INTERNATIONAL BARRIER TECHNOLOGY INC.
QUARTERLY REPORT
for the period ended March 31, 2010

Management Discussion & Analysis

Date of Report – May 13, 2010

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 through distribution partnerships is endeavoring to enter building products markets in Australia, Europe, and South America. Barrier has a patented fire resistive material (Pyrotite™) and manufacturing process that is applied to building materials to greatly improve their respective fire resistant properties. 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 manufactures a private label fire rated sheathing product under contract for both LP Building Products, Inc. and MuleHide Products, Inc. LP has introduced a fire rated OSB trademarked LP® Flameblock™ Fire-Rated OSB Sheathing and MuleHide Products, Inc has been selling MuleHide FR Deck Panel™ to commercial modular building manufacturers since 2004.

Discussion of Operations

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 quarter ending March 31, 2010 was $659,585 for the three month period in comparison to $764,398 generated in the same quarter in 2009. Year-to-date sales were $2,031,838 vs. $3,474,309. Total quarterly sales volume, as measured by surface volume of product shipped, was 1,261,100 sq. ft. This is a 16% increase over the 1,084,800 sq. ft. shipped during the same quarter in the previous year.

Included in current quarterly sales results are shipments of commercial modular products that were purchased by Mule-Hide Products to build their inventory levels over the traditionally slower winter months. Near term sales of the MuleHide product will likely be impacted negatively as MuleHide liquidates this existing inventory over the next calendar quarter. MuleHide elected to build inventory not only to help Barrier balance out production over the traditionally slower winter months but also to take advantage of the lower sheathing prices that normally occur during this period.

Total sales volume for the nine months ending March 31, 2010 (fiscal year-to-date) were 3,506,800 sq. ft. vs. 4,768,900 sq. ft. for the same period in 2009. Of the total year-to-date shipped volume, 2,834,200 sq. ft. was to commercial modular; 659,700 sq. ft. into residential roof deck; and 12,900 into the structural insulated panel market.

Shipments into the Commercial Modular Market during the quarter were 984,100 sq. ft. Sales into the Residential Roof Deck Market Sector this quarter were 264,100 sq. ft. (vs. 348,300 sq. ft. in previous year quarter) which was split between the Mid-Atlantic region at 84,500 sq. ft., the South at 69,200 sq. ft., a special project in Alaska at 58,300 sq. ft., the Midwest at 32,600 sq. ft., and the West at 19,500 sq. ft.. There were 12,900 sq. ft. of shipments in the Structural Insulated Panel market during this quarter.

Gross profit for the quarter was $1,227 vs. $65,628 in the previous year. The gross margin, as a percentage of sales revenue, was 2% in comparison to 9% in the prior year (year-to-date 6% vs. 15% last year). Gross margins are affected dramatically by sales volume because as the fixed cost portion of Barrier's business is factored over a larger sales volume the cost per sq.ft. of sales goes down dramatically. The larger the volume shipped, the smaller the cost per sq.ft. of fixed costs and the costs of sales and administrative services. We anticipate larger gross margins as sales volumes rise.

Cost of sales in the three and nine month periods ending March 31, 2010 decreased to $658,358 and $1,904,596 from $698,770 and $2,956,886 in the previous year. The decrease is attributable to the continuation of improvements in efficiency of operations and the fact that considerably less volume is being produced. The gain in efficiency is reflected in the decreased year-to-date average cost per sq.ft. of production of $0.54 in comparison to $0.62 in the comparable period.

Substrate costs was the source of the major expense in this category at $676,176 for the nine month period just ended versus $1,167,99 in the same period last year. Materials and labor accounted for an additional $648,913 in the nine month period in 2010 versus $901,913 in 2009.

R&D expenses and activity has generally been limited to those areas allowing LP Building Products to introduce LP FlameBlock™ into targeted markets such as the Wildland Urban Interface (WUI) zoned properties in California and for fire rated wall assemblies in wood framed commercial buildings. Barrier's International Code Council Evaluations Services Report (ICC-ES 1365) has been updated and it now includes LP Building Products, Inc. as an "additional listee". This allows LP to sell their FlameBlock product in any application originally certified for Blazeguard®, Barrier's original fire rated sheathing product.

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 slightly from $203,112 in 2009 to $197,596. The expense reflects scheduled depreciation of the new manufacturing line equipment and building expansion. Amortization, another non-cash category of reporting, of the worldwide Pyrotite technology (including patents, technical know-how, and trademarks) began when Barrier purchased it in 2004 and will continue at existing rates until it is fully depreciated (eight years).

