



TERRABIOGEN TECHNOLOGIES INC.
(Formerly International Bio Recovery Corporation)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended March 31, 2011

(Unaudited – Prepared by Management)

Notice: These interim consolidated financial statements have been prepared by management and they have not been reviewed by the Company's external auditors

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited interim consolidated financial statements of TerraBioGen Technologies Inc. (formerly International Bio Recovery Corporation) for the nine months ended March 31, 2011 have been prepared by management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

Under National Instrument 51-102, Part 4, subsection 4.3 (3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indication that an auditor has not reviewed the financial statements.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

TERRABIOGEN TECHNOLOGIES INC.
(Formerly International Bio Recovery Corporation)
INTERIM CONSOLIDATED BALANCE SHEETS
March 31, 2011 and June 30, 2010

	March 31, 2011	June 30, 2010
ASSETS		
Current		
Cash	\$ 21,754	\$ 635,897
Accounts receivable	36,699	41,105
Deposits and prepaid expenses	47,938	28,664
CURRENT ASSETS	106,391	705,666
Property and equipment (Note 5)	719,900	750,483
Other assets (Note 4)	77,887	77,887
TOTAL ASSETS	\$ 904,178	\$ 1,534,036
LIABILITIES		
Current		
Accounts payable and accrued expenses	\$ 458,324	\$ 658,642
Current portion of capital lease obligations	1,318	15,951
Current portion of deferred rent	16,667	16,667
Customer deposits	100,000	100,000
Loans payable (Note 7)	430,000	1,386,360
CURRENT LIABILITIES	1,006,309	2,177,620
Term loan (Note 8)	81,231	-
Deferred rent	18,132	30,633
TOTAL LIABILITIES	1,105,672	2,208,253
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	31,574,557	29,644,135
Contributed surplus (Note 10)	1,578,466	1,297,201
Deficit	(33,354,517)	(31,615,553)
SHAREHOLDERS' EQUITY (DEFICIENCY)	(201,494)	(674,217)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 904,178	\$ 1,534,036

Nature of Operations (Note 1)
Commitments (Note 4 and Note 14)
Subsequent Events (Note 18)

APPROVED ON BEHALF OF THE BOARD:

"Blair Heffelfinger"

Director

"Theodore Deuel"

Director

The accompanying notes are an integral part of these consolidated financial statements.

TERRABIOGEN TECHNOLOGIES INC.
(Formerly International Bio Recovery Corporation)
INTERIM CONSOLIDATED STATEMENTS OF EARNINGS AND DEFICIT
For the Nine Months and Three Months ended December 31, 2010 and 2009
(Unaudited – prepared by management)

	Nine months 2011	Nine months 2010	Three months 2011	Three months 2010
REVENUE				
Royalties	\$ -	\$ 2,093	\$ -	\$ -
Waste collection fees	1,830	1,884	450	-
Other income	5,019	352	3,975	249
	6,849	4,329	4,425	249
EXPENSES				
Plant and operations	868,711	421,306	308,529	146,334
Administration	673,070	424,033	165,210	111,896
Sales and marketing	107,125	128,198	30,640	29,509
Amortization	97,109	130,373	34,539	45,641
Research and development	103,168	82,043	44,644	19,087
Interest	55,669	130,292	889	35,773
Interest on long term debt	1,538	3,691	812	1,040
	1,906,390	1,319,936	585,263	389,280
NET LOSS BEFORE OTHER ITEMS	(1,899,541)	(1,315,607)	(580,838)	(389,031)
GAIN ON SETTLEMENT OF LIABILITIES	160,574	-	-	-
NET LOSS	(1,738,967)	(1,315,607)	(580,838)	(389,031)
Deficit, beginning of period	(31,615,550)	(29,339,500)	(32,773,679)	(30,266,076)
DEFICIT, end of period	\$(33,354,517)	\$(30,655,107)	\$(33,354,517)	\$ (30,655,107)
BASIC AND DILUTED INCOME (LOSS) PER SHARE	\$ (0.02)	\$ (0.03)	\$ (0.01)	\$ (0.01)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	84,417,275	48,606,592	101,764,533	48,606,592

The accompanying notes are an integral part of these consolidated financial statements.

TERRABIOGEN TECHNOLOGIES INC.
(Formerly International Bio Recovery Corporation)
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months and Three Months ended March 31, 2011 and 2010
(Unaudited – prepared by management)

	Nine months 2011	Nine months 2010	Three months 2011	Three months 2010
OPERATIONS				
Net Income (Loss)	\$(1,738,967)	\$(1,315,607)	\$ (580,838)	\$ (389,031)
Items not involving cash:				
Amortization	97,109	130,373	34,539	45,641
Deferred rent	(12,501)	-	(4,167)	-
Gain on settlement of liabilities	(160,574)	-	-	-
Stock-based compensation	281,265	88,242	60,635	15,062
	(1,533,668)	(1,086,992)	(489,831)	(328,328)
Changes in non-cash working capital balances:				
Increase (decrease) in prepaid expenses and deposits	(19,274)	14,666	(19,724)	5,672
Increase (decrease) in accounts payable and accrued expenses	(39,744)	36,819	62,623	(100,239)
Increase (decrease) in accounts receivable	4,406	(2,805)	(14,118)	(12,169)
	(1,588,280)	(1,048,312)	(461,050)	(435,064)
INVESTING				
Increase in property and equipment	(66,526)	(33,386)	(28,924)	(33,386)
Increase in long term assets	-	(10,000)		(10,000)
	(66,526)	(43,386)	(28,924)	(43,386)
FINANCING				
Common shares issued	1,956,361	-	-	-
Subscriptions for common shares	-	2,284,749	-	101,749
Share issue costs	(25,939)	(11,258)	-	(11,258)
Increase (decrease) in bank loans	-	(89,976)	-	-
Decrease in capital lease obligations	(14,633)	(20,793)	(1,265)	(7,110)
Increase in term loans	81,231	-	-	-
Increase (decrease) in loans payable	(956,360)	230,000	-	-
	1,040,660	2,392,722	(1,265)	83,381
Increase (decrease) in cash and cash equivalents	(614,143)	1,301,024	(491,239)	(395,069)
Cash and cash equivalents, beginning of period	635,897	-	512,993	1,696,093
CASH AND CASH EQUIVALENTS, end of period				
	\$ 21,754	\$ 1,301,024	\$ 21,754	\$ 1,301,024

The accompanying notes are an integral part of these consolidated financial statements.

