

INTERNATIONAL BARRIER TECHNOLOGY INC.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The 2011 annual general meeting of shareholders of International Barrier Technology Inc. will be held at Suite 1200 - 750 West Pender Street, Vancouver, British Columbia V6C 2T8 on Wednesday, November 30, 2011 at 10:00 a.m. (Vancouver Time) for the following purposes:

1. To receive the financial statements of the Company for its fiscal year ended June 30, 2011 together with the report of the independent auditors thereon;
2. To fix the number of directors at four;
3. To elect directors to serve until the next annual general meeting of shareholders or until their respective successors are elected or appointed;
4. To ratify the appointment of BDO Canada LLP, Chartered Accountants, as independent auditors of the Company for the year ending June 30, 2012 and to authorize the directors to fix the remuneration of the auditors;
5. To approve the Company's 2005 rolling stock option plan; and
6. To transact such other business as may properly come before the Annual General Meeting and any adjournment or postponement thereof.

The Board of Directors has fixed October 21, 2011 as the record date for determining shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournment or postponement thereof. Only shareholders of record at the close of business on that date will be entitled to notice of and to vote at the Meeting.

All shareholders are invited to attend the Meeting in person, but even if you expect to be present at the Meeting, you are requested to mark, sign, date and return the enclosed proxy card in accordance with the instructions set out in the notes to the proxy and any accompanying information from your intermediary as promptly as possible to ensure your representation. All proxies must be received by our transfer agent by no later than 48 hours prior to the time of the Meeting in order to be counted.

Dated at Vancouver, British Columbia, this 21st day of October, 2011.

BY ORDER OF THE BOARD OF DIRECTORS

"Michael D. Huddy"

Michael D. Huddy

President, Chief Executive Officer and Director

**Important Notice Regarding the Availability of Proxy Materials for
the Company's Annual General Meeting of Shareholders on November 30, 2011.
The International Barrier Technology Inc. Proxy Statement and
2011 Annual Report to Shareholders
are available online at www.intlbarrier.com.**



2011 Annual General Meeting

PROXY STATEMENT

**INTERNATIONAL BARRIER TECHNOLOGY INC.
PROXY STATEMENT AND INFORMATION CIRCULAR**

**ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD NOVEMBER 30, 2011**

In this Proxy Statement and Information Circular, all references to "\$" are references to United States dollars and all references to "C\$" are references to Canadian dollars.

GENERAL

The enclosed proxy is solicited by the Board of Directors of International Barrier Technology Inc., a British Columbia corporation (the "Company"), for use at the Annual General Meeting of Shareholders (the "Meeting") of the Company to be held at 10:00 a.m. Vancouver Time on November 30, 2011, at Suite 1200 - 750 West Pender Street, Vancouver, British Columbia V6C 2T8, and at any adjournment or postponement thereof.

Our principal corporate office is located at 3223 West 37th Avenue, Vancouver, British Columbia. This Proxy Statement and the accompanying proxy card are being mailed to our shareholders on or about November 1, 2011.

The cost of solicitation will be borne by the Company. The solicitation will be made primarily by mail. Proxies may also be solicited personally or by telephone by certain of the Company's directors, officers and regular employees, who will not receive additional compensation therefore. In addition, the Company will reimburse brokerage firms, custodians, nominees and fiduciaries for their expenses in forwarding solicitation materials to beneficial owners. The total cost of proxy solicitation, including legal fees and expenses incurred in connection with the preparation of this Proxy Statement and Information Circular, is estimated to be \$8,000.

APPOINTMENT OF PROXYHOLDER

The persons named as proxyholder in the accompanying form of proxy were designated by the management of the Company ("Management Proxyholder"). **A shareholder desiring to appoint some other person ("Alternate Proxyholder") to represent him at the Meeting may do so by inserting such other person's name in the space indicated or by completing another proper form of proxy.** A person appointed as proxyholder need not be a shareholder of the Company. All completed proxy forms must be deposited with Computershare Investor Services Inc. not less than forty-eight (48) hours, excluding Saturdays, Sundays, and holidays, before the time of the Meeting or any adjournment of it unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

EXERCISE OF DISCRETION BY PROXYHOLDER

The proxyholder will vote for or against or withhold from voting the shares, as directed by a shareholder on the proxy, on any ballot that may be called for. **In the absence of any such direction, the Management Proxyholder will vote in favour of matters described in the proxy. In the absence of any direction as to how to vote the shares, an Alternate Proxyholder has discretion to vote them as he or she chooses.**

The enclosed form of proxy confers discretionary authority upon the proxyholder with respect to amendments or variations to matters identified in the attached Notice of Meeting and other matters which may properly come before the Meeting. At present, Management of the Company knows of no such amendments, variations or other matters.

PROXY VOTING

Registered Shareholders

If you are a Registered Shareholder you may wish to vote by proxy whether or not you are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by completing the enclosed form of proxy (the "Proxy") and returning it to the Company's transfer agent, Computershare, in accordance with the instructions on the Proxy.

In all cases you should ensure that the Proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

Beneficial Shareholders

The following information is of significant importance to shareholders who do not hold Shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of Shares).

If Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Shares will not be registered in the shareholder's name on the records of the Company. Such Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker. In the United States, the vast majority of such Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

If you are a Beneficial Shareholder:

You should carefully follow the instructions of your broker or intermediary in order to ensure that your shares are voted at the Meeting.

The form of proxy supplied to you by your broker will be similar to the Proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communication Solutions ("Broadridge") in the United States and in Canada. Broadridge mails a voting instruction form in lieu of a Proxy provided by the Company. The voting instruction form will name the same persons as the Company's Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than the persons designated in the voting instruction form, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the voting instruction form. The completed voting instruction form must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. **If you receive a voting instruction form from Broadridge, you cannot use it to vote Shares directly at the Meeting - the voting instruction form must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the Shares voted.**

Although as a Beneficial Shareholder you may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of your broker, you, or a person designated by you, may attend at the Meeting as proxyholder for your broker and vote your Shares in that capacity. If you wish to attend at the Meeting and indirectly vote your Shares as proxyholder for your broker, or have a person designated by you do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the voting instruction form provided to you and return the same to your broker in accordance with the instructions provided by such broker, well in advance of the Meeting.

Alternatively, you can request in writing that your broker send you a legal proxy which would enable you, or a person designated by you, to attend at the Meeting and vote your Shares.

REVOCATION OF PROXIES

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by:

- (a) Executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare Investor Services Inc. at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or
- (b) Personally attending the meeting and voting the registered shareholders' shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

Only registered shareholders have the right to revoke a Proxy. Non-Registered Holders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective Intermediaries to revoke the Proxy on their behalf.

VOTING PROCEDURE

A quorum for the transaction of business at the Meeting is at least one person who is a shareholder, or who is otherwise permitted to vote shares of the Company at a meeting of shareholders, present in person or by proxy. Broker non-votes occur when a person holding shares through a bank or brokerage account does not provide instructions as to how his or her shares should be voted and the broker does not exercise discretion to vote those shares on a particular matter. Abstentions and broker non-votes will be included in determining the presence of a quorum at the Meeting. However, an abstention or broker non-vote will not have any effect on the outcome for the election of directors.

Shares for which proxy cards are properly executed and returned will be voted at the Meeting in accordance with the directions noted thereon or, in the absence of directions, will be voted "FOR" fixing the number of directors at four, "FOR" the election of each of the nominees to the board of directors named on the following page, "FOR" the ratification of the appointment of BDO Dunwoody LLP, Chartered Accountants, as the independent auditors of the Company for the year ended June 30, 2011, "FOR" the authorization of the Directors to fix the remuneration of the auditors and "FOR" the authorization and annual approval of the Company's 2005 Stock Option Plan. It is not expected that any matters other than those referred to in this Proxy Statement will be brought before the Meeting. If, however, other matters are properly presented, the persons named as proxies will vote in accordance with their discretion with respect to such matters.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES AND SECURITIES HELD BY DIRECTORS AND EXECUTIVE OFFICERS

On October 21, 2011 (the "Record Date") there were 44,454,926 shares of the Company's common stock (the "Common Stock") issued and outstanding, each share carrying the right to one vote. Only holders of Common Stock of record as at the close of business on the Record Date will be entitled to vote in person or by proxy at the Meeting or any adjournment thereof.

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock as of October 21, 2011 by

- (i) each person or entity known by the Company to beneficially own more than 5% of the Common Stock;
- (ii) each Director of the Company;
- (iii) each of the named Executive Officers of the Company; and
- (iv) all Directors and Executive Officers as a group.

Except as noted in the following table, the Company believes that beneficial owners of the Common Stock listed below have sole voting and investment power with respect to such shares.

Name and Address of Beneficial Owner	Number of Shares⁽¹⁾	% of Total Issued⁽²⁾
Carl Marks Group New York, USA	8,615,695 ⁽³⁾	19.34%
Michael D. Huddy Orono, Minnesota, USA	2,730,260 ⁽⁴⁾	6.14%
David J. Corcoran Vancouver, BC, Canada	1,935,685 ⁽⁵⁾	4.35%
Victor A. Yates Delta, BC, Canada	1,229,772 ⁽⁶⁾	2.77%
Craig Roberts Vancouver, BC, Canada	1,600,000 ⁽⁷⁾	3.60%
All Directors and Executive Officers as a Group	7,495,717	16.86%

- (1) Based upon information furnished to the Company by either the Directors, Executive Officers or beneficial holders, or obtained from the stock transfer agent of the Company, or obtained from insider reports.
- (2) Based upon a total of 44,454,926 shares of Common Stock issued and outstanding, including in each case any stock underlying immediately exercisable stock options granted to each person listed.
- (3) Carl Marks IB LLC, Carl Marks & Co. Inc., and Martin Litz are collectively deemed to be a "Group" within the meaning of section 13(g)(3) of the Securities Exchange Act of 1934, as amended. Carl Marks IB LLC is a partnership of Carl Marks & Co. LP and Martin Litz. Andrew M. Boas and Robert Speer of New York, Limited Partners in Carl Marks & Co. LP, exercise direction/control over Carl Marks IB LLC. Carl Marks & Co. LP is a limited partnership of 18 partners. Carolyn Marks Blackwood and Linda Marks Katz are the two greater than 10% holders of the partnership. In addition, Martin Litz has a stock option for 250,000 shares.
- (4) Includes 800,000 shares reserved for immediate issuance on exercise of options and 350,000 shares reserved for immediate issuance on exercise of share purchase warrants.
- (5) 181,398 of these securities are held directly by David J. Corcoran and 954,287 of these securities are held by Corcoran Enterprises Ltd., a private company owned by David J. Corcoran. Also includes 800,000 shares reserved for immediate issuance on exercise of options held indirectly by Corcoran Enterprises Ltd.
- (6) These securities are held by Continental Appraisals Ltd., a private company owned by Victor A. Yates. Also includes 800,000 shares reserved for immediate issuance on exercise of options held indirectly by Continental Appraisals Ltd.
- (7) Includes 800,000 shares reserved for immediate issuance on exercise of options and 400,000 shares reserved for immediate issuance on exercise of share purchase warrants.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as disclosed herein, no Person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting other than the election of directors and the appointment of auditors and as set out herein. For the purpose of this paragraph, "Person" shall include each person: (a) who has been a director, senior officer or insider of the Company at any time since the commencement of the Company's last fiscal year; (b) who is a proposed nominee for election as a director of the Company; or (c) who is an associate or affiliate of a person included in subparagraphs (a) or (b).

PROPOSAL 1 **NUMBER OF DIRECTORS**

The Board of Directors proposes to fix the number of Directors of the Company at four. Under British Columbia corporate legislation, a public company is required to have a minimum of three directors. In addition, a public company is required to have an audit committee that must be composed of at least three members. Each audit committee member must be financially literate and the majority must be independent directors. Accordingly, the Company has determined that fixing the number of directors at four is required to meet these requirements. The Company's articles permit the number of directors to be set by ordinary resolution of shareholders.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" SETTING THE NUMBER OF DIRECTORS AT FOUR.

PROPOSAL 2
ELECTION OF DIRECTORS

The Board of Directors has proposed that the following four nominees be elected as Directors at the Meeting, each of whom will hold office until the expiration of their term or until his or her successor shall have been duly appointed or elected and qualified: Michael D. Huddy, David J. Corcoran, Victor A. Yates and Craig Roberts.

Unless otherwise instructed, it is the intention of the persons named as proxies on the accompanying proxy card to vote shares represented by properly executed proxies for the election of such nominees. Although the Board of Directors anticipates that the four nominees will be available to serve as Directors of the Company, if any of them should be unwilling or unable to serve, it is intended that the proxies will be voted for the election of such substitute nominee or nominees as may be designated by the Board of Directors.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” EACH NOMINEE.

The following table sets out the names of the nominees; their positions and offices in the Company; principal occupations; the period of time that they have been directors of the Company; and the number of shares of the Company which each beneficially owns or over which control or direction is exercised.

Name, Residence and Present Position with the Company	Director Since	# Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised^[1]	Principal Occupation^[2]
MICHAEL D. HUDDY President, CEO, Director Orono, Minnesota, USA	July 25, 1994	2,730,260 ⁽⁵⁾	President of International Barrier Technology Inc. and Barrier Technology Corporation.
DAVID J. CORCORAN^{[3][4]} CFO, Director Vancouver, BC, Canada	July 10, 1986	1,935,685 ⁽⁶⁾	Company administrator; President and Owner of Corcoran Enterprises Ltd.
VICTOR A. YATES^[3] Director Delta, BC, Canada	November 6, 1987	1,229,772 ⁽⁷⁾	President and Owner of Continental Appraisals Ltd.
CRAIG ROBERTS^{[3][4]} Director Vancouver, BC Canada	August 3, 2006	1,600,000 ⁽⁸⁾	Mr. Roberts is the Director, Professional Services of Reed Construction Data, a division of Reed Business Information. Mr. Roberts was formerly a Senior Director of Ingenium Technologies.

- [1] Based upon information furnished to the Company by either the directors and executive officers or obtained from the stock transfer agent of the Company.
- [2] Unless otherwise stated above, any nominees named above not elected at the last annual general meeting have held the principal occupation or employment indicated for at least five years.
- [3] Member of Audit Committee.
- [4] Member of Compensation Committee.
- [5] Includes 800,000 shares reserved for immediate issuance on exercise of options and 350,000 shares reserved for immediate issuance on exercise of share purchase warrants.
- [6] 181,398 of these securities are held directly by David J. Corcoran and 954,287 of these securities are held by Corcoran Enterprises Ltd., a private company owned by David J. Corcoran. Also includes 800,000 shares reserved for immediate issuance on exercise of options held indirectly by Corcoran Enterprises Ltd.
- [7] These securities are held by Continental Appraisals Ltd., a private company owned by Victor A. Yates. Also includes 800,000 shares reserved for immediate issuance on exercise of options held indirectly by Continental Appraisals Ltd.
- [8] Includes 800,000 shares reserved for immediate issuance on exercise of options and 400,000 shares reserved for immediate issuance on exercise of share purchase warrants.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's Directors, executive officers and persons who own more than 10% of a registered class of the Company's securities to file with the SEC initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Directors, executive officers and greater than 10% shareholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) reports they file.

To the Company's knowledge, based solely on a review of the copies of Forms 3 and 4, as amended furnished to it during its most recent fiscal year, and Form 5, as amended, furnished to it with respect to such year, the Company believes that during the year ended June 30, 2010, its Directors, executive officers and greater than 10% shareholders complied with all Section 16(a) filing requirements of the Securities Exchange Act of 1934.

DIRECTORS AND EXECUTIVE OFFICERS

The following table contains information regarding the members of the Board of Directors and the Executives of the Company as of the Record Date, and the nominees as Directors of the Company:

Name	Age	Position	Position Held Since
Michael D. Huddy	59	President, Chief Executive Officer, Director	July 25, 1994
David J. Corcoran	64	Chief Financial Officer, Director	July 10, 1986
Victor A. Yates	65	Director	Nov. 6, 1987
Craig Roberts	38	Director	August 3, 2006
Lindsay B. Nauen	59	Corporate Secretary	December 12, 2003

RELATIONSHIPS AMONG DIRECTORS OR EXECUTIVE OFFICERS

There are no family relationships among any of the existing Directors or Executive Officers of the Company, save for Craig Roberts, a Director of the Company, who is the son-in-law of David J. Corcoran, Chief Financial Officer and a Director of the Company.

BOARD OF DIRECTORS MEETINGS AND COMMITTEES

During the fiscal year ended June 30, 2011, the Board of Directors held six (6) Directors' Meeting. All other matters which required Board approval were consented to in writing by all of the Company's Directors.

Audit Committee

National Instrument 52-110 of the Canadian Securities Administrators ("NI 52-110") requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following.

Composition of the Audit Committee

The Company's audit committee is comprised of three directors: David J. Corcoran, Victor A. Yates and Craig Roberts. As defined in NI 52-110, Mr. Corcoran is not "independent"; Mssrs. Yates and Roberts are both "independent". Also as defined in NI 52-110, all of the audit committee members are "financially literate".

Relevant Education and Experience

David J. Corcoran – Mr. Corcoran is a Chartered Accountant and holds a Bachelor of Commerce degree from the University of British Columbia. Mr. Corcoran founded Corcoran and Company, Chartered Accountants of Vancouver, British Columbia, and from 1979 to 1990 his firm secured a wide variety of business clients whom he advised regarding their management and business planning. This experience has provided Mr. Corcoran with an understanding of the accounting principles used by the Company to prepare its financial statements. Mr. Corcoran's experience also allows him to analyze or evaluate the Company's financial statements.

Victor A. Yates – Mr. Yates is a self-employed businessman involved in real estate, construction of multi-family and commercial developments. He holds a degree in Real Estate Appraisal and is a Licensed Real Estate Agent. In 1981, he was one of the founding directors of Hycroft Resources Inc., a gold producing company on the Toronto Stock Exchange. His 25 years of experience in operating a variety of business ventures brings to the Board an entrepreneurial, construction, and financial perspective. This experience and educational background has provided Mr. Yates with an understanding of the accounting principles used by the Company to prepare its financial statements. Mr. Yates’ experience also allows him to analyze or evaluate the Company’s financial statements.

Craig Roberts – Mr. Roberts is a Director at Reed Construction Data, a leading worldwide provider of construction information products and services. Reed Construction Data is a division of Reed Business Information, a global provider of critical information and marketing solutions to business professionals and a member of the Reed Elsevier Group plc (NYSE: RUK and ENL). Prior to joining Reed, Mr. Roberts was a Senior Director at a Vancouver-based software firm. Working with the U.S. partner, McGraw-Hill Construction (NYSE: MHP), and joint customers, Mr. Roberts led a team driving meteoric growth for a web-based software platform focused on the sales and marketing needs of construction suppliers. Mr. Roberts holds a Bachelor of Science (Honors) from Queen’s University and an Executive MBA through the Johnson School of Business at Cornell and Queen’s School of Business. This experience and educational background has provided Mr. Roberts with an understanding of the accounting principles used by the Company to prepare its financial statements. Mr. Roberts’ experience also allows him to analyze or evaluate the Company’s financial statements.

The Audit Committee’s Charter

The Company has adopted a Charter of the Audit Committee of the Board of Directors, which is attached as Schedule “B” to this Information Circular.

Audit Committee Oversight

Since the commencement of the Company’s most recently completed financial year, the Company’s Board of Directors has not failed to adopt a recommendation of the audit committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

Since the effective date of NI 52-110, the Company has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

Pre-Approval Policies and Procedures

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Company’s Board of Directors, and where applicable the audit committee, on a case-by-case basis.

External Auditor Service Fees

In the following table, “audit fees” are fees billed by the Company’s external auditor for services provided in auditing the Company’s annual financial statements for the subject year. “Audit-related fees” are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s financial statements. “Tax fees” are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. “All other fees” are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its auditor in each of the last two fiscal years, by category, are as follows:

Financial Year Ending	Accounting and Audit Fees	Tax Fees	Other Fees	Total
June 30, 2011	\$72,822	Nil	Nil	\$72,822
June 30, 2010	\$74,492	\$2,392	Nil	\$76,884

Exemption

The Company is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

Compensation Committee

For the ensuing year, the Board of Directors appointed David Corcoran and Craig Roberts to the Compensation Committee and Martin Litz as advisor to the Compensation Committee. The Compensation Committee reviews and approves the compensation of the Company's officers, reviews and administers the Company's stock option plans for employees and makes recommendations to the board of directors regarding such matters.

