Management's Discussion & Analysis ("MD&A")

For the three month period ended March 31, 2018

Dated: May 14, 2018

Management’s Discussion and Analysis

Management’s discussion and analysis (“**MD&A**”) is the explanation by Iron Bridge Resources Inc. (the “**Company**” or “**IBR**”) of its consolidated financial performance for the period covered by the interim condensed consolidated financial statements along with an analysis of the Company’s financial position. The following commentary relates to and should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the three month periods ended March 31, 2018 and 2017 and the audited consolidated financial statements and MD&A for the year ended December 31, 2017. All figures provided herein are reported in Canadian dollars unless otherwise stated. Unaudited financial and operating information for the three month period ended March 31, 2018 (“**Q118**”), in addition to the corresponding comparative quarter ended March 31, 2017 (“**Q117**”), are presented in tables within this MD&A.

The Company’s interim condensed consolidated financial statements for the three month period ended March 31, 2018 and its audited annual 2017 consolidated financial statements, in addition to other disclosure documents, are available on the *System for Electronic Document Analysis and Retrieval* (“**SEDAR**”) at www.sedar.com.

This MD&A contains non-GAAP measures which are not prescribed by International Financial Reporting Standards (“**IFRS**”) and therefore may not be comparable with the calculating of similar measures presented by other companies. Additionally, statements throughout this MD&A that are not historical facts may be considered “forward-looking statements”. Readers should read the advisories under the headings “*Non-GAAP Measures*” and “*Forward-Looking Statements*” included at the end of the MD&A.

This MD&A includes information up to and including May 14, 2018.

Business Overview

Iron Bridge Resources Inc. is an independent, Alberta-based crude oil and natural gas company actively engaged in the exploration for, development and production of crude oil, natural gas and NGLs reserves from the Montney formation at Gold Creek in West Central Alberta in the Western Canadian Sedimentary Basin. IBR is incorporated under the laws of Alberta and its common shares are publicly listed and traded on the Toronto Stock Exchange (“**TSX**”) under the trading symbol “**IBR**”. The Company’s head office is located in Calgary, Alberta at 1200, 500 - 4th Avenue S.W., T2P 2V6. As of May 11, 2018, IBR’s market capitalization was approximately $74.3 million. Market capitalization is calculated by applying a point-in-time closing share trading price to the number of common shares outstanding.

Strategic Asset Disposition

On October 17, 2017, the Company closed the strategic asset disposition (the “**Disposition Transaction**”) to Tangle Creek Energy Ltd. (“**Tangle Creek**”), a private oil and gas company, pursuant to which Tangle Creek acquired all of the Company’s crude oil and natural gas interests in the Waskahigan, Grizzly, Kaybob, Gilby and Pine Creek areas of West Central Alberta in addition to other minor Alberta properties (collectively, the “**Assets**”). Consideration received by the Company totaled approximately $77.0 million, net of closing adjustments and related costs, comprised of approximately $68.0 million in cash and approximately 13.85 million Tangle Creek common shares (having a value of $9.0 million based upon the issue price of Tangle Creek’s most recent equity financing completed). Prior to the closing of the Disposition Transaction, the Assets were classified as *assets held for sale* and measured at the lower of their carrying amount and fair value less costs to sell resulting in an impairment loss of $102.5 million. The effective date of the Transaction was June 1, 2017. The Disposition Transaction was approved by overwhelming majority (over 99%) by the holders of common shares of the Company at a special meeting of shareholders held on October 13, 2017.

The Company’s reported first quarter 2018 excludes all operational and financial contribution from the disposed Assets.

The Disposition Transaction strategically transformed the Company to a geographically and geologically-focused Montney producer at Gold Creek in West Central Alberta, holding a large land base consisting of 78 (77.5 net) sections (49,600 net acres) of operated Montney acreage with substantial resource potential. Delineation and development of the Company's Gold Creek asset will focus on extended reach horizontals with increased frac and proppant intensity. These technical improvements coupled with operational efficiencies in spud-to-on-stream cycle times, emulsion management and infrastructure optimization is expected to provide the key to unlocking the vast potential of the Gold Creek Montney fairway.

Iron Chain Technology Corp.

On January 22, 2018, the Company announced the formation and launch of a wholly-owned cryptocurrency mining and hosting operation called Iron Chain Technology Corp. ("**ICT**"). The Company continues to progress its cryptocurrency mining pilot at its 2-23 battery site. Cryptocurrency mining equipment and a fit-for-purpose containerized facility is expected to be powered-up and operational near the end of the second quarter of 2018. The Company will provide progress updates as they become available.

Petroleum and Natural Gas Production

During the first quarter of 2018, IBR's average daily production from the Company's Gold Creek field was 1,256 boe/d, with light crude oil and NGLs volumes comprising 31% of the first quarter production. This represents a 61% decrease over the comparative first quarter 2017 production of 3,207 boe/d and a 48% decrease from the production level of 2,416 boe/d for the preceding fourth quarter of 2017. The Company's first quarter 2018 production level was lower than the comparative 2017 periods as a result of the aforementioned Disposition Transaction. The Disposition Transaction closed on October 17, 2017, resulting in IBR's comparative first quarter 2017 production figure including field production from the disposed Assets for the entire quarter and the preceding fourth quarter 2017 production level including field production from the disposed Assets up to the closing date. Conversely, first quarter 2018 production does not include any field volume contribution from the disposed Assets.

Additionally, production in the first quarter of 2018 was affected by production outages on existing producing wells due to new well completion and battery expansion operations undertaken during the quarter. During the first quarter, producing horizontal wells located at IBR's Gold Creek 2-23 Facility surface lease were deliberately shut-in to facilitate completion operations conducted on two infill development horizontal wells (the "**8-21**" and "**02/8-21**") located on the same pad site as the existing producers. As a result of these intentional shut-ins, two (2.0 net) Montney wells (the "**3-22**" and "**4-18**") produced intermittently for only 64% (58 days) and 53% (48 days) of the time, respectively, during the first quarter. The Company's new 8-21 and 02/8-21 wells were both tied-in and brought on-production at the end of April 2018 and will contribute to IBR's second quarter 2018 production levels.

	Q118	Q117	% Change
Light crude oil (Bbls/d)	**220**	964	(77)
NGLs (Bbls/d)	**165**	214	(23)
Natural gas (Mcf/d)	**5,233**	12,179	(57)
Oil equivalent (boe/d)	**1,256**	3,207	(61)
Light crude oil and NGLs (%)	**31**	37	(16)
Natural gas (%)	**69**	63	10
Total (%)	**100**	100	-

Petroleum and Natural Gas Sales and Commodity Pricing

The Company's petroleum and natural gas ("**P&NG**") sales may fluctuate significantly from period-to-period as a result of changes in realized commodity prices and/or IBR's production volumes. Revenue from the sale of the Company's petroleum (light crude oil and natural gas liquids) and natural gas is recognized when the risks and rewards of ownership of the commodity is transferred to the purchaser, based on volumes delivered to purchasers' contractual delivery points and when collection is reasonably assured by the Company. IBR took greater than 95% of its working interest production "in-kind" and was marketed and sold through four (4) primary commodity purchasers during the first quarter of 2018.