TERRABIOGEN TECHNOLOGIES INC.
(Formerly International Bio Recovery Corporation)
INTERIM CONSOLIDATED STATEMENTS OF EXPENSES
For the Nine Months and Three Months ended March 31, 2011 and 2010
(Unaudited – prepared by management)

	Nine months 2011	Nine months 2010	Three months 2011	Three months 2010
ADMINISTRATION:				
Stock option expense	\$ 281,265	\$ 88,242	\$ 60,635	\$ 15,062
Legal fees	27,904	71,875	2,369	8,372
Wages	201,782	96,901	44,199	34,162
Office expenses	62,224	66,425	26,079	27,156
Directors fees and expenses	15,322	37,625	4,860	7,682
Accounting and professional fees	47,500	38,000	15,000	12,000
Public company costs	24,495	19,646	9,317	3,360
Travel & entertainment	12,578	6,633	2,752	4,001
Foreign exchange	-	(1,314)	-	101
	\$ 673,070	\$ 424,033	\$ 165,211	\$ 111,896
PLANT AND OPERATIONS:				
		\$		
Wages and contractors	\$ 385,936	158,412	\$ 151,397	\$ 48,709
Repairs and maintenance	262,345	52,686	61,528	8,936
Rent & Property Tax	89,371	110,710	29,777	41,044
Power, water and sewer	70,330	37,981	39,394	13,976
Supplies & materials	32,599	38,059	14,552	16,729
Safety and testing	14,958	14,813	-	9,215
Waste disposal	13,172	8,645	11,881	7,685
	\$ 868,711	\$ 421,306	\$ 308,529	\$ 146,334
SALES AND MARKETING:				
Contractors	\$ 69,936	\$ -	\$ 25,935	\$ -
Management fees	29,167	88,429	-	25,929
Travel	7,469	36,902	4,705	713
Growing trials	553	2,867	-	2,867
	\$ 107,125	\$ 128,198	\$ 30,640	\$ 29,509
RESEARCH AND DEVELOPMENT:				
Wages	\$ 118,745	\$ 79,636	\$ 51,737	\$ 32,936
Other expenses	19,607	28,687	9,002	10,305
Contractors	8,668	8,770	6,270	(2,270)
Patent costs	5,171	4,777	5,171	3,188
Government assistance (note 13)	(49,023)	(39,827)	(27,536)	(25,072)
	\$ 103,168	\$ 82,043	\$ 44,644	\$ 19,087

TERRABIOGEN TECHNOLOGIES INC.
(Formerly International Bio Recovery Corporation)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended March 31, 2011

1. NATURE OF OPERATIONS

International Bio Recovery Corporation was incorporated in British Columbia, Canada, on August 17, 1993 and is a public company traded on the TSX Venture Exchange. On January 21, 2011, the Company changed its name to TerraBioGen Technologies Inc.

The Company has developed an environmental technology which processes organic material from food waste, manures and surplus organics from food production into innovative, environmentally progressive agricultural products.

The Company operates a plant in North Vancouver, British Columbia which is intended to demonstrate commercial-scale plant operations and technology to prospective plant operators and end-product consumers, and to create a fertilizer market. The Company will provide the technology to organic waste generators requiring a waste management solution.

At March 31, 2011, the Company had a working capital deficiency of \$899,918 (2010 - \$817,230) and incurred a net loss of \$1,738,967 (2010 - \$1,315,607) for the nine months ended March 31, 2011. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon generating revenues sufficient to cover its operating costs, the continued support of its shareholders, and obtaining additional financing.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the consolidated financial statements.

2. BASIS OF PRESENTATION

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the interim consolidated financial statements and accompanying notes. Actual results could differ from those estimates. These interim consolidated financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality. These interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended June 30, 2010; the significant accounting policies follow that of the annual consolidated financial statements for the year ended June 30, 2010.

3. ADOPTION OF NEW ACCOUNTING STANDARDS

New Accounting Standards

- a) **Goodwill and intangible assets** – The Company adopted the new CICA Section 3064, *Goodwill and Intangible Assets*, which has replaced Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs* on July 1, 2009 with no material impact on the Company's financial statements. This section contains standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062.
- b) **Financial Instruments – Disclosures (Section 3862)** – In June 2009, the CICA amended Section 3862, *Financial Instruments – Disclosures*. These amendments are applicable to financial statements relating to the Company's annual financial statements ending on June 30, 2010. The amendments provide for additional disclosure requirements about fair value measurements of financial instruments and enhanced liquidity risk disclosure requirements for publicly accountable enterprises. The additional required disclosures are included in Note 19 of these financial statements. The Company classifies its cash and cash equivalents as held-for-trading, amounts receivable as loans and receivables and its accounts payable and accrued liabilities and loans payable as other financial liabilities.

TERRABIOGEN TECHNOLOGIES INC.
(Formerly International Bio Recovery Corporation)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended March 31, 2011

3. ADOPTION OF NEW ACCOUNTING STANDARDS (continued)

Future Canadian accounting standards

- c) **CICA 1582, "Business Combinations", CICA 1601, "Consolidated Financial Statements"** and CICA 1602, "Non-Controlling Interests" - In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards ("IFRS"). The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests," which replace Section 1600 "Consolidated Financial Statements."

Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations." The adoption of this standard is not expected to have a material impact on the Company's financial statements.

- d) In August 2009, Section 3251, "Equity," was issued in response to issuing Section 1602 Non-controlling Interests. The amendments require non-controlling interests to be recognized as a separate component of equity. The amendments apply only to entities that have adopted Section 1602. The adoption of this section is not expected to have a material impact on the financial statements.
- e) August 2009, Section 1625, "Comprehensive Revaluation of Assets and Liabilities" was issued for consistency with new Section 1582 Business Combinations. The amendments apply prospectively to comprehensive revaluations of assets and liabilities occurring in fiscal years beginning on or after January 1, 2011. The adoption of this section is not expected to have a material impact on the financial statements.
- f) **International Financial Reporting Standards ("IFRS")** - The Canadian Accounting Standards Board announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The changeover applies for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company's transition date of July 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended June 30, 2011. Under IFRS, significantly more disclosure is required. Further, while IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies that may need to be addressed. The impact of these new standards on the Company's financial statements is currently being evaluated by management.

