

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

Fiscal Year Ended June 30, 2009

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). **September 10, 2009 = \$2,941,493**

Common Shares outstanding at **September 10, 2009**

29,414,926 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\$4.1 million and US\$4.9 million during Fiscal 2009 and 2008, 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 by customers directly to wood sheathing designed to prevent ignition and inhibit the spread of flames; and Blazeguard®, a composite fire-rated panel, composed of a coating of the patented formulation adhered to a layer of structural sheathing or oriented strand board ("OSB").

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 6/30/2009, the end of the Company's most recent fiscal year, there were 29,414,926 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

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 2007: Stock option exercise 25,000 shares, \$11,221
Fiscal 2008: None
Fiscal 2009: None
Fiscal 2010-to-date: None

Capital Expenditures

Fiscal 2007: \$463,853, purchase of plant and equipment
Fiscal 2008: \$434,095, purchase of plant and equipment
Fiscal 2009: \$14,195, purchase of plant and equipment

1.B. Financial Information About Segments

Refer to the audited financial statements for Fiscal 2009 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 Blazeguard® 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 Blazeguard® product, however, is sold in housing markets that have excellent winter business, including the state 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, between the Company and Pyrotite Corporation, the Company acquired the rights (previously licensed) to certain fire retardant technology and trademarks for \$1,000,000. This purchase price included a \$50,000 non-refundable deposit paid during the Fiscal 2003.

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) with a royalty to be paid to Barrier for: gross sales of any IPOBS 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. 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 Blazeguard® product 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 things 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 8/31/2009, the Company had 13 full-time employees, one full time Executive Officer and two part-time Executive Officers. As of 6/30/2009, the Company had 14 full-time employees, one full-time Executive Officer and two part-time Executive Officers. As of 6/30/2008, the Company had 22 full-time employees, one full-time Executive Officer and two part-time Executive Officers.

Dependency upon Customers

Fiscal 2009

During Fiscal 2009, the company's largest customer was MuleHide Products, Inc. "Mulehide". Mulehide is a company that services the commercial roofing market including selling Blazeguard products to the commercial modular roof deck market. MuleHide purchased 72.4% of the 5,780,032 sq. ft. of Blazeguard shipped in Fiscal 2009. Blazeguard product shipped to MuleHide Products is private labeled MuleHide FR Deck Panel.

The largest market for Blazeguard products (after accounting for FR Deck Panel) in Fiscal 2009 remained roof deck applications in multifamily residential roof deck construction. Multifamily construction accounted for 26.9% of total shipments in 2009. Town home sales are made through building products distribution companies such as Stock Building Supply, Inc., BFS Building Supply, 84 Lumber, Inc., and Logan Lumber Company. The Mid-Atlantic market (Maryland south through North Carolina and the northeastern US - New Jersey and Pennsylvania) was the strongest town home market with 673,500 sq. ft. of sales (11.7% of total sales). Other town home markets include Florida, the Midwest, 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.

Fiscal 2008

During Fiscal 2008, the company's largest customer was MuleHide Products, Inc. "Mulehide". Mulehide is a company that services the commercial roofing market including selling Blazeguard products to the commercial modular roof deck market. MuleHide purchased 74.4% of the 7,222,500 sq. ft. of Blazeguard shipped in Fiscal 2008. Blazeguard product shipped to MuleHide Products is private labeled MuleHide FR Deck Panel.

The largest market for Blazeguard products (after accounting for FR Deck Panel) in Fiscal 2008 remained roof deck applications in multifamily residential roof deck construction. Multifamily construction accounted for 21% of total shipments in 2008. Town home sales are made through building products distribution companies such as Stock Building Supply, Inc., BFS Building Supply, 84 Lumber, Inc., and Logan Lumber Company. The Florida market was the strongest town home market with 569,300 sq. ft. of sales (8% of total sales). Other town home markets include the Midwest, the mid-Atlantic region (Maryland south through North Carolina), and the northeastern USA (particularly New Jersey and Pennsylvania). 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 2009 and 2008, all sales were in the United States.

At 6/30/2009 and 6/30/2008: \$4,399,923 and \$4,808,332 of the assets were located in the United States and \$449,194 and \$929,644 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 which raise substantial doubt about its ability to continue as a going concern.

Since inception through June 30, 2009, the Company has incurred aggregate losses of \$12,926,979. Our losses from operations for years ended 6/30/2009 and 6/30/2008 were \$718,545 and \$808,350, respectively; our cash used in operations for years ended 6/30/2009 and 6/30/2008 were \$318,979 and \$79,654 respectively. There is no assurance that we will operate profitably or will generate positive cash flow in the future. In addition, our operating results in the future may be subject to significant fluctuations due to many factors not within our control, such as the unpredictability of when customers will order products, the size of customers' orders, the demand for our products, the level of competition or general economic conditions. 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 Auditors' Report on the 6/30/2009 consolidated financial statements includes an additional comment that states that there exists substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments as a result of this uncertainty.

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: (\$718,545) and (\$808,350) in FY2009 and FY2008. Despite recent capital infusions, the Company may 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 additional financing may be required to facilitate corporate operational growth and to expand marketing efforts on a short-term basis. Conventional bank financing has been established at a local bank up to \$1,000,000 revolving line of credit. In July 2008, the terms of the existing revolving bank facility of \$1,000,000 were modified to include a \$500,000 capital loan being amortized by the bank over a 10-year period and which is secured by building, property and equipment. Additionally, the bank provided a \$500,000 credit facility as an operating line of credit from which the Company has drawn \$475,000.

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 BlazeGuard product 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 560,000 new housing starts in July, adjusted downward from earlier estimates of 580,000 starts. July's numbers were also 1.0 percent lower than June 2009 and 37.7 percent lower than July 2008. Census Bureau predictions have housing starts gradually recovering, but only by 5,000 to 10,000 units per month through early 2010. Total starts in March 2010 are predicted at 707,000; by way of comparison in January of 2006 total U.S. Housing Starts were 2,265,000. 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 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. Insuring 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.

As a partial response to the U.S. housing market decline, in July Barrier halted outside sales commissions to independent representatives for any business more than two years old. Barrier remains committed to national sales, and will make great use of the Internet and existing relationships with national distributors to promote national sales efforts. Additional sales representatives will be added as business expands and the addition is warranted.

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 27.6% 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. Trading on the OTCBB in the Company's common shares ranged from \$0.07 (low) to \$0.25 (high) during the period from 1/1/2008 to 12/31/2008, trading at \$0.10 on 12/31/2008 and at \$0.11 on 6/30/2009 and at \$0.10 on 8/31/2009. 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

International Barrier Technology Inc. (the Company) received a preliminary liability and damage report from a New Jersey townhouse association in connection with a lawsuit the association filed against its contractor, engineering consultant, property manager and the Company (the "Defendants"). The lawsuit involved alleged water damage in a 1997/1998 roof replacement project that was allegedly caused by claimed Company product failure along with other alleged deficiencies. The Company first reported on the prospect of this litigation in December 2005. The townhouse association claims that as a result of defective product supplied, and negligent work performed by other named Defendants, the association has suffered damages of US\$5,506,409.46. Repairs, to date, have been limited to certain townhouse units where water stains have appeared in ceiling areas. The damage claimed include the attorney and consultant fees, and the estimated anticipated future costs for roof repairs on all units including those that have not previously required roof repairs nor have shown any sign of damage.

At the end of this past fiscal year, the Company made a small contribution of \$50,000 to a settlement that was otherwise funded by our insurer. The matter was settled to allow Barrier to focus on future opportunities and was settled without admission of liability. Barrier continues to maintain the issue in this townhouse association was due to improper ventilation of the attic space and that there was no defective product.

The lawsuit by the townhouse association is the first involving the Company in 17 years of product distribution in the United States. Over that time, millions of square feet of the Company's products have been successfully installed for roofing and other applications.

The Company will report further on this matter as developments occur.

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
Quarterly				
6/30/2009	253,300	CDN\$0.14	CDN\$0.07	CDN\$0.09
3/31/2009	418,600	0.17	0.07	0.08
12/31/2008	278,000	0.20	0.08	0.09
9/30/2008	232,500	0.21	0.12	0.20
6/30/2008	240,000	0.20	0.14	0.19
3/31/2008	189,500	0.24	0.16	0.18
12/31/2007	476,900	0.34	0.17	0.22
9/30/2007	171,100	0.40	0.22	0.34

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	- Sales -	
			Low	Closing
Quarterly				
6/30/2009	2,514,900	US\$0.12	US\$0.07	US\$0.11
3/31/2009	3,744,500	0.13	0.04	0.06
12/31/2008	2,036,400	0.20	0.06	0.10
9/30/2008	1,459,100	0.20	0.08	0.20
6/30/2008	2,331,400	0.22	0.12	0.15
3/31/2008	2,289,700	0.25	0.12	0.19
12/31/2007	3,166,500	0.45	0.13	0.23
9/30/2007	1,916,500	0.40	0.20	0.33

The TSX Venture Exchange

The TSX Venture Exchange is a result of the acquisition by the Toronto Stock Exchange of the Canadian Venture Exchange ("CDNX") from its member firms on 8/1/2001. The CDNX resulted from the merger between the Vancouver Stock Exchange and the Alberta Stock Exchange that took place on 11/29/1999, to form the CDNX. The TSX Venture Exchange currently operates as a complementary but independent exchange from its parent, the Toronto Stock Exchange.

The initial roster of the CDNX was made up of venture companies previously listed on the Vancouver Stock Exchange or the Alberta Stock Exchange and later incorporated junior listings from the Montreal Stock Exchange, the Winnipeg Stock Exchange, and the CDN Over-The-Counter Market. The TSX Venture Exchange is a venture market as compared to the TSX Stock Exchange that is Canada's senior market and the Montreal Exchange that is Canada's market for derivatives products.

