

# IFR: THE NEXT ENERGY LEADER IN MEXICO

Mexico's Energy Reform is one of the largest energy investment opportunities in the world.



## INVESTMENT HIGHLIGHTS

- **Investing in Mexico's energy reform is an unprecedented opportunity** – no market in the world holds greater potential for companies to acquire, develop and produce existing oil and gas assets.
- **Industry-leading joint venture** – combines the strength of Grupo IDESA, a well-established Mexican petrochemical company, and International Frontier Resources Corp. (IFR), which brings proven Canadian expertise to Mexico.
- **Unique Business Plan with a Producing Asset** – Tecolutla is a vastly underdeveloped mature field with huge upside potential.
- **First-mover advantage** – The Tecolutla block establishes IFR's joint venture as one of the first operators in Mexico which provides key insights into future auction rounds.
- **Success-driven and experienced team** – executive and technical team with extensive capital markets, and exploration and production (E&P) experience in the Americas, Asia, Africa and the Middle East.

## WHY MEXICO?

- Starting in 2013, Mexico's government implemented massive energy reforms to encourage investment
- Foreign investment allowed in the oil and gas sector, ending PEMEX's 75+ year monopoly
- An initial 300+ onshore fields have been earmarked for upcoming bid rounds and PEMEX farmouts
- Since 2013, Mexico has secured potential oil sector investments of as much as US\$200 billion
- Well-developed infrastructure and service sector

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## Stock Information

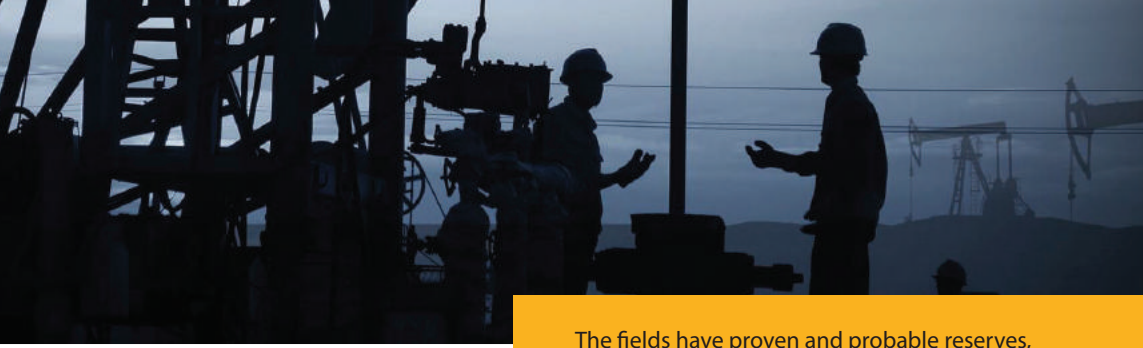
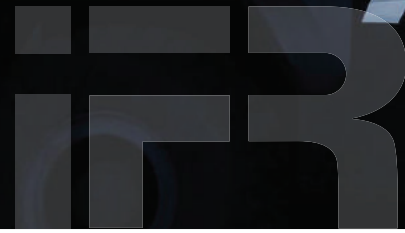
Trading Symbol:  
IFR – TSX Venture; IFRTF – OTCQB

Shares Outstanding: 151 million

Management and board ownership:  
32% basic (39% fully diluted)

Market Capitalization (October 12, 2018):  
CDN \$18.9 million; US \$16.5 million





## INDUSTRY LEADING JOINT VENTURE

**International Frontier Resources Corporation (TSX-V: IFR) (OTCQB: IFRTF) is at the forefront of an unprecedented growth opportunity – helping unlock Mexico’s vast untapped energy reserves.**

IFR formed a Mexican joint venture company – Tonalli Energia (“Tonalli”) – together with Grupo IDESA, one of Mexico’s largest petrochemical companies. IFR and Grupo IDESA are fully aligned, with each owning a 50% partnership stake in Tonalli. IFR has entered into a share option agreement (the “Option”) which gives IFR the right to acquire the outstanding shares of Tonalli held by IDESA prior to the expiry date of September 25, 2020.

In the first onshore bid round (“Round 1.3”), it won the rights to tap into the 7.2 km<sup>2</sup> Tecolutla block (“Tecolutla”), which contains an oil reservoir at 2,340 meters (approximately 7,700 feet). Through its JV, IFR is the first foreign company to drill onshore conventional oil under license contract in Mexico in over 80 years.

### Tecolutla Development and First Cash Flow

- Tonalli has commenced selling oil produced during the well testing phase to PEMEX. Achieving crude oil sales and first cash flow is a major milestone in the ongoing development at Tecolutla.
- The second extended test period of the first vertical well (“TEC-10”) has commenced. In October, TEC-10 produced an average of ~181 barrels of oil per day (bopd), 58% crude oil by volume at an average 873 psi wellhead flowing pressure. As of October 31, 2018, TEC-10 had produced for 42 consecutive days from 2.5 meters of perforation.
- IFR’s JV has secured all major services, including the drilling rig, required to drill the first horizontal well (“TEC-11”) and expects to spud TEC-11 on November 12, 2018.
- After a successful workover, Tecolutla 2 (“TEC-2”) legacy well was tested for seven consecutive days and produced an average of 125 bopd from existing perforations.
- Tonalli is planning an additional workover of the TEC-7 legacy well.
- Tecolutla establishes Tonalli as an operator in Veracruz, a business-friendly state in Mexico with a long history of oil and gas production.
- Tampico-Misantla Basin could be an onshore ‘Super Basin,’ IHS Markit reported.
- Desirable area to operate from a social risk perspective

### PEMEX Farm-outs and Future Bid Rounds

- IFR’s JV has entered into a joint bidding agreement with Mexico’s Lifting MX, a subsidiary of Cotemar, to participate in PEMEX farm-outs.
- Opportunity to acquire new assets and adjacent unassigned lands in upcoming bid round 3.2; the auctions are scheduled to occur on February 14, 2019.

**IFR is assessing upcoming oil and gas opportunities in Mexico, including bid rounds and joint ventures.**

The fields have proven and probable reserves, meaning that commercial quantities of oil have already been found, and are in an area where production costs have traditionally been below \$20 a barrel.

*Wall Street Journal*

Tampico-Misantla may well mirror America’s model super basin – the ever-resilient Permian Basin

*IHS Markit*

Mexico has proven oil systems and some highly attractive assets.

*Financial Times*

International Frontier Resources (ticker: IFR) is one of the first companies to successfully win a bid to develop Mexico’s onshore assets

*Oil and Gas 360*



### Management Team and Board

**Steve Hanson**  
President and CEO

**Tony Kinnon**  
Chairman and VP Corporate Development

**Andy Fisher**  
COO and Director

**Margaret Souleles**  
Chief Financial Officer

### Independent Directors

**Dr. Gary Lyons**

**R. Glenn Dawson**

**Ignacio Quesada**

**Colin Mills**

