INTERNATIONAL BARRIER TECHNOLOGY INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2016

(Stated in US Dollars)

(Unaudited)

INTERNATIONAL BARRIER TECHNOLOGY, INC.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

September 30, 2016 and June 30, 2016

(Stated in US Dollars)

(Unaudited)

ASSETS		September 30, 2016		June 30, 2016 (audited)
Current				
Cash and cash equivalents	$	1,030,426	$	928,940
Accounts receivable		441,017		570,266
Inventory - Note 4		692,716		673,868
Prepaid expenses and deposits		39,026		66,011
Total Current Assets		2,203,185		2,239,085
Property, plant and equipment -Note 5		3,224,395		3,218,832
Total Assets	$	5,427,580	$	5,457,917
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	735,996	$	860,697
Obligation under capital leases		13,291		13,151
Deferred Revenue		50,000		50,000
Convertible debentures - Note 6		240,000		240,000
Total Current Liabilities		1,039,287		1,163,848
Deferred income taxes		8,000		8,000
Obligation under capital leases		23,613		26,989
Total Liabilities		1,070,900		1,198,837
STOCKHOLDERS' EQUITY				
Common Stock - Note 7				
Authorized:				
100,000,000 common shares without par value				
Issued:				
48,884,926 common shares (June 30, 2016: 47,807,426)		16,104,133		15,934,256
Additional paid-in capital		1,443,924		1,509,283
Accumulated deficit		(13,191,377)		(13,184,459)
Total Stockholders' Equity		4,356,680		4,259,080
Total Liabilities and Stockholders' Equity	$	5,427,580	$	5,457,917

APPROVED BY THE BOARD OF DIRECTORS

"David Corcoran" David Corcoran Director

"Victor Yates" Victor Yates Director

INTERNATIONAL BARRIER TECHNOLOGY, INC.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS

for the three months ended September 30, 2016 and 2015

(Stated in US Dollars)

(Unaudited)

	Three months ended September 30, 2016	Three months ended September 30, 2015
Sales - Note 8	$ 2,475,587	$ 2,133,813
Cost of Sales	2,200,752	1,841,954
Gross Profit	274,835	291,859
Expenses		
Accounting and audit fees	56,505	27,766
Filing Fees	5,752	8,789
Insurance	23,767	18,848
Bank charges and interest	40	40
Legal fees	7,098	18,653
Office and miscellaneous	20,762	13,676
Sales, marketing, and investor relations	5,560	7,057
Telephone	2,532	3,118
Transfer agent fees	908	745
Wages and management fees	151,437	211,947
Total Administrative Expenses	274,361	310,639
Operating Income (Loss)	474	(18,780)
Other income	379	325
Interest on long-term obligations	(7,771)	(8,287)
Total Other Expense	(7,392)	(7,962)
Net loss for the period	$ (6,918)	$ (26,742)
Basic and diluted (loss) per share	$ (0.00)	$ (0.00)
Weighted average number of shares outstanding:		
Basic	48,498,431	47,807,426
Diluted	48,498,431	47,807,426

SEE ACCOMPANYING NOTES

INTERNATIONAL BARRIER TECHNOLOGY, INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

for the three months ended September, 2016 and 2015

(Stated in US Dollars)

(Unaudited)

	Three months ended September 30, 2016	2015
Operating Activities		
Net loss for the period	$ (6,918)	$ (26,742)
Items not involving cash:		
Depreciation - plant and equipment	69,490	88,402
Changes in non-cash working capital balances related to operations:		
Accounts receivable	129,249	127,914
Inventory	(18,848)	72,724
Prepaid expenses and deposits	26,985	28,205
Accounts payable and accrued liabilities	(124,701)	90,695
Net cash provided by operating activities	75,257	381,198
Cash Flows provided by Financing Activities		
Issuance of Common Shares	104,518	-
Repayment on long term debt	-	-
Decrease in obligations under capital lease	(3,236)	(19,199)
Net cash provided by (used in) financing activities	101,282	(19,199)
Cash Flows used in Investing Activities		
Acquisition of equipment	(75,053)	(125,581)
Net cash used in investing activities	(75,053)	(125,581)
Increase in cash and cash equivalents during the period	101,486	236,418
Cash and cash equivalents, beginning of the period	928,940	804,452
Cash and cash equivalents, end of the period	$ 1,030,426	$ 1,040,870
Supplemental Cash Flow Information		
Cash paid for interest	$ 7,771	$ 8,287
Cash paid for income taxes	$ -	$ -