4. OTHER ASSETS

In 2006, the Company entered into an agreement with a company located in the United States whereby it would be granted an easement over a parcel of land on which a future plant could be built. The agreement requires the Company to make a total payment of \$500,000 prior to construction; during the year ended June 30, 2009, the Company made an initial payment of \$50,000 to keep the agreement in good standing, and a further payment of \$10,000 was made during the year ended June 30, 2010 to commence permitting. The company is not committed or obligated to make further payments unless it intends to build a plant on the property. The payments of \$60,000 are recorded in "Other assets" together with \$17,887 of security deposits for long term commitments.

TERRABIOGEN TECHNOLOGIES INC.
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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended March 31, 2011

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value	
			Mar. 2011	June 2010
Plant and equipment	\$ 4,559,376	3,990,578	568,798	627,761
Vehicles	356,192	334,241	21,951	28,324
Laboratory equipment	205,656	138,886	66,770	25,792
Office building	140,706	92,877	47,829	52,436
Other equipment	171,994	157,442	14,552	16,170
	\$ 5,433,924	4,714,024	719,900	750,483

Other equipment includes equipment subject to a capital lease having a recorded cost of \$13,375 (2010: \$13,375) and accumulated amortization of \$6,770 (2010: \$5,190). Total amortization expense for the nine months was \$97,109 (2010: \$130,373).

Historically, the Company has not achieved its forecasted revenues from the use of its property and equipment. Management assessed the recoverability of these assets and recorded impairment charges of \$276,924 for the year ended June 30, 2010 and \$664,354 for the year ended June 30, 2009. The cumulative impairment charges, which were deducted from the cost of plant and equipment, are \$941,278.

6. BANK LOAN

The Company has a loan agreement with HSBC Bank Canada under a credit facility. The credit facility consists of a \$100,000 operating loan which bears interest at the bank's prime rate plus 1.25% per annum and is payable on demand. The loan is secured by a general security agreement providing a first security interest in all of the Company's assets and ranks ahead of all other loans. As at March 31, 2011, the Company was not drawing on the credit line.

7. LOANS PAYABLE

In December 2010, the Company repaid \$606,360 of loans payable and accrued interest of \$160,574 on these loans was waived; \$96,486 of accrued interest on these loans remains outstanding and will be converted into 1,378,368 common shares on the earlier of a) demand, or b) October 31, 2012. An additional \$350,000 of loans payable were exchanged for 5,000,000 units at \$0.07 per unit (see Note 9) and accrued interest of \$81,231 on these loans was converted into a term loan (see Note 8). All of these loans were repayable on demand, and were earning interest at 12% per annum. The loans ranked pari-passu with each other behind the general security agreement on the bank loan described in note 6, and were secured by an interest in all present and future personal property of the Company and a floating charge on all of the Company's other present and future property.

Of the loans repaid, \$310,972 was paid to a former director and \$257,205 was paid to a company whose directors include a former director of the Company. Accrued interest of \$69,624 was waived by the former director and the company whose directors include a former director of the Company i) waived \$82,088 of accrued interest and ii) agreed to convert \$96,486 of accrued interest into shares as indicated above.

The Company also received \$430,000 from a company holding a license agreement with the Company; \$230,000 of this amount was received during the year ended June 30, 2010. These amounts are non-interest bearing and unsecured, and the Company is currently in negotiations regarding conversion into shares of the Company.

8. TERM LOAN

The Company converted \$81,231 of accrued interest on loans payable into a term loan. This term loan earns interest at 4% per annum and is repayable by October 31, 2013. The loan ranks behind the general security agreement on the bank loan described in note 6, and is secured by an interest in all present and future personal property of the Company and a floating charge on all of the Company's other present and future property.

TERRABIOGEN TECHNOLOGIES INC.
(Formerly International Bio Recovery Corporation)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended March 31, 2011

9. SHARE CAPITAL

The Company has authorized share capital of 250,000,000 common shares without par value and 250,000,000 preferred shares without par value, of which none have been issued.

Issued common shares are as follows:

	9 months to Mar. 31, 2011		Year ended June 30, 2010	
	Number	Amount	Number	Amount
Balance, beginning of period	71,454,091	\$ 29,644,135	48,606,592	\$ 27,372,410
Private placements for cash	25,310,442	1,606,360	22,847,499	2,284,749
Shares issued for loans payable	5,000,000	350,000	-	-
Less: Share issuance costs	-	(25,938)	-	(13,024)
Balance, end of period	101,764,533	\$ 31,574,557	71,454,091	\$ 29,644,135

Private Placements

a) On June 7, 2010, the Company issued 22,847,499 units at a price of \$0.10 per unit for gross proceeds of \$2,284,749. Each unit consisted of one common share and one share purchase warrant exercisable at \$0.125 per share for two years.

b) On November 30, 2010, the Company issued 14,285,714 units at a price of \$0.07 per unit for gross proceeds of \$1,000,000. Each unit consisted of one common share and one share purchase warrant exercisable at \$0.12 per share up to November 30, 2012.

c) On December 10, 2010, the Company issued 11,024,728 units at a price of \$0.055 per unit for gross proceeds of \$606,360. Each unit consisted of one common share and one share purchase warrant exercisable at \$0.12 per share until December 10, 2012 and at a price of \$0.15 until December 10, 2013.

Shares for Debt

i) On December 10, 2010, the Company issued 5,000,000 units at a price of \$0.07 per unit to convert \$350,000 of loans payable. Each unit consisted of one common share and one share purchase warrant exercisable at \$0.12 per share up to December 10, 2012.

ii) The Company has granted a right to convert \$96,486 of accrued interest on loans payable into 1,378,368 common shares on the earlier of a) demand, or b) October 31, 2012.

