INTERNATIONAL BARRIER TECHNOLOGY INC.
QUARTERLY REPORT
for the period ended September 30, 2010

Management Discussion & Analysis

Date of Report – November 15, 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. (LP) and MuleHide Products, Inc. (MuleHide). LP has introduced a fire rated OSB trademarked LP® Flameblock® Fire-Rated OSB Sheathing (LP® FlameBlock®) and MuleHide has been selling MuleHide FR Deck Panel™ (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 September 30, 2010 was $879,269 in comparison to $581,480 generated in the same quarter in 2009. (Due to the partnership with LP, total sales revenue during the current period are lower as they do not include substrate and freight revenue on the Residential Roof Deck/Wall Assembly shipments as it has in the past.) Total sales volume, as measured by surface volume of product shipped, was 1,774,100 sq. ft, which was 96% higher than the 903,000 sq. ft. shipped during the same period in the previous year.

Shipments into the Commercial Modular Market during the reporting period increased 65% in comparison to the same period in 2009. Sales into the Residential Roof Deck, Wall Assembly, and Structural Insulated Panel Market Sectors during the quarter increased 208%.

On January 19, 2010 Barrier entered into an exclusive Supply Agreement with LP, the largest producer of Oriented Strand Board (OSB) in the world. The agreement gives LP the exclusive right to sell Pyrotite treated panel products in North America under their brand name LP® FlameBlock® Fire-Rated OSB Sheathing. While this agreement is expected to dramatically improve sales volume and financial performance for Barrier, sales revenue reported will be influenced in a negative direction since LP will be providing their own OSB, with no pass through charges for Barrier on the substrate or inbound and outbound freight. Barrier's margin will be on the treatment of the OSB only.

<u>Gross profit</u> for the quarter was $83,648 vs. $31,768 in the previous year. The gross margin, as a percentage of sales revenue, was 10% in comparison to 5% in the prior 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 the gross margins to continue to improve as sales volumes rise.

<u>Cost of sales</u> for the quarter Jul-Sep 2010 increased to $795,621 from $549,712 in same reporting period last year. The increase is attributable to the larger shipment volume year-over-year. The average cost per square foot of production improved dramatically from $0.61 to $0.45. This improvement is attributable to larger volume and efficient operations.

R&D expenses and activity has generally been limited to those areas allowing LP 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 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 from $65,907 in Q1 2009 to $66,882. 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.

<u>Administrative expenses</u> in the reported three month period increased to $253,090 from $227,303. The administrative cost per sq. ft. for the quarter improved (decreased) to $0.14 vs. $0.25. 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.

<u>Accounting and Audit Fees</u> were $32,301 for the three months ended September 30, 2010 vs. $40,576 for the same period in the prior year.

<u>Insurance costs</u> have increased to $27,063 in comparison to $22,147 the previous year quarter. The difference is due to annually adjusted premiums based on larger sales volume.

<u>Legal fees</u> increased to $10,026 for the three months ended September 30, 2010. For the same period in the prior year, legal fees were $7,918. 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

Sales, marketing, and investor relations increased from $2,911 during the three months ended September 30, 2009 to $72,895 during the reporting period. 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 2011 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.

Barrier partnered with an external investor relations and media firm, The Investor Relations Group "IRG," during the reporting period. This partnership is intended to bring more awareness to the Barrier's corporate opportunity and product awareness.

Loss Before Other items of ($169,442) is being reported for the quarter ending September 30, 2010, whereas in the same period in 2009, a loss of ($195,535) was reported.

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 partnership with LP 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.

Other items include income and costs not directly related to business operations. Other income items reported during the period herein includes $14,474 in foreign exchange gain. To compare, for the same reporting period last year foreign exchange was $11,950.

Interest on Long Term Debt has decreased from $22,055 to $14,760 for the quarterly reporting period as overall long-term debt continues to decrease.

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 three months ended September 30, 2010, the Company reported a fair value gain of $216,000 on the derivative liability.