Barrier and Pyrotite Corporation successfully negotiated the termination of an agreement that had assigned the technology rights of integrally treated (non-coated boards) OSB to Pyrotite Corporation Late in March 2010. To date, no additional amortization amounts or schedule has been added to Barrier's financial statement in this reporting period, both because it happened so late in the quarter and the added value of the additional technology has not been fully assessed. Further discussion of this transaction will occur in subsequent financial reports from Barrier.

Administrative expenses in the reported three and nine month period increased from $256,377 and $760,241, respectively to $652,251 and $1,075,289. During this period, stock options were issued to key management employees as well as the Board of Directors as a part of Barrier's shareholder approved stock-based incentive program. Most of the options issued prior to this period had expired and a major part of this issuance was to replace and provide this incentive where deemed appropriate. During the nine months ended March 31, 2010, a compensation charge included in Administrative expenses was $400,400 versus $9,820 in the same period in 2009.

Administrative costs per square foot, net of the stock-based compensation charge, were $0.20 in the quarter ending March 31, 2010; $0.19 for the nine month period. In the same period in the previous year administrative costs per square foot were $0.23 in the three month period and $0.16 in the nine month period. Over this time volume dropped from 4,768,900 sq.ft. to 3,506,800. Increasing volumes will generally cause a reduction in the average cost of administrative expense per sq.ft. Barrier expects the reduction in the average cost of administration to have a significant impact on bottom line performance in future reporting periods as sales volumes rise with an improving economy.

Accounting and Audit Fees increased in the quarter ($13,088 vs. $8,833) and year-to-date period ($64,439 vs. $55,999) ending March 31, 2010 vs. the same time period last year. This is attributed to timing and increase of year-end audit fees due to regulatory compliance with Sarbanes-Oxley.

Insurance costs have decreased to $19,344 for the three months and $56,573 for nine months in comparison to $25,098 and $60,498 the previous year. The difference is due to annually adjusted premiums and lower sales volumes of shipments.

Legal fees increased to $49,963 for the three month period and $68,991 for the nine months ending March 31, 2010. For the same period in the prior year, legal fees were $26,419 and $67,032 respectively. Legal fees were expended on a the development of a Supply Agreement with LP Building Products, Inc. for Barrier to provide fire treatment services for LP Corporations oriented strand board (OSB) panel products as well as for help in the drafting and review of certain business correspondence. In March, 2010 Barrier was awarded sole ownership to the worldwide rights from Pyrotite Corporation (holder of the integral treatment Pyrotite patent) through a mediation hearing. The rights, in addition to a lump sum payment, were agreed upon to settle amounts due to Barrier per the royalty payments due for receipts Pyrotite Corporation received over the past few years related to integral Pyrotite technology.

Barrier believes protecting its technology and trademarks is an important step in positioning itself to develop strategic partners and potential technology licensees. Barrier received the final patent approval on the manufacturing process in late October, 2009.

Travel, promotion and trade show expenses increased for the three month period ($21,112 vs. $14,630) and remained consistent for the nine month period ending March 31, 2010 ($36,610 vs. $36,932). Barrier is intent upon developing markets where exterior wall designs are required to accommodate both strength and fire considerations; this is inherently the case in the wild-fire prone areas of the west coast where building for earthquake risks is code mandated. Sales expenses, therefore, are expected to grow during Fiscal 2010 with the development of both the northern and southern California territories, Oregon, and Colorado – the Northern Pacific region. While Barrier has always planned business travel to accommodate only “necessary” trips, all business travel is will continue to be pre-approved by a cash flow committee in addition to approval by Barrier’s CEO.

Other items include income and costs not directly related to business operations. Other income items reported during the period herein include $361 in interest income and ($22,739) in foreign exchange loss. Year-to-date, the interest income is $1,457 and the foreign exchange loss is ($12,393). To compare, for the same reporting period last year, foreign exchange was a negative ($4,965) for the quarter and ($73,541) year-to-date.

Barrier and the Seattle based Pyrotite Corporation successfully negotiated the termination of a technology agreement that had assigned the rights to integrally treated (non-coated) OSB to Pyrotite Corporation. With the assignment of the integrally treated OSB (IPOSB) technology to Pyrotite Corporation an obligation to pay a royalty to Barrier ensued; Pyrotite has been providing quarterly statements for these royalty fees and paying them to Barrier on occasion. The termination of this agreement resulted in a final royalty payment to Barrier of $90,000 which was accounted for as other income in the quarter ending March 31, 2010.

Interest on Long Term Debt has decreased slightly from $20,780 to $20,587 for the quarter and increased slightly for the year-to-date reporting period (from $62,503 to $64,827 year-to-date).