Nominating Committee

No Nominating Committee has been appointed. Nominations of directors are made by the Board of Directors. The Directors are of the view that the present management structure does not warrant the appointment of a Nominating Committee.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth all compensation paid or earned for services rendered to the Company in all capacities during the fiscal years ended June 30, 2009, June 30, 2010 and June 30, 2011 by the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") and each executive officer who earned over C\$150,000 in total salary and bonus during the three most recently completed financial years (collectively "Named Executive Officers"), for services rendered to the Company.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)^[1]	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Michael D. Huddy President & CEO	2011	\$120,250	Nil	Nil	Nil	Nil	Nil	Nil	\$120,250
	2010	\$124,500	Nil	Nil	\$88,000	Nil	Nil	Nil	\$212,500
	2009	\$120,577	Nil	Nil	Nil	Nil	Nil	Nil	\$120,577
David J. Corcoran CFO	2011	\$50,000	Nil	Nil	Nil	Nil	Nil	Nil	\$50,000
	2010	\$50,000	Nil	Nil	\$88,000	Nil	Nil	Nil	\$138,000
	2009	\$45,731	Nil	Nil	Nil	Nil	Nil	Nil	\$45,731

[1] The determination of the value of option awards is based upon the Black-Scholes Option pricing model, details and assumptions of which are set out in Note 2 to the Company's consolidated financial statements for the fiscal year ended June 30, 2011.

Compensation Discussion and Analysis

Compensation Philosophy

Our overall compensation philosophy is to provide a compensation package that enables us to attract, retain and motivate Named Executive Officers to achieve our short-term and long-term business goals. Consistent with this philosophy, the following goals provide a framework for our Named Executive Officers compensation program:

- Pay competitively to attract, retain, and motivate Named Executive Officers;
- Relate total compensation for each Named Executive Officer to overall company performance as well as individual performance;

- Aggregate the elements of total compensation to reflect competitive market requirements and to address strategic business needs;
- Expose a portion of each Named Executive Officer's compensation to risk, the degree of which will positively correlate to the level of the Named Executive Officer's responsibility and performance; and
- Align the interests of our Named Executive Officers with those of our shareholders.

Oversight of Executive Compensation Program

The Compensation Committee is responsible for establishing a compensation policy and administering the compensation programs of our Executive Officers. The members of the Compensation Committee for the ensuing year are David Corcoran and Craig Roberts (each an independent director under the rules of the American Stock Exchange) and Martin Litz is an advisor to the Compensation Committee.

The amount of compensation paid by us to each of our directors and named officers and the terms of those persons' employment is determined solely by the Compensation Committee. We believe that the compensation paid to its directors and officers is fair to the Company.

Executive Compensation Program Overview

The executive compensation package available to our Named Executive Officers is comprised of (i) base salary; and (ii) equity based compensation.

Base Salary

The base salary currently paid to our Named Executive Officers is commensurate with the nature of our business and their individual experience, duties and scope of responsibilities. In the future, we intend to pay competitive base salaries required to recruit and retain executives of the quality that we must employ to ensure our success.

In making determinations of salary levels for the Named Executive Officers, the Compensation Committee is likely to consider the entire compensation package for Named Executive Officers, including the equity compensation provided under stock option plans. We intend for the salary levels to be consistent with competitive practices of comparable institutions and each executive's level of responsibility. The Compensation Committee is likely to determine the level of any salary increase after reviewing the qualifications, experience, and performance of the particular executive officer and the nature of our business, the complexity of its activities, and the importance of the executive's contribution to the success of the business.

The Compensation Committee may also take into consideration salaries paid to others in similar positions in the Company's industry based on the experience of the Compensation Committee members and publicly available information. The discussion of the information and factors considered and given weight by the Compensation Committee is not intended to be exhaustive, but it is believed to include all material factors considered by the Compensation Committee. In reaching the determination to approve and recommend the base salaries the Compensation Committee did not assign any relative or specific weight to the factors which were considered, and individual directors may have given a different weight to each factor. The Compensation Committee will review and adjust the base salaries of our executive officers when deemed appropriate.

Equity Awards

Equity awards for our Named Executive Officers are and will be granted from our 2005 Stock Option Plan. The Company grants awards under the 2005 Stock Option Plan in order to align the interests of the Named Executive Officers with our shareholders, and to motivate and reward the Named Executive Officers to increase the shareholder value of the Company over the long term.

The use of stock options and other awards is intended to strengthen the alignment of interests of executive officers and other key employees with those of our shareholders.

Refer to the section entitled "Annual Approval of 2005 Stock Option Plan" for the terms of the Company's current 2005 Stock Option Plan.

We believe that equity compensation is necessary to advance the interests of the Company and its shareholders by enhancing the ability of the Company to attract and retain the best available talent and to encourage the highest level of performance by senior officers, key employees, directors and consultants of the Company and of its subsidiaries through ownership of common shares in the Company.

Employment and Consulting Agreements

In order to retain Michael D. Huddy, our President and Chief Executive Officer, our Board of Directors determined it was in our best interests to enter into a management agreement dated February 13, 1993 with Mr. Huddy (the terms of the agreement have been revised although no new formal agreement has been signed). The current terms require that Mr. Huddy provide full-time service to the Company in his capacity as Chief Executive Officer and to be fully responsible for the Company's activities in the USA. The original agreement was for a term of four years but was to renew automatically every two years unless written notice of the intent to terminate was given by either party to the other. Terms of compensation are to be given prior to any renewal period.

The agreement specifies employer termination provisions including: material breach of any provision of the contract; inability to perform the duties under the agreement; fraud or serious neglect or misconduct; personal bankruptcy.

The duties are complete as to those of a Chief Executive Officer (President) and include: Administration of the day to day affairs of the Employer Development of Financial, manufacturing, and marketing plans; Communication with Employer and Shareholders on a timely basis; and, Formulation and execution of a proposed budget approved by the Employer. The agreement contains a Confidentiality Provision that precludes the sharing of confidential information to third parties not requiring the information to conduct business with Barrier. The confidentiality provision extends beyond the time limit of the agreement until the information or knowledge becomes part of the public domain.

The Company has not entered into any other employment, consulting or management agreements with any other executive officer.

GRANTS OF PLAN-BASED AWARDS DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR

During the most recently completed financial year, no incentive stock options were granted to the Named Executive Officers and no stock appreciation rights (SARs) were granted during this period. A stock appreciation right ("SAR") is a right to receive a payment of cash or an issue or transfer of shares based wholly or in part on changes in the trading price of the Company's shares.

OUTSTANDING EQUITY AWARDS AT THE MOST RECENTLY COMPLETED FINANCIAL YEAR

Name and Principal Position	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards; Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date
Michael D. Huddy President & CEO	800,000	Nil	Nil	C\$0.12	March 18, 2012
David J. Corcoran CFO	800,000	Nil	Nil	C\$0.12	March 18, 2012
Victor A. Yates Director	800,000	Nil	Nil	C\$0.12	March 18, 2012
Craig Roberts Director	550,000 250,000	Nil Nil	Nil Nil	C\$0.12 C\$0.15	March 18, 2012 October 29, 2012

**AGGREGATED OPTION/SAR EXERCISES DURING THE MOST RECENTLY COMPLETED
FINANCIAL YEAR AND FINANCIAL YEAR-END OPTION/SAR VALUES**

During the fiscal year ended June 30, 2011, no stock options were exercised by the Company's Named Executive Officers. During this period, no outstanding SARs were held by the Named Executive Officers.

**TERMINATION OF EMPLOYMENT, CHANGE IN RESPONSIBILITIES AND EMPLOYMENT
CONTRACTS**

Pursuant to a management agreement dated February 13, 1993 made between the Company and Michael D. Huddy, if terminated other than for cause, as specified in the agreement, Mr. Huddy is to receive an annual salary of \$115,000 for the unexpired term, so long as he is not otherwise gainfully employed. If Mr. Huddy does engage in gainful employment after termination, he is to receive one-half of his annual salary for the remainder of the unexpired term. The rate of compensation paid to Mr. Huddy is reviewed periodically by the Company and is reflective of corporate performance and corporate goals.

Other than noted above, there is no compensatory plan, contract or arrangement where a Named Executive Officer is entitled to receive more than \$100,000 from the Company, including periodic payments or installments, in the event of the resignation, retirement or other termination of employment, a change of control of the Company or a change in the Named Executive Officer's responsibilities following a change in control.

COMPENSATION OF DIRECTORS

Compensation for the Named Executive Officers has already been disclosed above.

As of November 30, 2006, the Company began compensating its Directors for their service as acting in the capacity of a Director. During the fiscal year ended June 30, 2011 the Directors were paid an aggregate \$17,250

The following table sets out details of compensation paid to the Directors of the Company during the fiscal year ended June 30, 2011. For Executive Officers who are also Directors, this table includes only Directors Fees. Refer to the section entitled "Executive Compensation", "Summary Compensation Table" above for compensation paid to the Executive Officers.

Director Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Non-Qualified Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Michael D. Huddy	\$4,750	Nil	Nil	Nil	Nil	Nil	\$4,750
David J. Corcoran	\$4,750	Nil	Nil	Nil	Nil	Nil	\$4,750
Victor A. Yates	\$4,750	Nil	Nil	Nil	Nil	Nil	\$4,750
Craig Roberts	\$4,000	Nil	\$26,862	Nil	Nil	Nil	\$30,862

Other than as stated above, the Company has no standard arrangement pursuant to which directors are compensated by the Company for their services in their capacity as directors except for the granting from time to time of incentive stock options in accordance with the policies of the TSX Venture Exchange.

During the fiscal year ended June 30, 2011, no stock options were granted to Directors.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Transactions with management and others

There were no transactions in addition to disclosure contained elsewhere herein respecting transactions involving management during the last fiscal year, except that the Company pays C\$50,000 per year to David J. Corcoran, through his privately owned company, Corcoran Enterprises Ltd., for administrative and financial consulting services performed for the Company.

Except as mentioned herein, no cash compensation was paid to any director of the Company for the directors' services as a director during the financial year ended June 30, 2011, other than \$17,250 that was paid to the directors for attending directors meetings.

STATEMENT OF CORPORATE GOVERNANCE PRACTICE

The British Columbia Securities Commission has issued guidelines on corporate governance disclosure for venture issuers as set out in Form 58-101F2 (the "Disclosure"). The Disclosure addresses matters relating to constitution and independence of directors, the functions to be performed by the directors of a company and their committees and effectiveness and evaluation of proposed corporate governance guidelines and best practices specified by the Canadian securities regulators. The Company's approach to corporate governance in the context of the specific Disclosure issues outlined in Form 58-101F2 is set out in the attached Schedule "A".

PROPOSAL 3

RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

BDO Canada LLP, Chartered Accountants, served as the Company's independent auditors for the fiscal year ending June 30, 2011 and has been appointed by the Board to continue as the Company's independent auditor for the Company's fiscal year ending June 30, 2012.

Refer to the section entitled "Audit Committee" – "External Auditor Service Fees" for the fees for services provided by BDO Canada LLP, Chartered Accountants, to the Company in each of the two fiscal years ended June 30, 2010 and June 30, 2011.

Although the appointment of BDO Canada LLP, Chartered Accountants, is not required to be submitted to a vote of the shareholders, the Board believes it appropriate as a matter of policy to request that the shareholders ratify the appointment of the independent public accountant for the fiscal year ending June 30, 2012. In the event a majority of the votes cast at the meeting are not voted in favor of ratification, the adverse vote will be considered as a direction to the Board of Directors of the Company to select other auditors for the fiscal year ending June 30, 2013.

Management is also recommending that shareholders vote in favour of authorizing the Directors to fix the remuneration of the Company's auditors, BDO Canada LLP, Chartered Accountants.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" RATIFICATION OF THE APPOINTMENT OF BDO CANADA LLP, CHARTERED ACCOUNTANTS, AS THE COMPANY'S INDEPENDENT AUDITORS FOR THE FISCAL YEAR ENDING JUNE 30, 2012 AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THE REMUNERATION OF THE AUDITORS.

PROPOSAL 4

ANNUAL APPROVAL OF 2005 STOCK OPTION PLAN

Stock Option Plan

In accordance with Policy 4.4 of the TSX Venture Exchange (the "Exchange"), "rolling plans" must receive shareholder approval yearly. As such, the directors of the Company wish to seek approval of the Company's 2005 "rolling" stock option plan (the "2005 Plan"), which was approved by the shareholders at the Company's 2005 Annual General Meeting, reserving a maximum of 10% of the issued shares of the Company at the time of the stock option grant. The purpose of the 2005 Plan is to provide incentive to employees, directors, officers, management companies and consultants who provide services to the Company and reduce the cash compensation the Company would otherwise have to pay.

The 2005 Plan complies with the current policies of the Exchange for Tier 2 issuers. Under the 2005 Plan, a maximum of 10% of the issued and outstanding shares of the Company are proposed to be reserved at any time for issuance on the exercise of stock options. As the number of shares reserved for issuance under the 2005 Plan increases with the issue of additional shares of the Company, the 2005 Plan is considered to be a “rolling” stock option plan.

Management is seeking annual shareholder approval for the 2005 Plan including the approval of the number of shares reserved for issuance under the 2005 Plan in accordance with and subject to the rules and policies of the Exchange.

Terms of the 2005 Stock Option Plan

A full copy of the 2005 Plan will be available at the Meeting for review by shareholders. Shareholders may also obtain copies of the 2005 Plan from the Company prior to the meeting on written request. The following is a summary of the material terms of the 2005 Plan:

Number of Shares Reserved. The number of common shares which may be issued pursuant to options granted under the 2005 Plan may not exceed 10% of the issued and outstanding shares of the Company from time to time at the date of granting of options (including all options granted by the Company under the 2005 Plan).

Maximum Term of Options. The term of any options granted under the 2005 Plan is fixed by the Board of Directors and may not exceed five years from the date of grant, or 10 years if the Company is classified as a “Tier 1” issuer under the policies of the Exchange. The options are non-assignable and non-transferable.

Exercise Price. The exercise price of options granted under the 2005 Plan is determined by the Board of Directors, provided that it is not less than the Discounted Market Price, as that term is defined in the Exchange policy manual or such other minimum price as is permitted by the Exchange in accordance with the policies from time to time, or, if the shares are no longer listed on the Exchange, then such other exchange or quotation system on which the shares are listed or quoted for trading.

Reduction of Exercise Price. The exercise price of stock options granted to insiders may not be decreased without disinterested shareholder approval at the time of the proposed amendment.

Termination. Any options granted pursuant to the 2005 Plan will terminate generally within 90 days of the option holder ceasing to act as a director, officer, or employee of the Company or any of its affiliates, and within generally 30 days of the option holder ceasing to act as an employee engaged in investor relations activities, unless such cessation is on account of death. If such cessation is on account of death, the options terminate on the first anniversary of such cessation. If such cessation is on account of cause, or termination by regulatory sanction or by reason of judicial order, the options terminate immediately. Options that have been cancelled or that have expired without having been exercised shall continue to be issuable under the 2005 Plan. The 2005 Plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision, conversion or exchange of Company’s shares.

Administration. The 2005 Plan is administered by the Board of Directors of the Company or senior officer or employee to which such authority is delegated by the Board from time to time.

Board Discretion. The 2005 Plan provides that, generally, the number of shares subject to each option, the exercise price, the expiry time, the extent to which such option is exercisable, including vesting schedules, and other terms and conditions relating to such options shall be determined by the Board of Directors of the Company or senior officer or employee to which such authority is delegated by the Board from time to time and in accordance with Exchange policies. The number of option grants, in any 12 month period, may not result in the issuance to any one optionee which exceed 5% of the outstanding common shares of the Company (unless the Company is a Tier 1 issuer and has obtained the requisite disinterested shareholder approval), or the issuance to a consultant or an employee engaged in investor relations activities which exceed 2% of the outstanding common shares of the Company.

Shareholder Approval

Shareholders will be asked at the Meeting to approve the following resolution:

“BE IT RESOLVED THAT the 2005 Stock Option Plan be and it is hereby ratified, that in connection therewith the reservation of a maximum of 10% of the issued and outstanding shares at the time of each grant be approved under the plan and that the Board of Directors be and they are hereby authorized, without further shareholder approval, to make such changes to the existing stock option plan as may be required or approved by regulatory authorities.”

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” AUTHORIZING AND APPROVING THE COMPANY’S 2005 STOCK OPTION PLAN.

OTHER MATTERS

The Company knows of no other matters that are likely to be brought before the Meeting. If, however, other matters not presently known or determined properly come before the Meeting, the persons named as proxies in the enclosed proxy card or their substitutes will vote such proxy in accordance with their discretion with respect to such matters.

PROPOSALS OF SHAREHOLDERS

Proposals which shareholders wish to be considered for inclusion in the Proxy Statement and proxy card for the 2012 Annual General Meeting of Shareholders must be received by the Secretary of the Company by June 15, 2012 and must comply with the requirements of Rule 14a-8 under the Securities Exchange Act of 1934, as amended.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on the SEDAR website at www.sedar.com on EDGAR at www.sec.gov.

ANNUAL REPORT ON FORM 10-K

A COPY OF THE ANNUAL REPORT ON FORM 10-K FOR THE COMPANY’S YEAR ENDED JUNE 30, 2011 ACCOMPANIES THIS PROXY STATEMENT. AN ADDITIONAL COPY WILL BE FURNISHED WITHOUT CHARGE TO BENEFICIAL SHAREHOLDERS OR SHAREHOLDERS OF RECORD UPON REQUEST TO INVESTOR RELATIONS, INTERNATIONAL BARRIER TECHNOLOGY INC. SUITE 3223 WEST 37TH AVENUE, VANCOUVER, BRITISH COLUMBIA, V6N 2V3, TELEPHONE: 604-266-6984.

Dated at Vancouver, British Columbia, this 21st day of October, 2011.

BY ORDER OF THE BOARD OF DIRECTORS
“Michael D. Huddy”
Michael D. Huddy
President, Chief Executive Officer and Director

Schedule “A”

Statement of Corporate Governance Disclosure International Barrier Technology Inc.

The Company’s corporate governance disclosure is specifically set out below.

1. *Board of Directors*

Disclose how the board of directors (the “Board”) facilitates its exercise of independent supervision over management, including

- (i) the identity of directors that are independent, and
- (ii) the identity of directors who are not independent, and the basis for that determination.

The Board consists of 4 directors, of whom 2 are considered to be independent. The unrelated directors do not have any direct or indirect material relationships with the Company (other than shareholdings) which could, in the view of the Company’s Board, reasonably interfere with the exercise of a directors independent judgment. Victor Yates and Craig Roberts are the independent directors. Michael Huddy is President and Chief Executive Officer of the Company. David Corcoran, is the Chief Financial Officer of the Company and through a wholly owned private company, has a consulting agreement with the Company. Although Mr. Corcoran has a material relationship with the Company, it is the view of the Company’s Board, that it does not reasonably interfere with the exercise of his independent judgment.

2. *Directorships*

If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

No directors of the Company are directors of any other reporting issuer.

3. *Orientation and Continuing Education*

Describe what steps, if any, the Board takes to orient new Board members, and describe any measures the Board takes to provide continuing education for directors.

Orientation and education of new members of the Board is conducted informally by management and members of the Board. The orientation provides background information on the Company’s history, performance and strategic plans. The Company has not adopted formal policies respecting continuing education for Board members.

4. *Ethical Business Conduct*

Describe what steps, if any, the Board takes to encourage and promote a culture of ethical business conduct.

The Board has not adopted a formal code of business conduct and ethics. The Board is of the view that the fiduciary duties placed on individual directors by the Company’s governing legislation and common law together with corporate statutory restrictions on an individual director’s participation in Board decisions in which the director has an interest are sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

5. *Nomination of Directors*

Disclose what steps, if any, are taken to identify new candidates for Board nomination, including:

- (i) who identifies new candidates, and
- (ii) the process of identifying new candidates.

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual general meeting. The Board takes in to account the number of directors required to carry out the Board's duties effectively and to maintain diversity of views and experience.

The Board has not established a nominating committee and this function is currently performed by the Board as a whole.

6. *Compensation*

Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:

- (i) who determines compensation, and
- (ii) the process of determining compensation.

The Board has appointed a Compensation Committee comprised of the independent directors and an advisor who is a representative of a significant shareholder. The Compensation Committee considers and makes recommendations to the Board respecting compensation for directors and senior officers.

7. *Other Board Committees*

If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The Board has no committees other than the Audit Committee and Compensation Committee.

8. *Assessments*

Disclose what steps, if any, that the Board takes to satisfy itself that the Board, its committees, and its individual directors are performing effectively.

The Board annually, and at such other times as it deems appropriate, reviews the performance and effectiveness of the Board, the directors and its committees to determine whether changes in size, personnel or responsibilities are warranted. To assist in its review, the Board conducts informal surveys of its directors and receives reports from each committee respecting its own effectiveness. As part of the assessments, the Board or the individual committee may review their respective mandate or charter and conduct reviews of applicable corporate policies.