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

	Sept 30 2010	June 30 2010	Mar 31 2010	Dec 31 2009	Sept 30 2009	Jun 30 2009	Mar 31 2009	Dec 31 2008	Sept 30 2008
Volume shipped (MSF)	1,774	1,496	1,261	1,343	903	1,011	1,085	1,578	2,106
Total Revenues (000)	$879	$574	$660	$791	$581	$618	$764	$1,123	$1,587
Operating Income (000)	($169)	($370)	($652)	($101)	($195)	($277)	($211)	($94)	($0)
Net income (loss) (000)	$46	($117)	($1,883)	($124)	($206)	($346)	($215)	($164)	$6
EPS (Loss) Per Share	$0.00	($0.00)	($0.06)	($0.00)	($0.01)	($0.00)	($0.01)	($0.01)	$0.00

Selected Annual Information

The following financial data is for the three most recent years ended June 30:	2010	2009	2008
Total Revenue	$2,606.3	$4,092.0	$4,878.0
Net income (loss)	(2,330.0)	(719.0)	(808.0)
Per share	(0.07)	(0.02)	(0.03)
Per share, fully diluted	(0.07)	(0.02)	(0.03)
Total assets	5,002.0	4,849.0	5,738.0
Total long-term financial liabilities	774.0	1,205.0	1,145.0
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 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 LP® 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 ($1,884,766). The Company generated negative operating cash flow for the three months ended September 30, 2010 of ($25,258) in comparison to ($19,707) for the three months ended September 30, 2009. The net cash outflow from operating activities for the current fiscal period ended was primarily a result of a net income of $46,272, the non-cash items (stock-based compensation of ($9,369) and amortization of $97,779), and an increase in inventory of $47,339. 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.

Financing activities resulted in net cash outflow of ($29,268) in the current period compared to a net cash outflow of ($28,480) for the same period last year. The cash outflow resulted from repayments on long-term debt and obligations under capital lease.

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.

Current and Future Financing Needs

Having undertaken an equity financing during the year ended June 30, 2010, management of the Company believes it has sufficient cash to operate its business for the fiscal year ended June 30, 2011. At September 30, 2010, the current cash and cash equivalents totaled $804,023 and there were no available funds to draw on the revolving credit facility. However, subsequent to September 30, 2010, a payment of $250,000 was made on the revolving credit facility to bring the balance to zero. There is $250,000 available on the revolving bank facility. 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 three months ended September 30, 2010 the Company incurred wages and management fees of $14,835 with directors of the Company and companies with common directors. The Company paid $46,257 in wages and management fees for the same prior period quarter.

Capitalization

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

Issued as of September 30, 2010: 44,414,926 common shares at $15,457,697
Issued as of October 30, 2010: 44,414,926 common shares at $15,457,697

Options outstanding:

The following summarizes information about the stock options outstanding at September 30, 2010:

Number	Exercise Price	Expiry Date
40,000	$0.09	March 7, 2011
400,000	$0.15 CDN	December 17, 2011
3,640,000	$0.12 CDN	March 18, 2012
4,080,000		

During the three months ended September 30, 2010, a compensation charge included in Wages and Management Fees associated with the grant of stock options in the amount of $ ($33,500) (2009: $0) was recognized in the financial statements.

Subsequent to September 30, 2010; 350,000 stock options were granted at $0.15CDN.

At September 30 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, 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 of the stock options are granted using the Black-Scholes option-pricing model. Stock-based payments to non-employees are 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.

Derivative Liability

Management evaluates the equity instruments it issues to determine whether they are required to be accounted for as liabilities. When they are determined to be recorded as derivative liabilities, they are marked-to-market each reporting period.

The Company uses the Black-Scholes option pricing model to calculate the fair value of the derivative liabilities at each reporting period. The Black Scholes pricing model requires the input of highly subjective assumptions, including the expected price volatility. Changes in assumptions can materially affect the fair value estimate and therefore the Black-Scholes model does not necessarily provide a reliable single measure of the fair value of our derivative liability

Other Matters

As at September 30, 2010 the Company did not have any off-balance sheet arrangements to report.