Warrants – Details of warrant transactions during the periods ended March 31, 2011 and June 30, 2010 are as follows:

	Nine months ended March 31, 2011	Year ended June 30, 2010
Outstanding, beginning of period	22,847,499	15,833,333
Issued	30,310,442	22,847,499
Expired	-	(15,833,333)
Outstanding, end of period	53,157,941	22,847,499

As at March 31, 2011, the Company had outstanding warrants as follows:

Quantity	Exercise price	Expiry date
22,847,499	\$0.125 (1)	June 7, 2012
14,285,714	\$0.12	November 30, 2012
11,024,728	\$0.12 (2)	December 10, 2012
5,000,000	\$0.12	December 10, 2012

TERRABIOGEN TECHNOLOGIES INC.
(Formerly International Bio Recovery Corporation)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended March 31, 2011

9. SHARE CAPITAL - continued

1) If the closing price of the Company's shares on the TSX Venture Exchange meet or exceed \$0.25 for 20 consecutive trading days, the Company may provide notice to the warrant holders that the warrants will expire 30 days after such notice.

2) Exercise price increases to \$0.15 on December 11, 2012 until expiry on December 10, 2013

	Mar. 2011	June 2010
10. CONTRIBUTED SURPLUS		
Balance, beginning of period	\$ 1,297,201	\$ 1,196,262
Fair value of stock options	281,265	100,939
Balance, end of period	\$ 1,578,466	\$ 1,297,201

11. STOCK OPTION PLAN AND STOCK-BASED COMPENSATION

The Company grants stock options to directors, officers, employees and consultants as compensation for services, pursuant to its Incentive Stock Option Plan (the "Plan") instituted in 1999. Options issued pursuant to the Plan have an exercise price as determined by the Board, subject to the pricing policies of the TSX Venture Exchange. Options have a maximum expiry period of five years from the grant date. The number of options, which may be issued under the plan, is limited to no more than 10% of the Company's issued and outstanding shares on the grant date. The aggregate number of options granted to any one optionee in a twelve month period is limited to 5% of the Company's issued shares at the time the options are granted.

Pursuant to the stock option plan, options granted are subject to vesting restrictions at the discretion of the Company's board of directors. The majority of the options vest one-quarter immediately upon the grant date and one-quarter in each subsequent six-month period thereafter such that the entire option will have vested eighteen months after the award date.

The following table summarizes the continuity of the Company's stock options outstanding at March 31, 2011 and June 30, 2010:

<u>Outstanding</u> <u>at June 30,</u> <u>2009</u>	<u>Granted</u>	<u>(Expired/ Cancelled)</u>	<u>Outstanding</u> <u>at June 30,</u> <u>2010</u>	<u>Granted</u>	<u>(Expired/ Cancelled)</u>	<u>Outstanding</u> <u>at Mar. 31,</u> <u>2011</u>	<u>Price</u>	<u>Expiry Date</u>
500,000	-	(500,000)	-	-	-	-	\$0.25	Oct. 30, 2009
300,000	-	(300,000)	-	-	-	-	\$0.12	Apr. 12, 2010
2,475,000	-	(1,000,000)	1,475,000	-	(750,000)	725,000	\$0.15	July 25, 2013
-	400,000	(200,000)	200,000	-	-	200,000	\$0.15	Mar. 3, 2014
-	500,000	-	500,000	-	(500,000)	-	\$0.15	Oct. 30, 2014
-	-	-	-	2,200,000	(200,000)	2,000,000	\$0.12	July 5, 2015
-	-	-	-	1,400,000	-	1,400,000	\$0.10	July 5, 2015
-	-	-	-	250,000	-	250,000	\$1.00	May 31, 2013
-	-	-	-	200,000	-	200,000	\$1.25	May 31, 2014
-	-	-	-	250,000	-	250,000	\$1.75	May 31, 2015
-	-	-	-	2,025,000	-	2,025,000	\$0.12	Dec. 15, 2015
3,275,000	900,000	(2,000,000)	2,175,000	6,325,000	(1,450,000)	7,050,000		

TERRABIOGEN TECHNOLOGIES INC.
(Formerly International Bio Recovery Corporation)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended March 31, 2011

11. STOCK OPTION PLAN AND STOCK-BASED COMPENSATION (continued)

A summary of the change in the Company's stock options for the periods ended March 31, 2011 and June 30, 2010 is presented below:

	9 months to March 31, 2011		Year ended June 30, 2010	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, beginning of year	2,175,000	\$0.15	3,275,000	\$0.16
Granted	6,325,000	0.25	900,000	0.15
Cancelled or expired	(1,450,000)	(0.15)	(2,000,000)	(0.15)
Outstanding, end of year	7,050,000	\$0.24	2,175,000	\$0.15

Additional information regarding options outstanding and exercisable as at March 31, 2011 is as follows:

Options outstanding				Options exercisable	
Exercise Price \$	Outstanding #	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price \$	Exercisable #	Weighted Average Exercise Price \$
0.15	725,000	2.32	0.15	725,000	0.15
0.15	200,000	2.93	0.15	200,000	0.15
0.12	2,000,000	4.27	0.12	1,000,000	0.12
0.10	1,400,000	4.27	0.10	700,000	0.10
1.00	250,000	2.17	1.00	-	1.00
1.25	200,000	3.17	1.25	-	1.25
1.75	250,000	4.17	1.75	-	1.75
0.12	2,025,000	4.71	0.12	506,250	0.12
	7,050,000	4.11	0.24	3,031,250	0.13

The Company uses the Black-Scholes option pricing model to estimate the fair value of stock options. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

The fair value of stock options granted during the nine months ended March 31, 2011 and the year ended June 30, 2010 has been estimated using the Black-Scholes model to be \$281,265 (year ended June 30, 2010 - \$100,939) and is being recognized as an expense and included in contributed surplus over the vesting period. For purposes of the calculation, the following weighted average assumptions were used:

	9 months ended Mar. 31, 2011	Year ended June 30, 2010
Risk free interest rate	2.22%	2.38%
Expected dividend yield	0%	0%
Expected stock price volatility	166%	157%
Expected life of options	4.86 years	4.78 years

The grant-date fair value of options granted during the nine months ended March 31, 2011 was \$0.08 (2009 - \$0.07).

