Buffalo
RESOURCES CORP.

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January 19, 2009

International Accounting Standards Board
30 Cannon Street
London, EC4M 6XH
United Kingdom

Dear Sirs:

Re: Comment on Exposure Draft for IFRS 1 Amendment

In accordance with the norm for junior oil and gas exploration and production companies in Canada, Buffalo Resources Corp. ("Buffalo") uses the full cost method of accounting for their property, plant and equipment. Exploration and development costs, including production equipment and facilities, have all been recorded in one cost centre, Canada, as Buffalo only operates in the Canadian sedimentary basin. This includes the costs of acquiring oil and gas properties and equipment which have been determined using the purchase method of accounting for business combinations. Depletion and depreciation, including any provisions for impairment, are determined and recorded for the cost centre as a whole. No fixed asset register is maintained in which the property, plant and equipment additions are allocated by area within the cost centre or which would allow us to easily determine when such costs were incurred.

Conversion to IFRS, as currently published, would cause Buffalo to undertake a costly process of attempting to recreate detailed historic records by determining the original cost of each individual asset and allocating that cost to an area within the cost centre. In all likelihood, this task could not be achieved with any degree of accuracy due to the difficulty of sourcing data of previous years. In its history, Buffalo has undergone numerous corporate re-structurings and changes of management which have resulted in the accounting records that pre-date those required to be retained for Canadian income tax and other regulatory purposes being lost to present management. Buffalo currently owns numerous oil and gas properties that would have been acquired under those pre-dated accounting conditions.

As with all historic cost accounting models, the value of property, plant and equipment on the balance sheet of most Canadian junior oil and gas companies is not reflective of the current value of those assets and is therefore of little use in determining the current worth of the Company. Investors, analysts, bankers and other financial statement users, determine and compare the net asset values of Canadian junior oil and gas companies by substituting the totals derived from the independent engineering evaluation of the Company's oil and gas reserves for the balance of recorded property, plant and equipment on the balance sheet. A costly re-creation of the historic costs as would be required for Buffalo to comply with the current IFRS model, would have little or no economic benefit to stakeholders. The balance sheet values of property, plant and equipment would continue to be substituted by users of the company's financial statements. On this basis, Buffalo considers it appropriate that the historic net book value of the fixed asset accounts should be allocated between exploration and evaluation assets and property, plant and equipment, and within those groups to cash generating units, at the IFRS transition date, subject to capitalization limits imposed by impairment testing.

Consequently Buffalo strongly endorses the proposal for companies which currently follow the full cost method of accounting for oil and gas assets, as outlined in the September 25, 2008 IASB

Exposure Draft titled "Additional Exemptions for First-time Adopters – Proposed amendments to IFRS 1". Attached are our detailed responses to the questions posed in the Exposure Draft.

Yours truly,

BUFFALO RESOURCES CORP.

Trevor G. Penford
Senior Vice President & Chief Financial Officer

Attachment

Q1 – Deemed cost for oil and gas assets

Do you agree with the proposed deemed cost options for entities using full cost accounting under previous GAAP? Why or why not? If not, what alternative do you propose and why?

Buffalo supports the proposed deemed cost option. Buffalo operates only in Canada and, pursuant to the "full cost accounting methodology" all capitalized costs have been recorded in a single cost centre. Once recorded, the costs lose their identity and are no longer associated with specific assets for either accounting or income tax purposes. As discussed in our covering letter, virtually all of Canada's junior oil and gas exploration and production companies use the full cost method of accounting for their property, plant and equipment and as a result, they are all in the same situation.

Conversion to IFRS, as currently published, would cause Buffalo to undertake a costly process of attempting to recreate detailed historic records by determining the original cost of each individual asset and allocating that cost to an area within the cost centre. In all likelihood, this task could not be achieved with any degree of accuracy due to the difficulty of sourcing data of previous years. In its history, Buffalo has undergone numerous corporate re-structurings and changes of management which have resulted in the accounting records that pre-date those required to be retained for Canadian income tax and other regulatory purposes being lost to present management. Buffalo currently owns numerous oil and gas properties that would have been acquired under those pre-dated accounting conditions.

Q2 – Oil and gas assets – disclosure

Do you agree with the proposed disclosure requirements relating to the deemed cost option for oil and gas assets? Why or why not?

Disclosure of the election to use the exemption outlined in the exposure draft, and the basis of allocating property plant and equipment to the new categories of fixed asset accounts being Exploration and evaluation and Property, plant and equipment would provide stakeholders with the information required to understand the impact of Buffalo's transition from Canadian GAAP to IFRS. Therefore, Buffalo agrees with the proposed disclosure requirements relating to the deemed cost options for oil and gas assets.

Q3 – Deemed cost for operations subject to rate regulation

Do you agree with the proposed deemed cost option for entities with operations subject to rate regulation? Why or why not? If not, what alternative do you propose and why?

Not applicable to Buffalo

Q4 – Leases

Do you agree with the proposal not to require the reassessment of whether an arrangement contains a lease in the circumstances described in this exposure draft? Why or why not?

Not applicable to Buffalo

Q5 – Assessments under previous GAAP before the date of transition to IFRSs

Do you agree that the situation referred to in Question 4 is the only one in which additional relief of this type is needed? If not, in what other situations is relief necessary and why?

Not applicable to Buffalo