INTERNATIONAL BARRIER TECHNOLOGY INC.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2012

(Stated in US Dollars)

(Unaudited)

INTERNATIONAL BARRIER TECHNOLOGY, INC.

INTERIM CONSOLIDATED BALANCE SHEETS

March 31, 2012 and June 30, 2011

(Stated in US Dollars)

(Unaudited)

ASSETS	March 31, 2012	June 30, 2011
Current		
Cash and cash equivalents	$ 203,467	$ 268,742
Accounts receivable	53,191	49,825
Inventory - Note 4	233,614	230,226
Prepaid expenses and deposits	28,509	46,359
Total Current Assets	518,781	595,152
Property, plant and equipment	3,267,553	3,387,810
Patent, trademark, and technology rights	-	19,273
Total Assets	$ 3,786,334	$ 4,002,235
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 445,974	$ 401,562
Customer deposits	-	19,844
Derivative liability - Notes 3 and 7	1,002	741,357
Current portion of long term debt - Note 5	55,206	76,412
Obligation under capital leases	54,343	57,911
Total Current Liabilities	556,525	1,297,086
Long-term debt - Note 5	386,095	339,709
Convertible debentures - Note 6	200,000	-
Obligation under capital leases	193,856	231,907
Total Liabilities	1,336,476	1,868,702
STOCKHOLDERS' EQUITY		
Common Stock - Note 7		
Authorized:		
100,000,000 common shares without par value		
Issued:		
44,454,926 common shares (June 30, 2011: 44,454,926)	15,463,675	15,463,675
Additional paid-in capital	1,425,955	1,030,593
Accumulated deficit	(14,439,772)	(14,360,735)
Total Stockholders' Equity	2,449,858	2,133,533
Total Liabilities and Stockholders' Equity	$ 3,786,334	$ 4,002,235

APPROVED BY THE BOARD OF DIRECTORS

"David Corcoran" David Corcoran Director

"Victor Yates" Victor Yates Director

SEE ACCOMPANYING NOTES

INTERNATIONAL BARRIER TECHNOLOGY, INC.

INTERIM CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

for the three and nine months ended March 31, 2012 and 2011

(Stated in US Dollars)

(Unaudited)

	Three months ended March 31, 2012	Three months ended March 31, 2011	Nine months ended March 31, 2012	Nine months ended March 31, 2011
Sales - Note 9	$ 1,023,006	$ 734,503	$ 3,116,226	$ 2,490,996
Cost of Sales	955,205	750,222	2,942,172	2,363,863
Gross Profit	67,801	(15,719)	174,054	127,133
Expenses				
Accounting and audit fees	6,926	5,243	68,568	61,877
Filing Fees	8,144	10,543	15,833	19,540
Insurance	10,778	11,300	54,813	61,117
Bank charges and interest	150	48	253	401
Legal fees	10,635	17,784	26,541	50,651
Office and miscellaneous	13,519	11,621	41,586	37,808
Sales, marketing, and investor relations - Note 7	8,561	38,121	21,297	172,319
Telephone	2,742	2,384	8,249	8,330
Transfer agent fees	4,998	-	7,999	5,542
Wages and management fees - Notes 7 and 8	103,836	63,800	292,702	84,777
Total Administrative Expenses	170,289	160,844	537,841	502,362
Loss before other income	(102,488)	(176,563)	(363,787)	(375,229)
Foreign exchange gain (loss) and other income	4,207	9,026	(5,809)	42,209
Interest on long-term obligations	(11,314)	(10,027)	(36,280)	(37,353)
Change in fair value of derivative liability - Note 3	45,021	188,690	556,762	1,235,690
Total Other Income	37,914	187,689	514,673	1,240,546
Net income for the period	$ (64,574)	$ 11,126	$ 150,886	$ 865,317
Basic and diluted income (loss) per share	$ (0.00)	$ 0.00	$ 0.00	$ 0.02
Weighted average number of shares outstanding	44,454,926	44,421,519	44,454,926	44,417,116

SEE ACCOMPANYING NOTES

INTERNATIONAL BARRIER TECHNOLOGY, INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
for the nine months ended March 31, 2012 and 2011
(Stated in US Dollars)
(Unaudited)

