	\$ 331,180	\$ 57,425	\$ 331,180	\$ 57,425

Supplemental cash flow information (Note 15)

See accompanying notes to the condensed consolidated interim financial statements.

International Frontier Resources Corporation

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited

(Expressed in Canadian Dollars)

For the three and nine month periods ended September 30, 2024 and 2023

1. Nature of operations

International Frontier Resources Corporation (“IFR” or 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 Company was incorporated under the Canada Business Corporations Act in Alberta, Canada in 1997. The Company is listed on the TSX Venture Exchange, having the symbol IFR-V. The Issuer’s head office is located in Calgary and its registered office is located at 10, 628 - 12 Avenue SW, Calgary, AB T2R 0H6.

The condensed consolidated interim 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 42.63% investments in Tonalli Energia S.A.P.I. de CV (“Tonalli”), a Mexican company which is accounted for using the equity method and its 99.80% interest in Energia Mex Can (“Mexcan”), a Mexican company which is accounted for using the consolidation method.

On November 27, 2023, the Company consolidated its common shares on the basis of one (1) new post-consolidation common share for every twenty (20) existing pre-consolidation common share (the “Consolidation”). The Consolidation reduces the number of outstanding common shares from 299,107,939 to approximately 14,955,397. Proportionate adjustments have been applied retrospectively to the Company’s outstanding stock options, restricted share units, and deferred share units.

2. Basis of preparation and statement of compliance

Statement of compliance

The condensed consolidated interim financial statements (the “financial statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). A summary of the Company’s significant accounting policies is presented in Note 3.

The financial statements have been prepared by management in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. These financial statements do not include all of the information required for the annual financial statements; however, they have been prepared in accordance with the accounting policies outlined and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2023, which have been prepared in accordance with IFRS as issued by the IASB on January 1, 2024.

These financial statements were approved and authorized for issue by the Board of Directors on November 27, 2024.

Basis of measurement

These financial statements have been prepared on a historical cost basis, unless otherwise required.

The Company’s financial statements include the accounts of the Company and its subsidiary and are expressed in Canadian dollars, unless otherwise stated.

International Frontier Resources Corporation

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited

(Expressed in Canadian Dollars)

For the three and nine month periods ended September 30, 2024 and 2023

2. Basis of preparation and statement of compliance (continued)

Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company had a net loss of \$1,445,635 and cash flows used in operations of \$265,750 for the nine-month period ended September 30, 2024 and a working capital deficit of \$1,036,815 as at September 30, 2024. The Company's only income generating activities are related to its investment in Tonalli which has been incurring losses and using cash in its operating activities since inception.

The Company's ability to continue as a going concern is dependent on its ability to raise capital in the near term. Capital is required to fund ongoing general and administrative costs, the working capital deficit and for further development and operations of the Company, including Tonalli. There is no guarantee that capital can be raised, and, if it can, whether the further development of Tonalli will result in successful operating results and cash flows. If the Company does not continue to raise capital in the near term, there is risk that the Company may be required to seek creditor protection or be forced to liquidate assets of the Company. These conditions indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern.

In April 2024, the Company completed financing for net proceeds of \$668,061 (see Note 8). The Company believes that the proceeds of the financing will be adequate to fund the Company's working capital requirements for at least twelve months from the date of approval of these financial statements and to allow the company sufficient funds to pursue additional opportunities for future investment.

Management believes that the going concern assumption is appropriate for these consolidated financial statements and that the Company will meet its operating and capital requirements. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. These adjustments could be material.

Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars which is the Company's reporting currency. The Company's subsidiaries transact in currencies that other than the Canadian dollar and have a functional currency of Mexican peso. The functional currency of a subsidiary is the currency of the primary economic environment in which the subsidiary operates. Transactions denominated in a currency other than the functional currency are translated at the prevailing rates on the date of the transaction. Any monetary items held in a currency which is not the functional currency of the subsidiary are translated to the functional currency at the prevailing rate as at the date of the statement of financial position. All exchange differences arising as a result of the translation to the functional currency of the subsidiary are recorded in net earnings.

Translation of all assets and liabilities from the respective functional currencies to the reporting currency are performed using the rates prevailing at the statement of financial position date. The differences arising upon translation from the functional currency to the reporting currency are recorded as currency translation adjustments in other comprehensive income (loss) and are held within accumulated other comprehensive income (loss) until a disposal or partial disposal of a subsidiary. A disposal or partial disposal with then give rise to realized foreign exchange gain or loss which is recorded in net earnings.