The West Texas Intermediate ("**WTI**") at Cushing, Oklahoma is the benchmark reference price for North American crude oil prices. Canadian oil prices, including IBR's light crude oil, are based on price postings, which is WTI-adjusted for transportation, quality and the U.S./Canadian dollar currency conversion rates. In the first quarter of 2018, the average WTI crude oil benchmark price increased by 14% to US$62.89/Bbl, as compared to the preceding fourth quarter of 2017 price of US$55.30/Bbl and increased 21% from the comparative first quarter 2017 price of US$51.78/Bbl. Notwithstanding the recent increase in benchmark prices for global crude oil attributable to robust demand and ongoing compliance to production cuts by OPEC members resulting in global inventory reductions, beleaguered Canadian producers continue to receive a discount for their production. Currency exchange rates, production location and oil quality differentials as well as transportation bottlenecks are all factors that result in lower prices received for Canadian crude oil.

The Nymex Henry Hub natural gas price averaged US$2.85/MMbtu for the three month period ended March 31, 2018, resulting in a 3% decrease from the preceding fourth quarter of 2017 average price of US$2.93/MMbtu. In comparison to the first quarter of 2017 period, the Nymex Henry Hub natural gas price decreased by 7%. IBR's natural gas sales are priced with reference to the Alberta AECO 5A market reference price. The Canadian AECO natural gas price of $2.06/Mcf for the first quarter of 2018 increased by 23% over the preceding fourth quarter of 2017 price of $1.67/Mcf and decreased by 23% over the comparative first quarter of 2017 price of $2.69/Mcf. The substantial decrease in AECO from the comparative first quarter 2017 period was primarily due to an oversupply of Canadian natural gas and transportation constraints. The price realized by IBR for natural gas production from its Gold Creek asset is primarily determined by the AECO benchmark and is based on Canadian market fundamentals.

Given that North American crude oil and natural gas benchmark market prices are denominated in U.S. dollar currency, a slight increase in the value of the Canadian dollar compared to the U.S. dollar during the first quarter of 2018 had a negative impact on the Company's revenues.

The Company's total P&NG sales for the three month period ended March 31, 2018 decreased by 40% to $3.4 million from the preceding fourth quarter of 2017 amount of $5.6 million and decreased by 64% from the comparative first quarter 2017 sales level of $9.5 million. The lower production output primarily accounted for the decrease in realized revenues in the first quarter of 2018.

The following table highlights IBR's realized commodity prices and market benchmark prices:

	Q118	Q117	% Change
IBR prices			
Light crude oil ($/Bbl)	**72.45**	61.39	18
NGLs ($/Bbl)	**55.82**	45.31	23
Natural gas ($/Mcf)	**2.40**	2.98	(19)
Oil equivalent ($/boe)	**29.99**	32.76	(8)
Industry benchmark prices			
WTI Cushing oil (US$/Bbl)	**62.89**	51.78	21
Nymex Henry Hub spot gas (US$/MMbtu)	**2.85**	3.06	(7)
AECO daily index spot gas ($/Mcf)	**2.06**	2.69	(23)
Exchange rate (US$/C$)	**0.7911**	0.7554	5

The following table provides the breakdown of petroleum and natural gas sales into crude oil, natural gas and NGLs sales:

($000s)	Q118	Q117	% Change
Light crude oil sales	**1,433**	5,326	(73)
Natural gas sales	**1,132**	3,261	(65)
NGLs sales	**826**	871	(5)
Petroleum and natural gas sales	**3,391**	9,458	(64)

Commodity Price Risk Management

As a means of managing commodity price volatility and its impact on IBR's cash provided from operating activities and adjusted funds flow, from time-to-time the Company may enter into various derivative financial instruments and physical delivery commodity contract arrangements, primarily commodity price contracts, to manage fluctuations in crude oil and natural gas market prices. Any such contracts are entered into with investment grade counter-parties that IBR believes present minimal credit risk. The Company does not utilize derivative financial instruments for speculative trading purposes.

IBR did not have any outstanding derivative contracts as at December 31, 2017 and March 31, 2018.

Other Income

The Company's other income is comprised of the following:

($000s)	Q118	Q117	% Change
Transportation income	**9**	593	(98)
Gathering, compression, road use and other income (loss)	**(8)**	260	(103)
Interest income	**158**	-	-
Other income	**159**	853	(81)

Transportation income relates to the Company's commercial efforts to mitigate its unutilized capacity attributable to its gas transportation firm receipt service obligations through natural gas supply transactions with other producers in the market to meet the shortfall contract quantities.

The Company's other income for the quarter ended March 31, 2018 amounted to $0.2 million representing an 81% decrease from other income of $0.9 million recognized in the first quarter of 2017. The decrease is attributable to reduced gathering, compression and road use income as a result of the aforementioned Disposition Transaction. Additionally, the mitigation of the Company's excess gas firm transportation service in the first quarter of 2018 was muted due to shipper over-supply of overall firm transportation service on the pipeline system. This decrease in other income was offset by interest income of $158 thousand recognized during the first quarter of 2018.

Petroleum and Natural Gas Royalties

The Company recognized a $0.2 million recovery in respect to petroleum and natural gas royalties for the quarter ended March 31, 2018, as compared to the first quarter 2017 royalty encumbrances of $0.8 million with a corporate effective royalty rate of 8.5%. P&NG royalty expense in the first quarter of 2018 was positively impacted by a Crown gas cost allowance royalty recovery related to a prior period in the amount of $280 thousand. Excluding this credit adjustment, IBR's first quarter corporate royalty rate would have been 4% of P&NG revenue. At Gold Creek, a significant portion of the Company's current Montney production and future new well production, benefits from the Alberta Government's Modernized Royalty Framework, which provides for a pre-payout drilling and completion cost allowance based on a revenue minus cost royalty structure across all hydrocarbons, a post-payout royalty rate based on commodity prices, and the reduction of royalty rates for mature wells. IBR's significant Gold Creek Montney leasehold position of 49,920 gross acres (49,600 net acres) is substantially all Crown-lease based.

($000s)	Q118	Q117	% Change
Crown	**(156)**	707	(122)
Freehold and overrides	**3**	94	(97)
Total royalties expense (recovery)	**(153)**	801	(119)
Corporate royalty rate (%) (1)	**-**	8.5	-

(1) Royalty rate is based on P&NG sales, excluding any realized gains or losses from risk management commodity contract settlements.

Net Operating Expenses

Total field net operating expenses for the quarter ended March 31, 2018 were $0.7 million or $6.36 on an oil-equivalent per unit basis, as compared to the net field production costs in the first quarter of 2017 of $3.3 million or $11.45 per boe and $2.3 million or $10.43 per boe in the preceding fourth quarter of 2017. IBR's first quarter 2018 operating cost profile benefited from its strategic transition to a geographically-concentrated, Montney-focused play at Gold Creek with a lower operating cost structure. Additionally, in the first quarter of 2018, a prior period operating cost recovery of approximately $445 thousand contributed to lower reported operating costs.

($000s)	Q118	Q117	% Change
Operating expenses	**711**	3,564	(80)
Less: Gathering, compression, road use and other (income) loss	**8**	(260)	(103)
Net operating expenses (1)	**719**	3,304	(78)
Per unit ($/boe)	**6.36**	11.45	(44)

(1) See definition under the "*Non-GAAP Measures*" section contained within this MD&A.