	Nine months ended March 31, 2012	2011
Operating Activities		
Net income for the year	$ 150,886	$ 865,317
Items not involving cash:		
Depreciation - plant and equipment	208,593	200,151
Amortization - patent, trademark and technology rights	19,273	94,412
Stock-based compensation - investor relations	(5,169)	27,089
Stock-based compensation - wages	(12,985)	(269,594)
Change in fair value of derivative liability	(556,762)	(1,235,690)
Changes in non-cash working capital balances related to operations:		
Accounts receivable	(3,366)	16,960
Inventory	(3,388)	46,786
Prepaid expenses and deposits	17,850	26,285
Accounts payable and accrued liabilities	44,412	(43,380)
Customer deposits	(19,844)	-
Net cash used in operating activities	(160,500)	(271,665)
Cash Flows provided by Financing Activities		
Issuance of common shares	-	3,600
Issuance of Convertible debentures	200,000	-
New loan facility	450,000	-
Repayment on long term debt	(424,820)	(151,227)
Decrease in obligations under capital lease	(41,619)	(39,231)
Net cash provided by (used in) financing activities	183,561	(186,858)
Cash Flows used in Investing Activities		
Acquisition of equipment	(88,336)	(75,788)
Net cash used in investing activities	(88,336)	(75,788)
Decrease in cash and cash equivalents during the period	(65,275)	(534,311)
Cash and cash equivalents, beginning of the period	268,742	863,121
Cash and cash equivalents, end of the period	$ 203,467	$ 328,810
Supplemental Cash Flow Information		
Cash paid for interest	$ 36,280	$ 37,353
Cash paid for income taxes	$ -	$ -

SEE ACCOMPANYING NOTES

INTERNATIONAL BARRIER TECHNOLOGY, INC.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
for the period ended March 31, 2012
(Stated in US Dollars)
(Unaudited)

	Common Stock				
	Issued Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Total
Balance, June 30, 2010	44,414,926	15,457,697	1,012,052	(15,256,546)	1,213,203
Reclassification of derivative liability on cancellation of stock options	-	-	20,405	-	20,405
Stock-based compensation	-	-	514	-	514
Issued for exercise of stock options - at $0.09	40,000	3,600	-	-	3,600
Transferred to additional paid in capital for the exercise of stock options	-	2,378	(2,378)	-	-
Net income for the year	-	-	-	895,811	895,811
Balance, June 30, 2011	44,454,926	15,463,675	1,030,593	(14,360,735)	2,133,533
Cumulative effect of accounting change - Note 2	-	-	395,362	(229,923)	165,439
Net income for the period	-	-		150,886	150,886
Balance, March 31, 2012	44,454,926	15,463,675	1,425,955	(14,439,772)	2,449,858

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 ("GAAP") 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, 2012 the Company had an accumulated deficit of $14,439,772 (June 30, 2011 - $14,360,735) 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. The Company expects to fund short-term cash flow requirements with remaining cash reserves and positive operating cash flow anticipated with increasing sales volume over the next year. 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, 2011. The interim results are not necessarily indicative of the operating results expected for the full fiscal year ending on June 30, 2012. 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 Adoption of New Accounting Policies

In April, 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2010-13 ("ASU 2010-13") *"Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades".* ASU 2010-13 clarifies that an employee share-based payment award with an exercise price denominated in currency of a market in which a substantial portion of the entity's equity securities trades should not be considered to contain a condition that is not a market, performance or service condition. Therefore, such awards would not be classified as liabilities if they otherwise qualify as equity. ASU 2010-13 became effective for fiscal years commencing after December 15, 2010 with early adoption permitted. Thus, this guidance became effective for the Company commencing July 1, 2011 as the Company had chosen not to early adopt these provisions.

Note 2 Adoption of New Accounting Policies – (cont'd)

The Company's outstanding employee share-purchase options have an exercise price denominated in Canadian dollars whereas the functional currency for the Company's operations is the US dollar. Prior to the adoption of ASU 2010-13, the Company recorded and classified these instruments as a liability in accordance with the provisions of Topic 718 because they were indexed to a factor that was considered to be other than a market, performance or service condition. However, given that a substantial number of the Company's shares trade in each of Canada and the United States, effective July 1, 2011, the Company's employee share purchase options have been recorded and classified as equity instruments.

The transition provisions of ASU 2010-13 require a cumulative effect adjustment as of July 1, 2011 to reflect the amounts that would have been recorded and recognized if the guidance of ASU 2010-13 had been applied consistently since the inception of the awards outstanding at July 1, 2011.