International Frontier Resources Corporation
Notes to the Condensed Consolidated Interim Financial Statements
Unaudited
(Expressed in Canadian Dollars)
For the three and nine month periods ended September 30, 2024 and 2023

2. Basis of preparation and statement of compliance (continued)

Material accounting judgements, estimates and assumptions

The timely preparation of the consolidated financial statements in accordance with IFRS requires that management make estimates and assumptions and use judgement regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty. Accordingly, actual results may differ from estimated amounts as future confirming events occur.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below.

Significant accounting estimates

a) Share-based payments

The Company uses the Black-Scholes option pricing model in determining share-based compensation expense, which requires a number of assumptions to be made, including the risk-free interest rate, expected life of options and warrants, forfeiture rate, and expected share price volatility. Consequently, the actual share-based compensation expense may vary from the amount estimated. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant.

b) Deferred taxes and liabilities

The measurement of a deferred tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful operations of the Company. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future tax provisions or recoveries could be affected.

c) Recoverable amount of cash-generating unit ("CGU")

The recoverable amount of a cash-generating unit ("CGU"), an equity accounted investment or an individual asset requires the use of estimates and assumptions, which are subject to change as new information becomes available. Current geopolitical events, including the invasion of Ukraine, inflation increases and volatility in commodity pricing have increased the risk of measurement uncertainty in determining the estimated recoverable amounts, especially estimating the economic proved and probable oil and gas reserves and the related cash flows, and estimating forecasted oil and gas commodity prices.

International Frontier Resources Corporation

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited

(Expressed in Canadian Dollars)

For the three and nine month periods ended September 30, 2024 and 2023

2. Basis of preparation and statement of compliance (continued)

Significant accounting judgements

a) Joint arrangements

The determination of the type of joint arrangement as either a joint operation or a joint venture is based on management's determination of whether it has joint control over another entity and considerations include assessment of contractual agreements for unanimous consent of the parties on decision making of relevant activities. Once classified as a joint arrangement, management assesses whether it is structured through a separate vehicle and whether the legal form and contractual arrangements give the entity the direct right to the assets and obligations for the liabilities within the normal course of business, as well as the entity's rights to the economic benefit of assets and its involvement and responsibility for settling liabilities associated with the arrangement.

b) Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters.

c) Going Concern

Management has applied judgement in the assessment of the Company's ability to continue as a going concern, considering all available information, and concluded that the going concern assumption is appropriate for a period of at least twelve months following the Auditor's report date.

d) Identification of impairment and impairment reversal indicators

Judgement is required to assess when indicators of impairment or impairment reversal exist and when a calculation of the recoverable amount is required. The company's equity accounted investments are reviewed at each reporting date to assess whether there is any indication of impairment or impairment reversal. The assessment considers whether there are significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the associate operates, and indicates that the cost of the investment in the equity instrument may not be recovered and whether there is significant financial difficulty of the associate in determining impairment and any interest from market participants in determining impairment reversal.

3. Summary of significant accounting policies

The unaudited condensed interim consolidated financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in Note 3 to the audited consolidated financial statements for the fiscal year December 31, 2023.

The preparation of unaudited condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Further information on the Company's significant accounting policies, future changes in accounting policies and estimates can be found in the notes to the audited consolidated financial statements for the year ended December 31, 2023.

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Notes to the Condensed Consolidated Interim Financial Statements

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4. Changes in IFRS Accounting Policies and Future Accounting Pronouncements

Certain pronouncements were issued by the IASB or the *International Financial Reporting Interpretation Committee* that are mandatory for accounting years beginning on or after January 1, 2024. They are not applicable or do not have a significant impact on the Company.

Effective January 1, 2024, the Company adopted amendments to *IAS 1 - Presentation of Financial Statements*. The amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability with covenants as current or non-current and related disclosures.

5. Prepaid Expenses

Prepaid expenses consists of the following amounts at September 30, 2024:

Insurance	\$ 1,210
Conferences	11,245
Balance at September 30, 2024	\$ 12,455

6. Finance Payable

In October 2023, the Company entered into an arrangement with a finance company to pay certain invoices in the amount of \$29,500 on the Company's behalf. As per the terms of the agreement dated October 16, 2023, the total amounts financed of \$29,500 were paid to the supplier and are owing to the finance company bearing interest at 12.38% with a maturity date of September 15, 2024.