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12. RELATED PARTY TRANSACTIONS

The Company had the following transactions with related parties during the nine months ended March 31, 2011:

- a) Management fees, in lieu of salary and wages, of \$29,167 (2010: \$88,429) were expensed for services provided by a former director.
- b) Consulting fees of \$47,500 (2010: \$38,000) were expensed for services provided by a company controlled by an officer.
- c) Accounts payable and accrued expenses include fees payable to directors of \$3,800 (2010: \$5,800). Fees to directors of \$9,400 (2010: \$33,000) were expensed during the nine months to March 31, 2011.
- d) In December, 2010, the Company paid off loans payable which included \$310,972 paid to a former director and \$257,205 paid to a company whose directors include a former director of the Company. Accrued interest of \$69,624 was waived by the former director and the company whose directors include a former director of the Company i) waived \$82,088 of accrued interest and ii) agreed to convert \$96,486 of accrued interest into shares.

13. GOVERNMENT ASSISTANCE

During 2009, the Company signed a Contribution Agreement with the National Research Council of Canada's Industrial Research Assistance Program (NRC-IRAP), which will support the Company in its research and development program with a research contribution of up to \$78,000 until September 30, 2010; this was subsequently increased to \$83,585 until March 31, 2011 and further extended until December 31, 2011. For the nine months ended March 31, 2011, the Company has submitted claims to NRC totalling \$17,536 for the remaining balance under the Contribution Agreement, and \$9,317 of this is outstanding as at December 31, 2010.

During 2010, the Company also signed 2 Contribution Agreements with the National Research Council of Canada's Youth Internship program, which contributes up to \$55,250 until March 31, 2012 towards the salaries of recent graduate students working in the Company's research department. For the nine months ended March 31, 2011, the Company has submitted claims to NRC totalling \$31,000 and \$15,394 of this is outstanding as at December 31, 2010.

14. COMMITMENTS

During the year ended June 30, 2010, the Company and its landlord amended the lease agreement for its North Vancouver demonstration plant. The amended lease agreement expires May 3, 2013 and contains provisions that allow the landlord to use a portion of the property at their option; in consideration of the amendment, the landlord forgave \$50,000 of rental payments due which the company is amortizing over the remaining term of the lease. The remaining commitments under the amended lease agreement aggregate \$203,700 and are as follows:

Year ended June 30, 2011	\$	24,444
Year ended June 30, 2012		97,776
Year ended June 30, 2013		81,480

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15. SEGMENTED INFORMATION

The Company operates in three operating segments, that being the licensing of its proprietary technology for conversion of waste into organic fertilizer products, research and development, and the sale of fertilizer. Distribution of operating results for the three segments is as follows:

March 31, 2011	Technology Sales	Fertilizer Sales	Research & Development	Corporate	Total
Total assets	\$ -	590,750	91,481	221,947	904,178
Property and equipment	-	590,750	66,770	62,380	719,900
Revenues	-	6,152	-	697	6,849
Net loss	(107,125)	(940,250)	(114,901)	(576,692)	(1,738,968)
Property and equipment additions	-	12,355	52,711	1,460	66,526
Amortization	-	77,691	11,733	7,684	97,108
Interest expense	-	-	-	57,207	57,207

March 31, 2010	Technology Sales	Fertilizer Sales	Research & Development	Corporate	Total
Total assets	\$ -	937,576	50,864	1,469,086	2,434,307
Property and equipment	-	937,576	25,792	71,609	1,011,758
Revenues	-	3,977	-	352	4,329
Net loss	(126,105)	(538,084)	(88,535)	(562,883)	(1,315,607)
Property and equipment additions	-	9,159	21,573	2,655	33,387
Amortization	-	120,253	4,901	5,219	130,373
Interest expense	-	-	-	133,983	133,983

All of the Company's property and equipment is located in Canada.

16. CAPITAL MANAGEMENT

The Company manages its capital structure in order to ensure sufficient resources are available to meet operational requirements. The Company manages the components of shareholders' equity and its liabilities including shareholder loans and its bank line of credit as capital, and makes adjustments to these components in response to the Company's business objectives and the economic climate. To maintain or adjust its capital structure, the Company may attempt to issue new common shares from treasury, issue debt instruments or borrow money. The Company does not anticipate the payment of dividends in the foreseeable future.

17. FINANCIAL INSTRUMENTS

As at March 31, 2011, the Company's financial instruments consist of cash, accounts receivable, bank loans, accounts payable and accrued liabilities, and loans payable. The fair value of cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. The fair values of amounts receivable, accounts payable, customer deposits, and loans payable approximate their carrying values due to their nature and short terms to maturity.

a) Fair value Measurements

CICA 3862, Financial Instruments – Disclosures, requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. CICA 3862 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. CICA 3862 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

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17. FINANCIAL INSTRUMENTS (continued)

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs which are supported by little or no market activity.

Financial assets measured at fair value on a recurring basis were presented on the Company's balance sheet as of March 31, 2011 as follows:

	Fair Value Measurements Using			Balance as of Mar. 31, 2011
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	\$	\$	\$	\$
Assets:				
Cash	21,754	—	—	21,754
Total assets measured at fair value	21,754	—	—	21,754

b) Financial risk management

The Company's activities potentially expose it to a variety of financial risks, including credit risk, liquidity risk, foreign exchange risk, and interest rate risk.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and amounts receivable. As cash is generally held for short term periods, it is held on deposit with a high credit quality financial institution. Deposits held with this institution may exceed the amount on insurance provided on such deposits. Almost all of amounts receivable is due from the Government of Canada or its agencies.

Liquidity Risk

The Company has operated with negative working capital for several years. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon generating revenues sufficient to cover its operating costs, the continued support of its shareholders, obtaining additional financing, and ultimately, generating profitable operations and positive operating cash flows.

Foreign Exchange Risk

The Company has minimal foreign exchange risk almost all of its transactions are in Canadian dollars.

Interest Rate Risk

The Company is subject to interest on its bank loans, and term loans which are at negotiated rates of interest. Significant increases in these interest rates would result in increased costs for the Company.