The TSX Venture Exchange currently has five service centers: Calgary, Toronto, Vancouver, Winnipeg and Montreal. These service centers provide corporate finance, surveillance and marketing expertise. The corporate office for the TSX Venture Exchange is located in Calgary and the operations office is located in Vancouver.

The TSX Venture Exchange is a self-regulating organization owned and operated by the Toronto Stock Exchange, which in turn is owned by its member brokerage firms. It is governed by representatives of member firms and the public.

Organizationally, the TSX Venture Exchange is comprised of seven business areas: Corporate Finance Services, Trading Services and Market Information Services, Compliance, Marketing, Technology, Corporate Affairs and Human Resources.

The TSX Venture Exchange acts as a business link between TSX members, listed companies and investors. TSX Venture Exchange policies and procedures are designed to accommodate companies still in their formative stages and recognize those that are more established. Listings are predominately small and medium sized companies.

Investors in Canada are protected by the Canadian Investor Protection Fund ("CIPF"). The CIPF is a private trust fund established to protect customers in the event of the insolvency of a member of any of the following self-regulatory organizations: the TSX Venture Exchange; the Montreal Exchange; the Toronto Stock Exchange; the Toronto Futures Exchange; and the Investment Dealers Association of Canada.

Post-trade monitoring of market activity occurs in the market surveillance department. Sophisticated software analyses trade data from TRADETSX to detect possible market improprieties. A variety of surveillance and investigative tools allow the TSX Venture Exchange to perform electronic market monitoring and trade reviews.

The surveillance department is also responsible for monitoring and reviewing listed company activities and detecting breaches of the listing policies or the listing agreement. Market surveillance and listed company surveillance activities are closely coordinated.

Enforcement action taken by the surveillance department may include the following:

- 1) forcing companies to correct misleading or inaccurate disclosure which includes new releases or internet postings;
- 2) requiring the resignation of unacceptable directors and officers;
- 3) requiring cancellation and return shares to treasury;
- 4) requiring undertakings from directors and officers that they will ensure compliance with the listing agreement and listings policies in the future;
- 5) requiring the termination of unacceptable investor relations services;
- 6) halting and suspending trading in the shares of companies;
- 7) de-listing companies that have contravened exchange by-laws, rules or policies.

The market surveillance department issues TSX notices to inform the public of halts, suspensions, de-lists and other enforcement actions. All TSX notices can be found on the TSX website or INFOTSX. In the public interest, trading halts or suspensions are maintained until the surveillance department is satisfied that there is adequate disclosure of the company's affairs and a level playing field for investors.

In addition to market surveillance, the TSX Venture Exchange's compliance department is comprised of an investigative services team that conducts investigations into alleged violations of securities trading. The TSX Venture Exchange Conduct Review Committee determines whether a case for discipline exists. Disciplinary cases either result in a settlement reached between TSX Venture Exchange and the respondent or they proceed to a disciplinary hearing. The public can attend disciplinary hearings, view the exhibits filed and obtain copies of the decisions issued by the panel. If the hearing panel's decision is not acceptable to either TSX Venture Exchange or the respondent, an appeal process may be initiated.

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 9/26/2008, the Company's shareholders' list showed 29,414,926 common shares outstanding and 140 registered shareholders with: 4,706,388 shares owned by 41 registered shareholders/depositories resident in Canada; 24,708,437 shares owned by 98 registered shareholders/depositories resident in the United States; and 100 shares owned by one shareholder in one other countries.

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 2008: None
Fiscal 2009: None
Fiscal 2010-to-date: None

ITEM. 6. SELECTED FINANCIAL DATA

Selected financial data as shown in the following table for the Company for Fiscal 2009/2008 Ended June 30th was derived from the consolidated financial statements of the Company that have been audited by BDO Dunwoody 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 2007/2006/2005 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 6/30/2009	Year Ended 6/30/2008	Year Ended 6/30/2007	Year Ended 6/30/2006	Year Ended 6/30/2005
Sales Revenue	\$4,092	\$4,878	\$6,130	\$6,604	\$4,376
Net Income (Loss)	(\$719)	(\$808)	(\$491)	(\$146)	(\$941)
Income (Loss) per Share	(\$0.02)	(\$0.03)	(\$0.02)	(\$0.01)	(\$0.04)
Dividends Per Share	Nil	Nil	Nil	Nil	Nil
Wtg. Avg. Shares (000)	29,415	29,415	28,648	28,829	25,546
Period-end Shares O/S	29,415	29,415	29,415	29,390	27,645
Working Capital	\$271	\$433	\$845	\$1,109	\$1,496
Long-Term Debt	\$921	\$750	\$290	\$27	\$34
Capital Lease Obligations	\$398	\$462	\$529	\$603	\$604
Capital Stock	\$15,079	\$15,079	\$15,079	\$15,060	\$13,899
Shareholders' Equity	\$3,164	\$3,873	\$4,634	\$5,000	\$3,864
Total Assets	\$4,849	\$5,738	\$5,888	\$6,172	\$4,792

(1) Cumulative Net Loss since incorporation to 6/30/2009 was (\$12,926,979).

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

Critical Accounting Estimates

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 on the sales of building supplies 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 criteria prescribed by SAB 104 have been met. Management reviews accounts receivable for those that may potentially be uncollectible and any accounts receivable balances that are determined to be uncollectible are included in our allowance for doubtful accounts. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. The Company has not recorded an allowance against its accounts receivable for the years ended June 30, 2009 and 2008.

Impairment of Long-Lived Assets

The Company reviews the recoverability of its long-lived assets as required by SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable from future cash flows. Determining whether an impairment has occurred typically requires various estimates and assumptions, including determining which cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount and the asset's residual value, if any. In turn, measurement of an impairment loss requires a determination of fair value, which is based on the best information available. We use internal discounted cash flows estimates, quoted market prices when available and independent appraisals, as appropriate, to determine fair value. We derive the required cash flow estimates from our historical experience and our internal business plans and apply an appropriate discount rate. During the year ended June 30, 2009, the Company recorded an impairment write-down in the amount of \$113,746 in respect of its Patent, trademark and technology rights.

Stock-based Compensation

The Company accounts for stock-based compensation in accordance with SFAS No. 123 (revised 2004), *Share-Based Payment* ("SFAS 123R"). Under the fair value recognition provisions of SFAS 123R, stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense ratably over the requisite service period, which is generally the vesting period. The Company uses the Black-Scholes option-pricing model to determine the fair-value of stock option awards. We measure non-vested stock awards using the fair market value of our Common Stock on the date the award is approved. We award stock options to employees, directors and executive officers.

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.

Recent Accounting Pronouncements

Recently adopted accounting pronouncements

In September, 2006, FASB issued Statement No. 157, "Fair Value Measurements" ("SFAS No. 157"). SFAS No. 157 provides guidance for using fair value to measure assets and liabilities. SFAS No. 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under SFAS No. 157 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under SFAS No. 157 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - observable inputs other than Level I, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, and model-derived prices whose inputs are observable or whose significant value drivers are observable; and
- Level 3 - assets and liabilities whose significant value drivers are unobservable by little or no market activity and that are significant to the fair value of the assets or liabilities.

SFAS No. 157 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value. SFAS No. 157 does not expand the use of fair value in any new circumstances. Originally, SFAS No. 157 was effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Accordingly, we adopted SFAS No. 157 in the first quarter of fiscal year 2009. In February 2008, the FASB issued FASB Staff Position No. 157-2, "Effective Date of FASB Statement No. 157", which provides a one year deferral of the effective date of SFAS No. 157 for non-financial assets and non-financial liabilities, except those that are recognized or disclosed in the financial statements at fair value at least annually. The partial adoption of SFAS 157 was prospective and did not have a significant effect on the Company's consolidated results of operations and financial condition. The Company is currently evaluating the impact of measuring the remaining non-financial assets and non-financial liabilities under FSP No. 157-2 on its financial position, results of operations and cash flows.

Effective July 1, 2008, the Company adopted Statement of Financial Accounting Standard ("SFAS") No. 159, The Fair Value Option for Financial Assets and Financial Liabilities-Including an amendment of FASB Statement No. 115. SFAS No. 159 gives the Company the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on a contract-by-contract basis with the difference between the carrying value before election of the fair value option and the fair value recorded upon election as an adjustment to beginning retained earnings. As of June 30, 2009, the Company had not elected the fair value option for any eligible financial asset or liability.

Effective July 1, 2008, the Company adopted Statement of Financial Accounting Standard ("SFAS") No. 159, The Fair Value Option for Financial Assets and Financial Liabilities-Including an amendment of FASB Statement No. 115. SFAS No. 159 gives

the Company the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on a contract-by-contract basis with the difference between the carrying value before election of the fair value option and the fair value recorded upon election as an adjustment to beginning retained earnings. As at June 30, 2009, the Company has not elected the fair value option on any of its financial assets or liabilities.

Recent Accounting Pronouncements Not Yet Adopted

In December 2007, FASB issued Statement No. 141 (Revised 2007), Business Combinations ("SFAS 141(R)") and SFAS No. 160, Accounting and Reporting of Non-controlling Interests in Consolidated Financial Statements, an amendment of ARB No. 51 ("SFAS 160"). SFAS 141(R) requires companies to: (i) recognize, with certain exceptions, 100% of the fair values of assets acquired, liabilities assumed, and non-controlling interests in acquisitions of less than a 100% controlling interest when the acquisition constitutes a change in control of the acquired entity; (ii) measure acquirer shares issued in consideration for a business combination at fair value on the acquisition date; (iii) recognize contingent consideration arrangements at their acquisition-date fair values, with subsequent changes in fair value generally reflected in earnings; (iv) with certain exceptions, recognize pre-acquisition loss and gain contingencies at their acquisition-date fair values; (v) capitalize in-process research and development ("IPR&D") assets acquired; (vi) expense, as incurred, acquisition-related transaction costs; (vii) capitalize acquisition-related restructuring costs only if the criteria in SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities, are met as of the acquisition date; and (viii) recognize changes that result from a business combination transaction in an acquirer's existing income tax valuation allowances and tax uncertainty accruals as adjustments to income tax expense. SFAS 141(R) is required to be adopted concurrently with SFAS 160 and is effective for business combination transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company does not believe the adoption of these statements will have a material impact on significant acquisitions completed after July 1, 2009.