The regulatory agencies that oversee the reporting functions of publicly traded companies regulate how companies report the costs and revenue associated with the sale of equity (stock) in the company. In March, 2010, Barrier issued, and sold in a private placement, 15 million shares of stock at the price of $0.10 CDN per share. In addition, the purchasers of the shares were awarded the right to buy an additional share (warrant) at $0.15 CDN. As a result of this transaction Barrier is required to report a cost of $1,279,600 in this quarter (See Note 5).

Net Loss. A net loss of ($1,883,589) is being reported for the quarter ending March 31, 2010, whereas in the same period in 2009, a net loss of ($214,990) was reported. For the nine months ending March 31, 2010, the net loss is ($2,213,410) vs. ($373,304) in the prior year.

The net reported loss for the three and nine month period ending March 31, 2010 were heavily impacted by the non-cash charges for stock options and derivative liability on the warrants issued with the private placement sale of stock. The net loss, however, was also impacted by the lower volume of sales and shipments experienced in this nine month period as compared both to 2009 and 2008.

Barrier needs to maintain a higher level of sales to support a viable business in the building products industry. Barrier believes that the new strategic partnerships with LP Building Products coupled with the MuleHide Agreement will support a much larger sales volume as the economy improves. As LP customers become more aware of LP's entry into the fire rated sheathing market, shifts will occur in product mix that will improve Barrier's market share in targeted applications. The revenue generated by the private placement of shares, including the warrants which may be exercised at later dates, will serve to fund the business and cover operating losses that may ensue as the transition to higher volumes occurs over the next few months.

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

	Mar 31 2010	Dec 31 2009	Sept 30 2009	Jun 30 2009	Mar 31 2009	Dec 31 2008	Sept 30 2008	June 30 2008	March 31 2008
Volume shipped (MSF)	1,261	1,343	903	1,011	1,085	1,578	2,106	1,891	1,893
Total Revenues (000)	$660	$791	$581	$618	$764	$1,123	$1,587	$1,349	$1,214
Operating Income (000)	($652)	($101)	($195)	($277)	($211)	($94)	($0)	($143)	($208)
Net income (loss) (000)	($1,883)	($124)	($206)	($346)	($215)	($164)	$6	($134)	($224)
EPS (Loss) Per Share	($0.06)	($0.00)	($0.01)	($0.00)	($0.01)	($0.01)	$0.00	($0.01)	($0.01)

Selected Annual Information

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

	2009	2008	2007
Total Revenue	$4,092.0	$4,878.0	$6,130.0
Net income (loss)	(719.0)	(808.0)	(491.0)
Per share	(0.02)	(0.03)	(0.02)
Per share, fully diluted	(0.02)	(0.03)	(0.02)
Total assets	4,849.0	5,738.0	5,887.9
Total long-term financial liabilities	1,205.0	1,145.0	752.5
Cash dividends declared per share	Nil	Nil	Nil

New product and market development

New product and market development activities have been curtailed over the past year as a result of reduced sales volume. Barrier anticipates that as the economy improves and strategic partnerships develop, an increase in this activity will transpire.

New product and market development activity during this period has generally been limited to those areas which will allow LP Building Products to introduce LP FlameBlock™ into targeted markets such as the Wildland Urban Interface (WUI) zoned properties in California and for fire rated wall assemblies in wood framed commercial buildings. Barrier's International Code Council Evaluations Services Report (ICC-ES 1365) has been updated and it now includes LP Building Products, Inc. as an "additional listee". This allows LP to sell their FlameBlock product in any application originally certified for Blazeguard®, Barrier's original fire rated sheathing product.

Global licensing opportunities

Barrier has begun exploring opportunities for both Pyrotite technology licensing and distribution of US manufactured products as a part of the LP Building Products agreement. LP is active internationally and has offered to potentially extend their influence in Europe, Australia, and South America if the opportunity seems mutually beneficial. In addition, Barrier continues to explore the opportunity for developing fire resistive panels for the emerging Structural Insulated Panel (SIP) market in Australia with an American company currently doing SIP business there. More information will be presented on these opportunities in subsequent reports as it develops.

Financial position & financings

Barrier ended the period with a working capital deficiency of $1,882,138.

The Company generated negative operating cash flow for the nine months ended March 31, 2010 of ($50,560) in comparison to ($202,919) for the nine months ended March 31, 2009. The net cash outflow from operating activities for the current fiscal period ended was primarily a result of a net loss of ($2,213,410), the non-cash items (stock-based compensation of $400,400 and amortization of $292,808), an increase in inventory of $132,739, and a reduction in amounts owed to vendors ($41,406). The Company expects to fund short-term cash needs out of current operations and supplement other short-term needs with the funds raised in the recent private placement that was successfully completed to pay down debt and generate extra working capital.