Schedule “B”

Charter of the Audit Committee of the Board of Directors of International Barrier Technology Inc. (the “Company”)

Mandate

The primary function of the Audit Committee (“Committee”) is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the following: (a) the financial reports and other financial information provided by the Company to regulatory authorities and shareholders; (b) the Company’s systems of internal controls regarding finance and accounting and the Company’s auditing, accounting; and (c) financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to (i) serve as an independent and objective party to monitor the Company’s financial reporting and internal control system and review the Company’s financial statements; (ii) review and appraise the performance of the Company’s external auditors; (iii) provide an open avenue of communication among the Company’s auditors, financial and senior management and the board of directors; and (iv) to ensure the highest standards of business conduct and ethics.

Composition

The Committee shall be comprised of three directors as determined by the board of directors, the majority of whom shall be free from any relationship that, in the opinion of the board of directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company’s Charter, the definition of “financially literate” is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company’s financial statements.

The members of the Committee shall be elected by the board of directors at its first meeting following the annual shareholders’ meeting. Unless a Chair is elected by the full board of directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Executive Officer and/or the Chief Financial Officer and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

- (a) Review and update this Charter annually.
- (b) Review the Company’s financial statements, MD&A, any annual and interim earning statements and press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion or review rendered by the external auditors.

External Auditors

- (a) Review annually the performance of the external auditors who shall be ultimately accountable to the board of directors and the Committee as representatives of the shareholders of the Company.
- (b) Obtain annually a formal written statement of external auditors setting forth all relationships between the external auditors and the Company.

- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take or recommend that the full board of directors take appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the board of directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
 - i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than 5% of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
 - ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and
 - iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the board of directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

Financial Reporting Processes

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review certification process for certificates required under MI 52-109.
- (i) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Other

- a) Review any related party transactions.
- b) Review reports from persons regarding any questionable accounting, internal accounting controls or auditing matters (“Concerns”) relating to the Company such that:
 - i. an individual may confidentially and anonymously submit their Concerns to the Chairman of the Committee in writing, by telephone, or by e-mail;
 - ii. the Committee reviews as soon as possible all Concerns and addresses same as they deem necessary; and
 - iii. the Committee retains all records relating to any Concern reported by an individual for a period the Committee judges to be appropriate.

All of the foregoing in a manner that the individual submitting such Concerns shall have no fear of adverse consequences.



**ANNUAL REPORT ON
FORM 10-K
For the fiscal year ended June 30, 2011**

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Fiscal Year Ended June 30, 2011

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number: 000-20412

INTERNATIONAL BARRIER TECHNOLOGY INC.

(Name of registrant as specified in its charter)

British Columbia, Canada
(State or Incorporation or Organization)

N/A
(IRS Employer ID No.)

510 4th Street North, Watkins, Minnesota, USA 55389
(Address of principal executive offices)

Issuer's Telephone Number, 320-764-5797

Securities to be registered pursuant to Section 12(b) of the Act: None

Securities to be registered pursuant to Section 12(g) of the Act:
Common Shares without par value.
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a specified date within the past 60 days (OTCBB). **August 31, 2011 = \$2,667,296**

Common Shares outstanding at **August 31, 2011**

44,454,926 shares

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INTRODUCTION

International Barrier Technology Inc. is organized under the laws of British Columbia, Canada. In this Annual Report, the "Company", "Barrier", "we", "our" and "us" refer to International Barrier Technology Inc. and its subsidiaries (unless the context otherwise requires). We refer you to the actual corporate documents for more complete information than may be contained in this Annual Report. Our principal corporate offices are located at 510 4th Street North, Watkins, Minnesota, USA 55389. Our telephone number is 320-764-5797.

BUSINESS OF INTERNATIONAL BARRIER TECHNOLOGY INC.

International Barrier Technology Inc. develops, manufactures, and markets proprietary fire resistant building materials designed to help protect people and property from the destruction of fire. The Company uses a patented, non-combustible, non-toxic *Pyrotite®* formulation that is used to coat wood panels and has potential application to engineered wood products, paint, plastics, and expanded polystyrene. Sales have been US\$3.3 million and US\$2.6 million during Fiscal 2011 and 2010, respectively.

FINANCIAL AND OTHER INFORMATION

In this Annual Report, unless otherwise specified, all dollar amounts are expressed in U.S. Dollars ("\$").

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements, principally in ITEM #1, "Business" and ITEM #7, "Management's Discussion and Analysis or Plan of Operation". These statements may be identified by the use of words like "plan," "expect," "aim," "believe," "project," "anticipate," "intend," "estimate," "will," "should," "could" and similar expressions in connection with any discussion, expectation, or projection of future operating or financial performance, events or trends. In particular, these include statements about the Company's strategy for growth, property exploration, mineral prices, future performance or results of current or anticipated mineral production, interest rates, foreign exchange rates, and the outcome of contingencies, such as acquisitions and/or legal proceedings.

Forward-looking statements are based on certain assumptions and expectations of future events that are subject to risks and uncertainties. Actual future results and trends may differ materially from historical results or those projected in any such forward-looking statements depending on a variety of factors, including, among other things, the factors discussed in this Annual Report and factors described in documents that we may furnish from time to time to the Securities and Exchange Commission. We undertake no obligation to update publicly or revise any forward-looking statements because of new information, future events or otherwise.

PART I

ITEM 1. BUSINESS

1.A. General Development of Business

Introduction

International Barrier Technology Inc. and its subsidiaries are collectively hereinafter referred to as the "Company".

Incorporated in July 1986, pursuant to agreements, the Company acquired the rights to the Pyrotite Technology for Canada in July 1986 and for the United States in March 1992. The Canadian rights and the US rights under the 1992 agreement were voluntarily terminated in January 1996 due to marketing conflict with a corporation which acquired the licensor's rights to the technology. A new agreement for the rights in the United States was signed in January 1996 and revised in March 1996. The Company acquired the world-wide rights to the Pyrotite technology, including: US patents; foreign patent filings; manufacturing know-how; trade secrets, and trademarks pursuant to a March 2004 agreement. The Company completed construction of a new manufacturing facility in Minnesota, USA in December 1995; the facility was upgraded to include substantial automation, increased capacity and product quality in April/May 2000; as Barrier continued to achieve double digit growth year after year, it decided the current manufacturing facility needed to be expanded. The planning and development of a higher volume and more fully automated facility began in 2004; the first phase that included the building addition was complete in March 2005. The second phase of the new line development was complete in August 2005 and the first commercial production run was in March 2006. The final phase of equipment installation, shake down improvements, and training was complete in late 2006 at which time full commercial production began.

The Company has been involved in the development and manufacturing/marketing of fire-rated building products since 1986, including current products: Pyrotite, a fire-barrier material comprised of the patented formulation reinforced with chopped fiberglass strands and applied adhered directly to structural sheathing (OSB - oriented strand board or plywood) designed to prevent ignition and inhibit the spread of flames. The products are currently marketed through exclusive supply agreements as LP® FlameBlock® Fire-Rated OSB Sheathing into Residential Roof Deck, Wall Assembly, Wildland Urban Interface Zones, and Structurally Insulated Panel market; and MuleHide FR Deck Panel into the commercial modular market. 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.

The Company's executive office is located at:
510 4th Street North, Watkins, Minnesota, USA 55389
Telephone: (320) 764-5797
Telephone: (800) 638-4570
Facsimile: (320) 764-5799
e-mail: info@intlbarrier.com
website: www.intlbarrier.com

The Company's registered office is located at:
1750, 750 West Pender St., Vancouver, BC, Canada V6C 2T8
Telephone: (604) 681-1194; and
Facsimile: (604) 681-9652.

The contact person is:
David Corcoran, C.A.; Chief Financial Officer/Director.

The Company's fiscal year ends June 30th.

The Company's common shares trade in Canada on the TSX Venture Exchange under the symbol "IBH" and in the United States on the OTC Bulletin Board under the symbol "IBTGF.OB".

The Company has 100,000,000 no par common shares authorized. At 6/30/2011, the end of the Company's most recent fiscal year, there were 44,454,926 common shares issued and outstanding.

History and Development

Incorporation and Name Changes. The Company was incorporated in British Columbia under the *British Columbia Company Act* on 7/10/86 under the name "Barrier Technology Inc."; the name was changed to "International Barrier Technology Inc." on 3/11/1996. The Company adopted new By-Laws on 12/09/2004 to comply with the new British Columbia Corporation Act enacted on 3/29/2004.

Subsidiaries. The Company has two wholly-owned subsidiaries:

- a) Pyrotite Coatings of Canada Inc.
incorporated in British Columbia on 7/10/1986
- b) Barrier Technology Corporation
incorporated in Minnesota, USA on 5/8/1996

Existing Marketing/Licensing Agreements:

- 1. Mulehide Products, Inc., Commercial Modular Building Industry
- 2. LP® Building Products, Multi-family Residential Roof Deck, Wall Assembly, and Structural Insulated Panel Markets.

SEC Filing Status. After Fiscal 2005 year end, the Company ceased being a "foreign private issuer" eligible to file its Fiscal 2006 Annual Report on Form 20-F; beginning Calendar 2006, the Company began filing Form 10-QSB and Form 10-KSB as its primary disclosure documents. As a "smaller reporting company", the Company has transitioned to using the Form 10-K Annual Report.

Financings. The Company has financed its operations through borrowings and/or private issuance of common shares:

Fiscal 2009: None
Fiscal 2010: 15,000,000 units at US\$0.10 per unit = US\$1,482,974 (CDN\$1,500,000)
Fiscal 2011: 40,000 units at US\$0.09 per unit = US\$3,600
Fiscal 2012-to-date: None

Capital Expenditures

Fiscal 2009: \$ 14,196, purchase of plant and equipment
Fiscal 2010: \$ 23,068, purchase of plant and equipment
Fiscal 2011: \$ 74,857, purchase of plant and equipment

1.B. Financial Information About Segments

Refer to the audited financial statements for Fiscal 2010 ended June 30th (footnote #13, "Segmented Information and Sales Concentration") for this information.

1.C. Narrative Description of Business

International Barrier Technology Inc. (Barrier) manufactures and sells fire-rated building materials primarily in the United States. Barrier has a patented fire protective material (Pyrotite™) that is applied to building materials to greatly improve their respective fire resistant properties. Coated wood panel products are sold to builders through building product distribution companies all over the United States. Many of the top multifamily homebuilders in the US utilize Barrier's fire-rated structural panel manufactured with Pyrotite™ in areas where the building code requires the use of a fire-rated building panel.

Seasonality

The building products industry in the United States does experience seasonality with housing starts generally depressed in winter months. Barrier's Pyrotite™ products, however, is sold in housing markets that have excellent winter business, including the states of Florida and California. Also, much of the modular housing, including the foam core panel market, performs a considerable amount of their required construction inside factories. Since the work is done within protected environments they tend to be less impacted by the winter season than typical building projects. Seasonality, therefore, is not considered to be a major impediment to Barrier's success in the US market place.

Dependency upon Patents/Licenses/Processes

Pursuant to an agreement for sale of technology dated 3/1/2004 ("original agreement"), between the Company and Pyrotite Corporation, the Company acquired the rights (previously licensed) to certain fire retardant technology and trademarks for \$1,000,000. These rights and technology included all of the patents that deal with "surface applied" Pyrotite technology. The agreement further acknowledged that Pyrotite Corporation retained ownership of "integral" OSB technology (IPOSB) but the parties agreed that Pyrotite would share revenues with the Company for: gross sales of any IPOSB products or substances manufactured in or sold into the US, by or on the behalf of, Pyrotite Corporation; or, for certain rights or license fees received by Pyrotite Corporation for use of the technology.

A dispute ensued between the parties as to the correct amounts owed to the Company by Pyrotite pursuant to the revenue sharing clause of the original agreement. As a result, the parties, through a mediator, reached a settlement on March 23, 2010 whereby Pyrotite agreed to pay the Company \$90,000 in full settlement of prior amounts in dispute. In addition, Pyrotite agreed to convey all of its right, title and interest in IPOSB technology to the Company. There was no value attributed to the IPOSB technology in the Company's consolidated financial statements.

Barrier utilizes patented manufacturing technology, as well as manufacturing know-how and trade secrets that have been developed and are closely protected by Barrier.

The manufacturing process for the Pyrotite® products is protected by trade secrets and patent pending status on an improved technology. International Barrier Technology, Inc. and Barrier Technology Corporation are, in that regard, totally dependent upon these for success in the business.

All employees are required to sign a Confidentiality Agreement that incorporates a "do not compete clause". As these clauses pertain to Barrier's employees at the US operations, they have been drafted to conform to the strictest interpretation under Minnesota law.

Employees

As of 8/31/2011, the Company had 17 full-time employees, one full time Executive Officer and two part-time Executive Officers. As of 6/30/2011, the Company had 15 full-time employees, one full-time Executive Officer and two part-time Executive Officers. As of 6/30/2010, the Company had 15 full-time employees, one full-time Executive Officer and two part-time Executive Officers.

Dependency upon Customers

Fiscal 2011

During Fiscal 2011, the company's largest customer was MuleHide Products, Inc. "Mulehide". Mulehide is a company that services the commercial roofing market including selling Pyrotite® products to the commercial modular roof deck market. MuleHide purchased 56% of the 6,962,264 sq. ft. of Pyrotite® products shipped in Fiscal 2011. Product shipped to MuleHide Products is through an exclusive supply agreement and private labeled MuleHide FR Deck Panel.

The largest market for Pyrotite® products (after accounting for FR Deck Panel) in Fiscal 2011 remained roof deck applications in multifamily residential roof deck construction, wall assemblies and structural insulated panels (SIPs). 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 the commercial modular (MuleHide Products, Inc.), under their brand name LP® FlameBlock® Fire-Rated OSB Sheathing. Barrier will provide technical support. Barrier will continue to supply MuleHide FR panel to MuleHide Products, Inc. under the existing Supply Agreement executed between Barrier and MuleHide in 2004.

Multifamily residential roof deck, wall assembly, and structural insulated panel markets accounted for 44% of total shipments in 2011. Sales into these markets are now made as LP® FlameBlock® through LP® Building Products and wholesale distribution companies such as ProBuild, BFS Building Supply, Biewer Lumber, Logan Lumber Company, Taiga Building Products, Vandermeer Forest Products, Boise, Curtis Lumber, and Universal Forest Products. The Western Region market (CA-WA) was the strongest region in these markets with 28.5% of total sales into these markets. Other regions in these markets include Florida, the Midwest, and the MidAtlantic). The building products distribution companies mentioned have a presence in all of these areas and are Barrier's consistent customer throughout these geographies.

Fiscal 2010

During Fiscal 2010, the company's largest customer was MuleHide Products, Inc. "Mulehide". Mulehide is a company that services the commercial roofing market including selling Pyrotite® products to the commercial modular roof deck market. MuleHide purchased 60.7% of the 5,002,688 sq. ft. of Pyrotite® products shipped in Fiscal 2010. Product shipped to MuleHide Products is through an exclusive supply agreement and private labeled MuleHide FR Deck Panel.

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

Multifamily residential roof deck, wall assembly, and structural insulated panel markets accounted for 39.3% of total shipments in 2010. Sales into these markets are now made as LP® FlameBlock® through LP® Building Products and wholesale distribution companies such as Stock Building Supply, Inc., BFS Building Supply, 84 Lumber, Inc., Logan Lumber Company, Taiga Building Products, Vandermeer Forest Products, Boise, Curtis Lumber, and Lake States Lumber. The Mid-Atlantic market (Maryland south through North Carolina and the northeastern US - New Jersey and Pennsylvania) was the strongest region in these markets with 904,200 sq. ft. of sales (18.1% of total sales). Other regions in these markets include Florida, the Midwest, and the West). The building products distribution companies mentioned have a presence in all of these areas and are Barrier's consistent customer throughout these geographies.

1.D. Financial Information About Geographic Areas

During Fiscal 2011 and 2010, all sales were in the United States.

At 6/30/2011 and 6/30/2010: \$3,688,347 and \$3,966,994 of the assets were located in the United States and \$313,888 and \$1,035,262 were located in Canada, respectively.

1.E. Available Information

Not applicable

1.F. Reports to Security Holders

We file reports and other information with the Securities and Exchange Commission located at 100 F Street N.E., Washington, D.C. 20549; you may obtain copies of our filings with the SEC by accessing their website located at www.sec.gov. Further, we also files reports under Canadian regulatory requirements on SEDAR; you may access our reports filed on SEDAR by accessing their website at www.sedar.com. Finally, we also make Canadian and USA reports available on the Company's website: www.intlbarrier.com.

1.G. Enforceability of Civil Liabilities

We are a British Columbia, Canada corporation. While our principal operational office and our manufacturing facility are located in the United States, our principal executive office and many of our assets are located outside of the United States. Additionally, a number of our directors and executive officers are residents of Canada. It might not be possible for investors in the United States to collect judgments obtained in United States courts predicated on the civil liability provisions of U.S. securities legislation. It could also be difficult to effect service of process in connection with any action brought in the United States upon such directors or executive officers. Execution by United States courts of any judgment obtained against us, or any of the directors, executive officers or experts identified in this prospectus or documents incorporated by reference herein, in United States courts would be limited to the assets, or the assets of such persons or corporations, as the case might be, in the United States. The enforceability in Canada of United States judgments or liabilities in original actions in Canadian courts predicated solely upon the civil liability provisions of the federal securities laws of the United States is doubtful.

ITEM 1A. RISK FACTORS

In addition to the other information presented in this Annual Report, the following should be considered carefully in evaluating the Company and its business. This Annual Report contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from results discussed in the forward-looking statements. Factors that might cause such a difference include those discussed below and elsewhere in this Annual Report.

General Corporate Risks

Investors may be disadvantaged because the Company is incorporated in Canada, which has different laws.

The articles/by-laws and the laws of Canada are different from those typical in the United States. The typical rights of investors in Canadian companies differ modestly from those in the United States; refer to the relevant sections which are discussed in Section 9.A.5 and Section 10.B of this Annual Report. Such differences may cause investors legal difficulties.

U.S. investors may not be able to enforce their civil liabilities against the Company or its directors, controlling persons and officers.

It may be difficult to bring and enforce suits against the Company. The Company is a corporation incorporated under the laws of the British Columbia, Canada. A majority of the Company's directors are resident outside the United States, and all or substantial portions of their assets are located outside of the United States. As a result, it may be difficult for U.S. holders of the Company's common shares to effect service of process on these persons within the United States or to realize in the United States upon judgments rendered against them. In addition, a shareholder should not assume that the courts of Canada (i) would enforce judgments of U.S. courts obtained in actions against the Company or such persons predicated upon the civil liability provisions of the U.S. federal securities laws or other laws of the United States, or (ii) would enforce, in original actions, liabilities against us or such persons predicated upon the U.S. federal securities laws or other laws of the United States.

Passive Foreign Investment Company ("PFIC") designation could lead to an adverse tax situation for U.S. investors.

U.S. investors in the Company could be subject to U.S. taxation at possibly adverse or higher rates and under a system that might be more complicated and unfamiliar to them. For example, a U.S. investor might be subject to special tax rules with respect to any "excess distribution" received and any gain realized from a sale or other disposition (including a pledge) of that holder's shares. Distributions a U.S. investor receives in a taxable year that are greater than 125% of the average annual distributions received during the shorter of the three preceding taxable years or the holder's holding period for the shares will be treated as excess distributions. For example, under certain circumstances, a U.S. investor who is an individual might be subject to information reporting requirements and backup withholding, currently at a 28% rate, on dividends received on common shares. If a U.S. Holder holds shares in any year in which the Company is a PFIC, that holder might be required to file Internal Revenue Service Form 8621.

Risks Relating to Financial Condition

The Company has accumulated losses since inception.

Since inception through June 30, 2011, the Company has incurred aggregate losses of (\$14,360,735). Our earnings (losses) from operations for years ended 6/30/2011 and 6/30/2010 were \$895,811 and (\$2,329,567), respectively; our cash used in operations for years ended 6/30/2011 and 6/30/2010 were \$329,065 and \$366,392, respectively. These factors cast substantial doubt about the Company's ability to continue as a going concern. There is no assurance that we will operate profitably or will generate positive cash flow in the future. The Company's financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize its assets and discharge its obligations and commitments in the normal course of operations. Realization values maybe substantially different from carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. 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. 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.

The Company's history of operating losses is likely to lead to the need for additional, potentially unavailable, financings and related problems.