In April 2008, the FASB issued FSP 142-3, *Determination of the Useful Life of Intangible Assets* ("FSP 142-3"). FSP 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets* ("SFAS 142"). FSP 142-3 improves the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141R and other applicable accounting literature. FSP 142-3 is effective for the Company on July 1, 2009. The Company does not believe that the adoption of FSP 142-3 will have a material effect on its financial position or results of operations.

In June 2009, the FASB issued SFAS No. 168, "The 'FASB Accounting Standards Codification' and the Hierarchy of Generally Accepted Accounting Principles" ("SFAS 168"). SFAS 168 establishes the "FASB Accounting Standards Codification" ("Codification"), which officially launched July 1, 2009, to become the source of authoritative U.S. generally accepted accounting principles ("GAAP") recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. The subsequent issuances of new standards will be in the form of Accounting Standards Updates that will be included in the Codification. Generally, the Codification is not expected to change U.S. GAAP. All other accounting literature excluded from the Codification will be considered non-authoritative. SFAS 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. We will adopt SFAS 168 for our quarter ending September 30, 2009. The Company is currently evaluating the effect on its financial statement disclosures as all future references to authoritative accounting literature will be references in accordance with the Codification.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Equity Financing Timeline

Fiscal 2008: None
Fiscal 2009: None
Fiscal 2010-to-date: None

Fiscal 2009 Ended 6/30/2009

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 United States utilize Barrier's fire-rated structural panel Blazeguard® in areas where the building code requires the use of a fire-rated building panel.

Discussion of Operations

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

Sales revenue reported for the fiscal year ending June 30, 2009 was \$4,091,647. Total sales volume, as measured by surface volume of product shipped, was 5,780,032 sq.ft. During the same period in the previous year, Barrier shipped 7,222,525 sq.ft. with sales revenue of \$4,877,605.

The loss of sales volume, year to year, is attributed to the continued decline in US economy and construction. Barrier sold 1,552,300 sq. ft. to residential markets, which was a slight increase over the 1,517,200 sq. ft. in FY2008. As the residential markets remained relatively stable year over year with slight indications of improvement, commercial modular shipments were the most impacted this past year - a decline of 26% from 5,637,000 sq. ft. to 4,182,900 sq. ft. Structural Insulated Panels decreased slightly from 68,300 sq. ft. to 44,800 sq. ft.

Barrier continues to expand the geographic base for Blazeguard sales in the US and Canada. Barrier and is actively marketing Blazeguard to the multi-family residential roof deck market in Southern California. Barrier is also marketing Blazeguard to single family exterior side wall applications in the wildfire prone areas of California, Oregon, Washington and Colorado as well. Barrier's wholesale building products distributor in California has Blazeguard inventory (carload shipments to keep freight costs down) and expects to see increased sales to builders and lumber dealers in the coming months. During the past year, we added sales representation in both the Mountain States (Colorado, Utah, and Wyoming) and the Pacific Northwest (Washington, Oregon, and Northern California). Specified Building Products, Stan South and Chad Nibbe, represent a variety of specified construction product lines throughout the Mountain States Region and have added Blazeguard Fire-Rated Sheathing to their product base. Snuff-It's, James Walmsley, has his own fire-rated products distributorship and website, www.wildfireoptions.com. Blazeguard is now a featured product for Snuff-It throughout the Pacific Northwest region. Several potential distribution sources have been identified in both markets and we expect inventory in these regions over the next several months.

During the past year, commercial modular applications expanded further in territory and specified projects. With our partnership with MuleHide Products, we developed a new distribution source and moved inventory into Canada. The fire codes throughout Alberta, Canada for building projects during the construction process were modified during the year and our product offers a viable solution. After the acceptance of the FR Deck Panel in the government specifications for barrack construction, we have seen an increase in interest, quotes, and use in these projects across the country.

In August 2008, Blazeguard® was added to the short list of the California State Fire Marshall's Office (CSFM) approved products for high risk wildfire zones. Blazeguard® is listed as an approved exterior sheathing for roof and wall applications; a "limited ignition" material; and, for use in soffit areas under eaves. Barrier is currently marketing this fact to local architects, building code officials, and builders in the area. The initial response has encouraged Barrier to believe that as the housing economy improves in California, Blazeguard® sales there to residential markets could exceed any other area previously targeted.

Barrier believes that recent success in introducing Blazeguard into other market applications (such as commercial modular), and other emerging geographical locations for multi-family residential, have served to lower risk by spreading sales over a broader market playing field and making the business less vulnerable to cyclicity in any one region or product application. The broadening of the geographic markets served will help Barrier withstand periodic cyclicity in one market by focusing efforts and providing sales opportunities to others.

As the US building industry continues its recovery into 2010, and as housing starts continue their climb back to levels reflecting the underlying need for new homes, Barrier anticipates a significant recovery in the growth rate of Blazeguard residential sales volume. Barrier continues its press to add builders, one by one. During "slow times", Barrier, and the existing Blazeguard distribution network, have found builders eager to learn about how Blazeguard can improve the value of their homes. Barrier's aggressive positioning during this time period has created future opportunity and set the stage for strong growth as the housing market improves.

Gross Profit for Fiscal 2009 was \$577,154 and increase of 70.2% from the \$339,086 in the previous year. The gross margin, as a percentage of sales revenue significantly improved to 14% in comparison to 7% in the prior year. This is largely due to labor and material efficiencies gained throughout the year.

The new production line became "fully" operational in October 2007. While the "old" line continues to produce odd size orders and plywood (warped boards), all other Blazeguard® production is run on the new line. The new line is proving out that expected gains in efficiency and quality are possible at speeds over twice as fast as the old line. As sales volumes increase to levels where the new line is used at or near full capacity (approximately 20 million sq. ft. per 8 hr shift), efficiency gains will be noticeable on the bottom line as profits improve substantially.

Cost of Sales decreased to \$3,514,493 from \$4,538,519 in Fiscal 2009. The decrease is attributable to gaining efficiency in operations and lower sales volume. The year-to-date average cost per sq.ft. of production improved to \$0.61 in comparison to \$0.63 in the comparable period.

R&D expenses which were incurred as new market applications continue to be explored and developed were \$17,091 vs. \$144,181 in Fiscal 2008. Barrier continues to invest in R&D to potentially develop other markets for Pyrotite™ and Blazeguard® products for future diversification, while keeping the expenses as low as possible. Directly applying Pyrotite™ to foam insulation remains a viable opportunity in the future.

Included in cost of sales was amortization on plant and equipment. Amortization increased slightly for the year from \$260,335 to \$264,122. The expense reflects scheduled depreciation of the new manufacturing line equipment and building expansion. The amortization of the worldwide Pyrotite technology (including patents, technical know-how, and trademarks) began when Barrier purchased it in 2004 and will continue at existing rates until it is fully depreciated (eight years). Neither of these items have an impact on the cash position of the Company.

Administrative Expenses for Fiscal 2009 decreased to \$1,159,294 from \$1,117,606 in the prior year. The administrative costs per sq. ft. increased for the reporting period from \$0.15 to \$0.20. Many of these costs are fixed and don't change proportionately with sales volume. As the economy and sales improve, a reduction in the average cost of administrative expense per sq.ft. produced is expected.

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 from \$45,331 to \$74,537. This is attributed to increased year-end audit fees due to regulatory compliance with Sarbanes-Oxley.

Insurance Costs have decreased to \$62,399 in comparison to \$125,974 the previous year. The difference is due primarily to lower product liability premiums, which is a function of sales volumes.

Impairment Provision on Trademark and Technology Rights

The company is required by SFAS No. 144 to review 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 flow (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. During the year ended June 30, 2009, the Company recorded an impairment provision of \$113,746 (2008 - \$nil) related to the Company's trademark and technology rights.

Interest on Long Term Debt has increased slightly from \$82,109 to \$85,838 for the reporting period. This increase is a result of utilizing an operating line of credit that has enabled Barrier to grow inventory levels to anticipate customer needs and to provide interim funding for short term working capital requirements.

During the year ended June 30, 2009, the terms of the revolving bank facility were modified to include a \$500,000 capital loan being amortized by the bank over a 7 year period and which is secured by building, property and equipment. Additionally, the bank provided a \$500,000 credit facility as an operating line of credit from which the company has drawn \$475,000 as at June 30, 2009. Subsequent to June 30, 2009, the terms of the bank loan facility were amended to extend the maturity date to August 1, 2010 and to reduce the interest rate to 7%.

Legal Fees increased to \$73,631 for Fiscal 2009 (vs. \$64,024 in Fiscal 2008). Legal fees were expended on activities in support of Blazeguard and Pyrotite patent 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.

Office and Miscellaneous expenses for Fiscal 2009 were \$105,320 in comparison to \$69,268 in Fiscal 2008. The increase is due to a bad debt expense of \$34,045 for a customer who filed for bankruptcy. This is in comparison to \$0 of bad debt expense in the prior year.

Sales, Marketing, and Investor Relations expenses decreased slightly at \$66,876 vs. \$68,909 in comparison to the prior year. Sales expenses in Fiscal 2009 were focused on the development of both the northern and southern California territories, Oregon, and Colorado - the Northern Pacific region. Additionally, with the emergence of Mr. James Dukart as a trained and "seasoned" sales and marketing expert for Blazeguard (especially in multifamily residential roof decks and Structural Insulated Panel (SIPs) markets), an additional person is now available to travel from Barrier's headquarters' office in support of sales activities. While Barrier has always planned business travel to accommodate only "necessary" trips, all business travel is currently pre-approved by a cash flow committee in addition to approval by Barrier's CEO.