The cumulative effect of this change in accounting principle of $165,439 was to recognize an increase of additional paid-in capital of $395,362 representing the fair value of the employee options on their respective grant dates and record a charge to accumulated deficit of $229,923. In addition, the Company reversed the fair value of the derivative liability previously associated with the employee share-purchase options on July 1, 2011 in the amount of $165,439.

Note 3 Fair Value Measurements

The book value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, bank loan facility, long-term debt and obligation under capital leases 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;

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.

During the nine months ended March 31, 2012, the Company's Level 3 liabilities consisted of warrants issued in connection with the Company's offering of equity units in a private placement and share purchase options granted to non-employees. These Level 3 liabilities have no active market and are required to be measured at their fair value each reporting period based on information that is unobservable. During the nine months ended March 31, 2012, the warrants expired unexercised.

(Stated in US Dollars)

Note 3 Fair Value Measurements – (cont'd)

A summary of the Company's Level 3 liabilities for the nine months ended March 31, 2012 and the year ended June 30, 2011 is as follows:

	Nine months ended March 31, 2012	Year ended June 30, 2011
Warrants		
Beginning fair value	$ 556,762	$ 2,010,000
Change in fair value	(556,762)	(1,453,238)
Ending fair value	$ -	$ 556,762
Non-employee options		
Beginning fair value	$ 19,156	$ 40,600
Issuance	-	10,745
Transfers in	-	27,031
Transfers out	-	(20,405)
Change in fair value	(18,154)	(38,815)
Ending fair value	1,002	19,156
	$ 1,002	$ 575,918

During the year ended June 30, 2010, the Company sold 15,000,000 units at $0.10 CDN per unit for total proceeds of $1,482,974 ($1,500,000 CDN). 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 a result of the adopting the guidance of ASU-2010-13 (Note 2) and the activity of the Company's Level 3 liabilities for the nine months ended March 31, 2012, the Company's derivative liability is summarized as follows:

	Warrants	Non-Employee Options	Employee Options	Total
Balance, June 30, 2011	$ 556,762	$ 19,156	$165,439	$741,357
Cumulative effect of adopting ASU 2010-13 - Note 2	-	-	(165,439)	(165,439)
Change in fair value	(556,762)	(18,154)	-	(574,916)
Balance, March 31, 2012	$ -	$ 1,002	$ -	1,002

Upon the adoption of the guidance in ASC 815-40-15 which became effective for the fiscal year that commenced July 1, 2009, the Company recorded the warrants issued as derivative liabilities due to their exercise price being denominated in a currency other than the Company's US dollar functional currency.

(Stated in US Dollars)

The warrant liability is accounted for at its fair value as follows:

	March 31, 2012	June 30, 2011
Beginning Fair Value	$ 566,762	$ 2,010,000
Change in Fair Value	(566,762)	(1,453,238)
Ending Fair Value	$ -	$ 556,762

The Company used the binomial option pricing model to estimate the fair value of the warrants with the following assumptions:

	March 31, 2012	June 30, 2011
Expected life (years)	-	0.72
Risk-free interest rate	-	0.19%
Expected volatility	-	146.29%
Expected dividend yield	-	0.00%

Note 4 Inventory

	March 31, 2012	June 30, 2011
Raw materials	$ 170,900	$ 153,369
Finished goods	62,714	76,857
	$ 233,614	$ 230,226

(Stated in US Dollars)

Note 5 Long-term debt

	March 31, 2012	June 30, 2011
Revolving bank loan facility in the amount of $250,000 bearing interest at 6.75% per annum and collateralized 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 was due on September 1, 2012	$ -	$ 181,723
Term bank loan facility in the amount of $500,000 bearing interest at 7% annum and collateralized 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 totaling $7,550 and has a balloon payment due July 1, 2012.	-	234,398
Term bank loan facility in the amount of $450,000 bearing interest at 6.25% and collateralized 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 facility is being amortized over 4 years with fixed monthly blended payments of principal and interest totaling $6,800 with a balloon payment due on January 1, 2016	441,301	-
	441,301	416,121
Less: current portion	(55,206)	(76,412)
	$ 386,095	$ 339,709

(Stated in US Dollars)

Note 5 Long-term debt - continued

During the nine months ended March 31, 2012, the Company renegotiated its bank loan facilities. As a result, the Company received a new term bank loan having principal payments over the next five years as follows:

2013	$	55,206
2014		58,808
2015		62,645
2016		264,642
	$	441,301

By a promissory note agreement dated December 29, 2011, the Company has arranged for credit facilities with Farmers State Bank of Watkins which allows the Company to be advanced up to $50,000 under the terms of the promissory note agreement. Advances will bear interest at 6.25% per annum and will be repayable in installments of accrued interest beginning February 1, 2012 with the entire unpaid Principal and interest to be repaid on February 1, 2013. Advances are collateralized by a security interest on inventory, accounts receivable, equipment and all intangibles of the Company as well as an assignment of the building lease. No advances have been made under this credit facility as at March 31, 2012 and June 30, 2011.