On January 19, 2010, Barrier and LP® Building Products (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 Deck 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

September 30, 2010

(Stated in US Dollars)

(Unaudited)

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

ASSETS	September 30, 2010	June 30, 2010
Current		
Cash and cash equivalents	$ 804,023	$ 863,121
Accounts receivable	104,596	102,098
Inventory – Note 3	208,491	255,830
Prepaid expenses and deposits	57,224	50,860
	1,174,334	1,271,909
Property, plant and equipment	3,523,055	3,585,058
Patent, trademark and technology rights	114,085	145,289
	$ 4,811,474	$ 5,002,256
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 387,040	$ 369,457
Derivative Liability – Notes 2 and 4	2,294,231	2,519,600
Current portion of obligation under long term debt – Note 5	322,507	71,225
Current portion of obligation under capital leases	55,322	54,593
	3,059,100	3,014,875
Long-term debt – Note 5	215,792	484,360
Obligation under capital leases	277,107	289,818
	3,551,999	3,789,053
STOCKHOLDERS' EQUITY		
Common stock – Note 6		
Authorized:		
100,000,000 common shares without par value		
Issued:		
44,414,926 common shares (June 30, 2010: 44,414,926 common shares)	15,457,697	15,457,697
Additional paid-in capital	1,012,052	1,012,052
Accumulated deficit	(15,210,274)	(15,256,546)
	1,259,475	1,213,203
	$ 4,811,474	$ 5,002,256

SEE ACCOMPANYING NOTES

INTERNATIONAL BARRIER TECHNOLOGY INC.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME
for the three months ended September 30, 2010 and 2009
(Stated in US Dollars)
(Unaudited)

	Three months ended September 30, 2010	Three months ended September 30, 2009
Sales – Note 8	$ 879,269	$ 581,480
Cost of goods sold	795,621	549,712
Gross profit	83,648	31,768
Expenses		
Accounting and audit fees	32,301	40,576
Consulting fees	(2,900)	-
Filing fees	1,071	-
Insurance	27,063	22,147
Interest and bank charges	177	36
Legal fees	10,026	7,918
Office and miscellaneous	12,614	12,338
Sales, marketing, and investor relations	72,895	2,911
Telephone	3,044	2,232
Transfer agent fees	-	3,705
Travel, promotion and trade shows	12,775	4,426
Wages and management fees – Note 7	84,024	131,014
	253,090	227,303
Loss before other items	(169,442)	(195,535)
Foreign exchange and other	14,474	11,950
Interest on long term debt	(14,760)	(22,055)
Change in fair value of derivative liability – Note 4	216,000	-
Net income (loss) and comprehensive income (loss) for the period	$ 46,272	$ (205,640)
Basic and diluted income (loss) per share	$ 0.00	$ (0.01)
Weighted average number of shares outstanding	44,414,926	29,414,926

SEE ACCOMPANYING NOTES

INTERNATIONAL BARRIER TECHNOLOGY INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
for the three months ended September 30, 2010 and 2009
(Stated in US Dollars)
(Unaudited)

	Three months ended September 30, 2010	Three months ended September 30, 2009
Operating Activities		
Net income (loss) for the period	$ 46,272	$ (205,640)
Changes not involving cash:		
Amortization – plant and equipment	66,575	65,907
– trademark and technology costs	31,204	31,604
Stock-based compensation – wages and management fees	(33,500)	-
– consulting fees	(2,900)	-
– investor relations fees	27,031	-
Change in fair value of derivative liability	(216,000)	-
Changes in non-cash working capital:		
Accounts receivable	(2,498)	67,751
Prepaid expenses	(6,364)	19,220
Inventory	47,339	57,393
Accounts payable and accrued liabilities	17,583	(55,942)
Cash used in operating activities	(25,258)	(19,707)
Investing Activity		
Acquisition of plant and equipment	(4,572)	-
Financing Activities		
Repayments on long-term debt	(17,286)	(14,753)
Decrease in obligations under capital lease	(11,982)	(13,727)
Cash used in financing activities	(29,268)	(28,480)
Change in cash and cash equivalents during the period	(59,098)	(48,187)
Cash and cash equivalents, beginning of the period	863,121	210,723
Cash and cash equivalents, end of the period	$ 804,023	$ 162,536
Supplementary cash flow information:		
Cash paid for:		
Interest	$ 14,760	$ 22,055
Income taxes	$ -	$ -