SEE ACCOMPANYING NOTES

(Stated in US Dollars)
(Unaudited)

	Common Stock				
	Issued Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Total
Balance, June 30, 2015	47,807,426	15,934,256	1,509,283	(13,501,464)	3,942,075
Net income for the period	-	-	-	317,005	317,005
Balance, June 30, 2016	47,807,426	15,934,256	1,509,283	(13,184,459)	4,259,080
Exercise of options (at $0.097)	1,077,500	104,518	-	-	104,518
Fair value of stock options exercised	-	65,359	(65,359)	-	-
Net loss for the period	-	-	-	(6,918)	(6,918)
Balance, September 30, 2016	48,884,926	16,104,133	1,443,924	(13,191,377)	4,356,680

SEE ACCOMPANYING NOTES

Note 1 Basis of Presentation

The accompanying unaudited condensed financial statements of International Barrier Technology Inc. (the "Company") have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 8 of the Securities and Exchange Commission ("SEC") Regulation S-X. Accordingly, they should be read in conjunction with the audited consolidated financial statements and notes thereto for the fiscal year ended June 30, 2016 included in the Annual Report on Form 10-K filed with the SEC on September 28, 2016. The unaudited condensed consolidated interim financial statements contain all normal recurring accruals and adjustments that, in the opinion of management, are necessary to present fairly the consolidated financial position of the Company at September 30, 2016, and the consolidated results of operations and cash flows for the three months ended September 30, 2016. All intercompany accounts and transactions have been eliminated. It should be understood that accounting measures at interim dates inherently involve greater reliance on estimates than at year end. The results of operations for the three months ended September 30, 2016 are not necessarily indicative of the results to be expected for the full year or any future interim periods.

Note 2 Significant Accounting Policies

a) Earnings per Share

Basic and diluted earnings per share ("EPS") is computed using the weighted-average number of common shares outstanding during the period. Basic EPS is calculated by dividing the net income or loss by the weighted-average number of common shares outstanding for the period, without consideration for common stock equivalents. Diluted EPS is computed by dividing the net income or loss by the weighted-average number of common shares, plus the dilutive effect of common stock equivalents outstanding for the period.

The treasury stock method is used in calculating diluted EPS for potentially dilutive stock options and share purchase warrants, which assumes that any proceeds received from the exercise of in-the-money stock options and share purchase warrants, would be used to purchase common shares at the average market price for the period.

EPS for convertible debt is calculated under the "if-converted" method. Under the "if converted" method, EPS is calculated as the more dilutive of EPS (i) including all interest (both cash interest and non-cash discount amortization) and excluding all shares underlying the convertible debt or; (ii) excluding all interest (both cash interest and non-cash discount amortization) and including all shares underlying the convertible debt. As at September 30, 2016 and 2015, common share equivalents, consisting of common shares issuable, on exercise of options, conversion of convertible debentures and conversion of share purchase warrants of 4,862,238 and 4,555,610, respectively, were not included in the computation of diluted EPS because the effect was anti-dilutive.

Note 2 Significant Accounting Policies (cont'd)

b) Revenue Recognition

The Company recognizes revenue in accordance with Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 605, "Revenue Recognition," which requires that: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred, (iii) the sales price is fixed and determinable, and (iv) collection is reasonably assured. The Company recognizes revenue when the building supplies have been shipped.

Revenue for LP® FlameBlock Fire-Rated OSB Sheathing includes only the charges for treatment services, not the underlying OSB substrate or outbound freight as the customer supplies its own OSB substrate and contract for its own outgoing freight.