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18. SUBSEQUENT EVENTS

Subsequent to March 31, 2011,

- a) the Company announced a non-brokered private placement of 10,000,000 units at \$0.10 per unit for gross proceeds of \$1,000,000. Each unit consists of one common share and one-half a warrant; each full warrant may be exercised to purchase one common share at \$0.15 per share for eighteen months. The private placement has been fully subscribed and payments totalling \$366,667 have been received to date.
- b) the Company received approval from the Agricultural Adaption Council under their Canadian Agricultural adaption Program ("CAAP") for a grant of up to \$81,050. The grant is for Low Risk Biostimulant Trials on the Company's products over a 2 year period.
- c) 75,000 stock options exercisable at \$0.15 were cancelled.



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(Report Prepared as of May 26, 2011)

Description of the Business

TerraBioGen Technologies Inc. ("TerraBioGen") changed its' name from International Bio Recovery Corporation on January 21, 2011. The Company has developed an environmental technology which processes organic material from food waste, manures and surplus organics from food production into innovative, high value, environmentally progressive agricultural products that improve crop yields and suppress crop disease.

TerraBioGen has an operating facility in North Vancouver adjacent to its corporate offices where laboratory analysis and greenhouse trials are conducted. The prime functions of the plant are to provide product for crop research and market development.

During the latter half of the 2010 fiscal year and the nine months to March 31, 2011, the Company has been modifying and bringing the current facility in North Vancouver up to operating efficiencies through capital additions and refurbishments, in order to produce sufficient product to complete field trials and to develop a market for the company's products.

The Company is committed to research and development to continue to improve the effectiveness of its technology, the quality of its products, and the creation of new product lines. Through collaborations with some of the leading agricultural institutes in North America and funding from the Canadian government's National Research Program, TerraBioGen is gaining an understanding of the active ingredients in its products that are responsible for the improved crop yields and suppression of disease. Further, the company is taking steps to secure intellectual property rights to these active ingredients and fully commercialize their potential.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Basis of Presentation

The Company's financial statements are presented in Canadian dollars and in accordance with Canadian generally accepted accounting principles ("GAAP"). This MD&A should be read in conjunction with the annual audited financial statements for the year ended June 30, 2010 and the unaudited interim financial statements for the nine months ended March 31, 2011.

Management Changes

On September 1, 2010, Blair Heffelfinger was appointed President and CEO of the Company, and he also joined the board of directors on that date. Mr. Heffelfinger had joined IBR in May 2010 and he has an extensive background in biotechnology including senior management positions with several companies. He replaced Henry Bow who retired after 8 years with the Company. On September 3, 2010, Ben Van Dyk retired as a director of the Company and, on October 15, 2010, from his position as Director of Marketing. Mr. Bow continued as a director of the Company and replaced Mr. Van Dyk as Chairman of the board of directors.

On February 8, 2011, the Company appointed S.R. Prabhu as Chief Technical Officer. Prabhu has been employed with TerraBioGen as its' Senior Research Scientist/Research Manager for the past 8 years and has been the key individual in developing value in the Company's proprietary EATAD process and resulting soil fertility products including active ingredient identification and characterization.

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Quarterly Financial Results

	Jan-Mar/11 <u>Q3 2011</u>	Oct-Dec/10 <u>Q2 2011</u>	July-Sept/10 <u>Q1 2011</u>	Apr-Jun/10 <u>Q4 2010</u>	Jan-Mar/10 <u>Q3 2010</u>	Oct-Dec/09 <u>Q2 2010</u>	July-Sept/09 <u>Q1 2010</u>	Apr-Jun/09 <u>Q4 2009</u>
Equipment & product sales	\$ 450	\$ 600	\$ 780	\$ 5,316	\$ -	\$ 1,020	\$ 864	\$ 860
Royalties	-	-	-	-	-	-	2,093	23,466
Interest & other income	<u>3,975</u>	<u>695</u>	<u>349</u>	<u>892</u>	<u>249</u>	<u>103</u>	<u>-</u>	<u>48</u>
Total Revenues	4,425	1,295	1,129	6,208	249	1,123	2,957	24,374
Expenses	585,263	515,898	805,225	694,623	389,280	<u>474,333</u>	456,323	613,719
Recovery of income taxes	-	-	-	4,893	-	-	-	-
Gain on settlement of liabilities	-	160,574	-	-	-	-	-	-
Impairment of property and equipment	-	-	-	(276,924)	-	-	-	(664,354)
Write off deferred research and development	-	-	-	-	-	-	-	(213,244)
Net Loss	(580,838)	(354,028)	(804,101)	(960,446)	(389,031)	(473,210)	(453,366)	(1,466,943)
Net Loss per share	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.03)
	<u>Mar. 31/11</u>	<u>Dec. 31/10</u>	<u>Sep. 30/10</u>	<u>June 30/10</u>	<u>Mar. 31/10</u>	<u>Dec. 31/09</u>	<u>Sep. 30/09</u>	<u>June 30/09</u>
Total Assets	904,178	1,367,190	929,712	1,534,036	2,434,307	2,825,134	1,188,958	1,232,131
Long term liabilities	99,353	103,530	26,466	30,633	2,117	3,244	7,557	14,284

Comparison of the nine months to March 31, 2011 to the nine months to March 31, 2010

During the nine months ended March 31, 2011, the Company generated revenue from waste collection fees of \$1,830 and other income of \$5,019 for total revenues of \$6,849. In the same period in the previous year, revenues were generated from waste collection fees of \$1,884, royalties of \$2,093, and other income of \$352 for a total of \$4,329.

Total expenses during the current nine month period were \$1,906,390 compared to \$1,319,936 in the same period last year. Administration costs increased by \$249,037 from the previous year primarily due to an increase of \$193,023 in stock based compensation costs resulting from the grant of 6,325,000 stock options during the period, and an increase of \$104,881 in wages and benefits resulting from the addition of a new President; these increases were partially offset by a decrease in legal costs of \$43,971 as the Company was negotiating with its landlord in 2009. Plant and operations costs increased by \$447,405 primarily due to increases of \$227,524 in wages and benefits and \$209,659 in repair and maintenance costs associated with the refurbishment of the plant; during the nine months ended, March 31, 2010, the plant was not operating most of the time and the majority of the refurbishments in 2011 have been expensed rather than capitalized. Research and development costs increased by \$21,125 primarily due to an increase in wages of \$39,109 resulting from more staff, offset in part by IRAP grants from the National Research Council. Marketing costs decreased by \$21,073 primarily due to the retirement of the Director of Marketing in October 2010 and a \$31,733 reduction in travel costs, offset by an increase of \$69,936 from the use of contractors.