Other Income includes income not directly related to business operations. Other items reported during the period herein include \$7,521 in interest income vs.

\$21,152 in the prior year and (\$58,088) in foreign exchange loss vs. a foreign exchange gain of \$31,127 in the prior year.

Net Loss. A net loss of (\$718,545) is being reported for Fiscal 2009, whereas in fiscal 2008, a net loss of (\$808,350) was reported. Barrier remains focused on cutting costs wherever it can. This includes operating the manufacturing line with maximum efficiency, as the economy remains unsettled and the retraction in residential construction continues. Keeping a vigilant handle on costs will help keep operational costs as low as possible and enable recovery to occur sooner and at lower volumes than previously possible.

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

	Jun 30 2009	Mar 31 2009	Dec 31 2008	Sept 30 2008	June 30 2008	March 31 2008	Dec 31 2007	Sept 30 2007	June 30 2007
Volume shipped (MSF)	1,011	1,085	1,578	2,106	1,891	1,893	1,555	1,883	2,273
Total Revenues (000)	\$618	\$764	\$1,123	\$1,587	\$1,349	\$1,214	\$1,065	\$1,249	\$1,434
Operating Income (000)	(\$277)	(\$211)	(\$94)	(\$0)	(\$143)	(\$208)	(\$271)	(\$239)	(\$44)
Net income (loss) (000)	(\$346)	(\$215)	(\$164)	\$6	(\$134)	(\$224)	(\$258)	(\$193)	\$12
EPS (Loss) Per Share	(\$0.00)	(\$0.01)	(\$0.01)	\$0.00	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.00)	\$0.00

Selected Annual Information

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

	2009	2008	2007
Total Revenue	\$4,092.0	\$4,878.0	\$6,130.0
Net income (loss)	(719.0)	(808.0)	(491.0)
Per share	(0.02)	(0.03)	(0.02)
Per share, fully diluted	(0.02)	(0.03)	(0.02)
Total assets	4,849.0	5,738.0	5,887.9
Total long-term financial liabilities	1,319.8	1,212.3	819.4
Cash dividends declared per share	Nil	Nil	Nil

New Product and Market Development

Barrier continues to invest time and financial resources in an effort to accelerate long and near term growth. While these expenditures take away from near term profits, research and development of new products and applications as well as market development for existing products and applications are crucial to the attainment of strategic objectives and business alliances. Barrier intends to grow the business to levels far beyond those currently attained and new initiatives in products and markets are necessary if these long term goals are to be achieved. Ongoing initiatives continue to provide opportunities for sales expansion and growth.

Barrier, in collaboration with MuleHide Products, continues to experience success in supply both Class A and C rated roof assemblies in commercial modular roof decks for buildings destined for military use on domestic military bases. A "new" Underwriters Laboratories (UL) listing allows a FR C board to be utilized under an alternate single-ply membrane (FPPEM) while achieving a Class A system rating. This system significantly reduces the cost of the structure and Barrier and MuleHide believe this system has a great future in commercial modular sales.

Barrier has been working with a major insulated foam producer in an attempt to develop a fire rated foam product that can be used both in the finishing of basement walls as well as in "built-up" commercial roof decks. We passed the required fire tests to market a coated ISO foam product to interior ceiling and wall markets. Our Quality Control Manual has been updated to include this product and as the market for commercial building improves, we are confident it will lead to increased sales.

Barrier improved certain elements of the old production line in an effort to produce structural insulated panels (SIPs) with a more consistent surface appearance. SIPs were a significant business for Blazeguard from 1996-1999. Variability in the surface appearance of the coating, however, created repeatable

issues and complaints when the panels were used as an exposed interior wall surface, especially in residential applications. The improvements completed will help to improve the consistency of Blazeguard panels used in SIPs and make them more appealing and marketable to SIPs customers. Barrier will be participating with the SIPA organization at the International Builders Show in January to promote Blazeguard and gain further credibility with the key players in this market.

Global Licensing Opportunities

Barrier continues to solicit opportunities for licensing arrangements wherever in the world that opportunity exists. When interested parties inquire regarding licensing, Barrier responds with an information packet and begins an assessment of appropriateness of fit with our technology. Barrier believes that expansion of production capacity to meet the increased demand for Blazeguard in particular geographies or in particular market applications may be best served by cooperating with a partner company in the targeted industry when a new production facility is built. Barrier is exploring both joint venture and licensing scenarios as plans for future growth are discussed.

Any licensing agreements will be designed to protect the technology, prohibit competition, and provide for royalties to be paid to Barrier on an ongoing basis.

Product and technology licensing scenarios are being developed within Barrier and management is confident that licensing relationships or relationships leading to licensing contracts will be in existence in the near future.

Financial Position & Financings

Barrier ended the period with a working capital surplus of \$270,955.

The Company generated negative operating cash flow for the fiscal year ended June 30, 2009 of (\$318,979) from (\$79,654) for the fiscal year ended June 30, 2008. The net cash outflow from operating activities for the current fiscal year ended was primarily a result of a net loss of \$(718,545), a reduction in amounts owed to vendors (\$330,447) offset by non cash charges to net income for \$400,358 and one-time adjustments for settling an outstanding lawsuit for \$50,000, and recognizing an impairment on the trademark and technology rights for \$113,746. The Company expects to fund short-term cash needs out of current operations and supplement other short-term needs with the operating line of credit that is 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.

Investing activities (purchase of plant and equipment) resulted in a net cash outflow of \$14,196 in this year compared to a net cash outflow of \$434,095 in prior year. The Company does not expect any additional long-term capital needs in the near future as they recently expanded the operations with a more efficient automated process that is projected to fulfill future growth needs. The new automation was funded largely by a private placement coupled with operating cash flows.

Financing activities resulted in a net cash inflow of \$107,472 in the current year compared to a net cash inflow of \$392,859 for the same period last year. The change in financing activities from cash flow was primarily from advancing on the line of credit to fund working capital needs and the continuance of retiring debt through the amortization of debt service.

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

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

additional products are developed and commercially released and sales of such products made so that we are operating in a profitable manner.

Current and Future Financing Needs

The Company currently does not have sufficient cash to operate its business for the fiscal year ended June 30, 2010. At June 30, 2009, the current cash and cash equivalents total \$210,723 and the revolving credit facility on which there is an amount of \$25,000 available to draw. However, over the next 12 months, the Company anticipates that the operation of business will produce an average negative monthly operating cash flow of approximately \$25,000 for a total of \$300,000 for the 2010 fiscal year. In addition, over the next 12 months, the Company is required to make payments totaling \$114,750 in respect of its long-term debt and capital lease obligations. Potential sources of financing include strategic relationships or private sales of stock.

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

In order to meet its current and long-range capital requirements, the Company anticipates it will be required to raise in the range of \$500,000 - \$1,000,000 by way of private sales of its common stock in the 2010 fiscal year. The Company may seek to access the public equity markets when conditions are favorable due to our long-term capital requirements. We do not have any committed sources of financing at this time nor are there potential strategic relationship agreements in place at this time, and it is uncertain whether additional funding will be available when we need it on terms that will be acceptable to us, or at all. If the Company raises funds by selling additional shares of common stock or other securities convertible into common stock, the ownership interest of our existing stockholders will be diluted. If the Company is not able to obtain financing when needed, it will be unable to carry out its business plan. As a result, the Company will have to significantly limit its operations and its financial condition and results of operations would be materially harmed.

Related Party Transactions

During the twelve months ended June 30, 2008 the Company incurred wages and management fees of \$175,799 with directors of the Company and companies with common directors. The Company paid \$180,504 wages and management fees for the same prior year ended.

Capitalization

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

Issued as of June 30, 2009: 29,414,926 common shares at \$15,079,071

Issued as of September 28, 2009: 29,414,926 common shares at \$15,079,071

Options outstanding:

The following summarizes information about the stock options outstanding at June 30, 2009 reflected in US dollar currency:

<u>Number</u>	<u>Number Exercisable</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
986,750	986,750	\$0.65	August 24, 2009
665,000	592,500	\$0.45	January 10, 2010
250,000	250,000	\$0.55	August 9, 2010
40,000	10,000	\$0.05	March 07, 2011
<u>1,941,750</u>	<u>1,839,250</u>		

Critical Accounting Estimates

Stock-based Compensation Charge and Expense

As described in Note 2 to the audited annual financial statements dated June 30, 2008, the Company accounts for all stock-based payments and awards under the fair value based method. This fair value of the stock options is estimated at the date the stock options are granted using the Black-Scholes option-pricing model. Stock-based payments to non-employees is periodically re-measured until counter-party performance is complete and any change is recognized over the life of the award. The Company accounts for share purchase options to employees by recording the fair value of the awards on the grant date and the related stock-based compensation expense is recognized over the period in which the options vest. In addition, this is a non-cash compensation charge and the cash flow effects are realized only at the time of exercise.

Internal Control and Financial Reporting Procedures

The board of directors evaluates and maintains internal control procedures and financial reporting procedures to ensure the safeguarding of Barrier's assets as well as to ensure full, true, accurate and timely disclosure of Barrier's financial position for the fiscal period ended June 30, 2009, which would materially affect the accuracy of this financial report.

There has been no change in internal control procedures in the twelve month period ending June 30, 2009.

Other Matters

As at June 30, 2009 the Company did not have any off-balance sheet arrangements to report.

International Barrier Technology Inc. (the Company) received a preliminary liability and damage report from a New Jersey townhouse association in connection with a lawsuit the association filed against its contractor, engineering consultant, property manager and the Company (the "Defendants"). The lawsuit involved alleged water damage in a 1997/1998 roof replacement project that was allegedly caused by claimed Company product failure along with other alleged deficiencies. The Company first reported on the prospect of this litigation in December 2005. The townhouse association claims that as a result of defective product supplied, and negligent work performed by other named Defendants, the association has suffered damages of US\$5,506,409.46. Repairs, to date, have been limited to certain townhouse units where water stains have appeared in ceiling areas. The damage claimed include the attorney and consultant fees, and the estimated anticipated future costs for roof repairs on all units including those that have not previously required roof repairs nor have shown any sign of damage.