The Company periodically enters into arrangements that contain multiple deliverable elements requiring an evaluation of each deliverable to determine whether it represents a separate unit of accounting. Each delivered item constitutes a separate unit of accounting when it has stand-alone value to the customer obligating the Company to determine a selling price for each deliverable.

License Fees
Revenue from up-front license fees and milestone payments is recognized as performance occurs and the respective obligations are completed. Prior to the completion of performance obligations, up-front payments are recorded as deferred revenue.

Royalty Revenue
Royalty revenue from sales of our products is generally recognized when received or earned in accordance with the terms of the license fees agreements.

c) Plant and Equipment, Trademark and Technology Rights and Depreciation

Plant and equipment and trademark and technology rights are recorded at cost less accumulated depreciation.

Depreciation is as follows:

Manufacturing equipment	straight line over estimated useful lives ranging from 5 years to 30 years.
Equipment and furniture	20%- declining balance
Computer equipment	30% - declining balance
Railway spur	4% - declining balance
Equipment under capital lease	20% - declining balance
Building	straight line over 20 years

Leasehold improvements are depreciated over their estimated useful economic life.

Note 3 Fair Value Measurements

The book value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to the short term maturity of those instruments. Based on borrowing rates currently available to the Company under similar terms, the book value of capital lease obligations approximate their fair values. The fair value hierarchy under GAAP is based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

Level 1- quoted prices (unadjusted) in active markets for identical assets or liabilities;

(Stated in US Dollars)

Note 3 Fair Value Measurements – (cont'd)

Level 2 - observable inputs other than Level I, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, and model-derived prices whose inputs are observable or whose significant value drivers are observable; and

Level 3 - assets and liabilities whose significant value drivers are unobservable by little or no market activity and that are significant to the fair value of the assets or liabilities.

Certain of the Company's cash equivalents, consisting of short-term term deposits, are based on Level 2 inputs in the ASC 820 fair value hierarchy.

The Company's convertible debentures are based on Level 2 inputs in the ASC 820 fair value hierarchy. The Company calculated the fair value of these instruments by discounting future cash flows using rates representative of current borrowing rates. At September 30, 2016, the convertible debentures had a fair value of $937,808 (June 30, 2016: $729,323).

As at September 30, 2016, the Company has no assets or liabilities that have fair values measured using Level 3 inputs.

Note 4 Inventory

	September 30, 2016	June 30, 2016
Raw materials	$ 365,404	$ 396,271
Finished goods	327,312	277,597
	$ 692,716	$ 673,868

(Stated in US Dollars)

Note 5 Property, Plant and Equipment

		Cost		September 30, 2016 Accumulated Depreciation		Net
Manufacturing Equipment	$	4,233,215	$	2,333,056	$	1,900,159
Equipment and Furniture		44,110		33,909		10,201
Computer Equipment		30,032		30,032		-
Equipment		93,290		72,842		20,448
Land		54,498		-		54,498
Building		2,557,471		1,401,962		1,155,509
Railroad Spur		94,108		63,883		30,225
Subtotal Equipment and Property	$	7,106,724	$	3,935,684	$	3,171,040
Assets under Capital Lease						
Equipment	$	73,216	$	19,861	$	53,355
Subtotal Assets under Capital Lease		73,216		19,861		53,355
Total Property, Plant and Equipment	$	7,179,940	$	3,955,545	$	3,224,395

		Cost		June 31, 2016 Accumulated Depreciation		Net
Manufacturing Equipment	$	4,193,670	$	2,297,732	$	1,895,938
Equipment and Furniture		44,110		33,480		10,630
Computer Equipment		30,032		30,032		-
Equipment		93,290		72,252		21,038
Land		54,498		-		54,498
Building		2,521,963		1,371,588		1,150,375
Railroad Spur		94,108		62,941		31,167
Subtotal Equipment and Property	$	7,031,671	$	3,868,025	$	3,163,646
Assets under Capital Lease						
Equipment	$	73,216	$	18,030	$	55,186
Subtotal Assets under Capital Lease		73,216		18,030	$	55,186
Total Property, Plant and Equipment	$	7,104,887	$	3,886,055	$	3,218,832