The Company has a history of losses: \$895,811 ["profit" result of non-cash flow "change in fair value of derivative liability] and (\$2,329,567) in FY2011 and FY2010. Despite recent capital infusions, the Company will require significant additional funding to meet its long-term business objectives, unless the trend of losses is reversed. Capital will be needed to help maintain and to expand marketing of the Company's products. The Company may not be able to obtain additional financing on reasonable terms, or at all. If equity financing is required, then such financings could result in significant dilution to existing shareholders. If the Company is unable to obtain sufficient financing, the Company might have to dramatically slow marketing efforts and/or lose control of its products. The Company has historically obtained the preponderance of its financing through the issuance of equity. There is a limit of 100,000,000 authorized common shares. The Company has no current plans to obtain financing through means other than equity financing and/or loans. Such losses and the resulting need for external financings could result in losses of investment value.

The Company's need for additional financing to expand production and conduct marketing efforts could lead to the Company's inability to continue generating material sales revenue.

The Company develops, manufactures, and markets proprietary fire resistant building materials designed to help protect people and property from the destruction of fire. Additional amounts of financing may be required to facilitate corporate operational growth and to expand marketing efforts on a short-term basis. Conventional bank financing was originally established at a local bank for up to \$1,000,000 in the form of a revolving line of credit. In July 2008, the terms of the existing revolving bank facility of \$1,000,000 were modified to be comprised of a \$500,000 capital loan being amortized by the bank over a 10-year period and which is secured by building, property and equipment and a \$500,000 credit facility as an operating line of credit at 7.5%. In August 2010, the line of credit was amended to include a reduced limit of \$250,000, and was extended until September 1, 2011 at a reduced interest rate of 6.75%. At June 30, 2011, the capital loan balance was \$234,398 and the line of credit balance was \$181,723. In September 2011, the repayment term on the line of credit was extended until September 1, 2012.

The Company competes with other building materials companies that have similar operations, and many such competitor companies have operations and financial resources and industry experience far greater than those of the Company.

Even if the Company maintains a successful marketing program, the Company will still be subject to competition from much larger and financially stronger competitors and such competition may materially adversely affect the Company's financial performance. Also, the Company's need to acquire inventory will require additional financial resources.

Risks Relating to Management and Specific Operations

The Company's Articles/By-Laws contain provisions indemnifying its officers and directors against all costs, charges and expenses incurred by them.

The Company's Articles/By-Laws contain provisions that state, subject to applicable law, the Company shall indemnify every director or officer of the Company, subject to the limitations of the British Columbia Corporations Act, against all losses or liabilities that the Company's director or officer may sustain or incur in the execution of their duties. The Company's Articles/By-Laws further state that no director or officer shall be liable for any loss, damage or misfortune that may happen to, or be incurred by the Company in the execution of their duties if they acted honestly and in good faith with a view to the best interests of the Company. Such limitations on liability may reduce the likelihood of litigation against the Company's officers and directors and may discourage or deter its shareholders from suing the Company's officers and directors based upon breaches of their duties to the Company, though such an action, if successful, might otherwise benefit the Company and its shareholders.

Key management employees may fail to properly carry out their duties or may leave which could negatively impact corporate operations and/or stock pricing.

While developing, manufacturing, and marketing proprietary fire resistant building materials designed to help protect people and property from the destruction of fire, the nature of the Company's business, its ability to develop a successful sales force, and to develop a competitive edge in the marketplace, depends, in large part, on its ability to attract and maintain qualified key management personnel. Competition for such personnel is intense and the Company may not be able to attract and retain such personnel. The Company's growth will depend on the efforts of its Directors (David Corcoran, Michael Huddy, Victor Yates and Craig Roberts) and its Senior Management (President/CEO/Director, Michael Huddy; and CFO/Director, David Corcoran; and Corporate Secretary, Lindsey Nauen). David Corcoran and Lindsey Nauen work for the Company on a part-time basis while Michael Huddy works for the Company on a full-time basis. The Company has no key-man life insurance and there are no written agreements with them.

Operational Risks

Barrier's business is based on the premise that building projects occasionally require fire resistive performance. Whether based on a requirement of a national or local building code, the possibility for lower insurance rates, or simply the desire for safety by a building owner, Barrier's health as a manufacturing company is based on a demand for resistive building products. Any factor that could mitigate the demand for fire resistive construction could have a negative impact on Barrier.

Barrier suffers a larger risk in the possibility that a new generation of technology that will impart fire resistance to building products may be developed. New technology may serve to decrease the demand for Barrier's Pyrotite® products if the new technology proved to impart either better characteristics of fire performance or was found to be less expensive to produce and market than Blazeguard. Barrier's management team makes a concerted effort to stay abreast of new technologies as they are being developed. Barrier does this by staying in close contact with the industry via trade associations (e.g. The National Association of Home Builders, NAHB) and the independent research laboratories that are asked to test these new technologies and products as they are developed. However, there is no guarantee that the Company is able to adopt and utilize the new technology. New technologies require years of testing, not only in development but in use, before they are accepted and "evaluated for use" by the major building code agencies such as The International Code Council (ICC).

Barrier's business is directly related to housing/building starts in the United States. Any factor resulting in a slowdown of economic activity, especially those that result in an increase in interest rates will have a negative impact on Barrier's business. New housing starts in the U.S. continue to decline, though the rate of decline appears to be slowing. The U.S. Census Bureau reported 571,000 new housing starts in August 2011 (adjusted on an annual basis). August's numbers were 5.0 percent lower than the July 2011 estimate of 601,000 and 5.8 percent lower than the August 2010 annually adjusted rate of 606,000. Barrier is somewhat protected in minor housing market declines because growth is dependent upon increased market share in geographic areas we are currently not selling in such as Southern California, the Pacific Northwest and Texas. The potential for growth in sales due to improved market share is very high relative to the negative impact of a percentage decrease in housing starts.

Barrier presumes that corporate growth will be funded from positive cash flow, conventional bank loans, and from the occasional sale of equity to generate needed capital. The business plan, however, anticipates a few years of very rapid sales volume increases. Companies experiencing rapid growth depend upon solid support both in the market place and in the manufacturing facilities themselves. Ensuring that capital is available to increase production capacity and to provide support materials and training in the market place is essential to success.

Barrier is relatively "thin" in its management and sales team. As a "start-up" company, Barrier has intentionally kept the number of middle and upper management and sales people at a minimum in an effort to conserve financial resources. As the company grows it will be essential to have new talent emerging to help provide leadership in the factories of production and in the market place to introduce the products to new markets: both in geography and in use. As long as the management/sales team is thin, the impact of losing a key player is very large.

Barrier relies on key relationships with industry leaders to maintain its position in the market place. Barrier is dependent upon suppliers to provide key elements of production at critical times at reasonable prices. While the majority of these materials are readily available and abundant, without quality suppliers providing reasonable terms of sales, Barrier would not be able to stay in business: there would be no operating or working goods of production to use in the manufacturing process.

Risks Relating to the Company's Common Stock

Principal stockholders, officers and directors have substantial control regarding stock ownership; this concentration could lead to conflicts of interest and difficulties in the "public" investors effecting corporate changes, and could adversely affect the Company's stock prices.

The Company's Senior Management, Directors and greater-than-five-percent stockholders (and their affiliates), acting together, hold approximately 25.4% of the shares of the Company, on a diluted basis, and have the ability to control substantially all matters submitted to the Company's stockholders for approval (including the election and removal of directors and any merger, consolidation or sale of all or substantially all of the Company's assets) and to control the Company's management and affairs. Accordingly, this concentration of ownership may have the effect of delaying, deferring or preventing a change in control of the Company, impeding a merger, consolidation, takeover or other business combination involving the Company or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company, which in turn could materially adversely affect the market price of the Company's stock.

Employee/Director/Consultant stock options could lead to greater concentration of stock ownership among insiders and could lead to dilution of stock ownership which could lead to depressed stock prices.

Because the success of the Company is highly dependent upon its respective employees, the Company has granted to some or all of its key employees, Directors and consultants options to purchase common shares as non-cash incentives. To the extent that significant numbers of such options may be granted and exercised, the interests of the other stockholders of the Company may be diluted causing possible loss of investment value.

The Company has never declared or paid cash dividends on its common shares and does not anticipate doing so in the foreseeable future.

There can be no assurance that the Company's Board of Directors will ever declare cash dividends, which action is exclusively within its discretion. Investors cannot expect to receive a dividend on the Company's common shares in the foreseeable future, if at all.

Low stock market prices and volume volatility for the Company's common shares create a risk that investors might not be able to effect purchases/sales at prices that accurately reflect corporate value.

The market for the common shares of the Company on the OTC Bulletin Board in the United States may be highly volatile for reasons both related to the performance of the Company or events pertaining to the industry (i.e., price fluctuation/technological change/new competitor) as well as factors unrelated to the Company or its industry. The Company's common shares can be expected to be subject to volatility in both price and volume arising from market expectations. Stockholders of the Company may be unable to sell significant quantities of common shares in the public trading markets without a significant reduction in the price of the common shares.

Broker-Dealers may be discouraged from effecting transactions in the Company's common shares because they are subject to the penny stock rules.

Rules 15g-1 through 15g-9 promulgated under the Securities Exchange Act of 1934, as amended, impose sales practice and disclosure requirements on NASD broker-dealers who make a market in "penny stock". A penny stock generally includes any non-NASDAQ equity security that has a market price of less than \$5.00 per share. The Company's shares are quoted on the OTC Bulletin Board in the United States and the TSX Venture

Exchange in Canada. The additional sales practice and disclosure requirements imposed upon broker-dealers may discourage broker-dealers from effecting transactions in the Company's shares, which could severely limit the market liquidity of the shares and impede the sale of the Company's shares in the secondary market.

Under the penny stock regulations, a broker-dealer selling penny stock to anyone other than an established customer or "accredited investor" (generally, an individual with net worth in excess of \$1,000,000 or an annual income exceeding \$200,000, or \$300,000 together with his or her spouse) must make a special suitability determination for the purchaser and must receive the purchaser's written consent to the transaction prior to sale, unless the broker-dealer or the transaction is otherwise exempt.

In addition, the penny stock regulations require the broker-dealer to deliver, prior to any transaction involving a penny stock, a disclosure schedule prepared by the US SEC relating to the penny stock market, unless the broker-dealer or the transaction is otherwise exempt. A broker-dealer is also required to disclose commissions payable to the broker-dealer and the registered representative and current quotations for the securities. Finally, a broker-dealer is required to send monthly statements disclosing recent price information with respect to the penny stock held in a customer's account and information with respect to the limited market in penny stocks.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. DESCRIPTION OF PROPERTY

The Company's operating and manufacturing facilities, along with executive offices, are located in leased premises at 510 Fourth Street North, Watkins, Minnesota. The Company entered into a 20-year "capital lease" beginning 6/1/1995. The lease allows the Company to purchase the facility for a small "transfer fee" once the 20-year lease is up and the industrial development bonds the City of Watkins issued to fund the project are paid in full.

The Company's manufacturing complex consists of two manufacturing lines housed in the main building. A 2,500 square-foot office is located in the front of this building. To the immediate east of the main drive, a storage building (40' x 60') allows for short-term storage of untreated sheathing.

The earlier of the two production lines, our spray technology line, is housed nearest the offices and occupies approximately 22,000 sq. ft. of space. This line is primarily used for panels larger than 4' x 8' or for production not suited for the highly automated standard production line, including plywood. The mix for this line is produced in batches and fed through a reciprocating spray apparatus on to the panels. The fiberglass is supplied as roving and automatically chopped as it is applied to the panels. An infra-red oven supplies the energy to accelerate the cure of the coating; space is provided for the panels to be stacked. Specialty panels can be stacked in custom designed racks if required. The designed capacity from this line is 10MM board feet per shift.

The newer of the two lines, our automated line, is housed in the extension added to the main building in 2004. This portion of the building is 15,000 sq. feet and houses a completely separate line. This line runs at 20 feet per minute and is capable of producing over 20MM board feet per shift annually when running at 100% efficiency. We currently need to operate this line one shift only, but could quickly increase our capacity to meet market demand by adding shift(s). Automation efficiencies on this line cover: unstacking and restacking of panels; use of automated Pyrotite coating equipment, a computer controlled mixing area; automatic panel weight information fed back continuously to the operators; and a custom panel curing system. This line produces panels of much higher, consistent quality than the older line, at a much more marketable cost point.

Future growth plans may include plants modeled after this new line, placed strategically near markets of prime opportunity; built either by Barrier or with licensed partners.

Regardless of which line is used, the production process for the Pyrotite technology contains no hazardous or controlled substances that could raise environmental concerns. The majority of materials used in the production of Pyrotite are naturally occurring and are therefore accepted at local land-fills. Use and handling instructions for the Company's finished products are no more stringent than those required for handling other natural wood based building products.

ITEM 3. LEGAL PROCEEDINGS

The Directors and the management of the Company know of no other material, active or pending, legal proceedings against them; nor is the Company involved as a plaintiff in any material proceeding or pending litigation.

The Directors and the management of the Company know of no active or pending proceedings against anyone that might materially adversely affect an interest of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No Disclosure Necessary

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

The Company's common shares began trading on the TSX Venture Exchange (formerly the Canadian Venture Exchange) in Toronto, Ontario, Canada, under its former name Barrier Technology Inc. in September 1986. The current stock symbol is "IBH". The CUSIP number is #458968-10-4.

The Company's common shares began trading on the OTC Bulletin Board in August 2002 under the symbol IBTGF.OB.

The following table lists the volume of trading and high, low and closing sales prices on the TSX Venture Exchange for the Company's common shares for the last eight fiscal quarters.

Table No. 1
TSX Venture Exchange
Common Shares Trading Activity
Canadian Dollars

Period Ended	Volume	High	- Sales -	
			Low	Closing
			Canadian Dollars	
Quarterly				
6/30/2011	570,800	CDN\$0.11	CDN\$0.05	CDN\$0.10
3/31/2011	2,954,500	0.13	0.09	0.11
12/31/2010	975,200	0.18	0.11	0.12
9/30/2010	856,500	0.25	0.16	0.18
6/30/2010	651,900	0.26	0.20	0.24
3/31/2010	2,074,600	0.25	0.08	0.21
12/31/2009	448,600	0.13	0.06	0.08
9/30/2009	344,900	0.15	0.06	0.11

Table No. 2 lists the volume of trading and high, low and closing sales prices on the OTC Bulletin Board for the Company's common shares for: the last eight fiscal quarters.

Table No. 2
OTC Bulletin Board
Common Shares Trading Activity
US Dollars

Period Ended	Volume	High	Low	- Sales - US Dollars Closing
Quarterly				
6/30/2011	675,800	US\$0.12	US\$0.06	US\$0.06
3/31/2011	2,204,500	0.13	0.09	0.11
12/31/2010	787,700	0.18	0.11	0.12
9/30/2010	640,100	0.24	0.13	0.18
6/30/2010	467,400	0.26	0.18	0.19
3/31/2010	3,599,900	0.25	0.06	0.20
12/31/2009	1,402,000	0.12	0.04	0.10
9/30/2009	1,623,500	0.16	0.06	0.12

Holders

The Company's common shares are issued in registered form and the following information is taken from the records of Pacific Corporate Trust Company (located in Vancouver, British Columbia, Canada), the registrar and transfer agent for the common shares.

On 10/15/2010, the Company's shareholders' list showed 44,414,926 common shares outstanding and 157 registered shareholders with: 8,093,106 shares owned by 54 registered shareholders/depositories resident in Canada, 18% of the total; 36,321,720 shares owned by 102 registered shareholders/depositories resident in the United States; and 100 shares owned by 1 shareholder in one other country.

Based on this research and other research into the indirect holdings of other financial institutions, the Company believes that it has approximately 6000 beneficial owners of its common shares.

Dividends

The Company has not declared any dividends since incorporation and does not anticipate that it will do so in the foreseeable future. The present policy of the Company is to retain future earnings for use in its operations and expansion of its business. There are no restrictions that limit the ability of the Company to pay dividends on common equity or that are likely to do so in the future.

Securities Authorized For Issuance Under Equity Compensation Plans

None

Use of Proceeds From Sales of Securities is for working capital

Recent Sales of Unregistered Securities

The Company relied on the exemptions from registration under Regulation S for the following private placements of securities to only Canadian residents:

Fiscal 2009: None

Fiscal 2010: 15,000,000 units at CDN\$0.10 per unit = US\$1,482,974 (CDN\$1,500,000)

Fiscal 2011: 40,000 units at US\$0.09 per unit = US\$3,600

Fiscal 2012-to-date: None

ITEM 6. SELECTED FINANCIAL DATA

Selected financial data as shown in the following table for the Company for Fiscal 2011/2010 Ended June 30th was derived from the consolidated financial statements of the Company that have been audited by BDO Canada LLP, Chartered Accountants, as indicated in their auditor's report included elsewhere in this Annual Report. Selected financial data as shown in the following table for the Company for Fiscal 2009/2008/2007 is derived from the Company's audited consolidated financial statements, not included herein.

The information presented below should be read in conjunction with following "Management's Discussion and Analysis or Plan of Operations" and with the consolidated financial statements and other financial data included elsewhere in this Annual Report.

The Company has not declared any dividends since incorporation and does not anticipate that it will do so in the near future.

Table No. 3
Selected Financial Data
(\$ in 000's, except per share data)

	Year Ended 6/30/2011	Year Ended 6/30/2010	Year Ended 6/30/2009	Year Ended 6/30/2008	Year Ended 6/30/2007
Sales Revenue	\$3,256	\$2,606	\$4,092	\$4,878	\$6,130
Net Income (Loss)	\$ 896	(\$2,330)	(\$719)	(\$808)	(\$491)
Income (Loss) per Share	\$ 0.02	(\$0.07)	(\$0.02)	(\$0.03)	(\$0.02)
Dividends Per Share	Nil	Nil	Nil	Nil	Nil
Wtg. Avg. Shares (000)	44,427	34,018	29,415	29,415	28,648
Period-end Shares O/S	44,455	44,415	29,415	29,415	29,415
Working Capital	(\$702)	(\$1,743)	\$271	\$433	\$845
Long-Term Debt	\$416	\$556	\$921	\$750	\$290
Capital Lease Obligations	\$290	\$344	\$398	\$462	\$529
Capital Stock	\$15,464	\$15,458	\$15,079	\$15,079	\$15,079
Shareholders' Equity	\$2,134	\$1,213	\$3,164	\$3,873	\$4,634
Total Assets	\$4,002	\$5,002	\$4,849	\$5,738	\$5,888

(1) Cumulative Net Loss since incorporation to 6/30/2011 was (\$14,360,735).

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The SEC defines critical accounting policies as those that are, in management's view, important to the portrayal of the Company's financial condition and results of operations and require management's judgment. The discussion and analysis of the financial condition and results of operations is based on the audited consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses. Management bases its estimates on experience and on various assumptions that it believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates. The Company's critical accounting policies include:

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.

Impairment of Long-Lived Assets

The Company reviews the recoverability of its long-lived assets whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The estimated future cash flows are based upon, among other things, assumptions about future operating performance, and may differ from actual cash flows. Long-lived assets evaluated for impairment are grouped with other assets to the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the sum of the projected undiscounted cash flows (excluding interest) is less than the carrying value of the assets, the assets will be written down to the estimated fair value in the period in which the determination is made.

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.

Derivative Liabilities

The Company's free standing warrants issued in a conjunction with a private placement and share purchase options granted during the year were classified as liabilities. These liabilities are required to be measured at fair value. These instruments are adjusted to reflect fair value at each period end. Any increase or decrease in the fair value are recorded in results of operations as change in fair value of derivative liabilities except for changes in the fair value of employee stock options classified as liabilities being recorded in wages and management fees. In determining the appropriate fair value, the Company used the Black Scholes pricing model.

Recent Accounting Pronouncements

In October 2009, the FASB issued Accounting Standards Update ("ASU") No. 2009-13, *Multiple-Deliverable Revenue Arrangements*. The new standard changes the requirements for establishing separate units of accounting in a multiple element arrangement and requires the allocation of arrangement consideration to each deliverable based on the relative selling price. The selling price for each deliverable is based on vendor-specific objective evidence ("VSOE") if available, third-party evidence if VSOE is not available, or estimated selling price if neither VSOE or third-party evidence is available. ASU 2009-13 is effective for revenue arrangements entered into in fiscal years beginning on or after June 15, 2010. The adoption of this standard did not have a material effect on the Company's consolidated financial statements.

In January 2010, the FASB issued ASU No. 2010-06, "Improving Disclosures about Fair Value Measurements," which requires additional disclosures about the amounts of and reasons for significant transfers in and out of Level 1 and Level 2 fair value measurements. This standard also clarifies existing disclosure requirements related to the level of disaggregation of fair value measurements for each class of assets and liabilities and disclosures about inputs and valuation techniques used to measure fair value for both recurring and non-recurring Level 2 and Level 3 measurements. Since this new accounting standard only required additional disclosure, the adoption of the standard in the first quarter of 2010 did not impact the Company's consolidated financial statements. Additionally, effective for annual periods beginning after December 15, 2010 and interim periods within those fiscal years, this standard will require additional disclosure and require an entity to present disaggregated information about activity in Level 3 fair value measurements on a gross basis, rather than one net amount.