Net Transportation Expenses

IBR incurs transportation costs on the crude oil and natural gas it delivers up to the title transfer point. In the first quarter of 2017, these costs primarily encompassed oil sales pipeline tariffs, pipeline fuel surcharges and transportation costs associated with firm receipt gas transportation service on the Alliance Pipeline system. Firm receipt service ensures uninterrupted delivery of the Company's natural gas production on the Alliance Pipeline system. The net cost of transporting and distributing natural gas and crude oil production to market delivery points during the quarter ended March 31, 2018 amounted to $0.9 million or $8.29 per boe, as compared to $1.0 million or $3.47 per boe for the first quarter of 2017 and $1.5 million or $6.65 per boe in the preceding fourth quarter of 2017.

'Take-or-pay' fixed charges associated with under-utilized firm service volume obligations on both the Pembina Peace Pipeline and Alliance Pipeline Systems due to the aforementioned lower production levels in the first quarter, in conjunction with muted third-party mitigation of excess firm service, resulted in higher realized per-unit net transportation expense. The per-unit impact of these under-utilized fixed charges on the Company's reported first quarter 2018 net transportation expenses was approximately $5.00/boe. Prospectively, IBR's presently higher production levels will mitigate its under-utilized firm service arrangements experienced in the first quarter.

($000s)	Q118	Q117	% Change
Transportation expenses	**947**	1,596	(41)
Less: Transportation income	**(9)**	(593)	(98)
Net transportation expenses (1)	**938**	1,003	(6)
Per unit ($/boe)	**8.29**	3.47	139

(1) See definition under the "*Non-GAAP Measures*" section contained within this MD&A.

General and Administrative Expense

The Company's first quarter 2018 corporate head office general and administrative ("**G&A**") aggregate costs, both cash and expensed, were lower than both the reported comparative first quarter 2017 and the preceding fourth quarter 2017 respective amounts. During the quarter ended March 31, 2018, expensed G&A amounted to $1.1 million, a significant decrease of 42%

from the $1.9 million recorded in the comparative first quarter of 2017 and a 37% decrease from the $1.7 million expensed in the fourth quarter of 2017, reflecting cost optimization initiatives undertaken by the Company. Additionally, the comparative first quarter of 2017 included a non-recurring retiring allowance in the amount of $610 thousand. Presently, IBR employs 16 head office personnel, of which 13 employees are full-time.

($000s)	Q118	Q117	% Change
Gross cash	**1,278**	2,158	(41)
Recoveries and capitalized	**(199)**	(287)	(31)
Expensed	**1,079**	1,871	(42)
Per unit ($/boe)	**9.54**	6.48	47

Share-Based Compensation

Share-based compensation costs (**"SBC"**) are non-cash charges which reflect the estimated value of stock options and incentive awards issued to directors, officers and employees of IBR. The value of the award is recognized as an expense over the period from the grant date to the date of final vesting of the award. The Company capitalizes a portion of share-based compensation expense which is directly attributable to personnel involved in exploration and development capital investment activities. IBR utilizes the fair value method for measuring share-based compensation expenses. Compensation cost is measured at the grant date based on the fair value of the option using a Black-Scholes option pricing model and is recognized over the option vesting period. Some of the inputs to the option valuation model are subjective, including assumptions regarding expected stock price volatility, forfeiture rates, interest rates and terms to exercise. This compensation expense may not represent actual cash compensation realized by the recipients of the awards upon future exercise.

As of March 31, 2018, total unrecognized compensation cost of $1.7 million, related to 9.2 million unvested stock options, is expected to be recognized in future periods over the remaining vesting terms. As of March 31, 2018, a total of 10,121,000 stock options with a weighted average exercise price of $0.76 per option were outstanding and exercisable at various dates through to February 1, 2023.

The Company has a long-term incentive plan (the "**Plan**") whereby IBR can issue incentive awards to employees, officers, directors and other service providers of the Company in the form of common shares of IBR. The awards granted vest as to one-third on each of the first, second and third anniversaries from the date of grant and have an expiry date of December 15th of the tenth year following the year in which the award was granted. As at March 31, 2018, a total of 846,167 restricted common share awards were outstanding and exercisable at various dates through to December 15, 2028. A service cost expense of $42 thousand related to the restricted common share awards has been recognized and recorded in share-based compensation expense for the three month period ended March 31, 2018. As of March 31, 2018, total unrecognized SBC of $0.3 million, related to 0.7 million unvested restricted common share awards, is expected to be recognized in future periods over the remaining vesting terms.

The Company's total share-based compensation expense for the three months ended March 31, 2018, net of capitalization, was $0.4 million as compared to $0.5 million for the first quarter of 2017. The decrease in share-based compensation expense in the first quarter of 2018 from the comparative first quarter of 2017 is attributable to the forfeiture and cancellation of stock options in fiscal 2017 with a higher average fair value per option than the stock options outstanding as at March 31, 2018 resulting a lower recorded expense in fiscal 2018.

($000s)	Q118	Q117	% Change
SBC (pre-capitalization)	**504**	653	(23)
SBC (capitalized)	**(106)**	(201)	(47)
SBC expense	**398**	452	(12)

Finance Expense

($000s)	Q118	Q117	% Change
Interest on bank debt	-	81	(100)
Accretion of decommissioning obligations	15	81	(81)
Total finance expense	15	162	(91)
Average bank debt level (1)	-	11,467	(100)
Average bank debt interest rate (%)	-	4.3	(100)
Average bank Prime lending rate (%)	3.5	2.7	30

(1) Average bank debt based on the monthly average within respective periods.

Interest Expense

In reporting periods wherein the Company recognizes interest expense, those amounts primarily include cash interest paid on outstanding bank indebtedness and stand-by fees, which are bank charges calculated based on undrawn available bank credit. IBR's outstanding bank debt balance was reduced to zero upon the closing of the Disposition Transaction on October 17, 2017. The Company did not have any bank debt outstanding during the first quarter of 2018.

Interest Rate Risk Management

IBR has a floating interest rate on any bank debt outstanding, which subjects the Company to interest rate risk. From time-to-time, the Company may mitigate the risk of increasing market interest rates by entering into financial derivative contracts to fix interest rates. Borrowings under the Company's Credit Facility bear interest at a rate equal to the Lender's prime rate plus 2.0% per annum.

Accretion Expense

Accretion expense represents the change in the time value of the decommissioning and restoration obligations. Accretion expense was $15 thousand for the three month period ended March 31, 2018. Please refer to the *"Decommissioning Obligations*" section hereinafter.

The total decommissioning obligation liability may increase over a period based on new decommissioning obligations incurred from drilling wells, constructing facilities or acquiring operations. Similarly, this total obligation can be reduced as a result of abandonment work undertaken which reduces future obligations or as a result of dispositions. Adjusting the underlying assumptions used in the decommissioning obligation calculation, such as abandonment timing, cost estimates, the inflation or the discount rate, may increase or decrease the total decommissioning obligation liability.