Note 6 Convertible Debt

During the year ended June 30, 2012, the Company approved the issuance of two convertible debentures to a director and a company controlled by a director in the amount of $300,000. The debentures are being issued in tranches from $10,000-$50,000 and as at September 30, 2016 the Company had received $240,000 (2015: $240,000) in respect of these debentures. The debentures bear interest at 12% per annum, payable quarterly, and are collateralized by a third charge over the Company's plant and equipment as well as a charge against the Company's patents. At any time, the notes are convertible into units of the Company at a price of $0.10 per unit. Each unit will consist of one common share and one common share purchase warrant entitling the holder the right to purchase one additional share for $0.10 for a period of two years from the conversion date. During the three month period ended September 30, 2016, the Company incurred interest charges of $7,200 (2015: $7,200) on these convertible debentures.

(Stated in US Dollars)

Note 7 Common Stock

Escrow:

At September 30, 2016, there are 48,922 (2015 – 48,922) common shares held in escrow by the Company's transfer agent, the release which is subject to the approval of the regulatory authorities. As at September 30, 2016 and June 30, 2016, all of these shares held in escrow are issuable but the Company has yet to request their release.

Commitments:

Stock-based Compensation Plan

At September 30, 2016, the Company has no outstanding options.

A summary of the status of the Company's share purchase option plan for the three months ended September 30, 2016 is presented below:

	Number of Shares	Weighted Average Exercise Price
Outstanding, June 30, 2016	1,077,500	$ 0.097
Exercised	(1,077,500)	$ 0.097
Outstanding, September 30, 2016	0	$ -
Exercisable, September 30, 2016	0	$ -
Exercisable, June 30, 2016	1,077,500	$ 0.097

Note 8 Segmented Information and Sales Concentration

The Company operates in one industry segment being the manufacturing and marketing of fire resistant building materials. Substantially all of the Company's revenues and long-term assets are located in the United States.

During the three months ended September 30, 2016, two customers accounted for 100% of total sales revenue:

	Three months ended September 30, 2016	Three months ended September 30, 2015
Customer #1	81%	68%
Customer #2	19%	32%

The accounts receivable from each of these customers at September 30, 2016 were $206,691 and $161,764, respectively (2015: $189,837 and $122,586, respectively).

The loss of either of these customers or the curtailment of purchases by such customers could have material adverse effects on the Company's financial condition and results of operations.

INTERNATIONAL BARRIER TECHNOLOGY INC.
QUARTERLY REPORT
for the period ended September 30, 2016

Management Discussion & Analysis

Date of Report – November 14, 2016

Description of Business
International Barrier Technology Inc. (Barrier) manufactures and sells fire-rated building materials. Barrier's primary business is in the United States, but also has a license agreement with a major OSB producer in the European Union. In addition, Barrier is working to develop distribution partnerships and manufacturing technology license agreements and is successfully endeavoring to enter building products markets in Australia, Europe, and South America. Barrier possesses a proprietary fire resistive material technology (Pyrotite®) and a patented manufacturing process that when applied to building materials their respective fire resistant properties are significantly enhanced. Many of the top multifamily and wood frame commercial builders in the United States utilize Barrier's fire-rated structural panels in areas where the building code requires the use of a fire-rated building panel.

Barrier's financial statements are filed with both the SEC (USA) and SEDAR (Canada) and are disclosed in US dollars utilizing US generally accepted accounting principles. Barrier's filings with the SEC consist of quarterly reviewed financial statements on Form 10-Q and annual audited financial statements on Form 10-K. Barrier continues to file the above financial statements with SEDAR in Canada.