In April 2010, the FASB issued ASU No. 2010-13, "Compensation - Stock Compensation," or ASU 2010-13, which amends ASC Topic 718 to address the classification of an employee share-based payment award with an exercise price denominated in a currency of a market in which the underlying security trades. Specifically, an employee share-based payment award denominated in a 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 of service condition and therefore would not classify the award as a liability if it otherwise qualifies as equity. This update is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010. The Company has adopted this guidance effective July 1, 2011 at which time the fair value of the employee share purchase options previously classified as a liability was reclassified to additional paid-in capital

MANAGEMENT'S DISCUSSION AND ANALYSIS

Equity Financing Timeline

Fiscal 2009: None

Fiscal 2010: 15,000,000 units at CDN\$0.10 per unit = \$1,482,974 (CDN\$1,500,000)

Fiscal 2011: 40,000 units at US\$0.09 per unit = US\$3,600

Fiscal 2012-to-date: None

Fiscal 2011 Ended 6/30/2011

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.

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 fiscal period ending June 30, 2011 was up 25% to \$3,256,019 in comparison to \$2,606,254 generated in the same fiscal period in 2010. Total sales volume, as measured by surface volume of product shipped, was 6,962,264 sq. ft. This is a 39% increase from the 5,002,688 sq. ft. shipped during the previous year.

Shipments into the Commercial Modular Market (FR Deck panel) during the fiscal year were 3,918,500 sq. ft. (a 29% increase over shipments of 3,034,100 sq. ft. in 2010) Sales into the Residential Roof Deck, Wall Assembly, and Structural Insulated Panel Market Sector (LP Flameblock) were 3,043,700 sq. ft. (a 55% increase over the 1,968,600 sq. ft. in the previous year). Flameblock sales were split between the West at 868,100 sq. ft., the Mid-Atlantic region at 795,800 sq. ft., the South at 507,200 sq. ft., the Midwest at 538,900 sq. ft., the Southeast at 46,100 sq. ft., and a special project in Alaska at 113,100 sq. ft. There were 174,500 sq. ft. of shipments of Flameblock into the Structural Insulated Panel market during this period.

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 treatment of OSB 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 fiscal period was \$110,088 vs. \$75,622 in the previous year. The gross margin, as a percentage of sales revenue, was the same as last year at 3%. 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 the next fiscal year and beyond.

Cost of sales increased to \$3,145,931 from \$2,530,632 in Fiscal 2010. The increase is attributable to the increase in volume produced. A sizeable gain in manufacturing efficiency is reflected in the decreased year-to-date average cost per sq.ft. of production of \$0.45 in comparison to \$0.51 in the comparable period. The decrease in cost of sales was offset this fiscal year by a decrease in selling price (sales revenue) as a result of the supply agreement with LP. Therefore, the gross margin remained unchanged. Prices were lowered in an effort to allow LP to compete directly on a price level to competitive products in the building industry. As shipment volumes continue to increase, we expect the fixed costs included in Cost of Sales will continue to decrease as revenues increase, thus greatly improving gross margins.

Substrate cost and materials/labor were the major expenses in this category. Substrate accounted for \$850,852 for the fiscal year versus \$744,065 in the same period last year. Materials and labor accounted for an additional \$1,350,400 in the twelve month period in 2011 versus \$953,068 in 2010.

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 year-to-date from \$264,101 in 2010 to \$272,105. 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 for Fiscal 2011 decreased to \$660,196 from \$1,402,270 in the prior year. The administrative costs per sq. ft. was \$0.09 year-to-date in comparison to \$0.28 in Fiscal 2010. While changes in derivative value (see Note 6) 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 slightly to \$86,575 from \$84,173.

Insurance costs have increased from \$71,936 to \$85,121. The difference is due to annually adjusted premiums based on larger sales volume as well as rising insurance premium rates.

Legal fees decreased to \$62,979 for the annual period ending June 30, 2010. For the same period in the prior year, legal fees were \$80,422. 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 now has two recently issued US patents protecting the manufacturing technology utilized in the production of fire-rated sheathing products utilizing Pyrotite. Barrier has patent pending status on a related patent application in Australia.

Sales, marketing, and investor relations expenses increased from \$88,269 to \$208,944 year-to-date. The major reason for the increase in expense under this category was an enhanced effort placed on investor relations. 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 is committed to maintaining strong relationships with our investors through active communication on an ongoing basis.

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 items of (\$550,108) is being reported for the fiscal period ending June 30, 2011, whereas in the same period in 2010, a net loss of (\$1,326,648) was reported.

Barrier anticipated a slower start as the Flameback 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 improve.

Other items include income and costs not directly related to business operations. Other income items reported during the period herein includes a foreign exchange gain of \$37,919 and interest/other income of \$4,296. To compare, for the same reporting period last year there was a foreign exchange loss of (\$30,615) and interest/other income of \$93,017. The decrease in interest and other income as compared to the prior year is attributable to \$90,000 received during the year ended June 30, 2010 from Pyrotite Corporation as final mediated settlement of a dispute over a royalty agreement.

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 fiscal year, the Company reported a fair value gain of \$1,453,238 vs. (\$927,000) in Fiscal 2010.

Interest on Long Term Debt has decreased from \$79,921 to \$49,534 for the 12-month reporting period.

Net Income. A net income of \$895,811 is being reported for the fiscal period ending June 30, 2011, whereas in the same period in 2010, a net loss of (\$2,329,567) was reported. 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.

	June 30 2011	Mar 31 2011	Dec 31 2010	Sept 30 2010	June 30 2010	Mar 31 2010	Dec 31 2009	Sept 30 2009	Jun 30 2009
Volume shipped (MSF)	1,861	1,573	1,754	1,774	1,496	1,261	1,343	903	1,011
Total Revenues (000)	\$765	\$735	\$877	\$879	\$574	\$660	\$791	\$581	\$618
Operating Income (000)	(\$175)	(\$176)	(\$30)	(\$169)	(\$370)	(\$652)	(\$101)	(\$195)	(\$277)
Net income (loss) (000)	\$31	\$11	\$808	\$46	(\$117)	(\$1,883)	(\$124)	(\$206)	(\$346)
EPS (Loss) Per Share	\$0.00	\$0.00	\$0.02	\$0.00	(\$0.00)	(\$0.06)	(\$0.00)	(\$0.01)	(\$0.00)

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 this fiscal year. In addition, new product labels were approved, enabling the FlameBlock product to be better marketed and utilized in Canada. Prior to this fiscal quarter, the thinnest FlameBlock panel marketed was a 15/32 performance grade panel. During this quarter 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. In June, 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 (\$701,934). The negative operating cash flow was (\$329,065) in comparison to (\$366,392) for the fiscal period ended June 30, 2010. The net operating cash outflow is derived primarily by reducing the net operating income of \$895,811 by the change in fair value of derivative liability of (\$1,453,238) and the non-cash items (stock-based compensation) of (\$304,086) and amortization/depreciation of \$398,121. Other items included in the calculation of operating cash flow include such items as the change in the year to year, Y/E 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 maintained a short term revolving line of credit (\$250,000) at the local Cold Spring National Bank in Cold Spring, Minnesota. As of June 30, 2011 the balance owing on the revolving line of credit was \$181,723 leaving an additional \$68,277 available to fund short term cash flow requirements.

Investing activities resulted in net cash outflow of (\$74,857) in the current period in comparison to a net cash outflow of (\$23,068) in the prior year. The cash outflow was the result of the acquisition of plant and equipment capital improvements.

Financing activities resulted in net cash outflow of (\$190,457) in the current period compared to a net cash inflow of \$1,041,858 for the same period last year. The cash outflow resulted from repayments on long-term debt and obligations under capital lease whereas in the previous period a private placement of issued stock resulted in the cash inflow.

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. 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 June 30, 2011, the current cash and cash equivalents totaled \$268,742 and there were \$68,277 in available funds to draw on the revolving credit 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 twelve months ended June 30, 2011 the Company incurred wages and management fees to the directors and officers of the company of (\$78,682) of which \$186,793 was wages and management fees and (\$265,475) was share-based compensation with directors of the Company and companies with common directors. The Company paid \$594,064 in wages and management fees for the same prior year-to-date (\$181,064 in wages and management fees and \$413,000 in share-based compensation).

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 Sept 27, 2011: 44,454,926 common shares at \$15,463,675

Options outstanding:

The following summarizes information about the stock options outstanding at June 30, 2011:

Number	Exercise Price	Expiry Date
3,540,000	\$0.12 CDN	March 18, 2012
350,000	\$0.15 CDN	October 29, 2012
40,000	\$0.064 CDN	June 10, 2013
<u>3,930,000</u>		

At June 30, 2011, the following share purchase warrants were outstanding entitling the holder to purchase one common share for each warrant held as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
15,000,000	\$0.15 CDN	March 18, 2012
<u>15,000,000</u>		

Other Matters

As at June 30, 2011 the Company did not have any off-balance sheet arrangements to report.

On January 18, 2011, Barrier and LP[®] Building Products (LP) extended their exclusive Supply Agreement where Barrier has agreed to provide exclusive fire treatment services for LP on their oriented strand board panel product (OSB) through December 31, 2013. 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. 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.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

None

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

INTERNATIONAL BARRIER TECHNOLOGY INC.

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2011 and 2010

(Stated in US Dollars)



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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
International Barrier Technology Inc.

We have audited the accompanying consolidated balance sheets of International Barrier Technology Inc. as of June 30, 2011 and 2010 and the related statements of operations, cash flows and changes in stockholders' equity for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of International Barrier Technology Inc. at June 30, 2011 and 2010 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company had an accumulated deficit of \$14,360,735 at June 30, 2011 and had a working capital deficit of \$701,934. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Chartered Accountants

Vancouver, Canada

October 11, 2011

INTERNATIONAL BARRIER TECHNOLOGY, INC.**CONSOLIDATED BALANCE SHEETS**

June 30, 2011 and 2010

(Stated in US Dollars)

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<u>ASSETS</u>		
Current		
Cash and cash equivalents	\$ 268,742	\$ 863,121
Accounts receivable	49,825	102,098
Inventory (Note 3)	230,226	255,830
Prepaid expenses and deposits	46,359	50,860
Total Current Assets	595,152	1,271,909
Property, plant and equipment (Note 4)	3,387,810	3,585,058
Patent, trademark, and technology rights (Note 5)	19,273	145,289
Total Assets	<u>\$ 4,002,235</u>	<u>\$ 5,002,256</u>
<u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities	\$ 401,562	\$ 369,457
Customer deposits	19,844	-
Derivative liability (Notes 6 and 9)	741,357	2,519,600
Current portion of long term debt (Note 7)	76,412	71,225
Obligation under capital leases (Note 8)	57,911	54,593
Total Current Liabilities	1,297,086	3,014,875
Long-term debt (Note 7)	339,709	484,360
Obligation under capital leases (Note 8)	231,907	289,818
Total Liabilities	<u>1,868,702</u>	<u>3,789,053</u>
<u>STOCKHOLDERS' EQUITY</u>		
Authorized:		
100,000,000 common shares without par value		
44,454,926 common shares (2010: 44,414,926) (Note 9)		
Issued:	15,463,675	15,457,697
Additional paid-in capital	1,030,593	1,012,052
Accumulated deficit	<u>(14,360,735)</u>	<u>(15,256,546)</u>
Total Stockholders' Equity	<u>2,133,533</u>	<u>1,213,203</u>
Total Liabilities and Stockholders' Equity	<u>\$ 4,002,235</u>	<u>\$ 5,002,256</u>

APPROVED BY THE BOARD OF DIRECTORS

"David Corcoran"

David Corcoran

Director

"Victor Yates"

Victor Yates

Director

See accompanying notes.

INTERNATIONAL BARRIER TECHNOLOGY, INC.**CONSOLIDATED STATEMENT OF OPERATIONS**

June 30, 2011 and 2010

(Stated in US Dollars)

	<u>2011</u>	<u>2010</u>
Sales	\$ 3,256,019	\$ 2,606,254
Cost of Sales	<u>3,145,931</u>	<u>2,530,632</u>
Gross Profit	<u>110,088</u>	<u>75,622</u>
Expenses		
Accounting and audit fees	86,575	84,173
Filing Fees	22,537	26,303
Insurance	85,121	71,936
Interest and bank charges	441	459
Legal fees	62,979	80,422
Office and miscellaneous	52,382	48,619
Sales, marketing, and investor relations (Note 9)	208,944	88,269
Telephone	11,011	10,850
Transfer agent fees	8,539	8,480
Wages and management fees (Notes 9 and 11)	<u>121,667</u>	<u>982,759</u>
Total Administrative Expenses	<u>660,196</u>	<u>1,402,270</u>
Loss before other income	<u>(550,108)</u>	<u>(1,326,648)</u>
Foreign exchange gain (loss)	37,919	(30,615)
Interest and other income (Note 14)	4,296	93,017
Interest and penalties	-	(58,400)
Change in fair value of derivative liability (Note 6)	1,453,238	(927,000)
Interest on long-term obligations	<u>(49,534)</u>	<u>(79,921)</u>
Total Other Income	<u>1,445,919</u>	<u>(1,002,919)</u>
Net income (loss) for the year	<u>\$ 895,811</u>	<u>\$ (2,329,567)</u>
Basic and diluted income (loss) per share	<u>\$ 0.02</u>	<u>\$ (0.07)</u>
Weighted average number of shares outstanding	<u>44,426,542</u>	<u>34,017,665</u>
Diluted weighted average number of shares outstanding	<u>44,837,955</u>	<u>34,017,665</u>

See accompanying notes.

INTERNATIONAL BARRIER TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
June 30, 2011 and 2010
(Stated in US Dollars)

	2011	2010
Operating Activities		
Net income (loss) for the year	\$ 895,811	\$ (2,329,567)
Items not involving cash:		
Depreciation - plant and equipment	272,105	264,101
Amortization - patent, trademark and technology rights	126,016	126,816
Stock-based compensation - investor relations	27,090	8,700
Stock-based compensation - wages	(331,176)	500,900
Change in fair value of derivative liability	(1,453,238)	927,000
Changes in non-cash working capital balances related to operations:		
Accounts receivable	52,273	77,680
Inventory	25,604	58,172
Prepaid expenses and deposits	4,501	(4,442)
Accounts payable and accrued liabilities	32,105	4,248
Customer deposits	19,844	-
Net cash used in operating activities	(329,065)	(366,392)
Cash Flows provided by Financing Activities		
Issuance of common shares, net of share issue costs	3,600	1,461,626
Repayments on long-term debt	(71,187)	(365,875)
Decrease in obligations under capital lease	(54,593)	(53,893)
Advances on bank loan facility	250,000	-
Repayment of bank loan facility	(318,277)	-
Net cash provided by (used in) financing activities	(190,457)	1,041,858
Cash Flows used in Investing Activities		
Acquisition of equipment	(74,857)	(23,068)
Net cash used in investing activities	(74,857)	(23,068)
Increase (decrease) in cash and cash equivalents during the year	(594,379)	652,398
Cash and cash equivalents, beginning of the year	863,121	210,723
Cash and cash equivalents, end of the year	\$ 268,742	\$ 863,121
Supplemental Cash Flow Information		
Cash paid for interest	\$ 49,534	\$ 79,921
Cash paid for income taxes	\$ -	\$ -

See accompanying notes.

INTERNATIONAL BARRIER TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
June 30, 2011 and 2010
(Stated in US Dollars)

	Common Stock				
	Issued Shares	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
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

See accompanying notes.

INTERNATIONAL BARRIER TECHNOLOGY INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010
(Stated in US Dollars)

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 June 30, 2011, the Company had not yet achieved profitable operations, had an accumulated deficit of \$14,360,735 since its inception and had a working capital deficiency of \$701,934, 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 fiscal 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. During the years ended June 30, 2011 and June 30, 2010, the Company had assets in each of Canada and the United States of America and generated sales primarily in the United States of America.

Note 2 Significant Accounting Policies

The preparation of financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses in the reporting period. The Company regularly evaluates estimates and assumptions related to deferred income tax asset valuations, asset impairment, derivative liability, stock based compensation and loss contingencies. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

The financial statements have, in management's opinion, been properly prepared within the framework of the significant accounting policies summarized below:

a) Principles of Consolidation

These consolidated financial statements include the accounts of International Barrier Technology Inc. and its wholly-owned subsidiaries, Pyrotite Coatings of Canada Inc., a Canadian company and Barrier Technology Corporation, a US company. All inter-company transactions and balances have been eliminated.

INTERNATIONAL BARRIER TECHNOLOGY INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2011 and 2010
 (Stated in US Dollars)

Note 2 Significant Accounting Policies – (cont'd)

b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short-term term deposits, with original maturity dates of less than 90 days and/or with original maturity dates over 90 days but redeemable on demand without penalty. The Company places its cash with institutions of high-credit worthiness.

c) Inventory

Inventory is valued by management at the lower of FIFO (first-in, first-out) and net realizable value. In addition, items such as abnormal amounts of idle facility expense, freight, handling and wasted material are recognized as current period charges rather than inventory value.

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

Plant and equipment and trademark and technology rights are recorded at cost. Depreciation is provided as follows:

Manufacturing equipment	Straight line over estimated useful lives ranging from 5 years to 30 years.
Equipment and furniture	20%- declining balance
Computer equipment	30% - declining balance
Railway spur	4% - declining balance
Equipment under capital lease	20% - declining balance
Building under capital lease	straight line over 20 years
Patent, trademark and technology rights	straight line over 8 years

Leasehold improvements are depreciated over the shorter of the lease term or the estimated useful economic life.

e) Impairment of Long-Lived Assets

The Company reviews the recoverability of its long-lived assets whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The estimated future cash flows are based upon, among other things, assumptions about future operating performance, and may differ from actual cash flows. Long-lived assets evaluated for impairment are grouped with other assets to the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the sum of the projected undiscounted cash flows (excluding interest) is less than the carrying value of the assets, the assets will be written down to the estimated fair value in the period in which the determination is made.

f) Leases

Leases are classified as capital or operating leases. A lease that transfers substantially all benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred.

INTERNATIONAL BARRIER TECHNOLOGY INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010
(Stated in US Dollars)

Note 2 Significant Accounting Policies – (cont'd)

g) Foreign Currency Translation

The functional currency for the Company's operations is the US dollar. Monetary assets and liabilities denominated in Canadian dollars are translated into U.S. dollars at the exchange rate prevailing at the end of the year. Non-monetary assets and liabilities are translated at the exchange rate prevailing at the respective transaction dates while revenues and expenses are translated at the average exchange rate during the year. Exchange gains and losses are recognized in the statement of operations.

h) Research and Development Costs

Research and development costs are expensed in the year in which they are incurred.

i) Basic and Diluted Income (Loss) per Share

Basic net income (loss) per common share is calculated by dividing net income (loss) by the weighted-average number of common shares outstanding for the period. Diluted net income (loss) per common share includes both the weighted-average number of common shares outstanding for the period plus the potentially dilutive securities from stock options and warrants outstanding. The number of shares potentially issuable at June 30, 2011 and 2010 upon exercise or conversion totaled 18,930,000 and 19,330,000 respectively. Of the total, 15,000,000 warrants and Nil share purchase options (2010: 15,000,000 warrants and 4,330,000 share purchase options) were excluded from the calculation of diluted earnings per share because their effect is anti-dilutive.

j) Fair Value Measurements

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

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

Level 2 - observable inputs other than Level 1, 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.

The Company had certain liabilities required to be recorded at fair value on a recurring basis in accordance with generally accepted accounting June 30, 2011 and 2010 were Level 3 liabilities.