Subsequent to year end, the Company made a small contribution of \$50,000 to a settlement that was otherwise funded by our insurer. The matter was settled to allow Barrier to focus on future opportunities and was settled without admission of

liability. Barrier continues to maintain the issue in this townhouse association was due to improper ventilation of the attic space and that there was no defective product.

The lawsuit by the townhouse association is the first involving the Company in 17 years of manufacturing, selling, and distributing fire-rated products in the United States. Over that time, millions of square feet of the Company's products have been successfully installed for roofing and other applications.

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, 2009 and 2008

(Stated in US Dollars)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Directors and Stockholders,
International Barrier Technology Inc.

We have audited the accompanying consolidated balance sheets of International Barrier Technology Inc. as of June 30, 2009 and 2008 and the related consolidated 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 of America). Those standards require that we plan and perform an 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these financial statements referred to above present fairly, in all material respects, the financial position of International Barrier Technology Inc as of June 30, 2009 and 2008 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 financial statements, the Company has suffered recurring losses from operations. 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.

/s/ BDO Dunwoody LLP
Chartered Accountants

Vancouver, Canada
September 28, 2009

INTERNATIONAL BARRIER TECHNOLOGY INC.
CONSOLIDATED BALANCE SHEETS
June 30, 2009 and 2008
(Stated in US Dollars)

<u>ASSETS</u>	2009	2008
Current		
Cash and cash equivalents	\$ 210,723	\$ 436,426
Accounts receivable	179,778	360,417
Inventory – Note 3	314,002	293,979
Prepaid expenses and deposits	46,418	58,870
	750,921	1,149,692
Property, plant and equipment – Note 4	3,826,091	4,076,017
Patent, trademark and technology rights– Note 5	272,105	512,267
	\$ 4,849,117	\$ 5,737,976
 LIABILITIES		
Current		
Accounts payable and accrued liabilities – Note 10	\$ 365,209	\$ 646,656
Deferred revenue	-	7,159
Current portion of long term debt – Note 6	60,863	-
Current portion of obligation under capital leases – Note 7	53,894	63,994
	479,966	716,809
Long-term debt – Note 6	860,597	750,000
Obligation under capital leases – Note 7	344,410	398,298
	1,684,973	1,865,107
 STOCKHOLDERS' EQUITY		
Common stock – Note 8		
Authorized:		
100,000,000 common shares without par value		
Issued:		
29,414,926 common shares (2008: 29,414,926 common shares)	15,079,071	15,079,071
Additional paid-in capital	1,012,052	1,002,232
Accumulated deficit	(12,926,979)	(12,208,434)
	3,164,144	3,872,869
	\$ 4,849,117	\$ 5,737,976

Commitments – Notes 6, 7 and 8

Contingent Liability – Note 13

APPROVED BY THE DIRECTORS:

/s/ David Corcoran Director
David Corcoran

/s/ Victor Yates Director
Victor Yates

SEE ACCOMPANYING NOTES

INTERNATIONAL BARRIER TECHNOLOGY INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
for the years ended June 30, 2009 and 2008
(Stated in US Dollars)

	2009	2008
Sales	\$ 4,091,647	\$ 4,877,605
Cost of sales – Note 4	3,514,493	4,538,519
Gross profit	577,154	339,086
Expenses		
Accounting and audit fees	74,537	45,331
Consulting fees	2,255	19,934
Filing fees	18,648	23,546
Insurance	62,399	125,974
Impairment provision on trademark and technology rights – Note 5	113,746	-
Interest and bank charges	83	247
Legal fees	73,631	64,024
Loss on settlement of lawsuit – Note 13	50,000	-
Office and miscellaneous	105,320	69,268
Sales marketing and investor relations	66,876	68,909
Telephone	12,705	12,285
Transfer agent fees	16,005	13,729
Wages and management fees – Notes 8 and 10	563,089	674,359
	1,159,294	1,117,606
Loss before other income	(582,140)	(778,520)
Foreign exchange gain / (loss)	(58,088)	31,127
Interest income	7,521	21,152
Interest on long-term obligations	(85,838)	(82,109)
Net loss for the year	\$ (718,545)	\$ (808,350)
Basic and diluted loss per share	\$ (0.02)	\$ (0.03)
Weighted average number of shares outstanding	29,414,926	29,414,926

SEE ACCOMPANYING NOTES

INTERNATIONAL BARRIER TECHNOLOGY INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended June 30, 2009 and 2008
(Stated in US Dollars)

	2009	2008
Operating Activities		
Net loss for the year	\$ (718,545)	\$ (808,350)
Items not involving cash:		
Depreciation – plant and equipment	264,122	260,335
Amortization – patent, trademark and technology rights	126,416	126,416
Stock-based compensation	9,820	47,329
Settlement of lawsuit	50,000	-
Impairment provision on trademark and technology rights	113,746	-
Changes in non-cash working capital balances related to operations:		
Accounts receivable	180,639	(109,486)
Inventory	(20,023)	184,525
Prepaid expenses and deposits	12,452	1,305
Deferred revenue	(7,159)	387
Accounts payable and accrued liabilities	(330,447)	217,885
	(318,979)	(79,654)
Investing Activities		
Purchase of plant and equipment	(14,196)	(434,095)
Financing Activities		
Bank loan facility	475,000	-
Increase (decrease) in long-term debt	(303,540)	459,789
Decrease in obligations under capital lease	(63,988)	(66,930)
	107,472	392,859
Decrease in cash during the year	(225,703)	(120,890)
Cash and cash equivalents, beginning of the year	436,426	557,316
Cash and cash equivalents, end of the year	\$ 210,723	\$ 436,426
Supplementary cash flow information		
Cash paid for interest	\$ 85,838	\$ 82,109
Cash paid for income taxes	\$ -	\$ -

SEE ACCOMPANYING NOTES

	Common Stock				
	<u>Issued</u>		<u>Additional</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-in Capital</u>	<u>Deficit</u>	
Balance, June 30, 2007	29,414,926	\$ 15,079,071	\$ 954,903	\$ (11,400,084)	\$ 4,633,890
Stock-based compensation	-	-	47,329	-	47,329
Net loss for the year	-	-	-	(808,350)	(808,350)
Balance, June 30, 2008	29,414,926	15,079,071	1,002,232	(12,208,434)	3,872,869
Stock-based compensation	-	-	9,820	-	9,820
Net loss for the year	-	-	-	(718,545)	(718,545)
Balance, June 30, 2009	29,414,926	\$ 15,079,071	\$ 1,012,052	\$ (12,926,979)	\$ 3,164,144

SEE ACCOMPANYING NOTES

INTERNATIONAL BARRIER TECHNOLOGY INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2009 and 2008
(Stated in US Dollars)

Note 1 Nature of Operations

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

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its obligations and commitments in the normal course of operations. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At June 30, 2009 the Company had an accumulated deficit of \$12,926,979 (2008 - \$12,208,434) since its inception and incurred a net loss of \$718,545 (2008 - \$808,350) for the year then ended, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management has no formal plan in place to address this concern but considers obtaining additional funds by equity financing and/or from issuing promissory notes. 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, 2009 and June 30, 2008, 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, 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:

Note 2 Significant Accounting Policies – (cont'd)

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.

b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short-term term deposits, redeemable within 90 days of inception, held at Canadian banks.

c) Inventory

Inventory is valued by management at the lower of FIFO (first-in, first-out) and net realizable value. Additionally, as required by SFAS No. 151, "Inventory Costs – an Amendment of ARB No. 43, Chapter 4", items such as abnormal amounts of idle facility expense, freight, handling and wasted material be recognized as current period charges rather than inventory value.

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

Plant and equipment and trademark and technology rights are recorded at cost. Amortization is provided using the straight line method with the following estimated useful lives:

Manufacturing equipment	straight line over 5 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 on a straight–line basis over the shorter of the lease term or economic life.

e) Impairment of Long-Lived Assets

The Company reviews the recoverability of its long-lived assets as required by SFAS No. 144, *Accounting for the Impairment or Disposal of 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. During the year ended June 30, 2009, the Company recorded an impairment provision of \$113,746 (2008 - \$nil) related to the Company's trademark and technology rights (Note 5).

Note 2 Significant Accounting Policies – (cont'd)

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.

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 Loss Per Share

Basic net loss per common share is calculated by dividing net loss by the weighted-average number of common shares outstanding for the period. Diluted net loss per common share is the same as basic net loss per common share, since potentially dilutive securities from stock options would have an anti-dilutive effect because the Company incurred a net loss during each period presented. The number of shares potentially issuable at June 30, 2009 and 2008 upon exercise or conversion that were not included in the computation of net loss per share totaled 1,941,750 and 2,107,550 respectively

j) Financial Instruments

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, bank loan facility and long-term debt.. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

Note 2 Significant Accounting Policies – (cont'd)

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 against its accounts receivable for each of the years ended June 30, 2009 and 2008. During the year ended June 30, 2009, one customer accounted for 69% (2008: one customer accounted for 74%) of the Company's sales. The loss of this customer or the curtailment of purchases by such customer could have a material adverse effect on the Company's financial condition and results of operations.

Currency Risk

The Company holds cash of \$184,032 (2008 - \$414,411) in Canadian dollars exposing it to a foreign currency exchange risk.

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) collectibility is reasonably assured. The Company recognizes revenue when the building supplies have been shipped and the customer has been invoiced.

m) Income Taxes

The Company follows the liability method of accounting for income taxes in accordance with SFAS No. 109. 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.