Sales revenue reported for the quarterly period ending September 30, 2016 was $2,475,587 in comparison to $2,133,813 generated in the same comparable period in 2015. Total sales volume, as measured by surface volume of product shipped increased 26% to 6,507,232 sq. ft., from the 5,162,100 sq. ft. shipped in the previous year. The following is a summary of changes in sales for the three months ended September 30, 2016:

	Three months ended September 30,			
	2016		2015	
Treatment services	$	2,008,554	$	1,580,179
Substrate		363,198		405,516
Freight and miscellaneous		103,835		135,618
	$	2,475,587	$	2,121,313
License fees		-		-
Royalties		-		12,500
	$	2,475,587	$	2,133,813

Shipments into the Residential Roof Deck, Wall Assembly, and Structural Insulated Panel Market Sectors (LP FlameBlock) during the quarter increased 49% over shipments in the comparable quarter last year, while sales into the Commercial Modular Market (FR Deck Panel) declined 28%. The increase in the Residential Roof Deck/Wall Assembly Market is a direct result of sales and marketing efforts nationwide to build demand for the new capacity coming online in Clarke County Alabama. The decrease in Commercial Modular sales is likely contributed to the increase in commodity OSB pricing and lower demand in that market currently.

Barrier also continues to manufacture fire resistant I-Joist as this remains a timely and important topic in North America's building environment at this time. Web stock material treated at Watkins is being used to assist in the development of a committed market demand for Pyrotite® technology. Concurrently, plans and decisions for manufacturing or licensing the production of treated I-Joist in the long-term are being developed and made. Barrier anticipates the negative impact I-Joist R&D has on shipments will diminish as efficiencies in production at Watkins improve with experience.

Barrier and LP® Building Products (LP) conduct business guided by a Supply Agreement. In August 2015, LP and Barrier negotiated some refinements to the agreement and extended it through December 31, 2019. In addition, Barrier granted a license to LP for the manufacture and distribution of Pyrotite® products in a plant in Clarke County Alabama. This license agreement will provide an additional revenue stream for Barrier. LP held a ground breaking ceremony in early January 2016 for the new FlameBlock OSB Sheathing line at their Clarke County Alabama location which is anticipated to start production during the current quarter.

Barrier's relationship with LP has contributed to an increase in sales volume to record levels and Barrier anticipates that sales will continue to grow substantially through the sustained efforts of LP's sales and marketing team. Reported sales revenue for LP products, include only the charges for treatment services, not the underlying OSB substrate or outbound freight as LP supplies its own OSB substrate and contracts for its own outgoing freight. The "pass through" of the OSB substrate and freight serves to lower reported "top line" sales revenue, but not gross profits since margins on substrate and freight have historically been restricted to handling costs only to help keep prices competitive. For the Commercial Modular market, Barrier purchases OSB from local distributors and invoices the cost of the substrate and outgoing freight to the customer, therefore the cost of the substrate and freight is included in revenue for Commercial Modular shipments.

Gross profit for the quarterly period ended September 30, 2016 was $274,835 vs. $291,859 in the previous year quarter. The gross margin, as a percentage of sales revenue, decreased to 11% in the current quarter from 14% in the prior comparable period. During the reporting period, a tornado and excessive heat temporarily affected production.
In the near term, gross margins are anticipated to improve slightly based on increased production, focus on labor and materials efficiency and continued gains in fire-rated I-joist production efficiency.

Cost of sales increased to $2,200,752 from $1,841,954 in the prior year quarterly period. The increase is attributable to the increase in volume produced. Manufacturing efficiency as measured by the average cost per square foot of production improved to $0.34 vs. $0.36 during the comparable reporting period last year.

Substrate cost and materials/labor were the major expenses in this category. Substrate accounted for $346,430 for the period versus $418,546 in the same period last year. Materials and labor accounted for an additional $1,463,866 in the three month period in 2016 versus $1,054,283 in 2015.