During the nine months to March 31, 2011, the Company paid off \$606,360 of loans payable and \$160,574 of accrued interest on these loans was waived, resulting in a gain on the settlement. The Company's interest costs decreased by \$76,776 primarily due to the payout and the resulting net loss was \$1,738,967, or \$0.02 per share compared to a net loss in the prior year of \$1,315,607, or \$0.03 per share.

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Comparison of the three months to March 31, 2011 to the three months to March 31, 2010

The Company generated revenue from waste collection fees of \$450 and other income of \$3,975 during the three months ended March 31, 2011. In the same period in the previous year, revenues were generated from other income of \$249.

Total expenses during the current three month period were \$585,263 compared to \$389,280 in the same period last year. Plant and operations costs increased by \$162,195 primarily due to increases of \$102,688 in wages and benefits, \$52,592 in repair and maintenance costs, and \$25,418 in power, water and sewer; all of these costs resulted from the operation and refurbishment of the plant compared to the prior year when the plant not operating. Administration costs increased by \$53,315 from the previous year primarily due to an increase of \$45,573 in stock based compensation costs. Research and development costs increased by \$25,557 due to increased costs in all areas resulting from staff additions. Marketing costs were very similar in both years with contractor costs replacing management fees previously paid to the Director of Marketing who retired in October 2010. Interest costs decreased by \$35,684 following the payout of \$606,360 of loans payable and the conversion of \$350,000 of additional loans into shares in December 2010.

During the three months to March 31, 2011, the net loss was \$580,838, or \$0.01 per share compared to a net loss in the prior year of \$389,031, or \$0.01 per share.

Financial Condition

At March 31, 2011, the Company had total liabilities of \$1,105,672, a decrease of \$1,102,581 from the year ended June 30, 2010 due to the payout of \$606,360 of loans payable, the conversion of \$350,000 of additional loans into shares, the gain of \$160,574 on accrued interest that was waived, and an additional \$81,231 of accrued interest that was converted into a term loan. The working capital position was a deficiency of \$899,918 compared to a deficiency of \$1,471,954 at June 30, 2010.

To date, the Company has not generated sales sufficient to cover its operating expenses and has been dependent on cash from new financing activities in order to meet its obligations. Until the Company generates significant sales, it will be relying on new financing and any difficulty in raising new financing will have a significant impact on the Company's ability to operate.

Share Capital

As at March 31, 2011, the Company had 101,764,533 common shares outstanding and 53,157,941 share purchase warrants were outstanding, exercisable at prices ranging from \$0.12 to \$0.125 and with expiry dates from June 7, 2012 to December 10, 2012. There were also 7,050,000 stock options outstanding, exercisable at prices ranging from \$0.10 to \$1.75 and with expiry dates ranging from May 31, 2013 to December 15, 2015.

In November 2010, the Company completed a private placement of 14,285,714 units at \$0.07 for proceeds of \$1,000,000. The units consisted of one share and one warrant exercisable at \$0.12 for two years.

In December 2010, the Company completed a series of transactions, as follows:

- a) a non-brokered private placement of 11,024,728 units at a price of \$0.055 per unit for proceeds of \$606,360. Each unit consisted of one common share and one warrant exercisable at \$0.12 in the first two years and \$0.15 in the third year. The proceeds from this private placement were used to pay out \$606,360 of notes payable.
- b) \$350,000 of notes payable were converted into 5,000,000 units at a price of \$0.07 per unit. Each unit consisted of one common share and one warrant exercisable at \$0.12 for a period of two years. Accrued interest of \$81,231 on this note payable was converted into a term loan with interest at 4% per annum and repayable on October 31, 2013.
- c) a shares for debt agreement on accrued interest of \$96,486 with payment to be made in shares at \$0.07 per share on the earlier of demand and October 31, 2012.

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In May 2011, the Company announced a non-brokered private placement of 10,000,000 units at a price of \$0.10 per share for gross proceeds of \$1,000,000. Each unit consists of one common share and one-half warrant; each full warrant may be used to purchase shares at \$0.15 for eighteen months. As at May 26, 2011, the private placement was fully subscribed for and payments totalling \$366,667 have been received to date.

Business Development

Over the last year, the Company has focused on 4 major areas:

a) Research and development. The R&D department has grown to 3 full time staff and 2 students as the Company conducts intensive research to identify and characterize the active ingredients in its products. In April 2011, the Company filed a patent application for its F4 plant growth promoter as an initial step. In addition to its research identifying the active ingredients in its products, the Company is investing in product formulations to best deliver these ingredients to its target crops.

b) Plant modifications and refurbishment. The Company has made significant modifications to its North Vancouver plant in order to have sufficient product to complete field trials and to develop the market for the company's products. A process review undertaken by an engineering company to reduce costs and maximize efficiencies in the plant has recently been completed. This study will identify the lowest cost plant design while delivering an improved product with an optimal amount of active ingredient to enhance crop yields and disease protection.

c) Growing trials and market analysis. Strategic partnerships have been established with several parties to identify product formulations and to prove performance in field trials. This information will be used to benchmark and position TerraBioGen's products for success in the marketplace

d) Branding. The Company changed its name to TerraBioGen Technologies Inc. which speaks to the company's focus on biotechnology based, agricultural market-driven process and product development and sales.

Transactions with Related Parties

During the nine months ended March 31, 2011, the Company paid management fees of \$29,167 in lieu of salaries to a former director who retired on October 15, 2010 from his management position, and fees of \$47,500 for accounting and financial services to a company controlled by an officer. In addition, directors receive a fee of \$200 for each meeting or committee meeting attended; directors' fees of \$9,400 were expensed during the nine months, \$17,800 was paid to directors, and \$3,800 of the fees and expenses were due to directors at March 31, 2011.

In December 2010, the Company paid off loans payable which included \$310,972 paid to a former director and \$257,205 paid to a company whose directors include a former director of the Company. Accrued interest of \$69,624 was waived by the former director and the company whose directors include a former director of the Company i) waived \$82,088 of accrued interest and ii) agreed to convert \$96,486 of accrued interest into shares.