Note 2 Significant Accounting Policies – (cont'd)

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 paid-in capital. 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 Black-Scholes option pricing model to calculate the fair value of share purchase options at the date of the grant. 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.

o) Recent Accounting Pronouncements

Recently adopted accounting pronouncements

In September, 2006, FASB issued Statement No. 157, “Fair Value Measurements” (“SFAS No. 157”). SFAS No. 157 provides guidance for using fair value to measure assets and liabilities. SFAS No. 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under SFAS No. 157 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under SFAS No. 157 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy 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:

Note 2 Significant Accounting Policies – (cont'd)

o) Recent Accounting Pronouncements - (cont'd)

Recently adopted accounting pronouncements – (cont'd)

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

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

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

SFAS No. 157 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value. SFAS No. 157 does not expand the use of fair value in any new circumstances. Originally, SFAS No. 157 was effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Accordingly, we adopted SFAS No. 157 in the first quarter of fiscal year 2009. In February 2008, the FASB issued FASB Staff Position No. 157-2, “Effective Date of FASB Statement No. 157”, which provides a one year deferral of the effective date of SFAS No. 157 for non-financial assets and non-financial liabilities, except those that are recognized or disclosed in the financial statements at fair value at least annually. The partial adoption of SFAS 157 was prospective and did not have a significant effect on the Company’s consolidated results of operations and financial condition. The Company is currently evaluating the impact of measuring the remaining non-financial assets and non-financial liabilities under FSP No. 157-2 on its financial position, results of operations and cash flows.

In May 2009, the FASB issued SFAS No. 165 “Subsequent Events” (“SFAS 165”). SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS 165 sets forth (1) The period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (2) The circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements and (3) The disclosures that an entity should make about events or transactions that occurred after the balance sheet date. SFAS 165 is effective for interim or annual financial periods ending after June 15, 2009 and is applied prospectively. The adoption of this statement did not have a material effect on the Company’s financial statements. The Company has evaluated subsequent events through September 28, 2009 which represents the date on which the financial statements were issued.

Effective July 1, 2008, the Company adopted Statement of Financial Accounting Standard (“SFAS”) No. 159, The Fair Value Option for Financial Assets and Financial Liabilities-Including an amendment of FASB Statement No. 115. SFAS No. 159 gives the Company the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on a contract-by-contract basis with the difference between the carrying value before election of the fair value option and the fair value recorded upon election as an adjustment to beginning retained earnings. As at June 30, 2009, the Company has not elected the fair value option on any of its financial assets or liabilities.

Note 2 Significant Accounting Policies – (cont'd)

o) Recent Accounting Pronouncements - (cont'd)

Recent Accounting Pronouncements Not Yet Adopted

In December 2007, FASB issued Statement No. 141 (Revised 2007), Business Combinations (“SFAS 141(R)”) and SFAS No. 160, Accounting and Reporting of Non-controlling Interests in Consolidated Financial Statements, an amendment of ARB No. 51 (“SFAS 160”). SFAS 141(R) requires companies to: (i) recognize, with certain exceptions, 100% of the fair values of assets acquired, liabilities assumed, and non-controlling interests in acquisitions of less than a 100% controlling interest when the acquisition constitutes a change in control of the acquired entity; (ii) measure acquirer shares issued in consideration for a business combination at fair value on the acquisition date; (iii) recognize contingent consideration arrangements at their acquisition-date fair values, with subsequent changes in fair value generally reflected in earnings; (iv) with certain exceptions, recognize pre-acquisition loss and gain contingencies at their acquisition-date fair values; (v) capitalize in-process research and development (“IPR&D”) assets acquired; (vi) expense, as incurred, acquisition-related transaction costs; (vii) capitalize acquisition-related restructuring costs only if the criteria in SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities, are met as of the acquisition date; and (viii) recognize changes that result from a business combination transaction in an acquirer’s existing income tax valuation allowances and tax uncertainty accruals as adjustments to income tax expense. SFAS 141(R) is required to be adopted concurrently with SFAS 160 and is effective for business combination transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company does not believe the adoption of these statements will have a material impact on significant acquisitions completed after July 1, 2009.

In April 2008, the FASB issued FSP 142-3, *Determination of the Useful Life of Intangible Assets* (“FSP 142-3”). FSP 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets* (“SFAS 142”). FSP 142-3 improves the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141R and other applicable accounting literature. FSP 142-3 is effective for the Company on July 1, 2009. The Company does not believe that the adoption of FSP 142-3 will have a material effect on its financial position or results of operations.

Note 2 Significant Accounting Policies – (cont'd)

o) Recent Accounting Pronouncements - (cont'd)

Recent Accounting Pronouncements Not Yet Adopted – (cont'd)

In June 2009, the FASB issued SFAS No.168, “The ‘FASB Accounting Standards Codification’ and the Hierarchy of Generally Accepted Accounting Principles” (“SFAS 168”). SFAS 168 establishes the “FASB Accounting Standards Codification” (“Codification”), which officially launched July 1, 2009, to become the source of authoritative U.S. generally accepted accounting principles (“GAAP”) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (“SEC”) under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. The subsequent issuances of new standards will be in the form of Accounting Standards Updates that will be included in the Codification. Generally, the Codification is not expected to change U.S. GAAP. All other accounting literature excluded from the Codification will be considered non-authoritative. SFAS 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. We will adopt SFAS 168 for our quarter ending September 30, 2009. The Company is currently evaluating the effect on its financial statement disclosures as all future references to authoritative accounting literature will be references in accordance with the Codification.

Note 3 Inventory

	2009	2008
Raw materials	\$ 164,260	\$ 223,750
Finished goods	149,742	70,229
	<u>\$ 314,002</u>	<u>\$ 293,979</u>

Note 4 Property, Plant and Equipment

	2009		
	Cost	Accumulated Depreciation	Net
Manufacturing equipment	\$ 3,422,720	\$ 907,283	\$ 2,515,437
Equipment and furniture	33,194	28,664	4,530
Computer equipment	28,938	25,530	3,408
	<u>3,484,852</u>	<u>961,477</u>	<u>2,523,375</u>

Note 4 Property, Plant and Equipment - (cont'd)

	2009		
	Cost	Accumulated Depreciation	Net
Assets under capital lease			
Equipment	69,696	24,317	45,379
Land	54,498	-	54,498
Building	1,871,287	729,645	1,148,156
Railroad spur	94,108	39,426	54,682
	<u>2,089,589</u>	<u>793,388</u>	<u>1,302,715</u>
	<u>\$ 5,574,441</u>	<u>\$ 1,754,865</u>	<u>\$ 3,826,091</u>

	2008		
	Cost	Accumulated Depreciation	Net
Manufacturing equipment	\$ 3,415,039	\$ 737,986	\$ 2,677,053
Equipment and furniture	33,194	26,028	7,166
Computer equipment	28,938	23,870	5,068
	<u>3,477,171</u>	<u>787,884</u>	<u>2,689,287</u>
Assets under capital lease			
Equipment	69,696	17,347	52,349
Land	54,498	-	54,498
Building	1,871,287	649,850	1,221,437
Railroad spur	94,108	35,662	58,446
	<u>2,089,589</u>	<u>702,859</u>	<u>1,386,730</u>
	<u>\$ 5,566,760</u>	<u>\$ 1,490,743</u>	<u>\$ 4,076,017</u>

Amortization of assets under capital leases included in amortization expense for the year ended June 30, 2009 was \$85,147 (2008: \$89,810).

During the year ended June 30, 2009, the Company recorded depreciation expense of \$264,122 (2008: \$260,335) on its property, plant and equipment. This amount is included in cost of sales in the Statement of Operations.

Note 5 Patent, Trademark and Technology Rights

	2009	2008
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	(638,253)	(511,837)
Impairment provision	(113,746)	-
	<u>\$ 272,105</u>	<u>\$ 512,267</u>

During the year ended June 30, 2009, as a result of adverse changes in the business environment in which the Company operates and as a result of continuing operating losses, an impairment analysis was performed on its trademark and technology rights. The impairment analysis consisted of comparing the estimated undiscounted cash flows associated with these rights to their carrying value and as a result, the Company recorded an impairment provision of \$113,746 which reduced the carrying value of the rights to their fair value of \$250,833. This impairment provision was determined by discounting the Company's best estimate of future cash flows associated with the trademark and technology rights over its estimated remaining useful life of 3 years as at June 30, 2009. There is significant measurement uncertainty in determining this estimate, particularly in the relation to estimated future revenue and expenses.

Note 6 Long-term Debt

	2009	2008
Revolving bank loan facility in the amount of \$500,000 bearing interest at 7.5% per annum and secured by a security interest in inventory, accounts receivable, equipment and all intangibles of the Company as well as an assignment of the building lease. The balance was due on August 1, 2009.	\$ 475,000	\$ -
Term bank loan facility in the amount of \$500,000 bearing interest at 7% per annum and secured by a second charge over the real estate. The facility is being amortized over 7 years with fixed monthly blended payments of principal and interest totalling \$7,550 and has a balloon payment due July 1, 2012.	446,460	50,000
	<u>921,460</u>	<u>750,000</u>
Less: Current portion	60,863	-
	<u>\$ 860,597</u>	<u>\$ 750,000</u>

During the year ended June 30, 2009, the terms of the revolving bank facility were modified to include a \$500,000 capital loan being amortized by the bank over a 7-year period and which is secured by building, property and equipment. Additionally, the bank provided a \$500,000 credit facility as an operating line of credit from which the Company has drawn \$475,000 as at June 30, 2009

Subsequent to June 30, 2009 and prior to the issuance of the financial statements, the Company renewed the terms of the revolving bank facility to extend the maturity date to August 1, 2010 and to reduce the annual interest rate to 7%. Thus, in accordance with FAS 6, *Classification of Short-Term Obligations Expected to be Refinanced*, the Company has classified the revolving bank facility as a long-term liability as at June 30, 2009.