Depletion and Depreciation

The Company's depletion and depreciation expense is calculated on a unit-of-production basis using proved plus probable oil and gas reserves. The unit-of-production rate takes into account capital expenditures incurred to-date, in conjunction with future development capital expenditures required to develop those proved plus probable reserves. As a result, the depletion and depreciation provision, on an oil equivalent per-unit basis, may fluctuate period-to-period primarily due to changes in the underlying proved plus probable reserves base and in the amount of capital costs subject to depletion and depreciation. These capital costs are segregated and depleted on an area-by-area or field component basis relative to the respective underlying proved plus probable reserves base. The carrying value of undeveloped land in exploration and evaluation assets, which has no proved and/or probable reserves assigned to it, is depreciated over its term to expiry which is also charged to depletion and depreciation expense.

IBR's depletion and depreciation expense for the quarter ended March 31, 2018 amounted to $1.9 million. On a combined unit-of-production basis, the depletion and depreciation provision for the first quarter of 2018 was $16.42 per boe. The decrease in the first quarter 2018 per unit deletion and depreciation expense from the comparative first quarter 2017 rate of $21.92 per boe is primarily due to the Disposition Transaction. The Company's sole remaining Gold Creek field has a lower depletion and depreciation rate than the disposed Assets.

	Q118	Q117	% Change
Depletion and depreciation – ($000s) [1]	**1,857**	6,326	(71)
Depletion and depreciation - per unit ($/boe)	**16.42**	21.92	(25)

(1) Includes depletion of the capitalized portion of the decommissioning obligation which was capitalized to the property, plant and equipment balance and is being depleted over the life of the Company's proved plus probable reserves.

Deferred Taxes

Deferred income taxes arise from differences between the accounting and tax basis of assets and liabilities. The estimate of deferred income taxes is based on the current tax status of the Company, enacted legislation and management's best estimates of future events. The effective tax rate differs from the statutory tax rate as it primarily takes into consideration permanent differences, adjustments for changes in tax rates and other tax legislation, and the actual amounts subsequently reported on IBR's corporate tax return. In the third quarter of 2017, the Company derecognized the previously recorded deferred tax asset due to uncertainty of the future realization of the deferred tax asset. The derecognition was a result of the restructuring of the Company's asset base due to the aforementioned Disposition Transaction.

($000s)	Q118	Q117	% Change
Deferred tax reduction	**-**	(865)	(100)

During the first quarter, IBR was not subject to any corporate cash income tax due to significant tax pool balances, which aggregate to approximately $349 million. The following table outlines the Company's estimated tax pools as at March 31, 2018 and December 31, 2017:

Tax Pool Category [1]	Deduction Rate	March 31, 2018	December 31, 2017
		(millions)	(millions)
Canadian exploration expense (CEE)	100%	**$ 18.2**	$ 11.4
Canadian development expense (CDE)	30%	**81.6**	69.1
Canadian oil and gas property expense (COGPE)	10%	**0.1**	-
Non-capital losses (NCL)	100%	**146.6**	146.6
Undepreciated capital cost (UCC)	25%	**99.2**	94.9
Share issue costs and other	Various	**3.1**	3.3
Total		**$ 348.8**	$ 325.3

(1) Actual tax pool amounts may vary as corporate tax returns are finalized and filed.

Operations Netback per Boe and Net Loss per Boe

The following table highlights the Company's operating netback, adjusted funds flow and net loss on a per boe basis for the three month periods ended March 31, 2018 and 2017. The Company's operating netback was $16.69 per boe for the first quarter of 2018, representing an 11% increase from the comparative first quarter of 2017.

Columns may not add due to rounding	Q118	Q117 [(2)]	% Change
($/boe)			
Petroleum and natural gas sales	**29.99**	32.77	(8)
Royalties	**1.35**	(2.77)	(149)
Net operating expenses [(1)]	**(6.36)**	(11.45)	(44)
Net transportation expenses [(1)]	**(8.29)**	(3.47)	139
Operating netback	**16.69**	15.07	11
General and administrative expenses	**(9.54)**	(6.48)	47
Interest income (expense)	**1.40**	(0.28)	-
Adjusted funds flow [(1)]	**8.54**	8.31	3
Depletion and depreciation	**(16.42)**	(21.92)	(25)
Accretion	**(0.13)**	(0.28)	(54)
Share-based compensation expense	**(3.52)**	(1.57)	124
Gain on non-monetary property exchange	**3.23**	1.73	87
Loss on property disposition	**(1.87)**	-	-
Unrealized gain on risk management contracts	**-**	1.17	(100)
Deferred tax reduction	**-**	3.00	(100)
Net loss	**(10.17)**	(9.55)	6

(1) See definition under the "*Non-GAAP Measures*" section contained within this MD&A.
(2) The Company's reported first 2017 results include operational and financial contribution from the disposed Assets.

Cash Provided from Operating Activities, Adjusted Funds Flow and Net Loss

IBR's profit and cash flow generating capability is primarily a function of commodity prices, the cost to add proved and probable reserves through drilling and acquisitions and the cost to produce its reserves. In the three month period ended March 31, 2018, the Company recorded cash provided from operating activities and adjusted funds flow of $1.9 million and $1.0 million, respectively, and generated a net loss of $1.2 million.

($000s, except share data)	Q118	Q117	% Change
Cash provided from operating activities	**1,945**	3,232	(40)
Per share – basic and diluted	**0.01**	0.02	(50)
Adjusted funds flow [(1)]	**966**	2,398	(60)
Per share – basic and diluted	**0.01**	0.02	(50)
Net loss	**(1,150)**	(2,758)	(58)
Per share – basic and diluted	**(0.01)**	(0.02)	(50)

(1) See definition under the "*Non-GAAP Measures*" section contained within this MD&A.

Decommissioning Obligations

As at March 31, 2018, the Company recorded decommissioning obligations of $3.0 million for estimated future costs to plug and abandon its crude oil and natural gas wells and to dismantle and remove associated production facilities, as compared to $2.8 million at December 31, 2017. For the three month period ended March 31, 2018, the liability increased by a total of $0.2 million, which is primarily a result of IBR's first quarter 2018 capital program.

Capital Expenditures

In the first quarter of 2018, the Company incurred total capital expenditures of $24.5 million, a 1% decrease from the capital expenditures incurred in the first quarter of 2017. The Company completed its winter drilling and completions capital program with investment of approximately of $19.0 million, which included the drilling of three (3.0 net) horizontal Montney wells, high-intensity completion operations on two (2.0 net) Montney development horizontal wells (8-21 and 02/8-21), and a new water injection well completion ("**102/2-23**"). Two of the wells drilled in the quarter were step-out Montney delineation, 'land-holding' horizontal wells which will continue 41 sections of prospective leasehold past its primary expiry date through to the year 2020.

First quarter 2018 facilities and well equipment costs were $5.2 million, which includes well equipping and tie-in connection capital for the 8-21 and 02/8-21 producers and the 102/2-23 water disposal well. Invested capital also included significant enhancement work to the Company's Gold Creek 2-23 Facility. This battery was reconfigured in order to more efficiently handle high-volume wells. As a result, throughput capacity at the battery has been increased to in excess of 6,000 boe/d currently, from the prior limit of approximately 2,400 boe/d.

On March 27, 2018, the Company exchanged certain oil and gas assets with an arm's-length party on a non-monetary basis measured on the basis of the fair value of the assets disposed of resulting in a $0.4 million gain.