Note 6 Convertible Debenture

During the nine months ended March 31, 2012, the Company issued two convertible promissory debentures to a director and a company controlled by a director in the amount of $300,000. The debentures are being issued in tranches of $50,000 and as at March 31, 2012, the Company had received $200,000 in respect of these debentures. The debentures bear interest at 12% per annum and are collateralized by a third charge over the Company's plant and equipment as well as 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 thereof to purchase an additional share for $0.10 for a period of two years from the conversion date.

Note 7 Common Stock

Escrow:

At March 31, 2012, there are 48,922 (June 30, 2011 – 48,922) shares 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, 2012 and June 30, 2011, 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, 2012, the Company has outstanding options that were granted to directors, officers and consultants to purchase 390,000 common shares of the Company.

(Stated in US Dollars)

Note 7 Common Stock – (cont'd)

Commitments: - (cont'd)

Stock-based Compensation Plan – (cont'd)

A summary of the status of company's stock option plan for the nine months ended March 31, 2012 is presented below:

	Number of shares	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding, June 30, 2011	3,930,000	$0.12 CDN	$ -
Expired during the period	(3,540,000)	$0.12 CDN	$ -
Outstanding and exercisable, March 31, 2012	390,000	$0.14 CDN	$ -
Exercisable, June 30, 2011	3,890,000	$0.12 CDN	$ -

The following summarizes information about the stock options outstanding at March 31, 2012:

Number	Exercise Price	Expiry Date	Remaining Contractual Life
350,000	$0.15 CDN	October 29, 2012	0.58 years
40,000	$0.064 CDN	June 10, 2013	1.19 years
390,000			

Non-Employee Share Purchase Options

In accordance with the guidance of ASC 815-40-15, stock options granted to non-employees with exercise prices that are not denominated in the functional currency of the Company are determined not to be indexed to the Company's stock and are required to be accounted for as derivative liabilities in accordance with ASC 815 "Derivatives and Hedging".

The non-employee share purchase option liabilities are accounted for at their respective fair values and are summarized as follows:

Fair value of non-employee options, June 30, 2011	$ 19,156
Change in fair value of non-employee options for the period	(18,154)
Fair value of non-employee options, March 31, 2012	$ 1,002

(Stated in US Dollars)

Note 7 Common Stock – (cont'd)

Commitments: - (cont'd)

Stock-based Compensation Plan – (cont'd)

The non-employee options are required to be re-valued with the change in fair value of the liability recorded as a gain or loss on the change of fair value of derivative liability and included in administrative expenses on the Company's Consolidated Statements of Operations at the end of each reporting period. The fair value of the options will continue to be classified as a liability until such time as they 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.
Stock based compensation amounts for the vesting of stock options and the change in fair value of stock options classified as derivative liabilities are classified in the Company's Statement of Operations as follows:

	Three months ended March 31,		Nine months ended March 31,	
	2012	2011	2012	2011
Investor relations	$ (934)	$ (34,795)	$ (5,169)	$ (269,594)
Wages and management fees	(2,808)	(1,316)	(12,985)	27,089
	$ (3,742)	$ (36,111)	$ (18,154)	$ (242,505)

Note 8 Related Party Transactions

The Company was charged the following by directors of the Company or private companies with common directors during the three and nine months ended March 31, 2012 and 2011:

	Three months ended March 31,		Nine months ended March 31,	
	2012	2011	2012	2011
Wages and management fees	$ 43,187	$ 43,943	$ 136,095	$ 145,061

Note 9 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 nine months ended March 31, 2012, two customers accounted for 100% each representing 60% and 40%, respectively (2011: two customers accounted for 97% each representing 75% and 22%, respectively) of sales revenue. The amounts receivable from each of these customers at March 31, 2012 were $51,371 and $0 respectively (2011: $33,897 and $28,132 respectively). The loss of either of these customers or the curtailment of purchases by such customers could have a material adverse effect on the Company's financial condition and results of operations.