The Company does not expect any significant additional long-term capital investments in the near future as they recently expanded manufacturing operations with a more efficient automated process that is projected to fulfill mid-term growth needs. Should a developing strategic alliance create the need for a quick ramp up of production and sales, however, some additional investments in working capital (e.g.; raw materials and finished goods inventory) will be required. In addition, the company has identified some relatively small capital improvement projects specifically targeted on material storage and moving larger amounts of items though the shop on a timely basis. These funds are available, generated by the private placement of stock identified above.

Financing activities resulted in net cash inflow of $1,398,265 in the current period compared to a net cash outflow of $39,216 for the same period last year.

There is no assurance that we will operate profitably or will generate positive cash flow in the future. In addition, our 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.

Although management believes that revenues will increase, management also expects an increase in operating costs. Consequently, the Company expects to incur operating losses and negative cash flow until our products gain market acceptance sufficient to generate a commercially viable and sustainable level of sales, and/or additional products are developed and commercially released and sales of such products made so that we are operating in a profitable manner.

Related Party Transactions

During the nine months ended March 31, 2010 the Company incurred wages and management fees of $461,528 including stock-based compensation in the amount of $324,500 with directors of the Company and companies with common directors. The Company paid $127,242 in wages and management fees for the same prior year-to-date.

Capitalization

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

Issued as of March 31, 2010: 44,414,926 common shares at $15,479,045

Issued as of May 11, 2010: 44,414,926 common shares at $15,479,045

Options outstanding:

The following summarizes information about the stock options outstanding at March 31, 2010:

Number	Exercise Price	Expiry Date
250,000	$0.55	August 9, 2010
40,000	$0.09	March 7, 2011
3,640,000	$0.12 CDN	March 18, 2012
3,930,000		

During the nine months ended March 31, 2010, a compensation charge included in Wages and Management Fees associated with the grant of stock options in the amount of $400,400 (2009: $9,820) was recognized in the financial statements.

At March 31, 2010, the following share purchase warrants were outstanding entitling the holder to purchase one common share for each warrant held as follows:

Number	Exercise Price	Expiry Date
15,000,000	$0.15 CDN	March 18, 2012
15,000,000		

Critical Accounting Estimates

Stock-based Compensation Charge and Expense

As described in Note 2 to the audited annual financial statements dated June 30, 2009, the Company accounts for all stock-based payments and awards under the fair value based method. This fair value of the stock options is estimated at the date the stock options are granted using the Black-Scholes option-pricing model. Stock-based payments to non-employees is periodically re-measured until counter-party performance is complete and any change is recognized over the life of the award. The Company accounts for share purchase options to employees by recording the fair value of the awards on the grant date and the related stock-based compensation expense is recognized over the period in which the options vest. In addition, this is a non-cash compensation charge and the cash flow effects are realized only at the time of exercise.

Internal Control and Financial Reporting Procedures

The board of directors evaluates and maintains internal control procedures and financial reporting procedures to ensure the safeguarding of Barrier's assets as well as to ensure full, true, accurate and timely disclosure of Barrier's financial position for the nine month period ended March 31, 2010, which would materially affect the accuracy of this financial report.

There has been no change in internal control procedures in the nine month period ending March 31, 2010.

Other Matters

As at March 31, 2010 the Company did not have any off-balance sheet arrangements to report.

Subsequent to March 31, 2010, The Company paid $225,000 on the revolving bank loan facility. In addition, a payment of $80,000 was made to reduce the term debt.

On January 19, 2010, Barrier and Louisiana Pacific Corporation (LP) executed a 1-year Supply Agreement where Barrier has agreed to provide exclusive fire treatment services for LP on their oriented strand board panel product (OSB). LP is the largest producer of OSB in the world. LP will market and sell the fire treated OSB in North America under their own trade name LP® FlameBlock™ Fire-Rated OSB Sheathing. Barrier has agreed not to market or sell Pyrotite™ technology coated wood products under the registered trademark Blazeguard® for as long as the agreement is in place. Current Blazeguard customers, as of January 19, will be referred to LP customer service when they wish to place orders or arrange for shipping schedules. Barrier will provide technical support. Barrier will continue to supply MuleHide FR panel to MuleHide Products, Inc. under the existing Supply Agreement executed between Barrier and MuleHide in 2004.

LP studied available fire retardant technology for OSB for some time and after an exhaustive review of available technologies, selected Pyrotite™, Barrier's proprietary and patent protected technology. The Barrier/LP partnership is particularly powerful in that it links the raw manufacturing of the OSB substrate with the company that actually mixes and produces the fire retardant slurry. Barrier and LP believe that not only will LP® FlameBlock™ be recognized as the premier fire rated sheathing in the marketplace; it will be priced competitively to alternative products. LP has a strong sales and distribution network all over North America and will be able to leverage this substantial support network in a way that Barrier was never able to do successfully with its relatively small size.