INTERNATIONAL BARRIER TECHNOLOGY INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010
(Stated in US Dollars)

Note 2 Significant Accounting Policies – (cont'd)

As at June 30, 2011, 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 (Note 6) as well as the transfer in and issuance of share purchase options granted to non-employees during the year (Note 9). 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 years ended June 31, 2011 and 2010 is as follows:

j) Fair Value Measurements – (cont'd)

Warrants

	Year ended	
	June 30, 2011	June 30, 2010
Beginning Fair Value	\$ 2,010,000	\$ -
Issuance	-	1,083,000
Change in Fair Value	(1,453,238)	927,000
Ending Fair Value	<u>\$ 556,762</u>	<u>\$ 2,010,000</u>

Non-employee options

	Year ended	
	June 30, 2011	June 30, 2010
Beginning Fair Value	\$ 40,600	\$ -
Issuance	10,745	31,900
Transfers In	27,031	-
Transfers Out	(20,405)	-
Change in Fair Value	(38,815)	8,700
Ending Fair Value	<u>\$ 19,156</u>	<u>\$ 40,600</u>

Total Level 3 Liabilities	<u>\$ 575,918</u>	<u>\$ 2,050,600</u>
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k) Accounts Receivable and Concentrations of Credit Risk

The Company grants credit to its customers in the normal course of business. Trade receivables are typically non-interest bearing and are initially recorded at cost. Sales to the Company's recurring customers are generally made on open account terms. Past due status of customer accounts is determined based on how recently payments have been received in relation to payment terms granted. Credit is generally extended based upon an evaluation of each customer's financial condition, with terms consistent in the industry and no collateral required. Losses from credit sales are provided for in the financial statements and consistently have been within the allowance provided. The allowance is an estimate of the uncollectibility of accounts receivable based on an evaluation of specific customer risks along with additional reserves based on historical and probable bad debt experience. Amounts are written off against the allowance in the period the Company determines that the receivable is uncollectible. The Company has not recorded an allowance for doubtful accounts against its accounts receivable in each of the years ended June 30, 2011 or June 30, 2010.

Currency Risk

The Company holds cash of \$276,225 (2010 \$858,156) in Canadian dollars exposing it to a foreign currency exchange risk. During the year ended June 30, 2011 the Company realized a foreign exchange gain of \$37,919 (2010: \$(30,615)) as a result of the Company holding cash in Canadian dollars.

INTERNATIONAL BARRIER TECHNOLOGY INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010
(Stated in US Dollars)

Note 2 Significant Accounting Policies – (cont'd)

l) 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) collectability is reasonably assured. The Company recognizes revenue when the building supplies have been shipped. The Company has not disclosed revenues by individual products and services as it impracticable to do.

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.

m) Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Deferred income tax assets and liabilities are recognized in the current year for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes. Deferred income tax assets and liabilities are measured using tax rates and laws expected to apply in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred income tax assets and liabilities is recognized in operations in the year of change. A valuation allowance is recorded when it is “more likely-than-not” that a deferred tax asset will not be realized.

n) 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. Share purchase options granted to employees are accounted for as liabilities when they contain conditions or other features that are indexed to other than a market, performance or service condition.

INTERNATIONAL BARRIER TECHNOLOGY INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010
(Stated in US Dollars)

Note 2 Significant Accounting Policies – (cont'd)

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 determine the fair value of stock option awards classified as equity. Option pricing models require the input of highly subjective assumptions, including expected price volatility. Changes in these assumptions could materially affect the fair value estimate.

o) Derivative Liabilities

Free standing warrants and share purchase options are classified as liabilities and are measured at fair value. These instruments are adjusted to reflect fair value at each period end. Any increase or decrease in the fair value are recorded in results of operations as change in fair value of derivative liabilities except for changes in the fair value of employee stock options classified as liabilities being recorded in wages and management fees.

In determining the appropriate fair value, the Company used the binomial pricing model.

p) Recent Accounting Pronouncements

In October 2009, the FASB issued Accounting Standards Update (“ASU”) No. 2009-13, *Multiple-Deliverable Revenue Arrangements*. The new standard changes the requirements for establishing separate units of accounting in a multiple element arrangement and requires the allocation of arrangement consideration to each deliverable based on the relative selling price. The selling price for each deliverable is based on vendor-specific objective evidence (“VSOE”) if available, third-party evidence if VSOE is not available, or estimated selling price if neither VSOE or third-party evidence is available. ASU 2009-13 is effective for revenue arrangements entered into in fiscal years beginning on or after June 15, 2010. The adoption of this standard did not have a material effect on the Company’s consolidated financial statements.

In January 2010, the FASB issued ASU No. 2010-06, *Improving Disclosures about Fair Value Measurements*, which requires additional disclosures about the amounts of and reasons for significant transfers in and out of Level 1 and Level 2 fair value measurements. This standard also clarifies existing disclosure requirements related to the level of disaggregation of fair value measurements for each class of assets and liabilities and disclosures about inputs and valuation techniques used to measure fair value for both recurring and non-recurring Level 2 and Level 3 measurements. Since this new accounting standard only required additional disclosure, the adoption of the standard in the first quarter of 2010 did not impact the Company’s consolidated financial statements. Additionally, effective for annual periods beginning after December 15, 2010 and interim periods within those fiscal years, this standard will require additional disclosure and require an entity to present disaggregated information about activity in Level 3 fair value measurements on a gross basis, rather than one net amount.

In April 2010, the FASB issued ASU No. 2010-13, “*Compensation – Stock Compensation*,” or ASU 2010-13, which amends ASC Topic 718 to address the classification of an employee share-based payment award with an exercise price denominated in a currency of a market in which the underlying security trades. Specifically, an employee share-based payment award denominated in a 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 and therefore would not classify the award as a liability if it otherwise qualifies as equity. This update is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010. The Company has adopted this guidance effective July 1, 2011 at which time the fair value of the employee share purchase options previously classified as a liability was reclassified to additional paid-in capital.

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Note 2 Significant Accounting Policies – (cont'd)
p) Comparative Figures

Certain of the comparative figures have been reclassified to conform to the current year's presentation.

Note 3 Inventory

	2011	2010
Raw Materials	\$ 153,369	\$ 179,105
Finished Goods	76,857	76,725
	\$ 230,226	\$ 255,830

Note 4 Property, Plant and Equipment

	2011		
	Cost	Accumulated Depreciation	Net
Manufacturing equipment	\$ 3,518,136	\$ 1,252,225	\$ 2,265,911
Equipment and furniture	33,194	32,768	426
Computer equipment	30,032	29,570	462
	3,581,362	1,314,563	2,266,799

	2011		
	Cost	Accumulated Depreciation	Net
Assets under capital lease			
Equipment	69,696	38,237	31,459
Land	54,498	-	54,498
Building	1,877,801	889,893	987,908
Railroad Spur	94,108	46,962	47,146
	2,096,103	975,092	1,121,011
	\$ 5,677,465	\$ 2,289,655	\$ 3,387,810

	2010		
	Cost	Accumulated Depreciation	Net
Manufacturing equipment	\$ 3,444,695	\$ 1,075,803	\$ 2,368,892
Equipment and furniture	33,194	31,100	2,094
Computer equipment	30,032	27,823	2,209
	3,507,921	1,134,726	2,373,195

	2010		
	Cost	Accumulated Depreciation	Net
Assets under capital lease			
Equipment	69,696	31,277	38,419
Land	54,498	-	54,498
Building	1,877,801	809,769	1,068,032
Railroad Spur	94,108	43,194	50,914
	2,096,103	884,240	1,211,863
	\$ 5,604,024	\$ 2,018,966	\$ 3,585,058

INTERNATIONAL BARRIER TECHNOLOGY INC.
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Note 4 Property, Plant and Equipment – (cont'd)

During the year ended June 30, 2011, the Company recorded depreciation expense of \$272,105 (2010: \$264,101) on its property, plant and equipment. This amount is included in cost of sales in the Statement of Operations

Depreciation of assets under capital leases included in amortization expense for the year ended June 30, 2011 was \$90,852 (2010: \$90,852).

Note 5 Patent, Trademark and Technology Rights

	2011	2010
Trademark and technology rights - at cost	\$ 1,000,000	\$ 1,000,000
Patent - at cost	24,104	24,104
	<u>\$ 1,024,104</u>	<u>\$ 1,024,104</u>
Less: Accumulated amortization	(891,085)	(765,069)
Impairment provision	(113,746)	(113,746)
	<u>\$ 19,273</u>	<u>\$ 145,289</u>

Note 6 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:

	2011	2010
Beginning Fair Value	\$ 2,010,000	\$ -
Issuance of warrant liability		1,083,000
Change in fair value	(1,453,238)	927,000
Ending Fair Value	<u>\$ 556,762</u>	<u>\$ 2,010,000</u>

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

	At June 30, 2011	At June 30, 2010	At issuance
Expected life (years)	0.72	1.69	2.00
Risk-free interest rate	0.19%	0.46%	0.92%
Expected volatility	146.29%	145.84%	145.84%
Expected dividend yield	0.00%	0.00%	0.00%

INTERNATIONAL BARRIER TECHNOLOGY INC.
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Note 6 Warrant Liability – (cont'd)

The warrant liability will be revalued at the end of each reporting period with the change in fair value of the derivative liability recorded as a gain or loss in the Company's Consolidated Statements of Operations. The fair value of the 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.

Note 7 Long-term Debt

	2011	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, 2012 with accrued interest paid monthly.	\$ 181,723	\$ 250,000
Term bank loan facility in the amount of \$500,000 bearing interest at 7% per annum and secured by a second charge over the real estate. The facility is being amortized over 7 years with fixed monthly blended payments of principal and interest totaling \$7,550 and has a balloon payment due July 1, 2012.	234,398	305,585
	416,121	555,585
Less: Current portion	(76,412)	(71,225)
	\$ 339,709	\$ 484,360

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

2012		\$ 76,412
2013		339,709
		\$ 416,121

INTERNATIONAL BARRIER TECHNOLOGY INC.
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Note 8 Obligation under Capital Leases

Future minimum annual lease payments on the obligation under capital leases are as follows:

2012	\$ 73,621
2013	73,621
2014	73,621
2015	73,621
2016	36,812
Thereafter	-
	331,296
Less: amount representing interest	(41,478)
	289,818
Less: current portion	(57,911)
Long-term portion	\$ 231,907

The capital leases bear interest at various rates from 4.75% to 6% per annum.

Interest on capital leases included in interest on long-term debt for the year ended June 30, 2011 was \$16,996 (2010: \$22,161).

Note 9 Common Stock

a) Escrow:

At June 30, 2011, there are 48,922 (2010 – 48,922) common shares held in escrow by the Company's transfer agent, the release which is subject to the approval of the regulatory authorities. As at June 30, 2011, all of these shares held in escrow are issuable but the Company has yet to request their release. These shares have been included in the computation of net loss per share.

b) Commitments:

Stock-based Compensation Plan

In November 2005, the Company continued its rolling stock option plan ("the 2005 Rolling Plan"). The 2005 Rolling Plan provides for the granting of stock options to selected directors, officers, employees or consultants in an aggregate amount of up to 10% of the issued and outstanding common shares of the Company. Under the 2005 Rolling Plan, the granting of stock options, exercise prices and terms are determined by the Company's Board of Directors. Options granted to non-executive employees and consultants typically vest in stages over various periods of time while options granted to Directors and executive employees vest immediately upon their grant. The exercise price shall not be less than the Discounted Market Price, which is defined as the last closing price of the common shares before the date of the grant less an applicable discount, as allowed by the regulatory authorities. Options granted under the 2005 Rolling Plan may not exceed a term of 5 years unless the Company achieves classification as a "Tier 1" issuer in accordance with the policies of the TSX, in which case, the options may be granted for a maximum term of 10 years.

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Note 9 Common Stock – (cont'd)

b) Commitments: - (cont'd)

Stock-based Compensation Plan – (cont'd)

A summary of the status of the Company's share purchase option plan as of June 30, 2011 and 2010 and changes during the years ending on those dates is presented below:

	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding, June 30, 2009	1,941,750	\$0.56	\$ -
Granted	4,040,000	\$0.12 CDN	-
Expired	(1,601,750)	\$0.65	-
Forfeited	(50,000)	\$0.45	-
Outstanding, June 30, 2010	<u>4,330,000</u>	\$0.12	<u>\$ 293,553</u>
Granted	390,000	\$0.14 CDN	-
Exercised	(40,000)	\$0.09	-
Expired	(250,000)	\$0.55	-
Forfeited	(500,000)	\$0.14 CDN	-
Outstanding, June 30, 2011	<u>3,930,000</u>	\$0.12 CDN	<u>\$ -</u>
Exercisable, June 30, 2011	<u>3,890,000</u>	\$0.12 CDN	
Exercisable, June 30, 2010	<u>3,920,000</u>	\$0.14	

The following summarizes information about share purchase options outstanding as at June 30, 2011:

Number	Exercise Price	Expiry Date	Remaining Contractual Life
3,540,000	\$0.12 CDN	March 18, 2012	0.72 years
350,000	\$0.15 CDN	October 29, 2012	1.33 years
<u>40,000</u>	\$0.064 CDN	June 10, 2013	1.95 years
<u>3,930,000</u>			

The weighted-average grant date fair value of options granted during the years 2011 and 2010 was \$0.10 and \$0.11 respectively.

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Note 9 Common Stock – (cont'd)

b) 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 that are exercisable in Canadian dollars are required to be accounted for as derivative liabilities because they are considered not to be indexed to the Company's stock due to their exercise price being denominated in a currency other than the Company's US dollar functional currency.

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

	2011	2010
Fair value of non-employee options, at beginning of the year	\$ 40,600	\$ -
Fair value of non-employee options, at issuance	10,745	31,900
Fair value of non-employee options vesting during the year	27,031	-
Reclassification of cancelled non-employee stock options to additional paid in capital	(20,405)	-
Change in fair value of non-employee options for the period	(38,815)	8,700
Fair value of non-employee options at end of the year	\$ 19,156	\$ 40,600

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 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:

	2011	2010
Fair value of employee options, at beginning of the year	\$ 469,000	\$ -
Fair value of employee options, at issuance	26,864	368,500
Change in fair value of employee options for the period	(330,425)	100,500
Fair value of employee options at end of the year	\$ 165,439	\$ 469,000

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Note 9 Common Stock – (cont'd)

b) Commitments: - (cont'd)

Stock-based Compensation Plan – (cont'd)

Employee Share Purchase Options – (cont'd)

The employee share options that are classified as liabilities are required to be revalued with the change in fair value of the liability included in Wages and Management fees 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.

Stock-based compensation charges have been determined under the using the following weighted average assumptions:

	2011	2010
Expected dividend yield	0.00%	0.00%
Expected volatility	151.61%	145.84%
Risk-free interest rate	0.35%	0.41%
Expected term in years	2.00	1.95

Stock-based compensation amounts are classified in the Company's Statement of Operations as follows:

	2011	2010
Wages and management fees	\$ (331,176)	\$ 500,900
Investor relations	27,090	-
	<u>\$ (304,086)</u>	<u>\$ 500,900</u>

A summary of changes in the Company's unvested stock options for the years ended June 30, 2011 and 2010 is presented below:

	2011		2010	
	Number of Options	Weighted Average Grant Date Fair Value	Number of Options	Weighted Average Grant Date Fair Value
Outstanding, beginning of year	410,000	\$0.13	102,500	\$0.09
Granted	390,000	\$0.10	4,040,000	\$0.11
Expired	(200,000)	\$0.13	(60,000)	\$0.09
Forfeited	-		(12,500)	\$0.09
Vested	<u>(560,000)</u>	\$0.12	<u>(3,660,000)</u>	\$0.11
Outstanding, end of year	<u>40,000</u>	\$0.08	<u>410,000</u>	\$0.13

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Note 9 Common Stock – (cont'd)

b) Commitments: - (cont'd)

Stock-based Compensation Plan – (cont'd)

Warrants

At June 30, 2011 and 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

Note 10 Research and Development Costs

Research and development expense, included in cost of sales, consists of the following for the years ended June 30, 2011 and 2010.

	2011	2010
Testing services	\$ 30,962	\$ 35,901

Note 11 Related Party Transactions

The Company was charged the following amounts by directors or private companies with common directors during the years ended June 30, 2011 and 2010:

	2011	2010
Wages and management fees	\$ 186,793	\$ 181,064
Share-based compensation	(265,475)	413,000
	\$ (78,682)	\$ 594,064

Note 12 Income Taxes

The tax effects of the temporary differences that give rise to the Company's estimated deferred tax assets and liabilities are as follows:

	2011	2010
Net operating losses	\$ 1,885,000	\$ 1,566,000
Property, plant and equipment	(52,000)	(113,000)
Stock option deduction	-	45,000
Expenses not currently deductible	26,000	10,000
Valuation allowance	(1,859,000)	(1,508,000)
Net deferred tax assets	\$ -	\$ -

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Note 12 Income Taxes – (cont'd)

The provision for income taxes differ from the amount established using the statutory income tax rate as follows:

	June 30, 2011	June 30, 2010
Income tax benefit at statutory rate	\$ 246,000	\$ (676,000)
Foreign income taxed at foreign statutory rate	(43,000)	(35,000)
Expiry of losses		9,000
Change in fair value of derivative liability	(400,000)	271,000
Stock-based compensation	(82,000)	87,000
Effect of foreign exchange and other	(79,000)	(18,000)
Effect of reduction in tax rates	7,000	31,000
Increase (decrease) in valuation allowance	351,000	331,000
Deferred income tax recovery	<u>\$ -</u>	<u>\$ -</u>

The Company evaluates its valuation allowance requirements based on projected future operations. When circumstances change and this causes a change in management's judgment about the recoverability of future tax assets, the impact of the change on the valuation allowance is reflected in current income. As management of the Company does not currently believe that it is more likely than not that the Company will receive the benefit of this asset, a valuation allowance equal to the future tax asset has been established at both June 30, 2011 and June 30, 2010.

As at June 30, 2011, the Company had estimated net operating loss carry-forwards available to reduce taxable income in future years, which were incurred in the United States and Canada as follows:

	United States	Canada	Total
2014	\$ -	\$ 88,000	\$ 88,000
2015	-	174,000	174,000
2017	277,000	-	277,000
2018	259,000	-	259,000
2019	194,000	-	194,000
2020	146,000	-	146,000
2021	208,000	-	208,000
2022	134,000	-	134,000
2023	32,000	-	32,000
2024	134,000	-	134,000
2026	-	188,000	188,000
2027	331,000	226,000	557,000
2028	848,000	191,000	1,039,000
2029	493,000	193,000	686,000
2030	819,000	280,000	1,099,000
2031	566,000	162,000	728,000
	<u>\$ 4,441,000</u>	<u>\$ 1,502,000</u>	<u>\$ 5,943,000</u>

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Note 12 Income Taxes – (cont'd)

Uncertain Tax Positions

The Company makes an assessment of its income tax positions for all years subject to examination based upon an evaluation of the facts, circumstances and information available at the reporting date. For all tax positions where there is a more than 50% likelihood that a tax benefit will be sustained by a tax authority with full knowledge of all relevant information, the Company fully recognizes the tax position taken. For income tax positions where there is a 50% or less likelihood the tax benefit would be sustained, no tax benefit is recognized in the financial statements.

The Company files income tax returns in the U.S. federal jurisdiction, various state and foreign jurisdictions. The Company's tax returns are subject to tax examinations by U.S. federal and state tax authorities, or examinations by foreign tax authorities until respective statute of limitation. The Company currently has no tax years under examination. The Company is subject to tax examinations by tax authorities for all taxation years commencing after 2004.

At June 30, 2011, the Company does not have an accrual relating to uncertain tax positions. It is not anticipated that unrecognized tax benefits would significantly increase or decrease within 12 months of the reporting date.

Provision has not been made for U.S. or additional foreign taxes on undistributed earnings of foreign subsidiaries. Such earnings have been and will continue to be reinvested but could become subject to additional tax if they were remitted as dividends, or were loaned to the Company affiliate. It is not practicable to determine the amount of additional tax, if any, that might be payable on the undistributed foreign earnings.

Note 13 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 year ended June 30, 2011, two customers accounted for 98% of total revenues (each representing 72% and 26% respectively) (2010: two customers accounted for 87% of total revenues (each representing 71% and 16% respectively). The amounts receivable from each of these customers at June 30, 2011 is \$Nil and \$43,261 respectively (2010: \$15,444 and \$48,420 respectively). The loss of either of these customers or the curtailment of purchases by such customers could have material adverse effects on the Company's financial condition and results of operations.

Note 14 Interest and Other Income

Interest and other income in 2010 includes an amount of \$90,000 in respect of funds received from Pyrotite Corporation ("Pyrotite") as final mediated settlement of a dispute over an agreement between Pyrotite and the Company to share revenues earned from the sale of products utilizing a fire retardant technology. In addition to the payment, Pyrotite agreed to convey all of its right, title and interest in the technology to the Company.

Note 15 Contingencies

In the ordinary course of business, the Company is subject to potential warranty claims. Accruals are made to offset potential claims where such liabilities can be reasonably estimated. Although it is possible that liabilities may be incurred in instances for which no accruals have been made, the Company does not believe that the ultimate outcome of these matters will have a material impact on its consolidated financial position.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

As required by Rule 13(a)-15 under the Exchange Act, in connection with this annual report on Form 10-K, under the direction of the Chief Executive Officer, the Company has evaluated its disclosure controls and procedures as of June 30, 2011, and has concluded the disclosure controls and procedures were ineffective as discussed in greater detail below. As of the date of this filing, the Company is still in the process of remediating such material weaknesses in its internal controls and procedures.