Note 10 Comparative Figures

Certain comparative figures have been reclassified to be consistent with the current year presentation.

INTERNATIONAL BARRIER TECHNOLOGY INC.
QUARTERLY REPORT
for the period ended March 31, 2012

Management Discussion & Analysis

Date of Report – May 15, 2012

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 developing distribution partnerships is 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 manufactures a private label fire rated sheathing product under contract for both LP® Building Products, Inc. (LP) and MuleHide Products, Inc. (MuleHide). LP has been selling a fire rated OSB trademarked LP® Flameblock® Fire-Rated OSB Sheathing (LP® FlameBlock®) into Multifamily Residential Roof Deck, Wall Assembly, and Structural Insulated Panel markets since 2010 and MuleHide has been selling MuleHide FR Deck Panel (FR Deck Panel) to commercial modular building manufacturers since 2004.

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 reviews 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, 2012 was up 39% to $1,023,006 for the three month period in comparison to $734,503 generated in the same quarter in 2011. Year-to-date sales increased 25% to $3,116,226 vs. $2,490,996. Total sales volume, as measured by surface volume of product shipped for the quarter, was 2,618,800 sq. ft. This is a 67% increase from the 1,572,400 sq. ft. shipped during the same quarter in the previous year. Sales for the nine months ending March 31, 2012 (fiscal year-to-date) are up 40% to 7,155,900 sq. ft. vs. 5,100,600 sq. ft. in the same period in 2011.

Sales into the Residential Roof Deck, Wall Assembly, and Structural Insulated Panel Market Sectors (LP FlameBlock) increased 122% during the nine month period. Shipments into the Commercial Modular Market (FR Deck Panel) decreased by 15% in comparison to the same period in 2011.

On January 18, 2011, LP and Barrier extended their existing Supply Agreement through December 31, 2013. LP is the largest producer of Oriented Strand Board (OSB) in the world and believes that Barrier's Pyrotite Technology will help them achieve their strategy of providing a number of value added OSB products to the building community. The agreement gives LP the exclusive right to sell Pyrotite® treated panel products in North America, in all markets other than commercial modular (MuleHide Products, Inc.), under their brand name LP® FlameBlock® Fire-Rated OSB Sheathing. Barrier anticipates the relationship with LP may significantly increase sales volume. Reported sales revenue for LP products, however, will only include the charges for treatment services, not the underlying OSB substrate as LP will supply its own OSB substrate. This pass through of the OSB substrate will serve to lower reported "top line" sales revenue, but not necessarily gross profits since margins on substrate have historically been restricted to handling costs only to help keep prices competitive. Prior to the original LP agreement on January 1, 2010, Barrier purchased OSB from local distributors and invoiced the cost of the substrate to its customer; therefore the cost of the substrate was included in sales revenue. Barrier's margin for LP FlameBlock is based on the treatment of the OSB only and does not include substrate costs.

Gross profit for the period was $67,801 vs. ($15,719) in the previous year (year-to-date $174,054 vs. 127,133 in 2011). The gross margin, as a percentage of year-to-date sales revenue, was 6% in comparison to 5%. Improvements in gross margin are anticipated with gains in manufacturing efficiencies provided by improved production technology and efficiencies created by steady and increased sales volumes. Overhead costs will be spread across a larger manufacturing/sales volume base. Barrier is intently focused on improving gross margins through this fiscal year and beyond.

Cost of sales in the three and nine month periods ending March 31, 2011 increased to $955,205 and $2,942,172 from $750,222 and $2,363,863 in the previous year. The increase is attributable to higher production volumes. Gains in efficiency are reflected in the decreased quarterly and year-to-date average cost per sq.ft. of production ($0.36 vs. $0.48 for the quarterly period and $0.41 vs. $0.46 year-to-date) in the comparable period.

R&D expenses and activity has generally been limited to those areas allowing LP to introduce LP® FlameBlock® into targeted markets. Barrier's International Code Council Evaluations Services Report (ICC-ES 1365) include LP Building Products, Inc. as an "additional listee". This allows LP to sell their LP® 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, increased slightly year-to-date from $200,151 in 2011 to $208,593. 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.