More descriptive details relating to the long-term relationship of LP and Barrier will be reported as they are developed. Presently, however, Barrier and LP agree that moving quickly to establish both a customer base of support and recognition of the product in the builder community is the number one priority. Establishing market share now, while the overall building market is slow, will enable LP® FlameBlock™ sales to grow exponentially as the economy improves.

LP's number one market development priority will be roof and exterior wall applications in the wildfire prone areas of California. LP® FlameBlock™'s inherent attributes of strength enhancement coupled with superior fire protection will help position it as the premier choice for residential and commercial wood framed construction because along the west coast designing for both fire and earthquake protection is required.

INTERNATIONAL BARRIER TECHNOLOGY INC.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2010

(Stated in US Dollars)

(Unaudited)

INTERNATIONAL BARRIER TECHNOLOGY INC.
INTERIM CONSOLIDATED BALANCE SHEETS
March 31, 2010 and June 30, 2009
(Stated in US Dollars)
(Unaudited)

ASSETS	March 31, 2010	June 30, 2009
Current		
Cash and cash equivalents	$ 1,548,807	$ 210,723
Accounts receivable	118,725	179,778
Inventory – Note 3	181,263	314,002
Prepaid expenses and deposits	8,762	46,418
	1,857,557	750,921
Property, plant and equipment	3,638,116	3,826,091
Patent, trademark and technology rights	176,893	272,105
	$ 5,672,566	$ 4,849,117
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 323,803	$ 365,209
Derivative liability – Note 5	2,763,000	-
Current portion of long term debt – Note 4	539,180	60,863
Current portion of obligation under capital leases	53,712	53,894
	3,679,695	479,966
Long-term debt – Note 4	336,983	860,597
Obligation under capital leases	305,180	344,410
	4,321,858	1,684,973
STOCKHOLDERS' EQUITY		
Common stock – Note 6		
Authorized:		
100,000,000 common shares without par value		
Issued:		
44,414,926 common shares (June 30, 2009: 29,414,926 common shares)	15,479,045	15,079,071
Additional paid-in capital	1,012,052	1,012,052
Accumulated deficit	(15,140,389)	(12,926,979)
	1,350,708	3,164,144
	$ 5,672,566	$ 4,849,117

SEE ACCOMPANYING NOTES

INTERNATIONAL BARRIER TECHNOLOGY INC.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
for the three and nine months ended March 31, 2010 and 2009
(Stated in US Dollars)
(Unaudited)

	Three months ended March 31, 2010	Three months ended March 31, 2009	Nine months ended March 31, 2010	Nine months ended March 31, 2009
Sales – Note 8	$ 659,585	$ 764,398	$ 2,031,838	$ 3,474,309
Cost of sales	658,358	698,770	1,904,596	2,956,886
Gross profit	1,227	65,628	127,242	517,423
Administrative expenses				
Accounting and audit fees	13,088	8,833	64,439	55,999
Consulting fees	3,865	2,255	3,865	2,255
Filing fees	12,128	10,082	18,729	18,527
Insurance	19,344	25,098	56,573	60,498
Interest and bank charges	59	15	112	68
Legal fees	49,963	26,419	68,991	67,032
Office and miscellaneous	9,662	14,912	36,379	56,721
Sales, marketing, and investor relations	769	7,993	8,568	19,165
Telephone	3,058	3,044	7,896	9,276
Transfer agent fees	1,934	3,778	5,639	13,057
Travel, promotion and trade shows	21,112	14,630	36,610	36,932
Wages and management fees – Notes 6 and 7	517,269	139,318	767,488	420,711
	652,251	256,377	1,075,289	760,241
Loss before other items	(651,024)	(190,749)	(948,047)	(242,818)
Other items:				
Foreign exchange loss	(22,739)	(4,965)	(12,393)	(73,541)
Interest on long-term debt	(20,587)	(20,780)	(64,827)	(62,503)
Change in fair value of derivative liability – Note 5	(1,279,600)	-	(1,279,600)	-
Other income	90,361	1,504	91,457	5,558
	(1,232,565)	(24,241)	(1,265,363)	(130,486)
Net loss for the period	$ (1,883,589)	$ (214,990)	$ (2,213,410)	$ (373,304)
Basic and diluted loss per share	$ (0.06)	$ (0.01)	$ (0.07)	$ (0.01)
Weighted average number of shares outstanding	32,914,925	29,414,926	30,564,560	29,414,926