IBR's first quarter capital investment programs are outlined as follows:

($000s)	Q118	Q117	% Change
Land	-	446	(100)
Seismic	91	-	-
Drilling and completions	18,971	14,071	35
Facilities and well equipment	5,206	10,070	(48)
Total exploration and development	24,268	24,587	(1)
Other [1]	179	27	-
Property dispositions [2]	23	-	-
Total capital expenditures	24,470	24,614	(1)

(1) Q118 includes capitalized G&A of $150 thousand (Q117: $24 thousand) and excludes non-cash capitalized stock-based compensation of $106 thousand (Q117: $201 thousand).

IBR closely monitors its exploration and development capital programs in relation to estimated adjusted funds flow. The Company will remain disciplined but flexible with its 2018 capital spending as it monitors business conditions and commodity prices and, where deemed prudent, may make adjustments to its 2018 capital budget. Actual spending may vary due to a variety of factors, including drilling results, natural gas and crude oil prices, economic conditions, prevailing debt/equity markets, equipment availability, permitting and any future acquisitions. The timing of most capital expenditures is discretionary. Consequently, the Company has a significant degree of flexibility to adjust the level of its capital investments as circumstances warrant. Additionally, to enhance flexibility of the Company's capital program, IBR typically does not enter into material long-term obligations with any of its drilling contractors or service providers with respect to its operated natural gas and crude oil properties.

Liquidity and Capital Resources

The Company's net debt levels are directly related to its cash provided from operating activities, capital expenditures, common share financings and acquisition and disposition activity.

($000s)	March 31, 2018	December 31, 2017	% Change
Bank debt	**-**	-	-
Working capital deficit (surplus) [1]	**2,189**	(21,691)	(110)
Net debt (surplus)	**2,189**	(21,691)	(110)
Share investment	**9,000**	9,000	-
Credit Facility borrowing limit	**5,000**	5,000	-
Book capitalization [2]	**333,590**	333,950	-
Market capitalization [3]	**78,959**	111,861	(29)

(1) Reflects current assets (excluding non-cash risk management) less current liabilities (excluding non-cash risk management).
(2) Reflects the book value of share capital, as reported on the Company's statements of financial position.
(3) Based on the market closing price of IBR's stock and the outstanding number of common shares at period-end.

During the three months ended March 31, 2018, the Company generated $1.9 million of cash provided from operating activities and incurred capital expenditures of $24.5 million. Historically, IBR has funded its exploration and development capital program primarily through a combination of cash provided from operating activities, drawdowns on the Company's bank Credit Facility or by issuing equity. Such sources of funding continue to be available to IBR.

In the first quarter of 2018, in connection with the Company's normal course issuer bid, share buy-back program (the "**NCIB**"), a total of 545,172 shares were purchased for cancellation for $366 thousand. The cancelled shares have been removed from share capital. Since commencement of its NCIB in November 2017, the Company has purchased a total of 1.77 million shares for cancellation for $1.2 million.

As at March 31, 2018, the Company had an uncommitted demand revolving credit facility (the "**Credit Facility**") with a Canadian bank (the "**Lender**"). The maximum borrowing base limit of the Credit Facility provided by the Lender is set at $5.0 million. The Credit Facility is payable on demand and provides that advances may be made in the way of prime rate loans and letters of credit/guarantees. Prime rate loans bear interest at a rate equal to the Lender's prime rate plus 2.0% per annum.

The Credit Facility is secured by a demand debenture in the principal amount of $75.0 million with a floating charge over all assets of the Company and contains one financial covenant, an adjusted working capital ratio of at least 1:1. The adjusted working capital ratio is calculated by: dividing the summation of current assets less unrealized hedging gains plus any undrawn availability under the Credit Facility by the summation of current liabilities less unrealized hedging losses and less any current portion of bank debt. The Company was in compliance with this covenant as at March 31, 2018.

At March 31, 2018, the Company had not made any draws on the Credit Facility, but had an outstanding letter of credit of $791 thousand, as secured by the Lender, which reduced the available credit to $4.2 million. As of the date of this MD&A, the Company did not have any bank debt drawn.

Adjusted working capital bank financial covenant:

($000s)	
	March 31, 2018
Current assets	
Current assets	**19,324**
Less: unrealized hedging gains	**-**
Add: undrawn availability under the Credit Facility	**4,209**
Total current assets	**23,533**
Current liabilities	
Current liabilities	**21,513**
Less: unrealized hedging losses	**-**
Less: current portion of bank debt	**-**
Total current liabilities	**21,513**
Adjusted working capital ratio	**1.1**

LIQUIDITY ($000s)	**Q118**	**Q117**
Cash and cash equivalents, beginning of period	**25,684**	404
Net cash from (used in):		
Operating activities	**1,945**	3,232
Financing activities	**(366)**	20,868
Investing activities	**(11,800)**	(24,504)
Change in cash and cash equivalents	**(10,221)**	(404)
Cash and cash equivalents, end of period	**15,463**	-

Capital Structure and Resources

The Company's capital resources consist primarily of cash provided from operations, available bank lines of credit, its share investment in Tangle Creek Energy Ltd. and the issuance of equity. IBR's Management believes the Company will have the necessary capital resources to fund future capital spending and meet working capital requirements. The Company's cash provided from operations depends on a number of factors, including commodity prices, production volumes, royalties, operating and transportation expenses, and foreign exchange rates.

The Company's objectives when managing its capital structure are to maintain an optimal capital structure in order to reduce its cost of capital, safeguard the business as a going concern, maintain financial flexibility to preserve its access to capital markets and its ability to meet financial obligations, and to finance internally-generated growth in addition to potential acquisitions. IBR manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. The Company considers its capital structure to include shareholders' equity, debt and working capital. To maintain or adjust the capital structure, IBR may from time-to-time, issue common shares, dispose of non-core assets, raise debt and/or adjust its capital spending to manage its current and projected debt levels.

IBR monitors its capital structure based on the current and projected ratio of total net debt-to-annualized adjusted funds flow. The Company's objective is to maintain a net debt-to-annualized adjusted funds flow ratio of less than two times, however, the ratio is affected by business cycles and may increase at certain times. For example, as a result of acquisitions or a precipitous decrease in commodity prices. To facilitate the management of this ratio, the Company prepares annual capital budgets and business plan forecasts, which are updated on a regular basis depending on varying factors such as general market conditions and successful capital deployment.

Common Share Information

IBR's authorized capital consists of an unlimited number of voting common shares. The number of common shares of the Company outstanding as at March 31, 2018 was 154.8 million.

			2017 Quarterly Comparison			
		Q118	**Q417**	**Q317**	**Q217**	**Q117**
TSX Share Price:	High	**$ 0.74**	$ 0.80	$ 0.68	$ 0.84	$ 0.90
	Low	**$ 0.50**	$ 0.54	$ 0.42	$ 0.52	$ 0.63
	Close	**$ 0.51**	$ 0.72	$ 0.64	$ 0.62	$ 0.72
Average daily trading volume		**235,097**	357,079	251,548	291,171	452,749
Shares outstanding - period end		**154,820,692**	155,361,864	156,518,232	151,019,234	151,019,234
Weighted average basic and diluted		**154,858,598**	156,279,364	152,455,375	151,019,234	150,987,836

	TSX Trading Price Range		
2018 Monthly	**High ($)**	**Low ($)**	**Total Period Volume**
January	0.74	0.57	7,118,300
February	0.62	0.52	3,466,200
March	0.59	0.50	3,991,500

The following table summarizes the common shares, stock options, restricted share awards and warrants outstanding at the indicated dates:

	May 14, 2018	March 31, 2018	December 31, 2017
Common shares	**154,820,692**	**154,820,692**	155,361,864
Stock options	**10,111,000**	**10,121,000**	9,480,500
Restricted share awards	**834,584**	**846,167**	777,167
Warrants (1)	**5,349,999**	**5,349,999**	5,349,999

(1) The warrants were granted pursuant to a private placement closing on September 7, 2017. Each whole warrant entitles the holder to purchase one common share at a price of $0.75 per share for a period of four years following the date of issuance. The warrants vest and become exercisable in equal tranches of one-third each upon the 20-day weighted average trading price of the common shares on the TSX equalling or exceeding $0.75, $0.90 and $1.05, respectively.