Administrative expenses in the reported three and nine month period increased from $160,844 and $502,362, respectively to $170,289 and $537,841. Administrative costs per sq. ft. decreased quarterly (from $0.10 to $0.07) and decreased year-to-date (from $0.10 to $0.08). While changes in derivative value (see Notes 3 and 7) affected administrative costs significantly in this reporting period, Barrier continues to focus on how increased sales volume will help reduce admin cost per square foot shipped. As volumes continue to increase, a continued trend for overall reduction in the average cost of administrative expense per sq.ft. will be manifest. Barrier expects the reduction in the average cost of administration to have a significant impact on bottom line performance in future reporting periods.

Accounting and Audit Fees increased in the quarter ending March 31, 2012 vs. the same time period last year ($6,926 vs. $5,243) and year-to-date ($68,568 vs. $61,877).

Insurance costs decreased to $10,778 for the three months and $54,813 for nine months in comparison to $11,300 and $61,117 the previous year. The difference is due annually adjusted premiums.

Legal fees decreased to $10,635 for the three month period and $26,541 for the nine months ending March 31, 2012. For the same period in the prior year, legal fees were $17,784 and $50,651 respectively. Legal fees were expended on activities in support of protecting Pyrotite® patents and trademark registration as well as for help in the drafting and review of certain business correspondence. Barrier believes protecting its technology and trademarks is an important step in positioning itself to develop strategic partners and potential technology licensees

Barrier has two US patents protecting the manufacturing technology utilized in the production of fire-rated sheathing products utilizing Pyrotite. During the period, Barrier also received an approved patent in Australia, which protects fire-rated products manufactured with Pyrotite and manufacturing processes. This accomplishment provides a valuable resource in potential future licensing or partnership agreements.

Sales, marketing, and investor relations expenses decreased from $38,121 to $8,561 during the quarter and from $172,319 to $21,297 year-to-date. The major reason for the variance in expense under this category was an enhanced effort placed on investor relations in the prior year. Barrier contracted with an external investor relations and media firm, The Investor Relations Group "IRG," from July through November 30, 2010. The partnership fit into a strategy of increasing investor awareness of Barrier's improving business to the investment community. In addition to the utilization of IRG, Barrier also contracted with an independent Investor Relations professional to conduct dialogue with current and prospective investors during the time period of October 2010 through April 2011. Barrier remains committed to maintaining strong relationships with our investors through active communication on an ongoing basis. At this time, the expense of full time external communication partners is on hold temporarily pending future cash inflow.

Barrier's direct cost for sales and marketing will continue to decline relative to sales volume as our partners, LP and MuleHide Products, continue to perform more and more of those functions themselves. Barrier remains active in a support role by providing necessary technical sales support but more and more of the day to day market and sales development activities are performed by the capable sales and marketing staffs of LP and MuleHide Products resulting in improved sales but also lower costs for Barrier.

Loss Before Other income of ($102,488) is being reported for the quarter ending March 31, 2012, whereas in the same period in 2011, a loss of ($176,563) was reported. A loss of ($363,787) is reported for the year-to-date period vs. ($375,229) in the comparable year-to-date period in 2011.

While changes in derivative value (see Notes 3 and 7) affected administrative costs significantly, in this reporting period, and thus loss before other income, Barrier continues to focus on how increased sales volume will help reduce admin costs and improve the bottom line.

Barrier anticipated a slower start as the Flamebock brand enters the market and gains strength. Losses early in the LP relationship were anticipated. LP and Barrier targeted a market based price that is more competitive to past product pricing and at a level that will support improved market share. As sales continue to increase, gross margins and profits are expected to continue to improve.

Other items include income and costs not directly related to business operations. Other income items reported during the quarterly period herein includes a foreign exchange gain and interest income of $4,207. To compare, for the same reporting period last year there was a foreign exchange/interest income gain of $9,026. Year-to-date the foreign exchange/interest loss was ($5,809) vs. a gain of $42,209 in the prior year.

Interest on Long Term Obligations has increased from $10,027 to $11,314 for the quarterly reporting period and decreased from $37,353 to $36,280 year-to-date as overall long-term debt decreases.

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 well, Barrier granted options that were exercisable in Canadian currency whereas the functional currency of the company is the US dollar. As a result of these transactions, Barrier is required to record these instruments as derivative liabilities which are re-measured to their fair value each reporting period. During the nine months ended March 31, 2012, the Company reported a fair value gain of $45,021 for the quarter (vs. $188,690 quarterly last year) and $556,762 year-to-date (vs. $1,235,690 year-to-date last year) on the derivative liability.