SEE ACCOMPANYING NOTES

INTERNATIONAL BARRIER TECHNOLOGY INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
for the nine months ended March 31, 2010 and 2009
(Stated in US Dollars)
(Unaudited)

	Nine months ended March 31, 2010	2009
Operating Activities		
Net loss for the period	$ (2,213,410)	$ (373,304)
Items not involving cash:		
Amortization – plant and equipment	197,596	203,112
– trademark and technology costs	95,212	94,812
Change in fair of derivative liability	1,279,600	-
Stock-based compensation	400,400	9,820
Changes in non-cash working capital:		
Accounts receivable	61,053	178,221
Prepaid expenses and deposits	37,656	309
Inventory	132,739	(60,206)
Accounts payable and accrued liabilities	(41,406)	(255,683)
Cash used in operations	(50,560)	(202,919)
Investing Activity		
Acquisition of plant and equipment	(9,621)	(14,195)
Financing Activities		
Issuance of common shares	1,482,974	-
Demand loan	-	125,000
Repayment of long term debt obligations	(45,297)	(39,050)
Capital lease obligations	(39,412)	(46,734)
Cash provided by (used in) financing activities	1,398,265	(39,216)
Increase (decrease) in cash during the period	1,338,084	(177,898)
Cash and cash equivalents, beginning of the period	210,723	436,426
Cash and cash equivalents, end of the period	$ 1,548,807	$ 258,528
Supplementary cash flow information:		
Cash paid for:		
Interest	$ 64,640	$ 62,503
Income taxes	$ -	$ -

SEE ACCOMPANYING NOTES

INTERNATIONAL BARRIER TECHNOLOGY INC.
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
for the period ended March 31, 2010
(Stated in US Dollars)
(Unaudited)

	Common Stock		Additional		
	Issued Shares	Amount	Paid-in Capital	Accumulated Deficit	Total
Balance, June 30, 2008	29,414,926	$ 15,079,071	$ 1,002,232	$ (12,208,434)	$ 3,872,869
Stock-based compensation	-	-	9,820		9,820
Net loss for the year	-	-	-	(718,545)	(718,545)
Balance, June 30, 2009	29,414,926	15,079,071	1,012,052	(12,926,979)	3,164,144
Issued for cash pursuant to private placement – Note 5	15,000,000	399,974			399,974
Net loss for the period	-	-	-	(2,213,410)	(2,213,410)
Balance, March 31, 2010	44,414,926	$ 15,479,045	$ 1,012,052	$ (15,140,389)	$ 1,350,708

SEE ACCOMPANYING NOTES

Note 1 Nature of Operations and Ability to Continue as a Going Concern

The Company develops, manufactures and markets proprietary fire resistant building materials branded as Blazeguard in the United States of America and, as well, the Company owns the exclusive U.S. and international rights to the Pyrotite fire retardant technology.

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its obligations and commitments in the normal course of operations. Realization values may be substantially different from carrying values as shown and these 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. At March 31, 2010 the Company had an accumulated deficit of $15,140,389 (June 30, 2009 - $12,926,979) since its inception and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management has no formal plan in place to address this concern but is considering obtaining additional funds by private placement equity financings. While the Company is expending its best efforts to achieve the above plans, there is no assurance that any such activity will generate funds for operations.

The Company was incorporated under the British Columbia Company Act and is publicly traded on the TSX Venture Exchange in Canada ("TSX-V") and the OTC Bulletin Board in the United States of America.

These statements reflect all adjustments, consisting of normal recurring adjustments, which in the opinion of management are necessary for fair presentation of the information contained therein. It is suggested that these interim consolidated financial statements be read in conjunction with the audited consolidated financial statements of the Company for the year ended June 30, 2009. The interim results are not necessarily indicative of the operating results expected for the full fiscal year ending on June 30, 2010. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures herein are adequate to make the information presented not misleading.

Note 2 Recently Issued Accounting Standards

In September 2006, the Financial Accounting Standards Board ("FASB") issued guidance which defined fair value, established a framework for measuring fair value in generally accepted accounting principles ("GAAP") and expanded disclosures about fair value measurements. The Company adopted this guidance effective July 1, 2008. On July 1, 2009, the Company adopted the remaining provisions of this accounting standard as it relates to non-financial assets and liabilities that are not recognized or disclosed at fair value on a recurring basis. The adoption of these standards did not impact the Company's consolidated financial statements in any material respect.

Note 2 Recently Issued Accounting Standards – (cont'd)

In December 2007, the FASB revised the authoritative guidance for business combinations, which establishes the principles and requirements for how the acquirer in a business combination (i) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree, (ii) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase and (iii) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2008. The impact of this guidance on the Company's consolidated financial statements will ultimately depend on the terms of any future business transactions.