Lease Agreement on North Vancouver office and plant

In 1996, the Company entered into a 25 year lease for its North Vancouver demonstration plant. During the year ended June 30, 2010, the Company and its landlord amended the lease agreement. The amended lease agreement now expires May 3, 2013 and contains provisions that allow the landlord to use a portion of the property at their option; in consideration of the amendment, the landlord forgave \$50,000 of rental payments due which the Company is amortizing at \$1,389 per month over the remaining term of the lease. As at March 31, 2011, \$34,799 of the forgiven rent remains to be amortized.

The Company is in the process of developing a transition plan to a new facility.

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Accounting Standards

Financial Instruments – Disclosures (Section 3862) – In June 2009, the CICA amended Section 3862, Financial Instruments – Disclosures. These amendments are applicable to financial statements relating to the Company's annual financial statements ending on June 30, 2010. The amendments provide for additional disclosure requirements about fair value measurements of financial instruments and enhanced liquidity risk disclosure requirements for publicly accountable enterprises. The additional required disclosures are included in the financial statements for the year ended June 30, 2010. The Company classifies its cash and cash equivalents as held-for-trading, amounts receivable as loans and receivables and its accounts payable and accrued liabilities and loans payable as other financial liabilities.

Future Canadian accounting standards

CICA 1582, "Business Combinations", CICA 1601, "Consolidated Financial Statements" and CICA 1602, "Non-Controlling Interests" - In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards ("IFRS"). The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests," which replace Section 1600 "Consolidated Financial Statements."

Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations." The adoption of this standard is not expected to have a material impact on the Company's financial statements.

In August 2009, Section 3251, Equity was issued in response to issuing Section 1602 Non-controlling Interests. The amendments require non-controlling interests to be recognized as a separate component of equity. The amendments apply only to entities that have adopted Section 1602. The adoption of this section is not expected to have a material impact on the financial statements.

In August 2009, Section 1625, Comprehensive Revaluation of Assets and Liabilities was issued for consistency with new Section 1582 Business Combinations. The amendments apply prospectively to comprehensive revaluations of assets and liabilities occurring in fiscal years beginning on or after January 1, 2011. The adoption of this section is not expected to have a material impact on the financial statements.

Conversion to International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board has announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date for the Company of July 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended June 30, 2011. Under IFRS, there is significantly more disclosure required. Further, while IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies that must be addressed. The Company is continuing a review process on these differences and expects to be ready for the conversion to IFRS in advance of July 1, 2011.

The Company's approach to the conversion to IFRS covers three phases.

Phase One: an initial general diagnostic of its accounting policies and Canadian GAAP relevant to its financial reporting requirements to determine the key differences and options with respect to acceptable accounting standards under IFRS was completed in the first half of 2010.

Phase Two: an in-depth analysis of the impact of those areas identified under phase one, commenced in the second half of 2010.

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Phase Three: the implementation of the conversion process, through the preparation of the opening balance sheet as at July 1, 2011, will be carried out in the first half of 2011.

At this point, the Company's accounting and financial reporting systems are not expected to be significantly impacted. Further, the Company has in place internal and disclosure control procedures to ensure continued effectiveness during this transition period.

Based on the review undertaken under Phase One and the work completed to date under Phase Two, the Company believes that IFRS will have limited impact on its current financial position. At the same time, IFRS will require more extensive disclosure and analysis of balances and transactions in the notes to the financial statements. The specific accounting areas the Company has focused its analysis on are outlined below together with the more salient issues under each area.

Key Area	Canadian GAAP	IFRS	Analysis and Preliminary Conclusions
Capital Assets	Capital assets are recorded at historical cost.	Capital assets can be recorded using the cost (on transition to IFRS, the then fair value can be deemed to be the cost) or revaluation models.	Capital assets will likely continue to be recorded at their historical costs due to the complexity and resources required to determine fair values on an annual basis.
	Amortization is based on their useful lives after due estimation of their residual values.	Amortization must be based on the useful lives of each significant component within Capital assets.	Based on an analysis of Capital assets' significant components and their useful lives, it is unlikely that changes to their useful lives and, therefore, amortization rates and expenses, will be required.
Impairment of Long Lived Assets	Impairment tests of its long term assets are considered annually based on indications of impairment.	Impairment tests of are considered annually in the presence of indications of impairment.	No material change is expected.
	Write-downs to net realizable values under an impairment test are permanent changes in the carrying value of assets.	Write downs to net realizable values under an impairment test can be reversed if the conditions of impairment cease to exist.	No impact is expected.
Stock-Based Compensation	Stock-based compensation is determined using fair value models (e.g. Black-Scholes) for equity-settled awards.	Stock-based compensation is determined using fair value models for all awards.	Stock-based compensation will be accelerated, resulting in higher costs in the early vesting periods.

The above comments should not be considered as a complete list of changes that will result from the transition to IFRS as the Company's analysis is still in progress and no final determinations have been made where choices of accounting policies are available. In addition, the accounting bodies responsible for issuing Canadian and IFRS accounting standards have significant ongoing projects that could impact the Company's financial statements as at June 30, 2011 and in subsequent years, including projects regarding income taxes, financial instruments and joint venture accounting. The Company is continuing to monitor the development of these projects and will assess their impact in the course of its transition process to IFRS.

TERRABIOGEN TECHNOLOGIES INC.
(formerly International Bio Recovery Corporation)
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED MARCH 31, 2011

Disclosure Policies

The Company has disclosure policies in place to ensure that material information is released on a timely basis. The certifying officers of the Company have concluded that the disclosure controls and procedures as of March 31, 2011 are effective.

Internal Controls

Disclosure controls and procedures have been established to provide reasonable assurance that material information relating to the Company is made known to management, particularly during the period in which annual filings are being prepared. Furthermore, internal controls have been established to ensure the Company's assets are safeguarded and to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP. There have been no changes in the Company's internal controls during the nine months ended March 31, 2011.

Additional Information

Additional information about TerraBioGen Technologies Inc. can be found on SEDAR or at www.terrabiogen.com.