(b) Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. Our management evaluated, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, the effectiveness of its internal control over financial reporting as of June 30, 2011.

Based on its evaluation under the framework in Internal Control-Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission, management with the participation of our Chief Executive Officer and our Chief Financial Officer concluded that the Company's internal control over financial reporting was not effective as of June 30, 2011, due to the existence of a significant deficiency constituting a material weakness, as described in greater detail below. A material weakness is a control deficiency, or combination of control deficiencies, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

In light of this material weakness, the Company performed additional post-closing procedures and analyses in order to prepare the consolidated financial statements included in this report. As a result of these procedures, the Company believes its consolidated financial statements included in this report present fairly, in all material respects, the financial position, results of operations and cash flows for the year ended June 30, 2011.

Limitations on Effectiveness of Controls

The Company's Chief Executive Officer does not expect that disclosure controls or internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additional controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Material Weaknesses Identified

In connection with the preparation of the consolidated financial statements for the year ended June 30, 2011, management identified the following material weakness in internal control:

Our company's accounting staff does not have sufficient technical accounting knowledge relating to accounting for income taxes and complex US GAAP matters.

Plan for Remediation of Material Weaknesses

We intend to take appropriate and reasonable steps to make the necessary improvements to remediate this deficiency as resources to do so become available. We intend to consider the results of our remediation efforts and related testing as part of our year-end 2012 assessment of the effectiveness of our internal control over financial reporting.

Such remediation would entail enhancing the training and oversight of the accounting personnel responsible for non-routine transactions involving complex accounting matters and engaging the services of an independent consultant with sufficient expertise in income tax and complex US GAAP matters to assist us in the preparation of our financial statements.

(c) Changes in Internal Controls

There were no changes in the Company's internal control over financial reporting during the fourth quarter of our fiscal year ended June 30, 2011 that have materially affected or are reasonably likely to materially affect, the internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table lists the names of the Directors and Executive Officers of the Company. The Directors have served in their respective capacities since their election and/or appointment and will serve until the next Annual Shareholders' Meeting or until a successor is duly elected, unless the office is vacated in accordance with the Articles/By-Laws of the Company. The Executive Officers serve at the pleasure of the Board of Directors.

Table No. 4
Directors and Executive Officers
August 31, 2011

Name	Position	Age	Date of First Election or Appointment
David J. Corcoran (1)(2)(6)	CFO/Director	63	July 1986
Michael D. Huddy (3)	President/CEO/Director	59	February 1993
Lindsey Nauen (4)	Corporate Secretary	59	December 2003
Craig Roberts (1)(5)(6)	Director	38	August 2006
Victor A. Yates (1)	Director	65	November 1987

(1)	Member of Audit Committee.		
(2)	He spends over half of his time on the affairs of the Company. Business Address: c/o International Barrier Technology Inc. 510 44t Street North, Watkins, Minnesota, USA 55389		
(3)	Business Address: c/o Barrier Technology Inc. 510 4th Street North, Watkins, Minnesota, USA 55389 He spends full time on the affairs of the Company.		
(4)	Business Address: c/o Barrier Technology Corp. 510 4th Street North, Watkins, Minnesota, USA 55389 She spends less than 10% of her time on the affairs of the Company.		
(5)	Business Address: c/o Barrier Technology Inc. 510 4th Street North, Watkins, Minnesota, USA 55389		
(6)	Member of the Compensation Committee		

David J. Corcoran, Administrator, Chief Financial Officer, and Director, is a Chartered Accountant and a member of the Institute of Chartered Accountants in British Columbia, Canada, with over twenty-five years of experience in industry and commerce. Prior to 1976, Mr. Corcoran spent over five years gaining experience in marketing, sales and product distribution while he worked in sales with several major companies including Scott Paper and Bristol Myers. His career in accounting began in 1976 when he joined Touche Ross and Company. In 1979, he founded Corcoran and Company, Chartered Accountants. From 1979 to 1990, his firm secured a wide variety of business clients whom he advised regarding their management and business planning. In 1991, he joined the management of the Company on a full-time basis. Mr. Corcoran brings to the organization specific business experience in both sales and public finance. He has been an officer and director of the Company since its inception in 1986.

Michael D. Huddy, President/CEO and Director, joined the Company in February 1993 as President of the newly-formed US Subsidiary, Barrier Technology Corporation. Dr. Huddy was elected President/CEO of the Company and a Director in July 1994. Dr. Huddy had been in charge of marketing and sales of Blazeguard® with Citadel and Weyerhaeuser. He was part of Weyerhaeuser's research/development team established to develop the Blazeguard® product. Dr. Huddy brings sales, marketing and general management experience. He joined Weyerhaeuser's Architectural Products Group in 1988, after two years as General Manager of Weyerhaeuser's Northwest Hardwoods operations in Wisconsin. Before joining Weyerhaeuser, Dr. Huddy worked for Crown Zellerbach Corporation for seven years. Dr. Huddy holds a Bachelor of Science degree in Biological Sciences with a minor in Chemistry from Lake Superior State College; a Masters of Science degree in Resource Administration; and a Ph.D. in Natural Resource Economics with a minor in Business Management from Michigan State University.

Lindsey Nauen, Corporate Secretary, received her MBA from the University of Minnesota in 1988. She also received a B.A. in psychology in 1971 and a M.A. in Library Science in 1974. For the last eleven years she has been the owner of Nauen Mobil Accounting, providing accounting and business consulting services to small businesses. In that capacity, she has been providing accounting services to the Company since 1999.

Craig Roberts, Director, is the Director Professional Services of Reed Construction Data, a division of Reed Business Information. Mr. Roberts was formerly a Senior Director of Ingenium Technologies.

Victor A. Yates, Director, is a self-employed businessman involved in real estate, construction of multi-family and commercial developments. He holds a degree in Real Estate Appraisal and is a Licensed Real Estate Agent. He 25 years experience in operating a variety of business ventures brings to the Board an entrepreneurial and construction and financial perspective.

The Directors have served in their respective capacities since their election and/or appointment and will serve until the next Annual General Meeting or until a successor is duly elected, unless the office is vacated in accordance with the Articles/By-Laws of the Company.

The Executive Officers serve at the pleasure of the Board of Directors with management service contracts but without term of office.

Despite the Company's Secretary/Administrator spending material portions of this time on businesses other than the Company, the Company believes that he devotes sufficient time to the Company to properly carry out his duties.

No Director and/or Executive Officer has been the subject of any order, judgment, or decree of any governmental agency or administrator or of any court or competent jurisdiction, revoking or suspending for cause any license, permit or other authority of such person or of any corporation of which he is a Director and/or Executive Officer, to engage in the securities business or in the sale of a particular security or temporarily or permanently restraining or enjoining any such person or any corporation of which he is an officer or director from engaging in or continuing any conduct, practice, or employment in connection with the purchase or sale of securities, or convicting such person of any felony or misdemeanor involving a security or any aspect of the securities business or of theft or of any felony.

There are no arrangements or understandings between any two or more Directors or Executive Officers, pursuant to which he was selected as a Director or Executive Officer. There are no family relationships between any two or more Directors or Executive Officers.

Board of Director Practices

All directors hold office until the next meeting of the shareholders of the Company unless they resign or are removed in accordance with the Company's Articles. Officers are appointed to serve at the discretion of the Board of Directors. The Board of Directors and Committees of the Board schedule regular meetings over the course of the year.

The fundamental objective of the Board is to ensure that it operates in a fashion that maximizes shareholder value over the long term. The Board's duties and responsibilities are all carried out in a manner consistent with that fundamental objective. The principal duty and responsibility of the Board is to oversee the management and operations of the Company, with the day-to-day management of the business and affairs of the Company delegated by the Board to the CEO and other Executive Officers.

The Board's responsibilities include overseeing the conduct of the Company's business, providing leadership and direction to its management, and setting policies. Strategic direction for the Company is developed through the Board's annual planning process. Through this process, the Board adopts the operating plan for the coming year, and monitors management's progress relative to that plan through a regular reporting and review process.

The Board has delegated to the President/Chief Executive Officer and the Executive Officers responsibility for the day-to-day management of the business of the Company. Matters of policy and issues outside the normal course of business are brought before the Board for its review and approval, along with all matters dictated by statute and legislation requiring Board review and approval. The President/CEO and the Executive Officers review the Company's progress in relation to the current operating plan at in-person Board meetings. The Board meets on a regular basis with and without management present. Financial, operational and strategic issues facing the Company are reviewed, monitored and approved at the Board meetings.

Compliance with Section 16(a) of the Exchange Act

The Board of Directors, all Officers, and major shareholders of 10% or more of International Barrier Technology Inc. are in compliance with all reporting requirements of the exchange act. Craig Roberts, a director, late filed one Form 4 during Fiscal 2011, related to the grant of stock options replacing expired options.

Code of Ethics

The Company has not adopted a written "code of ethics" that meets the new United States' Sarbanes-Oxley standards; the Board of Directors believes that existing Canadian standards and procedures is adequate for its purposes. The Company has not seen any need to adopt a written code of ethics on the basis that its corporate culture effectively deters wrongdoing and promotes honest and ethical conduct, full, fair and accurate, timely, and understandable disclosure in reports and documents, the compliance with applicable governmental laws, rules and regulations; the prompt internal reporting of violations of the code; and accountability for adherence to the code.

Corporate Governance

Director Independence

Pursuant to Item 407(a)(1)(ii) of Regulation S-K of the Securities Act, our Board of Directors has adopted standards for determining whether a director is independent from management. The Board reviews, consistent with the Company's corporate governance guidelines, whether a director has any material relationship with the Company that would impair the director's independent judgment. In summary, an independent director means a person other than an executive officer or employee or any other individual having a relationship which, in the opinion of our directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, and includes any director who accepts compensation from us exceeding \$200,000 during any period of twelve consecutive months within the three past fiscal years. Owning shares of our common stock does not preclude a director from being

independent. In applying this definition, our board determined that Craig Roberts and Victor Yates are independent.

Our board adopted and applied the same definition of independent director to the members of our audit committee. In applying this definition, our board determined that Craig Roberts and Victor Yates qualify as an independent director for purposes of Section 10A(m)(3) of the Securities Exchange Act.

Board Meetings and Committees; Annual Meeting Attendance

During Fiscal 2011, the Board of Directors held six regularly scheduled meetings, and six special and telephone meetings. For various reasons, Board members may not be able to attend a Board meeting; all Board members are provided information related to each of the agenda items before each meeting, and, therefore, can provide counsel outside the confines of regularly scheduled meetings. No director attended fewer than 75% of the aggregate of: (1) the total number of meetings of the Board of Directors, while he was a Director; and (2) the total number of meetings of committees of the Board of Directors on which the director served. Directors are encouraged to attend annual meetings of our stockholder; three of the directors physically attended the November 2010 annual shareholders meeting and one director attended via teleconference.

The attendance records of our Board members during Fiscal 2011 were:

Name	Board of Director Meetings	Audit Committee Meetings
David Corcoran	6 of 6	12 of 12
Michael Huddy	6 of 6	
Craig Roberts	5 of 6	12 of 12
Victor Yates	6 of 6	12 of 12

Nominating Committee and Compensation Committee

The Company does not have a Nominating Committee. The entire Board of Directors is responsible for screening potential director candidates and recommending qualified candidates for nomination as members of the Board of Directors. In evaluating potential director candidates, the Board of Directors considers recommendations of potential candidates from incumbent directors, management and stockholders. Any recommendation submitted by a stockholder to the Board of Directors must include the same information concerning the potential candidate and the stockholder, and must be received in the time frame described herein for the Calendar 2011 Annual meeting.

The Company has a Compensation Committee. The committee consists of David Corcoran, Craig Roberts and Martin Litz. The committee is responsible for the compensation of the Company's executive officers and to administer all incentive compensation plans and equity-based plans of the Company, including the plans under which Company securities may be acquired by directors, executive officers, employees and consultants.

Audit Committee

The Company has an Audit Committee, which recommends to the Board of Directors the engagement of the independent auditors of the Company and reviews with the independent auditors the scope and results of the Company's audits, the Company's internal accounting controls, and the professional services furnished by the independent auditors to the Company. The current members of the Audit Committee are: David Corcoran, Craig Roberts (independent) and Victor Yates (independent). The Audit Committee met monthly in Fiscal 2011 and has met three times during Fiscal 2012-to-date.

The Company does not have an "audit committee financial expert" serving on its Audit Committee. The Company's Audit Committee consists of two independent directors and the Company's Chief Financial Officer, all of whom are both financially literate and very knowledgeable about the Company's affairs. Because the Company's structure and operations are straightforward, the Company does not find it necessary to augment its Board with a financial expert.

The audit committee has:

- a. reviewed and discussed the audited financial statements with management;
- b. discussed with the independent auditors the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T;
- c. received the written disclosures and the letter from the independent accountants required by as adopted by the Public Company Accounting Oversight Board in Rule 3526, and has discussed with the independent accountant the independent accountant's independence; and
- d. recommended to the board of directors that the audited financial statements be included in the Company's annual report on Form 10-K for the last fiscal year for filing with the SEC.

The Audit Committee recommends to the Board of Directors the engagement of the independent auditors of the Company and reviews with the independent auditors the scope and results of the Company's audits, the Company's internal accounting controls, and the professional services furnished by the independent auditors to the Company.

The audit committee is directly responsible for the appointment, compensation and oversight of auditors; the audit committee has in place procedures for receiving complaints and concerns about accounting and auditing matters; and has the authority and the funding to engage independent counsel and other outside advisors.

The Audit Committee may delegate to one or more designated members of the Audit Committee the authority to grant pre-approvals required by this policy and procedure. The decisions of any Audit Committee member to whom authority is delegated to pre-approve a service shall be presented to the full Audit Committee at its next scheduled meeting.

In accordance with the requirements of the US Sarbanes-Oxley Act of 2002 and rules issued by the Securities and Exchange Commission, we introduced a procedure for the review and pre-approval of any services performed by BDO Dunwoody including audit services, audit related services, tax services and other services. The procedure requires that all proposed engagements of BDO Dunwoody LLP for audit and permitted non-audit services are submitted to the audit committee for approval prior to the beginning of any such services.

Shareholder Communications With the Board

Historically, the Company has adopted an informal process for stockholder communications with the Board by providing an email address and toll-free phone number available on the website: www.intlbarrier.com. Every effort has been made to ensure that the views of stockholders are heard by the Board, or individual directors as applicable, and that appropriate responses are provided to the stockholder in a timely manner. Stockholders wishing to communicate at any time with the Board of Directors, or a specific member of the Board, may do so by writing the Board or a specific member of the Board by delivering correspondence in person or by mail to: The Board of Directors, c/o Lindsey Nauen, Corporate Secretary, 510 4th Street North, Watkins, Minnesota 55389. Communication(s) directed to the Board or a specific Board member will be relayed unopened to the intended Board member(s).

Further, Directors' attendance at Annual Meetings can provide shareholders with an opportunity to communicate with Directors about issues affecting the Company. The Company does not have a policy regarding director attendance, but all Directors are encouraged to attend the Annual Meeting of Shareholders. All of our directors attended our Annual Meeting in November 2010.

ITEM 11. EXECUTIVE COMPENSATION

Director Compensation

The Company compensates Directors for their service in their capacity as Directors, \$750 per physical meeting. Directors are entitled to reimbursement for reasonable travel and other out-of-pocket expenses incurred in connection with attendance at meetings of the Board of Directors. The Board of Directors may award special remuneration to any Director undertaking any special services on behalf of the Company other than services ordinarily required of a Director. During Fiscal 2011/2010/2009, Directors were paid \$17,250, \$13,500, and \$6,795 for attending meetings, respectively. During the year ended June 30, 2011, Craig Roberts was granted 250,000 common share purchase options. The options granted to the director are exercisable in Canadian currency that requires them to be recorded as liabilities due to their exercise price being denominated in a currency other than the functional currency of the Company.

Executive Officer Compensation

The following table sets forth the summary of compensation earned during Fiscal 2010 and Fiscal 2011 by the Company's Chief Executive Officer and its other named Executive Officers. The following table excludes Directors' Fees paid to Executive Officers who are also Directors; refer to Table No. 6.

Table No. 5
Summary Compensation Table
Executive Officers

Name and Principal Positions	Fiscal Year	Salary	Bonus	Stock Awards	Option Awards (1)	Non-Equity Incentive Plan Compensation	Change In Pension Value and Nonqualified Deferred Compensation Earnings	All Other Comp.	TOTAL
Michael Huddy President/CEO	2011	\$120,250	Nil	Nil	\$Nil	Nil	Nil	Nil	\$120,250
	2010	\$124,500	Nil	Nil	\$88,000	Nil	Nil	Nil	\$212,500
David Corcoran Administrator/CFO	2011	\$50,000	Nil	Nil	\$Nil	Nil	Nil	Nil	\$50,000
	2010	\$50,000	Nil	Nil	\$88,000	Nil	Nil	Nil	\$138,000
Lindsey Nauen Corporate Secretary	2011	Nil	Nil	Nil	\$Nil	Nil	Nil	Nil	\$Nil
	2010	Nil	Nil	Nil	\$Nil	Nil	Nil	Nil	\$Nil

(1) The determination of value of option awards is based upon the grant date fair value determined using either the binomial or Black-Scholes Option pricing model, details and assumptions of which are set out in Notes 2 and 9 to the consolidated financial statements included in this Annual Report.

Director Compensation

The following table sets forth the summary of compensation earned during Fiscal 2010 through Fiscal 2011 by the Company's Directors. For Executive Officers who are also Directors, this table includes only Directors Fees; refer to Table No. 5 for all other compensation for them.

Table No. 6
Summary Compensation Table
Directors

Director Name	Fiscal Year	Fees Earned or Paid In Cash	Stock Awards	Option Awards(2)	Non-Equity Incentive Plan Compensation	Change In Pension Value and Nonqualified Deferred Compensation Earnings	All Other Comp.	TOTAL
David Corcoran	2011 2010	\$4,750 \$3,750	Nil Nil	Nil \$88,000	Nil Nil	Nil Nil	Nil Nil	\$4,750 \$91,750
Michael Huddy (1)	2011 2010	\$4,750 \$5,250	Nil Nil	Nil \$88,000	Nil Nil	Nil Nil	Nil Nil	\$4,750 \$93,250
Craig Roberts	2011 2010	\$4,000 \$2,250	Nil Nil	\$26,862 \$60,500	Nil Nil	Nil Nil	Nil Nil	\$30,862 \$62,750
Victor Yates	2011 2010	\$4,750 \$3,750	Nil Nil	Nil \$88,000	Nil Nil	Nil Nil	Nil Nil	\$4,750 \$91,750

(1) \$1,500 of Director's Fees paid in Fiscal 2010 to Michael Huddy were earned, but not paid in the previous year.

(2) The determination of value of option awards is based upon the grant date fair value determined by either binomial or Black-Scholes Option pricing model, details and assumptions of which are set out in Notes 2 and 9 to the consolidated financial statements included in this Annual Report.

Stock Options

The Company grants stock options to Directors, Executive Officers and employees/consultants; refer to ITEM #11, "Stock Options" and Tables 5/6/7/8/9.

Stock Options Granted/Expired During The Most Recently Completed Fiscal Year

During the most recently completed fiscal year, the 390,000 incentive stock options were granted to Executive Officers, Directors, employees/consultants. The Company has no equity or non-equity incentive plans. 250,000 stock options previously granted to Executive Officers and Directors were cancelled, forfeited, or expired un-exercised; and 500,000 stock options previously granted to employees and/or consultants were cancelled, forfeited, or expired un-exercised.

Table No. 7
Grants of Plan-Based Awards During Fiscal 2011 Ended 6/30/2011

Name	Grant date	All other Stock awards: Number of shares of stock or units (#)	All other Option awards: Number of Securities Underlying Options (#)	Exercise or base price of option awards (\$/Sh)	Grant date Fair value of stock and option awards
Directors	10/29/2010	Nil	250,000	CDN\$0.15	CDN\$0.15
Consultant	10/29/2010	Nil	100,000	CDN\$0.15	CDN\$0.15
Consultant	6/10/2011	Nil	40,000	CDN\$0.064	CDN\$0.09

Columns (c) through (h) have been omitted since the Company has no equity or non-equity incentive plans.

Outstanding Equity Awards at Fiscal Year-End

The following table gives certain information concerning unexercised stock options; common stock that has not vested; and equity incentive plan awards for Executive Officers, Directors, Employees/Consultants outstanding as of the end of Fiscal 2011 Ended 6/30/2011.