Net Income (loss) A net loss of ($64,574) is being reported for the quarter ending March 31, 2012, whereas in the same period in 2011, a net income of $11,126 was reported. For the nine months ending March 31, 2012, the net income is $150,886 vs. a net income of $865,317 in the prior year. Barrier remains focused on cutting costs and improving efficiencies wherever it can. This includes operating the manufacturing line with maximum efficiency, as the economy remains unsettled and residential construction slowly begins to recover. Keeping a vigilant handle on costs will help keep operational costs as low as possible and enable recovery to occur sooner and at lower volumes than previously possible.

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

	Mar 31 2012	Dec 31 2011	Sept 30 2011	June 30 2011	Mar 31 2011	Dec 31 2010	Sept 30 2010	June 30 2010	Mar 31 2010
Volume shipped (MSF)	2,619	2,327	2,210	1,861	1,573	1,754	1,774	1,496	1,261
Total Revenues (000)	$1,023	$1,008	$1,085	$765	$735	$877	$879	$574	$660
Operating Income (000)	($103)	($157)	($104)	($175)	($176)	($30)	($169)	($370)	($652)
Net income (loss) (000)	($65)	($34)	$250	$31	$11	$808	$46	($117)	($1,883)
EPS (Loss) Per Share	$0.00	($0.01)	$0.01	$0.00	$0.00	$0.02	$0.00	($0.00)	($0.06)

Selected Annual Information

The following financial data is for the three most recent years ended June 30:	2011	2010	2009
Total Revenue	$3,256.0	$2,606.3	$4,092.0
Net income (loss)	895.8	(2,330.0)	(719.0)
Per share	0.02	(0.07)	(0.02)
Per share, fully diluted	0.02	(0.07)	(0.02)
Total assets	4,002.2	5,002.0	4,849.0
Total long-term financial liabilities	571.6	774.0	1,205.0
Cash dividends declared per share	Nil	Nil	Nil

New product and market development

Barrier successfully certified and listed a fire-rated return air plenum product with the International Code Council (ICC-ES) during last fiscal year. In addition, new product labels were approved, enabling the FlameBlock product to be better marketed and utilized in Canada. Prior to that, the thinnest FlameBlock panel marketed was a 15/32 performance grade panel. LP and Barrier worked closely together to successfully certify, list, and launch a 7/16 performance grade panel which has proven to be a more competitive match to FRT plywood than the 15/32 panel in many market geographies.

Barrier continues to provide support to LP for new product and market development activity directed specifically toward the Wildland Urban Interface (WUI) zoned properties in California. To date, FlameBlock has been successfully specified and used in these zones as not only an exterior, sheer wall assembly, but also as a soffit material. Thereby, FlameBlock is currently being used to protect an important area identified by the Office of the State Fire Marshall as critical to prevent from igniting during a wildfire. FlameBlock was approved by CAL FIRE for use in WUI zones as exterior wall sheathing behind LP SmartSide lap and panel siding, as well as cedar shingles and lap siding, providing additional application uses.

Global licensing opportunities

Barrier continues to explore 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 (current assets less current liabilities) of ($37,744). The Company generated negative operating cash flow for the nine months ended March 31, 2012 of ($65,275) in comparison to ($534,311) for the nine months ended March 31, 2011. The net operating cash outflow is derived primarily by reducing the net operating income of $150,886 by the change in fair value of derivative liability of ($556,762) and the non-cash items (stock-based compensation) of ($18,154) and amortization/depreciation of $227,866. Other items included in the calculation of operating cash flow include such items as the change in value of inventory, accounts receivable, prepaid items, and accounts payable. The Company expects to fund short-term cash flow requirements with remaining cash reserves and positive operating cash flow anticipated with increasing sales volume over the next fiscal year. Barrier has also a short term revolving line of credit $50,000 at the Farmers State Bank of Watkins in Watkins, Minnesota. As of March 31, 2012 the balance owing on the revolving line of credit was $0, leaving $50,000 available to fund short term cash flow requirements. In addition, there is $100,000 in available fund remaining from the $300,000 convertible debenture ($200,000 was received during the period); which will provide funds for operation and capital improvements.

Financing activities resulted in net cash inflow of $183,561 in the current nine month period compared to a net cash outflow of ($186,858) for the same nine month period last year. The cash inflow resulted from the incoming funds from the convertible debenture, a new loan facility and then repayments on long-term debt and obligations under capital lease. At the end of December, Barrier negotiated a new banking relationship with Farmers State Bank of Watkins. With the long term debt needs reduced, Barrier was able to combine the term loan and line of credit from First National Bank of Cold Spring into a single note with a reduced interest rate (from 6.75% and 7% to 6.25%) at Farmers State Bank.