Depreciation on plant and equipment is included in cost of sales category. Depreciation, which has non-cash impact on Barrier's actual cash flow, decreased from $88,402 in Q1 Fiscal 2016 to $69,490 in Q1 Fiscal 2017. The expense reflects scheduled depreciation of the newer manufacturing line equipment and building improvements.

Administrative expenses for the quarter ended September 30, 2016 decreased to $274,361 from $310,639 in the prior year quarterly period. The administrative costs per sq. ft. were $0.04 for the quarter in comparison to $0.06 reported through September 30, 2015.

Accounting and Audit Fees increased from $27,766 to $56,505. A significant portion of the cost for accounting services is related to the year-end audit of Barrier's annual financial statements. The year-to-year cost differential reported here is related to the timing of invoices from the year-end audit and is expected to be more even year to year, once the next quarterly financial statements are published.

Insurance costs have increased slightly from $18,848 to $23,767 as a result of increased volume and annual premiums.

Legal fees decreased significantly from $18,653 in Q1 2016 to $7,098 in Q1 2017. Legal fees the prior year was expended on activities in support of developing strategic partners and technology licensees. In addition each year for beginning preparations for the year-end Annual General Meeting, as well as in monitoring and protecting Pyrotite® patents and trademarks.

Barrier has four issued patents, two in the US, a patent in Australia, and a patent in Canada. These patents protect the manufacturing and process technology utilized in the production of fire-rated sheathing products utilizing Pyrotite®. In addition, Barrier has a provisional patent from the US Patent Office for the process of treating I-Joists with Pyrotite®.

Sales, marketing, and investor relations expenses decreased from $7,057 to $5,560 for the current quarter reported, year to year. During the reporting period, there were sales trips directly related to the expansion of product markets and potential manufacturing expansion sites.

The majority of sales and marketing activities for traditional uses of Barrier's Pyrotite® treated structural wood panels continue to be performed by Louisiana Pacific, Inc. This helps Barrier keep the cost of sales and marketing as low as reasonably possible.

Wages and management fees decreased to $151,437 from $211,947. The major decrease in the fee is attributed to Board of Director remuneration for the execution of the Louisiana-Pacific Corporation Technology License Agreement in the prior year.

Operating Income of $474 is being reported for the quarterly period ending September 30, 2016, whereas in the same period in 2015, operating loss of $(18,780) was reported.

It is Barrier's fundamental belief that increased sales volume coupled with an intense focus on manufacturing efficiency in both labor and materials is the best pathway to long-term profitability.

Other items include income and costs not directly related to business operations. Other income items reported during the quarterly ended September 30, 2016 herein includes interest/other income of $379. To compare, for the same reporting period last year there was interest/other income of $325.

Interest on Long Term Debt has decreased from $8,287 to $7,771 for the 3-month reporting period as a result of larger principal payments as long term debt continues to decline.

Net loss. Net loss of $(6,918) is being reported for the quarter ended September 30, 2016, whereas in the same period in 2015, net loss of $(26,742) was reported.

Barrier remains focused on cutting costs and improving efficiencies wherever it can. This includes operating the manufacturing line with maximum efficiency. Barrier continues to keep a vigilant handle on costs to help keep operational costs as low as possible and enable financial improvements to continue.

Summary of Quarterly Results. The following is a summary of the Company's financial results for the nine most recently completed quarters:

	Sept 30 2016	Jun 30 2016	Mar 31 2016	Dec 31 2015	Sept 30 2015	Jun 30 2015	Mar 31 2015	Dec 31 2014
Volume shipped (MSF)	6,507	6,555	7,229	5,712	5,162	5,485	5,268	4,516
Total Revenues (000)	$2,476	$2,558	$2,628	$2,295	$2,134	$2,199	$1,965	$1,836
Operating Income(loss) (000)	$0	$111	$111	$141	$(19)	$162	$165	$119
Net income (loss) (000)	$(7)	$107	$104	$133	$(27)	$128	$154	$105
EPS (Loss) Per Share	$(0.00)	$0.00	$0.00	$0.00	$(0.00)	$0.01	$0.00	$0.00

