International Frontier Resources Corporation

Annual Information Form

For the year ended December 31, 2017

May 14, 2018

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The information in this AIF is given as of December 31, 2017, unless otherwise indicated. All dollar amounts set forth in this AIF are in Canadian dollars unless otherwise indicated. Capitalized terms and industry terms used herein without definition have the respective meanings set forth in the Glossary.

GLOSSARY OF TERMS

In this AIF, unless otherwise indicated or the context otherwise requires, the following terms shall have the indicated meanings. Words importing the singular include the plural and vice versa and words importing a gender include any genders. A reference to an agreement means the agreement as it may be amended, supplemented or restated from time to time:

"**ABCA**" means the *Business Corporations Act* (Alberta), as amended from time to time, including the regulations promulgated thereunder.

"AIF" means this Annual Information Form.

"ASEA" means the National Agency for Industrial Safety and Environmental Protection of the Hydrocarbons Sector of Mexico.

"CNH" means The National Hydrocarbon Commission of Mexico **(**Mexico Comision Nacional de Hydrocarburos).

"COGE Handbook" means the Canadian Oil and Gas Evaluation Handbook as co-authored by the Society of Petroleum Evaluation Engineers (Calgary Chapter), as amended from time to time.

"Common Shares" means the common shares in the capital of International Frontier Resources.

"IFR", "**International Frontier Resources**", "**we"**, "**us"**, "**our"** or **"Corporation"** means International Frontier Resources Corporation and all its controlled entities as a consolidated body.

"NI 51-101" means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities of the Canadian Securities Administrators*.

"Tonalli" means Tonalli Energia S.A.P.I de C.V.

"Petro Forntera" means Petro Frontera de S.A.P.I. de C.V.

"Shareholders" means holders of Common Shares of International Frontier Resources.

Abbreviations and Conversions

In this AIF, the following abbreviations have the meanings set forth below consistent with Appendix B of the COGE Handbook, where applicable:

Crude Oils and Natural Gas Liquids	
API	American Petroleum Institute
Bbl	Barrel
Bbls	Barrels
Bbls/d	Barrels per day
BOPD	Barrels of oil per day
MBbls	Thousand barrels
MMBbls	Million barrels
BOE	Barrels of oil equivalent
BOE/d	Barrels of oil equivalent per day
MBOE	Thousand of barrels of oil equivalent
MMBOE	Million of barrels of oil equivalent
NGLs	Natural gas liquids

Natural Gas	
Mcf	Thousand cubic ft
MMcf	Million cubic ft
Mcf/d	Thousand cubic ft per day
MMcf/d	Million cubic ft per day
Gj	Gigajoules

Other	
M	1,000

Crude Oils and Natural Gas Liquids		Natural Gas
MMbtu	Million British thermal units	
WTI	West Texas Intermediate	

The following table sets forth certain factors for converting metric measurements into imperial equivalents.

To convert from	To	Multiply by
BOE	Mcf	6.00
Mcf	Cubic metres ("m3")	28.17
Cubic metres	Cubic ft	35.49
Bbls	Cubic metres ("m3")	0.16
Cubic metres ("m3")	Bbls	6.29
Feet ("ft")	Metres	0.31
Metres	Feet ("ft")	3.28
Miles	Kilometres ("Km")	1.61
Kilometres ("Km")	Miles	0.62
Acres	Hectares ("Ha")	0.41

FORWARD LOOKING INFORMATION

Certain statements contained in this AIF, and in certain statements incorporated by reference into this AIF, constitute forward-looking statements and forward-looking information (collectively referred to herein as "**forward-looking statements**") within the meaning of applicable Canadian securities laws. Such forward-looking statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact may be forward-looking statements.The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "strategy" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements are based on reasonable assumptions but no assurance can be given that these expectations will prove to be correct and the forward-looking statements included in this AIF should not be unduly relied upon. These statements are made only as of the date of this AIF.