Investing activities resulted in net cash outflow of ($88,336) in the current period in comparison to a net cash outflow of ($75,788) in the comparable period in the prior year. The cash outflow was the result of the acquisition of plant and equipment capital improvements.

There is no unqualified 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. These factors cast substantial doubt about the Company's ability to continue as a going concern is dependent upon the Company's ability to generate profitable operations and/or obtain the necessary financing to meet its obligations and repay its liabilities as they come due. The Company's independent auditors included an explanatory regarding substantial doubt about the Company's ability to continue as a going concern in their report on the Company's annual financial statements for the fiscal year ended June 30, 2011.

Although management believes that revenues will increase, management also expects an increase in operating costs. Consequently, the Company expects to incur short term 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.

Current and Future Financing Needs

At March 31, 2012, the current cash and cash equivalents totaled $203,467; there were $50,000 in available funds to draw on the revolving credit facility, and an additional $100,000 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 nine months ended March 31, 2012 the Company incurred wages and management fees to the directors and officers of the company of $136,095. The Company incurred $145,061 in wages and management fees for the same prior year nine month period.

Capitalization

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

Issued as of June 30, 2011: 44,454,926 common shares at $15,463,675
Issued as of April 30, 2012: 44,454,926 common shares at $15,463,675

Options outstanding:

The following summarizes information about the stock options outstanding at March 31, 2012:

Number	Exercise Price	Expiry Date
350,000	$0.15 CDN	October 29, 2012
40,000	$0.064 CDN	June 10, 2013
390,000		

Critical Accounting Estimates

Revenue Recognition

The Company recognizes revenue in accordance with Securities and Exchange Commission ("SEC") Staff Accounting Bulletin 104, "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) collectibility is reasonably assured. The Company recognizes revenue when the building supplies have been shipped.

The Company also recognizes revenue on a "bill-and-hold" basis in accordance with the authoritative guidance. Under the Company's "bill-and-hold" arrangements, at the request of the customer, finished inventory is segregated for future delivery at the customer's discretion. Title and risk of loss of the inventory has passed to the customer upon transfer at which time, the Company receives payment from the customer and recognizes revenue thereon.

Stock-based Compensation

The Company accounts for all stock-based payments and awards under the fair value based method.

Stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of stock-based payments to non-employees is periodically re-measured until the counterparty performance is complete, and any change therein is recognized over the vesting period of the award and in the same manner as if the Company had paid cash instead of paying with or using equity based instruments. The cost of the stock-based payments to non-employees that is fully vested and non-forfeitable as at the grant date is measured and recognized at that date.

The Company accounts for the granting of share purchase options to employees using the fair value method whereby all awards to employees will be recorded at fair value on the date of the grant. The fair value of all share purchase options are expensed over their vesting period with a corresponding increase to additional capital surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in additional paid-in capital is recorded as an increase to share capital.

The Company uses the binomial option pricing model to determine the fair value of all stock based awards classified as liabilities and the Black-Scholes option pricing model to calculate the fair value of share purchase options. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

Convertible Debenture

During the nine months ended March 31, 2012, the Company issued two convertible promissory debentures (Note 6) to a director and a company controlled by a director in the amount of $300,000. The debentures are being issued in tranches of $50,000 and as at March 31, 2012, the company had received $200,000 in respect to these debentures. The debentures bear interest at 12% per annum and are secured by a third charge over the Company's plant and equipment as well as 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 thereof to purchase an additional share for $0.10 for a period of two years from the conversion date.

Other Matters

As at March 31, 2012 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 Interim 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: May 15, 2012

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

EXHIBIT 32.1

SECTION 1350 CERTIFICATION

In connection with the Annual Report of International Barrier Technology Inc. (the "Company") on Form 10-Q for the Nine Months ended March 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Huddy, President and 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: May 15, 2012

/s/ Michael Huddy
Michael Huddy
President and 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, David Corcoran, certify that:

1. I have reviewed this Interim 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: May 15, 2012

/s/ David Corcoran
David Corcoran
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.2

SECTION 1350 CERTIFICATION

In connection with the Annual Report of International Barrier Technology Inc. (the "Company") on Form 10-Q for the Nine Months ended March 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Corcoran, 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: May 15, 2012

/s/ David Corcoran
David Corcoran
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.