Selected Annual Information

The following financial data is for the three most recent years ended June 30:

	2016	2015	2014
Total Revenue	$9,614.6	$8,472.0	$8,154.4
Net income (loss)	$317.0	$701.6	$585.9
Per share	$0.01	$0.02	$0.01
Per share, fully diluted	$0.01	$0.01	$0.01
Total assets	$5,457.9	$4,924.9	$4,317.3
Total long-term financial liabilities	$27.0	$280.1	$547.9
Cash dividends declared per share	Nil	Nil	Nil

New product and market development

Barrier continues to provide support to LP for a number of new product and market development initiatives including activity directed specifically toward applications in geographic areas where wildfires are prevalent and where building code development is becoming more restrictive with respect to designing for improved fire resistance. Focus has continued on developing products engineered to meet requirements established for Wildland/Urban Interface (WUI) zones. WUI zones are primarily located in the western US, and are areas where special building codes have been developed to help save homes if a brush fire should occur.

Enhanced focus has been made over this past year on developing products used in multifamily residential projects since the multifamily market is strong and is expected to stay vibrant over the next few years. In particular, Barrier and LP's introduction of a UL certified 2-hr exterior load bearing wall designed for use in wood-frame buildings of Type III construction is being well received by architects, building code professionals and builders alike. As more architects and specifying engineers become aware of this new design Barrier and LP are confident that considerable sales will result for these projects.

Barrier and LP continue exploring opportunities related to emerging code requirements for Engineered Wood Products (EWP) such as I-Joist and Rimboard. I-Joist and Rimboard produced using oriented strand board (OSB) technology are widely used in the building industry but have only recently been put under intense scrutiny for structural performance in a fire. Both Barrier and LP believe there is significant opportunity in developing EWP products that are rated for performance in a fire situation.

After successful preliminary fire testing and initial test marketing, further testing resulted in a UL certified fire-rated I-Joist listing and small scale commercial production has begun. Barrier and LP's EWP Division will be actively pursuing these exciting opportunities during the next fiscal year. By working together we will endeavor to develop products that will meet code requirements being developed by the International Code Council (ICC), as well as production technology and capacity.

Global licensing opportunities

Barrier continues to explore manufacturing and distribution opportunities for Pyrotite® technology in geographies outside of the US. During the fiscal year ended June 30, 2014, Barrier announced a licensing agreement for the manufacture and distribution of Pyrotite® products in the European Union and Russia. Kronospan, a world-wide leader in OSB manufacturing, has officially added "OSB Pyrotite ECO" (a fire-resistant OSB panel) to their family of products. Barrier provided technical assistance in the design of their first manufacturing line, the transfer of production process technology, and material acquisition criteria. The manufacturing line is now fully operational. The license agreement provides for a payment made quarterly to Barrier by the Licensee of a royalty based on the volume of product produced. A minimum annual royalty fee was established along with an "up-front" license fee which was paid pursuant to the execution of the license agreement. The agreement contemplates the Licensee developing additional production facilities over the term of the license and making additional royalty payments to Barrier based on these plants production. The license agreement follows standard licensing protocol, which allows for the audit of manufacturing process and financial revenue information.

The selection of Pyrotite® technology by the licensor after extensive research and testing of several other fire-resistant technologies adds additional credibility to our Pyrotite® technology and could lead to potential interest in other geographies. Particular interest in Barrier's Pyrotite® technology has been expressed by parties in China, Australia, and South America.

Financial position & financings

Barrier ended the period with a working capital surplus (current assets less current liabilities) of $1,163,898 vs. $1,190,582 for the period ended September 30, 2015. Operating cash flow was $75,257 in comparison to $381,198 for the quarter ended September 30, 2015.

Financing activities resulted in net cash inflow of $101,282 in the current quarter compared to a net cash outflow of $19,199 for the comparable period.