Commitments

In the normal course of business, the Company has entered into various commitments that will have an impact on its future operations. These commitments primarily relate to an operating lease relating to IBR's corporate head office space, natural gas, crude oil and NGLs transportation and field equipment operating leases. All such commitments and obligations reflect market conditions prevailing at the time of the respective contracts and none are with related parties. IBR believes it has sufficient sources of capital to fund all commitments and obligations as they may come due.

The following table summarizes the Company's various contractual obligations and commitments as at March 31, 2018:

($000s)	2018	2019	2020	2021	2022	Thereafter	Total
Head office operating lease (1)	175	403	426	439	445	-	1,888
Oil transportation	1,419	1,220	558	165	60	132	3,554
Gas transportation	1,626	2,168	2,168	1,807	-	-	7,769
NGLs transportation	32	36	28	23	19	59	197
Field equipment	481	566	29	-	-	-	1,076
Total	3,733	4,393	3,209	2,434	524	191	14,484

(1) Pertains to lease payments associated with the Company's Calgary, Alberta head office lease, including an estimate of the Company's share of operating, utilities, property taxes and parking for the duration of the office lease.

Financial Highlights

The following tables summarize IBR's key quarterly financial results for the past eight quarters:

	Q118	Q417	Q317	Q217	Q117	Q416	Q316	Q216
Production								
Natural gas (Mcf/d)	**5,233**	10,369	16,700	14,572	12,179	17,110	29,163	28,779
Oil and NGLs (Bbls/d)	**384**	688	1,227	1,127	1,177	1,801	3,259	3,628
Average boe/d (6:1)	**1,256**	2,416	4,010	3,556	3,207	4,652	8,119	8,425
Commodity Prices (1)								
Natural gas ($/Mcf)	**2.40**	2.03	1.87	3.03	2.98	2.79	2.64	1.60
Oil and NGLs ($/Bbl)	**65.33**	58.07	46.34	53.93	58.47	54.21	49.78	48.86
Oil equivalent ($/boe)	**29.99**	25.24	21.94	29.52	32.76	31.24	29.47	26.51

($000s, except per share amounts)	Q118	Q417	Q317	Q217	Q117	Q416	Q316	Q216
Financial Results								
P&NG sales (1)	**3,391**	5,610	8,095	9,552	9,458	13,371	22,015	20,325
Net loss	**(1,150)**	(3,637)	(151,799)	(2,854)	(2,758)	(65,508)	(4,469)	(7,779)
Per share – basic and diluted	**(0.01)**	(0.02)	(1.00)	(0.02)	(0.02)	(0.43)	(0.03)	(0.05)
Cash provided by (used in) operations	**1,945**	4,534	(2,659)	1,669	3,232	4,984	9,027	8,690
Per share – basic and diluted	**0.01**	0.03	(0.02)	0.01	0.02	0.03	0.06	0.06
Adjusted funds flow (2)	**966**	(387)	(3,293)	2,803	2,398	3,373	9,290	7,429
Per share – basic and diluted	**0.01**	(0.00)	(0.02)	0.02	0.02	0.02	0.06	0.05
Total assets	**113,271**	100,157	152,714	296,920	293,417	276,160	458,637	462,746
Total other long-term liabilities	**3,049**	2,818	2,607	45,040	35,834	14,230	124,732	136,472

(1) Commodity prices and petroleum and natural gas sales include realized gains or losses from risk management commodity contract settlements.
(2) See definition under the "Non-GAAP Measures" section contained within this MD&A.

As indicated in the Financial Highlights tables above, the Company's quarterly average daily production of 8,119 boe/d in the third quarter of 2016 reflects reduced drilling activity and natural field declines. The decrease of quarterly average daily production to 4,652 boe/d in the fourth quarter of 2016 reflects the Ante Creek Disposition closing on November 15, 2016 and both crude oil and natural gas sales pipelines restrictions in October 2016. Quarterly average daily production of 3,207 boe/d in the first quarter of 2017 declined from the previous quarter as a result of the Ante Creek Disposition (no volume from the Ante Creek field is reflected in the first quarter 2017 production figure). The increase in production in the second quarter of 2017 as compared to the preceding first quarter of 2017 is attributable to the start-up and commissioning of the 2-23 Facility in Gold Creek in June 2017. The increase in production to 4,010 boe/d in the third quarter of 2017 is due to production from the Gold Creek field being reflected for the entire quarter. Quarterly production decreased to 2,416 boe/d in the fourth quarter of 2017 due to the aforementioned Disposition Transaction closing on October 17, 2017. The decrease in production to 1,256 boe/d in the first quarter of 2018 is a result of production outages on existing producing wells due to new well completion operations undertaken during the quarter. Additionally, production for the first quarter of 2018 solely reflects production from the Company's Gold Creek field.

IBR's petroleum and natural gas sales fluctuate from quarter-to-quarter as a result of changes in commodity prices and/or production volumes. Please refer to the "*Petroleum and Natural Gas Sales and Commodity Pricing"* section for additional information.

Quarterly net income is impacted by the fluctuations in petroleum and natural gas sales, non-cash impairment charges, gains recognized on the disposition of assets, and unrealized gains and losses on risk management contracts. Specifically, the significant decrease in commodity market prices has resulted in the Company recording non-cash impairment charges of $115.6 million in the fourth quarter of 2016 and $102.5 million in the third quarter of 2017, respectively, which has affected the Company's reported amount of earnings.

The Company's total assets have decreased primarily as a result of the above mentioned non-cash impairment charges to property, plant and equipment, the Ante Creek Disposition in November 2016 and the Disposition Transaction in October 2017. The significant decrease in other long-term liabilities in the fourth quarter of 2016 is due to the Company paying off its entire outstanding bank debt balance in that quarter with the proceeds from the Ante Creek Disposition. The decline in other long-term liabilities in the third quarter of 2017 is a result of the classification of the Company's bank debt as current as at September 30, 2017 due to the demand nature of the Credit Facility (as defined herein) and due to $11.9 million of decommissioning obligations being transferred to a current liability position under *liabilities related to assets held for sale* and subsequently sold.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements, special purpose entities, financing partnerships or guarantees, other than as disclosed in this section. IBR has a head office lease agreement, as disclosed in the aforementioned *Commitments* table, which was entered into in the normal course of business operations. The lease has been treated as an operating lease, rental arrangement whereby the lease payments are included in G&A expenses. No asset or liability value has been assigned to these leases on the statement of financial position as at March 31, 2018.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

The Company has designed disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to the Company is made known to the Company's Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**"), by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

The Company has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company is required to disclose herein any change in the Company's internal controls over financial reporting that occurred during the period beginning on January 1, 2018 and ended on March 31, 2018 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

No material changes in the Company's disclosure controls and procedures and its internal controls over financial reporting were identified during such period that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

It should be noted that a control system, including the Company's disclosure and internal controls and procedures, no matter how well conceived, can provide only reasonable, but not absolute assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires IBR's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ materially from these estimates.