SEE ACCOMPANYING NOTES

INTERNATIONAL BARRIER TECHNOLOGY INC.
INTERIM CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
for the period ended September 30, 2010

(Stated in US Dollars)
(Unaudited)

	Common Stock Issued Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total
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 – at $0.0988	15,000,000	1,482,974	-	-	1,482,974
Less: Proceeds allocated to warrants	-	(1,083,000)	-	-	(1,083,000)
Less: Share Issue Costs	-	(21,348)	-	-	(21,348)
Net loss for the year	-	-	-	(2,329,567)	(2,329,567)
Balance, June 30, 2010	44,414,926	15,457,697	1,012,052	(15,256,546)	1,213,203
Net income for the period	-	-	-	46,272	46,272
Balance, September 30, 2010	44,414,926	$15,457,697	$ 1,012,052	$(15,210,274)	$ 1,259,475

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 September 30, 2010 the Company had an accumulated deficit of $15, 210,274 (June 30, 2010 - $15,256,546) 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 considers obtaining additional funds by equity financing and/or from bank financing. 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, 2010. The interim results are not necessarily indicative of the operating results expected for the full fiscal year ending on June 30, 2011. 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.

(Unaudited - Stated in US Dollars) – Page 2

Note 2 Significant Accounting Policy

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.

As at September 30, 2010, the Company's Level 3 liabilities consisted of the warrants issued in connection with the Company's offering of equity units in a private placement and share purchase options granted to non-employees. The resulting 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. A summary of the Company's Level 3 liabilities for the three months ended September 30, 2010 and the 12 months ended June 30, 2010 is as follows:

	Beginning Fair Value of Level 3 Liabilities	Issuance of Level 3 liabilities	Transfers in of Level 3 liabilities	Change in fair value of Level 3 liabilities included in earnings	Ending Fair Value of Level 3 Liabilities
For the three months ended September 30, 2010	$ 2,050,600	$ -	$ 27,031	$ (218,900)	$ 1,858,731
For the 12 months ended June 30, 2010	$ -	$ 1,083,000	$ 31,900	$ 935,700	$ 2,050,600

(Unaudited - Stated in US Dollars) – Page 3

Note 3 Inventory

	September 30 2010	June 30 2010
Raw materials	$ 128,932	$ 179,105
Finished goods	79,559	76,725
	$ 208,491	$ 255,830

Note 4 Warrant Liability

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. 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.

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

	2010	2009
Fair value of warrant liability, June 30, 2010	$ 2,010,000	$ -
		-
Change in fair value of warrant liability for the period	(216,000)	-
Fair value of warrant liability at September 30, 2010	$ 1,794,000	$ -

The Company used the Black-Scholes model to estimate the fair value of the warrants with the following assumptions:

	At September 30, 2010	At June 30, 2010
Expected life (years)	1.47	1.72
Risk-free interest rate	0. 27%	0.32%
Expected volatility	146.51%	145.84%
Expected dividend yield	0.0%	0.0%

The warrant liability will be re-valued 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 warrants 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.

(Unaudited - Stated in US Dollars) – Page 4

Note 5 Long-term debt

	September 30 2010	June 30 2010
Revolving bank loan facility in the amount of $250,000 bearing interest at 6.75% 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 September 1, 2011	$ 250,000	$ 250,000
Term bank loan facility in the amount of $500,000 bearing interest at 7% 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.	288,299	305,585
	538,299	555,585
Less: current portion	(322,507)	(71,225)
	$ 215,792	$ 484,360

Principal payments of long-term debt are due as follows:

2011	$ 322,507
2012	215,792
	$ 538,299

(Unaudited - Stated in US Dollars) – Page 5

Note 6 Common Stock

Escrow:

At September 30, 2010, there are 48,922 (June 30, 2010 – 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 September 30, 2010 and June 30, 2010, all of the shares held in escrow are issuable but the Company has yet to request their release.