Barrier has a short term revolving line of credit ($500,000) at the local Farmers State Bank of Watkins, in Watkins, Minnesota. As of September 30, 2016 the balance owing on the revolving line of credit was $0 leaving an additional $500,000 available for use. In addition, two convertible debentures in the amount of $150,000 each were established in December 2011. To date, $240,000 has been used on these debentures with an additional $60,000 available for cash flow if needed.

Investing activities resulted in net cash outflow of $75,053 in the current period in comparison to a net cash outflow of $125,581 in the prior year. The cash outflow was the result of the acquisition of plant and equipment capital improvements.

There is no assurance that Barrier will operate profitably or will generate positive cash flow in the future. In addition, Barrier's operating results in the future may be subject to significant fluctuations due to many factors not within our control, such as the unpredictability of when customers will order products, the size of customers' orders, the demand for our products, the level of competition or general economic conditions.

Current and Future Financing Needs

At September 30, 2016, the current cash and cash equivalents totaled $1,030,426; there was $500,000 in available funds to draw on the revolving credit facility, and an additional $60,000 available from the convertible debentures.

The Company bases its estimate of future cash requirements on assumptions that may prove to be wrong and the requirements for cash are subject to factors, some of which are not within the control of the Company, including:

- Increased costs of general and administrative expenses
- Increased costs of raw materials and freight
- Costs associated with the research and development activities
- Costs associated with maintaining property, plant and equipment and intellectual property

Related Party Transactions

During the year ended June 30, 2012, the Company approved the issuance of two convertible debentures to a director and a company controlled by a director in the amount of $300,000. The debentures are being issued in tranches from $10,000 - $50,000 and as at September 30, 2016 the Company had received $240,000 (2015: $240,000) in respect of these debentures. The debentures bear interest at 12% per annum, payable quarterly, and are collateralized by a third charge over the Company's plant and equipment as well as a charge against the Company's patents. At any time, the notes are convertible into units of the Company at a price of $0.10 per unit. Each unit will consist of one common share and one common share purchase warrant entitling the holder the right to purchase one additional share for $0.10 for a period of two years from the conversion date. During the quarter ended September 30, 2016, the Company incurred interest charges of $7,200 (2015: $7,200) on these convertible debentures. The convertible debentures mature on January 30, 2017.

Capitalization
Authorized: 100,000,000 common shares without par value.

Issued as of September 30, 2016: 48,884,926 common shares at $16,104,133
Issued as of November 16, 2016: 48,884,926 common shares at $16,104,133

Options outstanding:

There are no options outstanding.

Other Matters
As at September 30, 2016 the Company did not have any off-balance sheet arrangements to report.

EXHIBIT 31.1

Certification of Chief Executive Officer
Pursuant to Section 302 (a) of the US Sarbanes-Oxley Act of 2002

I, Michael Huddy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of International Barrier Technology Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors:

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2016

/s/ Michael Huddy
Michael Huddy
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.1

SECTION 1350 CERTIFICATION

In connection with the Interim Report of International Barrier Technology Inc. (the "Company") on Form 10-Q for the fiscal quarter ended September 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Huddy, Chief Executive Officer of the Company, certify, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2016

/s/ Michael Huddy
Michael Huddy
Chief Executive Officer
(Principal Executive Officer)

This certification is being furnished as required by Rule 13a-14(b) under the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code, and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except as otherwise stated in such filing.

EXHIBIT 31.2

Certification of Chief Financial Officer
Pursuant to Section 302 (a) of the US Sarbanes-Oxley Act of 2002

I, Melissa McElwee, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of International Barrier Technology Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors:

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2016

/s/ Melissa McElwee
Melissa McElwee
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.2

SECTION 1350 CERTIFICATION

In connection with the Interim Report of International Barrier Technology Inc. (the "Company") on Form 10-Q for the fiscal quarter ended September 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Melissa McElwee, Chief Financial Officer of the Company, certify, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2016

/s/ Melissa McElwee
Melissa McElwee
Chief Financial Officer
(Principal Financial Officer)

This certification is being furnished as required by Rule 13a-14(b) under the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code, and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except as otherwise stated in such filing.