Estimates and their underlying assumptions are reviewed on an ongoing basis and are based on the Company's management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the year in which the estimates are revised and for any future years affected.

Critical Judgments in Applying Accounting Policies

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

The Company's assets are aggregated into cash generating units for the purpose of calculating impairment. Cash generating units ("**CGU**" or "**CGUs**") are based on an assessment of the unit's ability to generate independent cash inflows. The determination of these CGUs was based on management's judgment in regards to geographical proximity, geology, production profile, shared infrastructure and similar exposure to market risk and materiality. Based on this assessment, the Company's CGUs are generally composed of significant development areas. The Company reviews the composition of its CGUs at each reporting date to assess whether any changes are required in light of new facts and circumstances.

Judgments are required to assess when impairment indicators exist and impairment testing is required. In determining the recoverable amount of assets, in the absence of quoted market prices, impairment tests are based on estimates of proved and/or probable reserves, production rates, future crude oil and natural gas prices, future costs, discount rates, market value of land and other relevant assumptions.

The application of the Company's accounting policy for exploration and evaluation assets requires management to make certain judgments as to future events and circumstances as to whether economic quantities of reserves have been found.

Judgments are made by management to determine the likelihood of whether deferred tax assets at the end of the reporting period will be realized from future taxable earnings.

Key Sources of Estimation Uncertainty

The following are key estimates and their assumptions made by management affecting the measurement of balances and transactions in these consolidated financial statements.

Estimation of recoverable quantities of proved and probable reserves include estimates and assumptions regarding future commodity prices, foreign currency exchange rates, discount rates and operating and transportation costs for future cash flows. It also requires the interpretation of complex geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs, and their anticipated recoveries of reserves. The economic, geological and geophysical, and other technical factors used to estimate proved plus probable reserves may change from period to period. Changes in reported reserves can affect the non-cash impairment of assets, the provision for decommissioning obligations, the economic feasibility of exploration and evaluation assets, the recognition of deferred tax assets and the amounts reported for depletion and depreciation of property, plant and equipment. These reserve estimates are prepared in accordance with the *Canadian Oil and Gas Evaluation Handbook* by independent qualified reserves engineers, who work with information provided by the Company to establish reserve determinations based on the guidance stipulated by National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities.*

The Company estimates the decommissioning obligations for crude oil and natural gas wells and their associated production facilities. In most instances, removal of assets and remediation occurs many years into the future. Amounts recorded for the decommissioning obligations and related accretion expense require assumptions regarding removal date, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating cost, inflation estimates, future removal technologies in determining the removal cost, and the estimate of the liability specific discount rates to determine the present value of these cash flows.

In a business combination, management makes estimates of the fair value of assets acquired and liabilities assumed which includes assessing the value of crude oil and natural gas properties based upon the estimation of recoverable quantities of proved and probable reserves being acquired.

The Company's estimate of the depletion and depreciation of property, plant and equipment is based on estimates of proved and probable reserves and the associated future development costs.

The Company's estimate of non-cash share-based compensation is dependent upon estimates of historic stock price trading volatility, interest rates, expected terms to exercise and forfeiture rates.

The Company's estimate of the fair value of derivative financial instruments is dependent on estimated forward crude oil and natural gas prices, expected interest rates, expected future foreign currency exchange rates and expected volatility in these variables.

The deferred tax asset or liability is based on estimates as to the timing of the reversal of temporary differences, substantively enacted tax rates and the likelihood of assets being realized.

Changes in Significant Accounting Policies

IFRS 9 *"Financial Instruments"*

On January 1, 2018, the Company adopted IFRS 9 "*Financial Instruments*". IFRS 9 replaces IAS 39 "*Financial Instruments: Recognition and Measurement*". IFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities, amends the requirements related to hedge accounting and introduces a forward-looking expected loss impairment model. The adoption of IFRS 9 did not have a material impact on the Company's interim condensed consolidated financial statements. Iron Bridge applied the new standard retrospectively, without restatement of comparative figures.

Under IFRS 9, financial assets are classified into one of three primary measurement categories on initial recognition, namely: i) amortized cost, ii) fair value through other comprehensive income (“**FVOCI**”), and iii) fair value through profit and loss (“**FVTPL**”). Classification is dependent upon both the business model in which the financial asset is managed and the underlying contractual cash flow characteristics of the financial asset.

A financial asset is measured at amortized cost if both of the following conditions are met:

i. The business model objective is to hold assets to collect contractual cash flows; and
ii. The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet condition ii. above and that are held with a business model objective of collecting contractual cash flows and selling financial assets are subsequently measured at FVOCI.

All other financial assets are subsequently measured at FVTPL.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The following table summarizes the financial instrument classification of the Company’s financial assets and liabilities under IAS 39 and under the newly adopted IFRS 9 standard:

Financial Instrument	**IAS 39**	**IFRS 9**
Cash and cash equivalents	Loans and receivables (amortized cost)	Amortized cost
Accounts receivable	Loans and receivables (amortized cost)	Amortized cost
Share investment	Available-for-sale financial asset (FVOCI)	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost

There was no impact on the carrying amounts of the Company’s financial instruments as a result of the adoption of IFRS 9.

IFRS 9 introduces a single expected credit loss (“**ECL**”) impairment model that applies to all financial instruments in its scope. In-scope financial instruments include financial assets that are debt instruments measured at amortized cost or FVOCI, including loans, trade receivables and debt securities. Equity investments are out-of-scope. The ECL impairment model is based upon a probability-weighted estimate of credit losses. The adoption of the ECL impairment model required under IFRS 9 did not have a material impact on the Company’s financial assets.

IFRS 15 *“Revenue From Contracts with Customers”*

Iron Bridge adopted IFRS 15 *“Revenue From Contracts With Customers”* with a date of initial application of January 1, 2018 using the retrospective method to adopt the new standard. The adoption of IFRS 15 did not have a material impact on the measurement or timing of the Company’s revenue. Refer to Note 7 in the interim condensed consolidated financial statements for the three month period ended March 31, 2018 for new disclosure required under IFRS 15.

Revenue from the sale of crude oil, natural gas and natural gas liquids is measured based on the consideration specified in contracts with customers. The Company recognizes revenue when it transfers control of the product to the buyer. This is generally at the time the customer obtains legal title to the product and when it is physically transferred to the delivery mechanism agreed with the customer, often pipelines or other transportation methods.

Iron Bridge evaluates its arrangements with third parties and partners to determine if the Company acts as the principal or as an agent. In making this evaluation, management considers if the Company obtains control of the product delivered, which is indicated by the Company having the primary responsibility for the delivery of the product, having the ability to establish prices or having inventory risk. If the Company acts in the capacity of an agent rather than as a principal in a transaction, then the revenue is recognized on a net-basis, only reflecting the fee, if any, realized by the Company from the transaction.