Commitments:

Stock-based Compensation Plan

At September 30, 2010, the Company has outstanding options that were granted to directors, officers and consultants the option to purchase 4,080,000 common shares of the Company.

A summary of the status of company's stock option plan for the three months ended September 30, 2010 is presented below:

	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding, June 30, 2010	4,330,000	$0.12	$293,553
Expired	(250,000)	$0.55	-
Outstanding, September 30, 2010	4,080,000	$0.09	$356,360
Exercisable, September 30, 2010	3,780,000	$0.15	
Exercisable, June 30, 2010	3,920,000	$0.14	

The following summarizes information about the stock options outstanding at September 30, 2010:

Number	Exercise Price	Expiry Date
40,000	$0.09	March 7, 2011
400,000	$0.15CDN	December 17, 2011
3,640,000	$0.12CDN	March 18, 2012
4,080,000		

Note 6 Common Stock – (cont'd)

Commitments: – (cont'd)

Stock-based Compensation Plan – (cont'd)

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:

		2010
Fair value of non-employee options, June 30, 2010	$	40,600
Change in fair value of non-employee options for the period		(2,900)
Fair value of non-employee options at September 30, 2010	$	37,700

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 other items in 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.

Employee Share Purchase Options

Share options granted to employees during the year ended June 30, 2010 that are exercisable in Canadian dollars are accounted for as liabilities because these option awards contain a condition that is other than a market, performance or service condition.

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

		2010
Fair value of option liabilities, June 30,2010	$	469,000
Change in fair value of employee options for the period		(33,500)
Fair value of option liabilities at September 30, 2010	$	435,500

(Unaudited - Stated in US Dollars) – Page 7

Note 6 Common Stock – (cont'd)

Commitments: – (cont'd)

Stock-based Compensation Plan – (cont'd)

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:

	2010	2009
Consulting	$ (2,900)	$ -
Investor Relations	27,031	-
Wages and management fees	(33,500)	-
	$ (9,369)	$ -

A summary of changes in the Company's unvested stock options for the three months ended September 30, 2010 is presented below:

	2010	
	Number of Options	Weighted Average Grant Date Fair Value
Unvested, June 30, 2010	410,000	$0.13
Vested	(110,000)	$0.15
Unvested, September 30, 2010	300,000	

Note 7 Related Party Transactions

The Company was charged the following by directors of the Company or private companies with common directors during the three months ended September 30, 2010 and 2009:

	Three months ended September 30, 2010	Three months ended September 30, 2009
Wages and management fees	$ 14,835	$ 46,257

Note 8 Segmented Information and Sales Concentration

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

During the three months ended September 30, 2010, two customers accounted for 96% (each representing 66% and 30%, respectively) (2009: 74%) of sales revenue. The amounts receivable from each of these customers at September 30, 2010 were $43,420 and $31,976 respectively (2009: $32,678). The loss of any 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 9 Subsequent Events

Subsequent to September 30, 2010, the Company:

i) Executed an investor relations contract whereby the contractor will receive monthly compensation of $7,500 CDN per month and share purchase options exercisable into 100,000 common shares of the Company for $0.15 per share for a period of two years.

ii) Granted share purchase options exercisable into 250,000 common shares of the Company for $0.15 per share for a period of two years.

EXHIBIT 31.1

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

I, Michael Huddy, certify that:

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

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

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

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

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

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

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

Date: November 15, 2010

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

EXHIBIT 32.1

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report of International Barrier Technology Inc. (the “Company”) on Form 10-Q for the quarterly period ended September 30, 2010 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: November 15, 2010

/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 Quarterly Report on Form 10-Q of International Barrier Technology Inc.;

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

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

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

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

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

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

Date: November 15, 2010

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

EXHIBIT 32.2

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report of International Barrier Technology Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2010 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: November 15, 2010

/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.