Principal	\$ 29,500
Less: principal payments	(29,500)
Interest accrued	1,725
Interest paid	(1,725)
Balance at September 30, 2024	\$ -

7. Long-term debt

Principal	\$ 60,000
Less: amortized below market interest benefit	(16,540)
Accretion	11,600
Interest accrued	2,020
Interest paid	(2,020)
Balance at September 30, 2024	\$ 55,060

In 2020, the Company applied for and received a \$60,000 term loan under the Canada Emergency Business Account (the "CEBA term loan"), which was one of the Canadian government's COVID-19 economic recovery measures. The CEBA term loan is non-interest bearing for the initial term ending on December 31, 2022 (the "Initial Term"). If the loan was paid off by December 31, 2022, 33% of the loan would have been forgiven. In

International Frontier Resources Corporation

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited

(Expressed in Canadian Dollars)

For the three and nine month periods ended September 30, 2024 and 2023

7. Long-term debt (continued)

October 2023, the initial term for repayment of the CEBA loan was extended to January 18, 2024. If the CEBA term loan is not fully repaid by the end of the Initial Term, then the unpaid balance will bear interest at the rate of 5% per annum, payable monthly, and will mature on December 31, 2026. The Company did not pay the loan on the deadline for the Initial Term on January 18, 2024.

In determining the fair value of the loan, the Company applied an effective interest rate of 17% which corresponds to a rate that the Company would have obtained for a similar debt instrument.

8. Share capital

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value. As at September 30, 2024, the number of issued and outstanding common shares is 38,085,397.

	Number of Shares	Issue Price	Amount
Balance at December 31, 2023	14,955,397		\$ 58,671,850
Shares issued via Financing (i)	16,330,000	\$0.05	816,500
Shares issued for debt (ii), (Note 12)	6,800,000	\$0.05	340,000
Value attributable to warrants issued (8(c))			(20,890)
Value attributable to compensation warrants issued (8(c))			(4,200)
Share issue costs (i)			(213,465)
Balance at September 30, 2024	38,085,397		\$ 59,589,795

- (i) On April 25, 2024, the Company closed a brokered private placement for gross proceeds of \$816,500, (net \$668,061) which consisted of the issuance of 16,330,000 units of the Company (the "Units") at a price of \$0.05 per Unit (the "Financing"). Each Unit consists of one common share in the capital of the Company (a "Common Share") and one-half of one Common Share purchase warrant (each whole warrant, a "Warrant"). Each whole Warrant will entitle the holder thereof to purchase one additional Common Share (a "Warrant Share") for a period of 5 years following the closing of the Offering at an exercise price of \$0.10 per Warrant Share. The Warrants will be subject to a forced expiration upon 30 days notice to Warrant holders in the event that the weighted average trading price of the Company shares exceeds \$0.20 for 25 consecutive trading days. The Offering consisted of a combination of (i) 4,782,000 Units for gross proceeds of \$239,100 pursuant to the listed issuer financing exemption available under Part 5A of National Instrument 45-106 – Prospectus Exemptions ("NI 45-106") and (ii) 11,548,000 Units for gross proceeds of \$577,400 pursuant to the TSX Venture Exchange offering document exemption available under part 5 of NI 45-106.

In connection with the financing, the Company paid share issue costs of \$213,465 including (i) a cash commission in the amount of \$81,650 (representing 10% of the gross proceeds of the Offering) (ii) a corporate finance fee in the amount of \$25,000 and (iii) Legal fees and closing costs of \$106,815. In addition, the Company issued 1,633,000 broker warrants (the "Compensation Warrants") exercisable at any time prior to the date that is 5 years from the closing to acquire that number of Units of the Company at an exercise price of \$0.05 per Unit; and

International Frontier Resources Corporation

Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars)

For the three and nine month periods ended September 30, 2024 and 2023

8. Share capital (continued)

(ii) On April 8, 2024, the Company settled outstanding indebtedness with certain officers and consultants of the Company (the "Shares for Debt Settlement") through the issuance of common shares of the Company. Pursuant to the Shares for Debt Settlement, the Company issued a total of 4,500,000 common shares at a deemed price of \$0.05 per share in satisfaction of outstanding amounts of \$225,000. The common shares issued pursuant to the Shares for Debt Settlement will be subject to a hold period that expires on August 9, 2024. On July 4, 2024, the Company completed the closing of the second tranche and settled additional outstanding indebtedness (the "Debt Settlement") in the aggregate amount of \$115,000 owing to certain officers and consultants of IFR through the issuance of 2,300,000 common shares of the Company at a price of \$0.05 per share. The common shares issued pursuant to the Debt Settlement will be subject to a hold period that expires on November 5, 2024.

b) Contributed surplus

Balance, December 31, 2023	\$ 12,789,650
Value attributed to warrants issued (8(c))	20,890
Value attributed to compensation warrants issued (8(c))	4,200
Share-based compensation (8(d))	59,080
Balance at September 30, 2024	\$ 12,873,820

c) Share purchase warrants

The Company uses the residual approach when allocating the fair value of the share purchase warrants issued in conjunction with the offering of units through a private placement. The Company determines the fair value of the common share and the residual value is allocated to the share purchase warrant for unit offerings that contain a common share and a share purchase warrant.