In April 2008, the FASB issued guidance amending the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset. This guidance improves the consistency between the useful life of a recognized intangible asset and the period of expected cash flows used to measure the fair value of the asset. This guidance was effective for the Company on July 1, 2009. The Company does not believe that the adoption of this guidance will have a material effect on its financial position or results of operations.

In May 2009, the FASB issued guidance related to accounting for and disclosure of events that happen after the date of the balance sheet but before the release of the financial statements. The guidance requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for selecting that date. This guidance was effective for reporting periods ending after June 15, 2009. The adoption of this guidance did not have a material effect on its financial position or results of operations. The Company has evaluated subsequent events through the filing date of these financial statements.

In June 2009, the FASB issued the FASB Accounting Standards Codification ("Codification") establishing the sole source of authoritative U.S. generally accepted accounting principles ("GAAP"). Pursuant to the provisions of the Codification, the Company has updated references to GAAP in its financial statements for the period ended March 31, 2010. The adoption of the Codification did not impact the Company's financial position or results of operations.

In August 2009, the FASB issued authoritative guidance that provides clarification for circumstances in which a quoted price in an active market for an identical liability is not available. The guidance is intended to reduce potential ambiguity in financial reporting when measuring the fair value of liabilities. The guidance is effective for the first interim reporting period beginning after issuance. The Company does not anticipate the adoption of this guidance to have a material impact on the Company's future consolidated financial statements.

In October 2009, the FASB issued an update concerning multiple-deliverable revenue arrangements. This update requires the allocation of consideration among separately identified deliverables contained within an arrangement, based on their related selling prices. This update will be effective for annual reporting periods beginning January 1, 2011. The Company is currently evaluating the impact of this update on its financial position, results of operations, cash flows, and disclosures.

(Unaudited - Stated in US Dollars) – Page 3

Note 3 Inventory

	March 31, 2010	June 30, 2009
Raw materials	$ 121,991	$ 164,260
Finished goods	59,272	149,742
	$ 181,263	$ 314,002

Note 4 Long-term Debt

	March 31, 2010	June 30, 2009
Revolving bank loan facility in the amount of $500,000 bearing interest at 7.5% per annum and secured by a security interest in inventory, accounts receivable, equipment and all intangibles of the Company as well as an assignment of the building lease. The balance is due on August 1, 2010.	$ 475,000	$ 475,000
Term bank loan facility in the amount of $500,000 bearing interest at 7% per annum and secured by a second charge over the real estate. The facility is being amortized over 7 years with fixed monthly blended payments of principal and interest totalling $7,550 and has a balloon payment due July 1, 2012.	401,163	446,460
	876,163	921,460
Less: Current portion	539,180	60,863
	336,983	860,597

Future principal payments required on long-term debt are as follows:

2010	$ 539,180
2011	51,121
2012	285,862
	$ 876,163

Note 5 Derivative Liability

In April 2008, the FASB issued ASC 815-40 which provides guidance on determining whether an Instrument (or embedded feature) is indexed to an entity's own stock. FASB ASC 815-40 became effective for the Company's current fiscal year that commenced July 1, 2009. Adoption of this standard on July 1, 2009 did not have a significant impact on the Company's financial statements at that date. During the three months ended March 31, 2010, the Company sold 15,000,000 units at $CDN 0.10 per unit for total proceeds of $1,482,974 ($CDN 1,500,000). Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase an additional common share at $CDN 0.15 for a period of two years. As well, during the three months ended March 31, 2010, the Company granted 3,640,000 share purchase options that have a strike price denominated in Canadian dollars. In accordance with ASC 815-40-15, the Company recorded the warrants issued and options granted as a derivative liability due to their exercise prices being denominated in a currency other than the Company's US dollar functional currency. The Company used the Black-Scholes model to estimate the fair value of the warrants and options with the following assumptions:

	At March 31, 2010	At Inception
Expected life (years)	1.94	2.0
Risk-free interest rate	1.02%	0.92%
Expected volatility	145.84%	145.84%
Expected dividend yield	0.0%	0.0%

The fair value of the derivative liability as at March 31, 2010 and for the period then ended was estimated by the Company as follows:

	At inception	At March 31, 2010	Change in fair value of derivative liability
Fair value of derivative liability	$1,483,400	$2,763,000	$1,279,600

The fair value of the derivative liability will be revalued at the end of each reporting period, with the change in fair value of the derivative liability recorded as a gain or loss in the Company's Consolidated Statements of Operations. The fair value of the derivatives will continue to be classified as a liability until such time as the warrants and options are exercised, expire or there is an amendment to the respective agreements that renders these financial instruments to be no longer classified as a liability.