Table No. 8
Outstanding Equity Awards at Fiscal Year-End

Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Equity incentive plan awards: number of securities underlying unexercised unearned options (#)	Option exercise price (\$)	Option expiration date
Michael Huddy	800,000	Nil	Nil	CDN\$0.12	3/18/2012
David Corcoran	800,000	Nil	Nil	CDN\$0.12	3/18/2012
Victor Yates	800,000	Nil	Nil	CDN\$0.12	3/18/2012
Craig Roberts	550,000	Nil	Nil	CDN\$0.12	3/18/2012
Craig Roberts	250,000	Nil	Nil	CDN\$0.15	10/29/2012
Employee/Consultants	590,000	Nil	Nil	CDN\$0.12	3/18/2012
Consultant	100,000	Nil	Nil	CDN\$0.15	10/29/2012
Consultant	Nil	40,000	Nil	CDN\$0.064	6/10/2013

Columns (g) through (j) have been omitted since the Company has not granted any stock awards.

Option Exercises and Stock Vested

During Fiscal 2011 ended 6/30/2011, there were exercises of 40,000 stock options, grants of 390,000 stock options, and the Company made no stock awards.

Michael Huddy, President/CEO; Written Management Agreement

Michael Huddy provides his services pursuant to a management agreement dated 2/13/1993; the terms of the agreement have been revised although no new formal agreement has been signed. The current terms require that Mr. Huddy provide full-time service to Barrier in an executive capacity (CEO) and to be fully responsible for Barrier's activities in the USA. The original agreement was for a term of four years but was to renew automatically ever two years unless written notice of the intent to terminate was given by either party to the other. Terms of compensation are to be given prior to any renewal period.

The employment agreement specifies employer termination provisions including: material breach of any provision of the contract; inability to perform the duties under the agreement; fraud or serious neglect or misconduct; personal bankruptcy.

The duties are complete as to those of a Chief Executive Officer (President) and include: Administration of the day to day affairs of the Employer Development of Financial, manufacturing, and marketing plans; Communication with Employer and Shareholders on a timely basis; and, Formulation and execution of a proposed budget approved by the Employer. The Employment Agreement contains a Confidentiality Provision that precludes the sharing of confidential information to third parties not requiring the information to conduct business with Barrier. The confidentiality provision extends beyond the time limit of the agreement until the information or knowledge becomes part of the public domain.

Change of Control Remuneration

The Company has no plans or arrangements in respect of remuneration received or that may be received by Executive Officers of the Company in Fiscal 2011 to compensate such officers in the event of termination of employment (as a result of resignation, retirement, change of control) or a change of responsibilities following a change of control, where the value of such compensation exceeds \$100,000 per Executive Officer.

Other Compensation

No Executive Officer/Director received "other compensation" in excess of the lesser of \$25,000 or 10% of such officer's cash compensation, and all Executive Officers/Directors as a group did not receive other compensation which exceeded \$25,000 times the number of persons in the group or 10% of the compensation.

Bonus/Profit Sharing/Non-Cash Compensation

Except for the stock option program discussed in ITEM #6.E., the Company has no material bonus or profit sharing plans pursuant to which cash or non-cash compensation is or may be paid to the Company's Directors or Executive Officers.

Pension/Retirement Benefits

No funds were set aside or accrued by the Company during Fiscal 2011 to provide pension, retirement or similar benefits for Directors or Executive Officers.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Securities authorized for issuance under equity compensation plans

We have no long-term incentive plans.

The following table summarizes certain information regarding our equity compensation plan as at June 30, 2011:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (A))
Equity compensation plans approved by security holders	3,930,000	CDN\$0.12	515,493

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column)
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	3,930,000	CDN\$0.12	

The Company has adopted a rolling stock option plan ("the 2005 Rolling Plan"). The 2005 Rolling Plan provides for the granting of stock options to selected directors, officers, employees or consultants in an aggregate amount of up to 10% of the issued and outstanding common shares of the Company. Under the 2005 Rolling Plan, the granting of stock options, exercise prices and terms are determined by the Company's Board of Directors. Options granted to non-executive employees and consultants typically vest in stages over various periods of time while options granted to Directors and executive employees vest immediately upon their grant. The exercise price shall not be less than the Discounted Market Price, which is defined as the last closing price of the common shares before the date of the grant less an applicable discount, as allowed by the regulatory authorities. Options granted under the 2005 Rolling Plan may not exceed a term of 5 years unless the Company achieves classification as a "Tier 1" issuer in accordance with the policies of the TSX, in which case, the options may be granted for a maximum term of 10 years.

The following table lists all persons/companies the Company is aware of as being the beneficial owner of 5% or more of the common shares of the Company. It also lists all Directors and Executive Officers who beneficially own the Company's voting securities and the amount of the Company's voting securities owned by the Directors and Executive Officers as a group.

Table No. 9
Shareholdings of 5% Shareholders
Shareholdings of Directors and Executive Officers
August 31, 2011

Title of Class	Name/Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class #
Common	Carl Marks Group (1)	8,615,695	19.1%
Common	Michael Huddy (2)	2,730,260	6.0%
Common	David Corcoran (3)	1,935,685	4.3%
Common	Victor Yates (4)	1,229,772	2.7%
Common	Craig Roberts (5)	1,600,000	3.5%
Common	Lindsay Nauen	0	0.0%
Total Directors/Officers		7,495,717	15.5%
TOTAL 5% and Directors/Officers		16,111,412	32.9%

- (1) Carl Marks IB LLC, Carl Marks & Co. Inc., and Martin Litz are collectively deemed to be a "Group" within the meaning of Section 13(g)(3) of the Securities Exchange Act of 1934, as amended. Carl Marks IB LLC is a partnership of Carl Marks & Co. LP and Martin Litz. Andrew M. Boas and Robert Speer of New York, Limited Partners in Carl Marks & Co. LP, exercise direction/control over Carl Marks IB LLC. Carl Marks & Co. LP is a limited partnership of 18 partners. Carolyn Marks Blackwood and Linda Marks Katz are the two greater than 10% holders of the partnership. Included for Martin Litz are 300,000 currently exercisable warrants and 250,000 currently exercisable stock options.
- (2) 800,000 represent currently exercisable stock options and 350,000 represent currently exercisable warrants.
- (3) 800,000 represent currently exercisable stock options.
429,772 shares/options (above) held indirectly through Corcoran Enterprises Ltd., a private company controlled by Mr. Corcoran.
42,807 shares are escrowed and contingently cancelable where release is controlled by Canadian regulatory authorities. The escrow shares are currently eligible for to be released to Mr. Corcoran but the Company has yet to request this release.
Excludes 1,986,434 shares owned by family members, where he disavows beneficial interest and does not have voting or disposition control.
- (4) 800,000 represent currently exercisable stock options.
429,772 shares/options (above) held indirectly through Continental Appraisal Ltd., a private company controlled by Mr. Yates.
6,115 shares are escrowed and contingently cancelable where release is controlled by Canadian regulatory authorities
Excludes 1,751,551 shares owned by family members, where he disavows beneficial interest and does not have voting or disposition control.
- (5) Included are 400,000 currently exercisable warrants and 800,000 currently exercisable stock options. Excludes 600,000 shares owned by family members, where he disavows beneficial interest and does not have voting or disposition control.

Based on 44,454,926 shares outstanding as of 8/31/2011.

Escrowed Common Shares

On 5/15/1987, the Company issued 296,500 shares of "Principal Escrow" common stock at CDN\$0.01 per share. Effective 11/24/2004, 124,530 of these shares were cancelled and returned to the treasury. 48,922 of these shares are still escrowed and outstanding. On 8/31/2011, these are held:

Continental Appraisals Ltd.....	6,115 shares
Corcoran Enterprises Ltd.....	42,807 shares

Pursuant to a performance escrow agreement dated 2/24/1992 between the Company and certain escrow Shareholders (the "Escrow Agreement"), 48,922 common shares of the Company (the "Escrow Shares") are held in escrow with Pacific Corporate Trust Company of Vancouver, British Columbia. The Escrow Shares are held by Corcoran Enterprises Ltd. ("Corcoran"), a private company owned by David Corcoran, a director of the Company and Continental Appraisals Ltd. ("Continental"), a private company owned by Victor Yates, a director of the Company.

Pursuant to the terms of the Escrow Agreement, the Escrow Shares were to have been surrendered for cancellation on 2/24/2002; however, the Escrow Shares have not been cancelled. The Company has received acceptance in principle from the TSX Venture Exchange ("TSX") to cancel the Escrow Shares not held by Officers/Director, and have the shares held by Officers/Directors reinstated and made subject to a TSX Tier 2 Surplus Escrow Agreement (the "New Escrow Agreement") with a six-year time release formula (described below). Conversion of performance escrow shares to time release escrow shares, as contemplated, is permitted under TSX and British Columbia Securities Commission ("BCSC") policies relating to escrow shares held under previous escrow regimes such as the BCSC's Local Policy Statement 3-07.

Final approval of the conversion to a time-release formula is, in the Company's case, subject to the Company obtaining shareholder approval for the reinstatement and conversion to time-release escrow and complying with all other applicable TSXV and BCSC policies related to the reinstatement and conversion.

Following approval by the Company's shareholders, the TSXV (12/9/2004), and the BCSC, the Company and the escrow shareholders entered into the New Escrow Agreement. Under the terms of the New Escrow Agreement, the Escrow Shares and will be released as follows:

- 5% (1/20 of total Escrow Shares) six months from date of TSXV Acceptance
- 5% (1/19 of remaining Escrow Shares) 12 months from TSXV Acceptance
- 5% (1/18 of remaining Escrow Shares) 18 months from TSXV Acceptance
- 5% (1/17 of remaining Escrow Shares) 24 months from TSXV Acceptance
- 10% (1/8 of remaining Escrow Shares) 30 months from TSXV Acceptance
- 10% (1/7 of remaining Escrow Shares) 36 months from TSXV Acceptance
- 10% (1/6 of remaining Escrow Shares) 42 months from TSXV Acceptance
- 10% (1/5 of remaining Escrow Shares) 48 months from TSXV Acceptance
- 10% (1/4 of remaining Escrow Shares) 54 months from TSXV Acceptance
- 10% (1/3 of remaining Escrow Shares) 60 months from TSXV Acceptance
- 10% (1/2 of remaining Escrow Shares) 66 months from TSXV Acceptance
- 10% (all remaining Escrow Shares) 72 months from TSXV Acceptance

If the Company becomes a Tier 1 issuer under the policies of the TSXV prior to the expiration of the 72-month release period set out above, the release schedule set out above will be amended to comply with the applicable Tier 1 release schedule, resulting in an accelerated release of any securities remaining in escrow, with such securities being released as if the Company had originally been classified as Tier 1 issuer. The securities of Tier 1 issuers held under surplus security escrow agreements are released over a three-year period, with 10% of the securities being released on TSX acceptance and 15% being released every six months thereafter.

Unless otherwise expressly permitted in the New Escrow Agreement, the Escrow Shares may not be sold, transferred, assigned, mortgaged or otherwise dealt with in any way. Pursuant to the terms of the New Escrow Agreement, the Escrow Shares may be transferred within escrow to an individual who is a director or senior officer of the Company or of a material operating subsidiary of the Company, subject to the approval of the Company's board of directors, or to a person or company that before the proposed transfer holds more than 20% of the voting rights attached to the Company's outstanding securities, or to a person or company that after the proposed transfer will hold more than 10% of the voting rights attached to the Company's outstanding securities and that has the right to elect or appoint one or more directors or senior officers of the Company or of any of its material operating subsidiaries. The Escrow Shares may also be pledged, mortgaged or charged to a financial institution as collateral for a loan. No Escrow Shares may be transferred or delivered to the financial institution for this purpose and the loan agreement must provide that the Escrow Securities will remain in escrow if the lender realizes on the security to satisfy the loan.

Pursuant to the terms of the New Escrow Agreement, upon the bankruptcy of an escrow shareholder, the Escrow Shares of that shareholder held in escrow may be transferred within escrow to the trustee in bankruptcy or other person legally entitled to such securities. Upon the death of an escrow shareholder, all securities of the deceased holder will be released from escrow to the deceased holder's legal representative.

Subject to certain limited exceptions, escrow shareholders retain all voting rights attached to their Escrow Shares. The New Escrow Agreement provides that the Escrow Shares will be cancelled if the asset, property or business in consideration of which the Escrow Shares were issued is lost or abandoned, or the operations or development of such asset, property or business is discontinued.

At the Annual Shareholders' Meeting, 12/9/2004, disinterested shareholders approved an ordinary resolution authorizing the reinstatement of the Escrow Shares and the adoption of the New Escrow Agreement by the Company and the escrow shareholders. Disinterested shareholders for the purpose of voting on the resolution include all shareholders of the Company other than David Corcoran and Victor Yates, and their affiliates and associates. A total of 3,449,253 shares held by David Corcoran, Victor Yates, and their affiliates and associates, were therefore not be counted for the purpose of determining whether the required level of shareholder approval has been obtained.

Securities authorized for issuance under equity compensation plans.

--- No Disclosure Necessary ---

Stock Options

The terms of incentive options granted by the Company are done in accordance with the rules and policies of the TSX Venture Exchange, including the number of common shares under option, the exercise price and expiry date of such options, and any amendments thereto. The Company adopted a formal written stock option plan (the "Plan") on 12/12/2003.

Such "terms and conditions", including the pricing of the options, expiry and the eligibility of personnel for such stock options; and are described below.

Number of Shares Reserved. The number of common shares that may be issued pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding shares of the Company from time to time at the date of granting of options (including all options granted by the Company under the Plan).

Maximum Term of Options. The term of any options granted under the Plan is fixed by the Board of Directors and may not exceed five years from the date of grant, or ten years if the Company is classified as a "Tier 1" issuer under the policies of the TSX Venture Exchange. The options are non-assignable and non-transferable.

Exercise Price. The exercise price of options granted under the Plan is determined by the Board of Directors, provided that it is not less than the discounted market price, as that term is defined in the TSX Venture Exchange policy manual or such other minimum price as is permitted by the TSX Venture Exchange in accordance with the policies from time to time, or, if the shares are no longer listed on the TSX Venture Exchange, then such other exchange or quotation system on which the shares are listed or quoted for trading.

Reduction of Exercise Price. The exercise price of stock options granted to insiders may not be decreased without disinterested shareholder approval, as described below.

Termination. Any options granted pursuant to the Plan will terminate generally within 90 days of the option holder ceasing to act as a director, officer, or employee of the Company or any of its affiliates, and within generally 30 days of the option holder ceasing to act as an employee engaged in investor relations activities, unless such cessation is on account of death. If such cessation is on account of death, the options terminate on the first anniversary of such cessation. If such cessation is on account of cause, or terminated by regulatory sanction or by reason of judicial order, the options terminate immediately. Options that have been cancelled or that have expired without having been exercised shall continue to be issuable under the Plan. The Plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision, conversion or exchange of Company's shares.

Administration. The Plan is administered by the Board of Directors of the Company or senior officer or employee to which such authority is delegated by the Board from time to time.

Board Discretion. The Plan provides that, generally, the number of shares subject to each option, the exercise price, the expiry time, the extent to which such option is exercisable, including vesting schedules, and other terms and conditions relating to such options shall be determined by the Board of Directors of the Company or senior officer or employee to which such authority is delegated by the Board from time to time and in accordance with TSX Venture Exchange policies. The number of option grants, in any twelve-month period, may not result in the issuance to any one optionee which exceed 5% of the outstanding common shares of the Company (unless the Company is a Tier 1 issuer and has obtained the requisite disinterested shareholder approval), or the issuance to a consultant or an employee engaged in investor relations activities which exceed 2% of the outstanding common shares of the Company. Disinterested shareholder approval will be sought in respect of any material amendment to the Plan.

The names of the Directors/Senior Management/employees/consultants of the Company to whom outstanding stock options have been granted and the number of common shares subject to such options are set forth in the following table, as well as the total number of options outstanding.

Table No. 10
Stock Options Outstanding
August 31, 2011

Name	Number of Shares of Common Stock	CDN\$ Exer. Price	Grant Date	Expir'n Date
David Corcoran	800,000	\$0.12CDN	3/18/10	3/18/12
Victor Yates	800,000	\$0.12CDN	3/18/10	3/18/12
Michael Huddy	800,000	\$0.12CDN	3/18/10	3/18/12
Craig Roberts	550,000	\$0.12CDN	3/18/10	3/18/12
Craig Roberts	250,000	\$0.15CDN	10/29/10	10/29/12
Subtotal Officers/Directors	3,200,000			
Consultant	100,000	\$0.15CDN	10/29/10	10/29/12
Employees/Consultants	590,000	\$0.12CDN	3/18/10	3/18/12
Consultant (1)	40,000	\$0.064CDN	6/10/11	6/10/13
Total Officers/Directors/Employees	3,930,000			

(1) 25% of the options vest every six months following grant date.

Share Purchase Warrants

As of 8/31/2011, 15,000,000 share purchase warrants at CDN0.15 were outstanding with an expiry date of 3/15/2012.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

David Corcoran, Administrator/CFO/Director

Mr. Corcoran is compensated for his managerial services to the Company indirectly through Corcoran Enterprises Ltd., a private company controlled by Mr. Corcoran. During Fiscal 2011/2010, \$50,000 and \$50,000 were paid/accrued to Corcoran Enterprises Ltd., respectively.

Other than described above, there have been no transactions since 6/30/2011, or proposed transactions, which have materially affected or will materially affect the Company in which any Director, Executive Officer, or beneficial holder of more than 10% of the outstanding common stock, or any of their respective relatives, spouses, associates or affiliates has had or will have any direct or material indirect interest.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Professional accounting services were rendered by BDO Dunwoody LLP for Fiscal 2011 and Fiscal 2010.

Audit Fees

The aggregate fees billed for professional services rendered by the Company's principal accountant for the audit of the Company's annual financial statements incurred in the fiscal years ended 6/30/2011 and 6/30/2010 were \$72,822 and \$74,492, respectively.

Audit Related Fees

The Company incurred no fees during fiscal years ended 6/30/2010 and 6/30/2009.

Tax Fees

The Company incurred tax fees of \$Nil and \$2,392 during fiscal years ended 6/30/2011 and 6/30/2010 for professional services rendered by the Company's principal accountant for tax compliance, tax advice and tax planning.

All Other Fees

The Company incurred no other fees during the last two fiscal years for services rendered by the Company's principal accountant.

ITEM 15. EXHIBITS

2. Plan of acquisition, reorganization, arrangement, liquidation, or succession: No Disclosure Necessary
3. Articles of Incorporation/By-Laws:
Incorporated by reference to Form 20-FR Registration Statement, as amended and Form 6-K's.
4. Instruments defining the rights of holders, incl. indentures
--- Refer to Exhibit #3 ---
9. Voting Trust Agreements: No Disclosure Necessary.
10. Material Contracts:
Incorporated by reference to Form 20-FR Registration Statement, as amended and Form 6-K's.
11. Statement re Computation of Per Share Earnings: No Disclosure Necessary
13. Annual or quarterly reports, Form 10-Q: No Disclosure Necessary
14. Code of Ethics: No Disclosure Necessary
16. Letter on Change of Certifying Accountant: No Disclosure Necessary
18. Letter on change in accounting principles: No Disclosure Necessary
20. Other documents or statements to security holders: No Disclosure Necessary
21. Subsidiaries of the Registrant: No Disclosure Necessary. Refer to ITEM #1.
22. Published report regarding matters submitted to vote: No Disclosure Necessary
23. Consent of Experts and Counsel:
Consent of Auditor: BDO Canada LLP, dated 10/11/2011
24. Power of Attorney: No Disclosure Necessary
31. Rule 13a/15d-14(a) Certifications - attached.
32. Section 1350 Certifications - attached.
99. Additional Exhibits: No Disclosure Necessary
100. XBRL Related Documents: No Disclosure Necessary

SIGNATURE PAGE

Pursuant to the requirements of Section 12g of the Securities Exchange Act of 1934, the Registrant certifies that it meets all of the requirements for filing on Form 10-K and has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

International Barrier Technology Inc. --- SEC File #000-20412
Registrant

Dated: October 12, 2011 By /s/ Michael Huddy
Michael Huddy, President/CEO/Director

Dated: October 12, 2011 By /s/ David Corcoran
David Corcoran, CFO/Director

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 Annual Report on Form 10-K 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: October 12, 2011

/s/ Michael Huddy

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

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 Annual Report on Form 10-K 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: October 12, 2011

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

EXHIBIT 32.1

SECTION 1350 CERTIFICATION

In connection with the Annual Report of International Barrier Technology Inc. (the "Company") on Form 10-K for the fiscal year ended June 30, 2011 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: October 12, 2011

/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 32.2

SECTION 1350 CERTIFICATION

In connection with the Annual Report of International Barrier Technology Inc. (the "Company") on Form 10-K for the fiscal year ended June 30, 2011 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: October 12, 2011

/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.