	Number of Warrants	Weighted average exercise price
Balance, December 31, 2023	-	\$ -
Issued (i)	9,798,000	0.10
Balance at September 30, 2024	9,798,000	\$ 0.10

As at September 30, 2024, warrants enabling the holders to acquire common shares are as follows:

Expiry Date	Number of warrants	Weighted average remaining life in years	Weighted average exercise price
25-Apr-29	9,798,000	4.82	\$0.10
	9,798,000	4.82	\$0.10

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(Expressed in Canadian Dollars)

For the three and nine month periods ended September 30, 2024 and 2023

8. Share capital (continued)

- (i) Pursuant to the Financing completed on April 25, 2024, the Company issued 8,165,000 whole warrants entitling the holder to purchase one common share for \$0.10 until April 25, 2029 and 1,633,000 Compensation Warrants (representing 10% of the number of units issued pursuant to the financing) entitling the holder to purchase one common share for \$0.10 until April 25, 2029.

The fair value of the unit warrants and Compensation Warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

	Unit Warrants	Compensation Warrants
Issue date	April 25, 2024	April 25, 2024
Expiry date	April 25, 2029	April 25, 2029
Warrants issued	8,165,000	1,633,000
Exercise price	\$ 0.10	\$ 0.10
Share price	\$ 0.05	\$ 0.05
Expected volatility based on historical volatility	26.88%	26.88%
Expected life of warrants	5 years	5 years
Risk-free interest rate	3.60%	3.60%
Fair value	\$ 20,890	\$ 4,200
Fair value per warrant	\$ 0.003	\$ 0.003

d) 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 Company. Options granted under the plan vest within two years of the grant date and have a term of five years to expiry. The following options were outstanding at September 30, 2024:

Outstanding and exercisable

	Number of options	Weighted average exercise price
Balance, December 31, 2023	330,000	\$ 1.60
Granted	3,850,000	0.05
Expired	(480,000)	(1.12)
Balance, September 30, 2024	3,700,000	\$ 0.05

September 30, 2024

Exercise Price	Options Outstanding	Weighted Average Contractual Life	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price
\$0.05 - \$0.06	3,700,000	4.54	\$ 0.05	3,700,000	\$ 0.05

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Notes to the Condensed Consolidated Interim Financial Statements

Unaudited

(Expressed in Canadian Dollars)

For the three and nine month periods ended September 30, 2024 and 2023

8. Share capital (continued)

On April 15, 2024, the Company has granted, pursuant to its Incentive Stock Option Plan, 1,600,000 stock options to purchase common shares to directors, officers and consultants of IFR, with an exercise price of \$0.06 per share and an expiry date of April 15, 2029. All of the options granted vest immediately.

Total compensation expense recorded in respect of these options was \$29,365. The fair market value of options granted in the period was \$0.02 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, 2024	June 30, 2024
Date of grant	July 31, 2024	April 15, 2024
Expiry date	July 31, 2029	April 15, 2029
Stock options granted	2,250,000	1,600,000
Exercise price	\$ 0.05	\$ 0.06
Share price	\$ 0.05	\$ 0.06
Risk-free interest rate	3.09%	3.77%
Expected volatility based on historical volatility	23.16%	26.88%
Expected life of stock options	5 years	5 years
Expected dividend yield	0.00%	0.00%
Forfeiture rate	2.00%	2.00%
Vesting	On date of grant	On date of grant
Fair value	\$ 29,715	\$ 29,365
Fair value per stock option	\$ 0.01	\$ 0.02

9. Capital management

In the management of capital, the Company includes certain working capital balances 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, 2024, the Company's capital as defined above is as follows:

	September 30, 2024
Cash	\$ 331,180
Accounts receivable	38,455
Accounts payables and accrued liabilities	(142,190)
Due to related parties	(1,276,715)
	<u>\$ (1,049,720)</u>

The Company is in the business of oil and gas exploration in Mexico. 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.