At the time of the private placement offering, the Company allocated the proceeds to each of the common shares and warrants. Because the warrants were classified as a liability and are subsequently marked to fair value through earnings in each reporting period, the Company allocated proceeds of $1,083,000 to the warrants at inception with the residual proceeds of $399,974 allocated to common stock.

(Unaudited - Stated in US Dollars) – Page 5

Note 6 Share Capital

Common Stock Issuance:

During the three months ended March 31, 2010, the Company issued 15,000,000 common share units pursuant to a private placement at $0.10 CDN per unit for total proceeds of $1,500,000 CDN ($1,482,974). Each unit consisted of one common share and one common share purchase warrant entitling the holder thereof to purchase an additional common share for $0.15 CDN for a period of 2 years. As discussed in Note 5, due to the warrants being exercisable in a currency other than the Company's functional US dollar currency, the warrants were measured at their fair value of $1,083,000 at inception and recorded as a component of the derivative liability. The residual proceeds of $399,374 were allocated to the share capital.

Escrow:

At March 31, 2010, there are 48,922 (June 30, 2009 – 48,922) shares are held in escrow by the Company's transfer agent. These shares are issuable in accordance with a time release clause in the escrow share agreement. As at March 31, 2010 and June 30, 2009, all of the shares held in escrow are issuable but the Company has yet to request their release.

Commitments:

Stock-based Compensation Plan

At March 31, 2010, the Company has outstanding options that were granted to directors, officers and consultants the option to purchase 3,930,000 common shares of the Company.

A summary of the status of company's stock option plan for the nine months ended March 31, 2010 is presented below:

	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding, June 30, 2009	1,941,750	$0.56	$ 2,400
Granted	3,640,000	$0.12	
Forfeited	(50,000)	$0.45	
Expired	(1,601,750)	$0.56	
Outstanding, March 31, 2010	3,930,000	$0.15	$ -
Exercisable, March 31, 2010	3,920,000	$0.15	$ -
Exercisable, June 30, 2009	1,839,250	$0.57	

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Note 6 Share Capital

Commitments – (cont'd)

Stock-based Compensation Plan – (cont'd)

The following summarizes information about the stock options outstanding at March 31, 2010:

Number	Exercise Price	Expiry Date
250,000	$0.55	August 9, 2010
40,000	$0.09	March 7,2011
3,640,000	$0.12 CDN	March 18, 2012
3,930,000		

During the nine months ended March 31, 2010, a compensation charge included in Wages and Management Fees associated with the grant of stock options in the amount of $400,400 (2009: $9,820) was recognized in the financial statements.

A summary of changes in the Company's unvested stock options for the period ended March 31, 2010 is presented below:

	March 31, 2010	
	Number of Options	Weighted Average Grant Date Fair Value
Outstanding, beginning of period	102,500	$0.06
Granted	3,640,000	$0.11
Expired	(60,000)	$0.09
Forfeited	(12,500)	$0.09
Vested	(3,660,000)	$0.11
Outstanding, end of period	10,000	$0.02

Warrants

At March 31, 2010, the following share purchase warrants were outstanding entitling the holder to purchase one common share for each warrant held as follows:

Number	Exercise Price	Expiry Date
15,000,000	$0.15 CDN	March 18, 2012
15,000,000		

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Note 7 Related Party Transactions

The Company incurred the following charges with directors of the Company or private companies with common directors during the three and nine month periods ended March 31, 2010 and 2009:

	Three months ended March 31,		Nine months ended March 31,	
	2010	2009	2010	2009
Wages and management fees	$ 367,117	$ 36,601	$ 461,528	$ 127,242

Note 8 Segmented Information and Sales Concentration

The Company operates in one industry segment being the manufacturing and marketing of fire resistant building materials. During the nine months ended March 31, 2010, the Company earned sales revenue of $2,121,838 (2009: $3,474,309), all of which were earned in the United States of America.

The Company's long lived assets are located in each of the United States and Canada as follows:

	March 31, 2010	June 30, 2009
Canada	$ 176,893	$ 272,105
United States	3,638,116	3,826,091
Total	$ 3,815,009	$ 4,098,196

During the three and nine months ended March 31, 2010, one (2009 - one) customer accounted for 79% and 79% (2009:65% and 70%) of sales revenue respectively. The amount receivable from this customer at March 31, 2010 was $21,264 (June 30, 2009: $75,188). The loss of this customer or the curtailment of purchases by such a customer could have a material adverse effect on the Company's financial condition and results of operations.