Note 6 Long-term Debt – (cont'd)

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

2010	\$ 60,863
2011	540,326
2012	70,062
2013	<u>250,209</u>
	<u>\$ 921,460</u>

Note 7 Obligation Under Capital Leases

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

2010	\$ 75,922
2011	73,621
2012	73,621
2013	73,621
2014	73,621
2015	73,621
Thereafter	<u>42,527</u>
	486,554
Less: amount representing interest	<u>(88,250)</u>
	398,304
Less: current portion	<u>(53,894)</u>
Long-term portion	<u>\$ 344,410</u>

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, 2009 was \$25,469 (2008: \$29,606).

Note 8 Common Stock

a) Escrow:

At June 30, 2009, there are 48,922 (2008 – 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, 2009, all of these shares held in escrow are issuable but the Company has yet to request their release.

Note 8 Common Stock – (cont'd)

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.

A summary of the status of the Company's share purchase option plan as of June 30, 2009 and 2008 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, 2007	2,453,400	\$0.57	\$ -
Granted	740,000	\$0.51	
Expired	(1,085,850)	\$0.44	
Outstanding, June 30, 2008	2,107,550	\$0.57	\$ -
Granted	40,000	\$0.05	
Expired	(149,550)	\$0.55	
Forfeited	(56,250)	\$0.45	
Outstanding, June 30, 2009	1,941,750	\$0.56	\$ 2,400
Exercisable, June 30, 2009	1,839,250	\$0.57	\$ 600
Exercisable, June 30, 2008	1,870,050	\$0.58	\$ -

Note 8 Common Stock – (cont'd)

b) Commitments – (cont'd)

Stock-based Compensation Plan – (cont'd)

The following summarizes information about share purchase options outstanding as at June 30, 2009:

Number	Exercise Price	Expiry Date	Remaining Contractual Life
986,750	\$0.65	August 24, 2009	0.15 years
665,000	\$0.45	January 10, 2010	0.53 years
250,000	\$0.55	August 9, 2010	1.11 years
40,000	\$0.05	March 7, 2011	1.68 years
<u>1,941,750</u>			

The weighted-average grant date fair value of options granted during the years 2009 and 2008 was \$0.11 and \$0.08, respectively. Subsequent to June 30, 2009, the 986,750 stock options exercisable at \$0.65 until August 24, 2009 expired unexercised.

Stock-based compensation charges have been determined under the fair value method using the Black-Scholes option pricing model with the following weighted average assumptions:

	2009	2008
Expected dividend yield	0.0%	0.0%
Expected volatility	174%	146%
Risk-free interest rate	2.02%	2.71%
Expected term in years	1.61 years	1.75 years

The Company's computation of expected volatility of stock options for the years ended June 30, 2009 and 2008 is based on the historical trading activity of its common shares. The expected term of the options granted to employees is derived from the simplified method as prescribed by SEC Staff Accounting Bulletin ("SAB") No. 110 given that the Company has no historical experience with the exercise of options for which to base an estimate of the expected term of options granted. The Company anticipates it will discontinue the use of the simplified method of SAB 110 once sufficient historical option exercise behaviour becomes apparent. The expected term of options granted to non-employees was determined to be the option term. The interest rate for periods within the contractual life of the award is approximated based on the U.S. Treasury yield curve in effect at the time of grant.

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

	2009	2008
Wages and management fees	\$ 9,820	\$ 47,329

Note 8 Common Stock – (cont'd)

b) Commitments – (cont'd)

Stock-based Compensation Plan – (cont'd)

A summary of changes in the Company's unvested stock options for the years ended June 30, 2009 and 2008 is presented below:

	2009		2008	
	Number of Options	Weighted Average Grant Date Fair Value	Number of Options	Weighted Average Grant Date Fair Value
Outstanding, beginning of year	237,500	\$0.08	427,500	\$0.08
Granted	40,000	\$0.11	740,000	\$0.08
Cancelled	-	-	(290,000)	-
Forfeited	(56,250)	\$0.08	-	-
Vested	(118,750)	\$0.07	(640,000)	\$0.12
Outstanding, end of year	<u>102,500</u>	\$0.06	<u>237,500</u>	\$0.08

As at June 30, 2009 there was a total of \$2,036 of unrecognized compensation cost associated with unvested share-based compensation awards that will become vested in the year ended June 30, 2010 and thus, this unrecognized compensation cost is expected to be recognized during the year ended June 30, 2010.

Note 9 Research and Development Costs

Research and development expense, included in cost of sales, consists of the following for the years ended June 30, 2009 and 2008.

	2009	2008
Testing services	<u>\$ 17,091</u>	<u>\$ 144,181</u>

Note 10 Related Party Transactions

The Company was charged the following amounts by directors or private companies with common directors during the years ended June 30, 2009 and 2008:

	2009	2008
Wages and management fees	<u>\$ 175,799</u>	<u>\$ 180,504</u>

Included in accounts payable and accrued liabilities is \$2,937 (2008: \$1,510) owing to directors of the Company.

Note 11 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:

	2009	2008
Net operating losses	\$ 1,262,000	\$ 1,116,000
Property, plant and equipment	647,000	836,000
Expenses not currently deductible	57,000	18,000
Valuation allowance	(1,966,000)	(1,970,000)
Net deferred tax assets	<u>\$ -</u>	<u>\$ -</u>

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

	June 30, 2009	June 30, 2008
Income tax benefit at statutory rate	\$ (216,000)	\$ (255,000)
Foreign income taxed at foreign statutory rate	(11,000)	(13,000)
Permanent differences	-	1,000
Expiry of losses	8,000	14,000
Effect of foreign exchange	211,000	(68,000)
Effect of reduction in tax rates	12,000	17,000
Increase (decrease) in valuation allowance	(4,000)	304,000
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, 2009 and June 30, 2008.

Note 11 Income Taxes – (cont'd)

As at June 30, 2009, the Company had 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
2010	\$ -	\$ 34,481	\$ 34,481
2011	-	105,540	105,540
2015	-	145,542	145,542
2016	-	156,488	156,488
2017	277,482	-	277,482
2018	259,463	-	259,463
2019	194,101	-	194,101
2020	146,423	-	146,423
2022	207,585	-	207,585
2023	133,841	-	133,841
2024	31,912	-	31,912
2025	133,549	-	133,549
2027	331,559	188,276	519,835
2028	848,901	159,153	1,008,054
2029	413,621	169,508	583,129
	<u>\$ 2,978,437</u>	<u>\$ 958,988</u>	<u>\$ 3,937,325</u>

Uncertain Tax Positions

The Company has adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 prescribes a recognition threshold and measurement attribute for the recognition and measurement of tax positions taken or expected to be taken in income tax returns. FIN 48 also provides guidance on de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, and accounting for interest and penalties associated with tax positions.

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 2001.

Based on the management's assessment of FIN 48, it was concluded that the adoption of FIN 48, as of July 1, 2007, had no significant impact on the Company's results of operations or financial position, and required no adjustment to the opening balance sheet accounts. The year-end analysis supports the same conclusion, and the Company does not have an accrual for uncertain tax positions as of June 30, 2009. As a result, tabular reconciliation of beginning and ending balances would not be meaningful. If interest and penalties were to be assessed, we would charge interest to interest expense, and penalties to other operating expense. 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 12 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.

Note 13 Contingent Liability

Subsequent to June 30, 2009, the Company settled an ongoing lawsuit in which the plaintiff claimed damages for defective building materials. The negotiated settlement amount of \$50,000 has been accrued in these consolidated financial statements.

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, 2009, 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 Exchange Act Rule 13a-15(f). Management evaluated, under the supervision and with the participation of the Chief Executive Officer, the effectiveness of its internal control over financial reporting as of June 30, 2009.

Based on its evaluation under the framework in Internal Control-Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission, management concluded that the Company's internal control over financial reporting was not effective as of June 30, 2009, 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, 2009.

This annual report does not include an attestation report of the company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to temporary rules of the SEC that permit the company to provide only management's report in this annual report.

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, 2009, management identified the following material weakness in internal control:

The company does not have in-house personnel with the technical knowledge to identify and address some of the reporting issues surrounding certain complex or non-routine transactions

Plan for Remediation of Material Weaknesses

We intend to take appropriate and reasonable steps to make the necessary improvements to remediate this deficiency. We intend to consider the results of our remediation efforts and related testing as part of our year-end 2009 assessment of the effectiveness of our internal control over financial reporting.

We are in the process of designing and implementing additional remediation measures for the material weakness described in this annual report. Such remediation activities include the following:

The Company plans to enhance the training and oversight of the accounting personnel responsible for measuring and recording non-routine transactions involving complex accounting matters.

(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, 2009 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, 2009

Name	Position	Age	Date of First Election or Appointment
David J. Corcoran (1)(2)	CFO/Director	61	July 1986
Michael D. Huddy (3)	President/CEO/Director	56	February 1993
Lindsey Nauen (4)	Corporate Secretary	57	December 2003
Craig Roberts (1)(5)	Director	36	August 2006
Victor A. Yates (1)	Director	63	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
-

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 Technologies Inc. are in compliance with all reporting requirements of the exchange act.

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.

As of the date of this report, we do not have a separately designated compensation or nominating committee.

Board Meetings and Committees; Annual Meeting Attendance

During Fiscal 2009, the Board of Directors held four regularly scheduled meetings, and eight 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; all of the directors attended the 2009 annual shareholders meeting.

The attendance records of our Board members during Fiscal 2009 were:

Name	Board of Director Meetings	Audit Committee Meetings
David Corcoran	4 of 4	12 of 12
Michael Huddy	4 of 4	
Craig Roberts	4 of 4	12 of 12
Victor Yates	4 of 4	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 2009 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 2009 and has met three times during Fiscal 2010-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 DBO 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 2008.

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 2009/2008/2007, Directors were paid \$6,795, \$10,571, and \$7,500 for attending meetings, respectively.