Fees charged to other entities for use of pipelines and facilities owned by the Company are evaluated by management to determine if these originate from contracts with customers or from incidental or collaborative arrangements. Fees charged to other entities that are from contracts with customers are recognized in other income when the related services are provided.

Other income is comprised of transportation revenue, interest income and gathering, compression and road use income and is recognized when significant risks and rewards are transferred. The Company has adjusted prior year presentation to match the current year, where other income was recorded, with an increase to operating and transportation expenses, with no change to net loss.

Revenue from interest income is recognized as it accrues, using the effective interest method.

Accounting Pronouncements

The following pronouncements from the International Accounting Standards Board ("**IASB**") will become effective for financial reporting periods beginning on or after January 1, 2019 and have not yet been adopted by the Company. These new or revised standards permit early adoption with transitional arrangements depending upon the date of initial application:

- IFRS 16 – "*Leases*" requires the recognition of most leases on the balance sheet, and effectively removes the classification of leases as either finance or operating leases and treats all leases as finance leases for lessees with exemptions for short-term leases where the lease term is twelve months or less and for leases of low value items. IFRS 16 accounting treatment for lessors is unchanged, which provides the choice of classifying a lease as either a finance or operating lease. The new standard is effective for annual periods beginning on or after January 1, 2019.

The Company is in the early stages of assessing the impact of IFRS 16, including identifying and examining the contracts affected by the new standard. The extent of the impact upon the Company's financial statements has not yet been determined.

Other Information

Oil Equivalent Conversions

In this MD&A, production and reserves data is commonly stated in barrels of oil equivalent using a six (6) to one (1) conversion ratio when converting thousands of cubic feet of natural gas to barrels of oil and a one-to-one conversion ratio for natural gas liquids. Such conversion may be misleading, particularly if used in isolation. An oil equivalent conversion ratio of six (6) Mcf: one (1) Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Forward-Looking Statements

Certain information regarding the Company contained herein may constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements may include estimates, plans, expectations, intentions, opinions, forecasts, projections, anticipations, guidance or other similar statements that are not statements of fact. Although IBR believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond IBR's control, including but not limited to the following: the impact of general economic conditions; volatility in market prices for crude oil, natural gas and NGLs; general industry and broader market conditions; foreign exchange currency fluctuation; imprecision of proved and/or probable reserve estimates; liabilities inherent in crude oil and natural gas operations; environmental risks; incorrect assessments of the value of acquisitions and exploration and development programs; competition from other crude oil and natural gas producers; the lack of availability of qualified personnel or management; changes in income tax laws or changes in tax laws and incentive programs relating to the crude oil and natural gas industry; hazards such as fire, explosion, blowouts and spills, each of which could result in substantial damage to wells, production facilities, other property and the

environment or in personal injury; stock market volatility; ability to access sufficient capital from internal and external sources; greenhouse gas emissions and carbon tax levy legislation, and the other risks and uncertainties outlined in IBR's Annual Information Form for the year ended December 31, 2017 available under the Company's profile at www.sedar.com.

Non-GAAP Measures

Throughout this MD&A, the Company uses non-GAAP measures as an indicator of the Company's performance. These non-GAAP measures are not prescribed by IFRS and do not have standardized meanings or methods of calculation and therefore, such measures may not be comparable to similar measures presented by other companies.

Adjusted Funds Flow

As an indicator of the Company's performance, the term *adjusted funds flow* contained within the MD&A should not be considered as an alternative to, or more meaningful than, cash provided from operating, financing or investing activities, as determined in accordance with IFRS. *Adjusted funds flow* is widely accepted as a financial indicator of an exploration and production company's ability to generate cash which is used to internally fund exploration and development capital activities and to service debt. This measure is widely used by shareholders and investors in the valuation, comparison and investment recommendations of companies within the upstream oil and gas exploration and production industry.

Adjusted funds flow, as disclosed within this MD&A, represents cash provided from operating activities before: decommissioning obligation cash expenditures, changes in non-cash working capital from operating activities and non-cash changes in deferred charge. The Company presents cash provided from operating activities per share and *adjusted funds flow* per share whereby per share amounts are calculated consistent with the calculation of net income per share.

The following table reconciles IBR's cash provided from operating activities to *adjusted funds flow*:

($000s)	**Q118**	**Q117**
Cash provided from operating activities	**1,945**	3,232
Change in non-cash working capital from operating activities and deferred charge	**(989)**	(834)
Decommissioning obligation expenditures	**10**	-
Adjusted funds flow	**966**	2,398

Net Operating Expenses

Net operating expenses are calculated as operating expenses less the component of other income pertaining to gathering, compression, road use and other income. This metric is expressed on a total and per boe basis. Management uses this metric to determine the net cash cost related to operating expenses and to provide supplemental information to analyze operating performance.

Net Transportation Expenses

Net transportation expenses are calculated as transportation expenses less the component of other income pertaining to transportation income. This metric is expressed on a total and per boe basis. Management uses this metric to determine the net cash cost related to transportation expenses and to provide supplemental information to analyze operating performance.

Operating Netback

Operating netback refers to realized revenue (including realized gains or losses on commodity risk management contracts) less royalties, *net operating expenses* and *net transportation expenses* on a total and per boe basis. The Company believes this financial netback measure is useful supplemental information to analyze operating performance and to provide an indication of the results generated by the Company's principal business activities.

Total Net Debt-to-Annualized Adjusted Funds Flow

The Company monitors its capital structure based on a non-IFRS financial metric consisting of the ratio of *total net debt*-to-annualized *adjusted funds flow*. *Total net debt* and/or *net debt* as disclosed within the MD&A, represents outstanding bank debt less deferred charge plus working capital deficiency (or minus working capital surplus) excluding unrealized amounts pertaining to risk management contracts.

Abbreviations

The following are abbreviations that are contained within this MD&A commentary:

Crude Oil and Natural Gas Liquids		**Natural Gas**	
Bbl	barrel	Mcf	thousand cubic feet
boe	barrels of oil equivalent	Mcf/d	thousand cubic feet per day
Mboe	thousand barrels of oil equivalent	MMbtu	million British Thermal Units
Bbls/d	barrels per day	GJ	gigajoule
boe/d	barrels of oil equivalent per day	GJs/d	gigajoules per day
NGLs	natural gas liquids	kW	kilowatt

Business Risks and Uncertainties

The Company's exploration and development activities are focused in the Western Canadian Sedimentary Basin within the province of Alberta, which is characterized as being highly competitive with competitors varying in size from small junior producers to significantly larger, fully-integrated energy companies possessing greater financial and personnel resources. In the normal course of business, IBR is exposed to a variety of business risks and uncertainties that can have an effect on its financial condition.

The Company recognizes certain risks inherent in the oil and gas industry, such as access to oil and gas services, weather-related delays with drilling and operational plans, finding and developing crude oil and natural gas reserves at economic costs, drilling risks, producing crude oil and natural gas in commercial quantities, environmental and safety risks, and commodity price and political risks and uncertainties. IBR has engaged professional senior management and seasoned technical personnel, possessing many years of experience in the oil and gas business and intellectual capacity, to address, prudently manage and mitigate these risks. Please see the Company's website to reference the backgrounds and qualifications of IBR's senior leadership team, which can be sourced at www.ironbridgeres.com.