However, during Fiscal 2007, the Company granted 250,000 "below-market" stock options to Craig Roberts, a Director of the Company; resulting in \$32,500 in "compensation".

Executive Officer Compensation

The following table sets forth the summary of compensation earned during Fiscal 2007 through Fiscal 2009 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	2009	\$120,577	Nil	Nil	\$Nil	Nil	Nil	Nil	\$120,577
	2008	\$125,526	Nil	Nil	\$13,500	Nil	Nil	Nil	\$139,026
	2007	\$118,457	Nil	Nil	\$nil	Nil	Nil	Nil	\$118,457
David Corcoran Administrator/CFO	2009	\$45,731	Nil	Nil	\$Nil	Nil	Nil	Nil	\$45,731
	2008	\$49,546	Nil	Nil	\$13,500	Nil	Nil	Nil	\$63,046
	2007	\$44,129	Nil	Nil	\$nil	Nil	Nil	Nil	\$44,129
Lindsey Nauen Corporate Secretary	2009	Nil	Nil	Nil	\$Nil	Nil	Nil	Nil	\$Nil
	2008	Nil	Nil	Nil	\$3,500	Nil	Nil	Nil	\$3,500
	2007	Nil	Nil	Nil	\$nil	Nil	Nil	Nil	\$il

(1) The determination of value of option awards is based upon the Black-Scholes Option pricing model, details and assumptions of which are set out in Note 8 to the consolidated financial statements included in this Annual Report.

Director Compensation

The following table sets forth the summary of compensation earned during Fiscal 2007 through Fiscal 2009 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	2009	\$3,000	Nil	Nil	Nil	Nil	Nil	\$3,000
	2008	\$2,279	Nil	Nil	Nil	Nil	Nil	\$2,279
	2007	\$3,055	Nil	Nil	Nil	Nil	Nil	\$3,055
Michael Huddy (1)	2009	\$3,000	Nil	Nil	Nil	Nil	Nil	\$3,000
	2008	\$4,500	Nil	Nil	Nil	Nil	Nil	\$4,500
	2007	\$750	Nil	Nil	Nil	Nil	Nil	\$750
Craig Roberts	2009	\$3,000	Nil	Nil	Nil	Nil	Nil	\$3,000
	2008	\$1,513	Nil	Nil	Nil	Nil	Nil	\$1,513
	2007	\$750	Nil	\$74,985	Nil	Nil	Nil	\$75,735
Victor Yates	2009	\$3,000	Nil	Nil	Nil	Nil	Nil	\$3,000
	2008	\$2,279	Nil	\$13,500	Nil	Nil	Nil	\$15,779
	2007	\$3,055	Nil	Nil	Nil	Nil	Nil	\$3,055

(1) \$2,250 of Director's Fees paid in Fiscal 2008 to Michael Huddy were earned, but not paid in the previous year.

(2) The determination of value of option awards is based upon the Black-Scholes Option pricing model, details and assumptions of which are set out in Note 8 to the consolidated financial statements included in this Annual Report.

COMPENSATION COMMITTEE

Compensation Discussion and Analysis

The Compensation Committee acts pursuant to its charter and is authorized and directed, among other things, to: (1) review and approve corporate goals and objectives relevant to the Chief Executive Officer's compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives (including the Chief Executive Officer's performance in fostering a culture of ethics and integrity), and, either as a committee or together with the other independent directors (as directed by the Board), determine and approve the Chief Executive Officer's compensation level based on this evaluation; (2) review the performance of and make recommendations to the Board regarding the individual elements of total compensation for the executive officers of the Company other than the Chief Executive Officer, including any amendments to such executive's employment agreement, any proposed severance arrangements or change in control and similar agreements/provisions, and any amendments, supplements or waivers to the foregoing agreements; (3) review and approve the Company's incentive compensation and equity-based plans and approve changes to such plans, in each case subject, where appropriate, to stockholder or Board approval, and review and approve annual retainer and meeting fees for non-employee members of the Board and committees of the Board, fix the terms and awards of stock compensation for such members of the Board and determine the terms, if any, upon which such fees may be deferred; and (5) produce a compensation committee report on executive officer compensation as required by the SEC, after the committee reviews and discusses with management the Company's Compensation Discussion and Analysis, or CD&A, and consider whether to recommend that it be included in the Company's proxy statement or annual report on Form 10-K filed with the SEC.

The committee consists of David Corcoran (Chief Financial Officer), Craig Roberts (independent) and Martin Litz (independent). 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.

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Section 229.402(b) with management; and based on that review and those discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's annual report on Form 10-K and/or Proxy Statement on Schedule 14A.

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended June 30, 2009, no Compensation Committee interlocks existed between the Company and any other entity, meaning none of our executive officers currently serves, or has served during the last completed fiscal year, on the compensation committee or Board of Directors of any other entity that has one or more executive officers serving as a member of our Board of Directors or compensation committee.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the CD&A contained in this proxy statement. Based on this review and discussion, the Compensation Committee has recommended to the Board of Directors that the CD&A be included in our annual report on Form 10-K for the fiscal year ended June 30, 2009 and the Board of Directors approved that recommendation.

SIGNED
Compensation Committee
/s/ David Corcoran (Chief Financial Officer/Director)
/s/ Martin Litz (independent)
/s/ Craig Roberts (independent)

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 following incentive stock options were granted to Executive Officers, Directors, employees/consultants. The Company has no equity or non-equity incentive plans. No stock options previously granted to Executive Officers and Directors were cancelled, forfeited, or expired un-exercised; and 205,800 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 2009 Ended 6/30/2009

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
Consultant	3/11/2009	Nil	40,000	\$0.05	\$0.05

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 2009 Ended 6/30/2009.

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	284,700 150,000	Nil Nil	Nil Nil	\$0.65 \$0.45	8/24/2009 1/10/2010
David Corcoran	292,350 150,000	Nil Nil	Nil Nil	\$0.65 \$0.45	8/24/2009 1/10/2010
Victor Yates	292,350 150,000	Nil Nil	Nil Nil	\$0.65 \$0.45	8/24/2009 1/10/2010
Craig Roberts	250,000	Nil	Nil	\$0.55	8/09/2010
Lindsay Nauen	50,000	Nil	Nil	\$0.45	1/10/2010

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

Option Exercises and Stock Vested

During Fiscal 2009 ended 6/30/2009, there were no exercises of 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 2008 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 2009 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, 2009:

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	1,941,750	\$0.56	999,743

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	1,941,750	\$0.56	

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, 2009

Title of Class	Name/Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class #
Common	Carl Marks Group (1)	4,048,295	13.7%
Common	Michael Huddy (2)	1,664,960	5.6%
Common	David Corcoran (3)	1,578,035	5.3%
Common	Victor Yates (4)	872,122	2.9%
Common	Craig Roberts (5)	250,000	*
Common	Lindsey Nauen (6)	50,000	*
Total Directors/Officers		<u>4,415,117</u>	<u>13.9%</u> 27.6%

*holds less than 1% disavow

- (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. Martin Litz has a stock option for 100,000 shares.
- (2) 434,700 represent currently exercisable stock options.
- (3) 442,350 represent currently exercisable stock options.
954,287 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 486,434 shares owned by family members, where he disavows beneficial interest and does not have voting or disposition control.
- (4) 442,350 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 751,551 shares owned by family members, where he disavows beneficial interest and does not have voting or disposition control.
- (5) 250,000 represent currently exercisable stock options.
- (6) 50,000 represent currently exercisable stock options.

Based on 29,414,926 shares outstanding as of 8/31/2009.

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 8/31/2009, 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
September 15, 2009

Name	Number of Shares of Common Stock	US\$ Exer. Price	Grant Date	Expir'n Date
David Corcoran	150,000	\$0.45	1/10/08	1/10/10
Victor Yates	150,000	\$0.45	1/10/08	1/10/10
Michael Huddy	150,000	\$0.45	1/10/08	1/10/10
Craig Roberts	250,000	\$0.55	8/09/06	8/09/10
Lindsay Nauen	50,000	\$.045	1/10/08	1/10/10
SubTotal Officers/Directors	750,000			
Employees/Consultants (1)	165,000	\$0.45	1/10/08	1/10/10
Consultant (1)	40,000	\$0.05	3/11/09	3/11/11
Total Officers/Directors/Employees	955,000			

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

Share Purchase Warrants

As of 8/31/2009, no share purchase warrants were outstanding.

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 2009/2008, \$43,179 and \$49,546 were paid/accrued to Corcoran Enterprises Ltd., respectively.

Other than described above, there have been no transactions since 6/30/2008, 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 2009 and Fiscal 2008.

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 6/30/2009 and 6/30/2008 were \$61,329 and \$61,329, respectively.

Audit Related Fees

The Company incurred no fees during fiscal years ended 6/30/2009 and 6/30/2008.

Tax Fees

The Company incurred no fees during the last two fiscal years 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: No Disclosure Necessary
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: September 28, 2009 By /s/ Michael Huddy
Michael Huddy, President/CEO/Director

Dated: September 28, 2009 By /s/ David Corcoran
David Corcoran, CFO/Director

EXHIBIT 31.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE 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(s) 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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(s) 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 (or persons performing the equivalent functions):
 - (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: September 28, 2009

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

EXHIBIT 31.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE 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(s) 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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(s) 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 (or persons performing the equivalent functions):
 - (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: September 28, 2009

/s/DAVID CORCORAN
David Corcoran
Chief Financial Officer
(Principal Executive Officer)

EXHIBIT 32.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael Huddy, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

The Annual Report on Form 10-K of International Barrier Technology Inc., the Company, for the fiscal year ended June 30, 2009, as filed with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 28, 2009

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

EXHIBIT 32.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, David Corcoran, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

The Annual Report on Form 10-K of International Barrier Technology Inc., the Company, for the fiscal year ended June 30, 2009, as filed with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 28, 2009

/s/DAVID CORCORAN
David Corcoran
Chief Financial Officer
(Principal Executive Officer)