In particular, this AIF contains forward-looking statements including, but not limited to, the following:

- commodity prices for crude oil or natural gas;
- supply and demand for oil and natural gas;
- the estimated quantity of oil and natural gas reserves, including reserve life;
- capital expenditure programs and potential oil and gas costs and expenditures;
- future exploration, development and production costs;
- timing of drilling plans;
- plans for and results of exploration and development activities;
- expectations regarding the Corporation's ability to raise capital and to continually add to oil and natural gas reserves through acquisitions, exploration and development;
- future environmental protection regulations;
- challenges of attracting and retaining employees;
- the regulatory framework in respect of the License Contact including work requirements, costs, bonds, royalties and length of terms;
- lack of exploration and development plans for the NW Montana property
- treatment under governmental regulatory regimes and tax laws;
- the investment expected to be attracted because of Mexico's energy reform;
- plans and objectives for the Tecolutla Block, including further exploration, appraisal and development of the block; and
- third party resource and reserve estimates, including Mexican resource and reserve estimates.

Although the forward-looking statements contained in this AIF are based upon assumptions which management of the Corporation believes to be reasonable, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this AIF and other documents of public record, the Corporation has made assumptions regarding, among other things:

- the legislative and regulatory environments of the jurisdictions where the Corporation carries on business or has operations;
- commodity prices and royalty regimes;
- the impact of increasing competition;
- availability of skilled labour;
- timing and amount of capital expenditures;
- the price of oil and natural gas;
- conditions in general economic and financial markets;
- royalty rates and future operating costs;
- future oil and natural gas production levels from IFR's properties and the prices obtained from the sales of such production;
- the level of future capital expenditure required to exploit and develop reserves; and
- the Corporation's ability to obtain financing on acceptable terms, as required.

The Corporation's actual results could differ materially from those anticipated in these forward-looking statements and information as a result of assumptions proving inaccurate and of both known and unknown risks as set forth below:

- general economic, political, market and business conditions;
- the ability of management to execute its business plan
- risks inherent in oil and natural gas operations;
- fluctuations in the price of oil and natural gas, interest and exchange rates;
- the risks of the oil and gas industry, such as operational risks and market demand;
- governmental regulation of the oil and gas industry, including environmental regulation;
- actions taken by governmental authorities, including increases in taxes and changes in government regulations and incentive programs;
- geological, technical, drilling and processing problems;
- risks and uncertainties involving geology of oil and gas deposits;
- risks inherent in marketing operations, including credit risk;
- the uncertainty of reserves estimates and reserves life;
- the uncertainty of estimates and projections relating to production, costs and expenses;
- potential delays or changes in plans with respect to exploration or development projects or capital expenditures;
- availability of sufficient financial resources to fund the Corporation's capital expenditures;
- unanticipated operating events which could reduce production or cause production to be shut-in or delayed;
- hazards such as fire, explosion, blowouts, cratering, and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury;
- encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations;
- the ability to add production and reserves through development and exploration activities;
- general economic and business conditions;
- the possibility that government policies or laws, including laws and regulations related to the environment, may change or governmental approvals may be delayed or withheld;
- uncertainty in amounts and timing of royalty payments;
- uncertainties inherent in estimating quantities of oil and natural gas reserves and cash flows to be derived therefrom;
- failure to obtain industry partner and other third party consents and approvals, as and when required;
- stock market volatility and market valuations;
- competition for, among other things, capital, acquisition of reserves, undeveloped land and skilled personnel;

- the availability of capital on acceptable terms or at all;
- failure to realize the anticipated benefits of acquisitions and dispositions;
- ability to raise project finance capital from chartered banks; and
- the other factors considered under "Risk Factors"

Forward-looking statements and other information contained herein concerning the oil and gas industry in Mexico and the Corporation's general expectations concerning this industry are based on estimates prepared by management of the Corporation using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Corporation believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Corporation is not aware of any material misstatements regarding any industry data presented herein, the oil and gas industry involves numerous risks and uncertainties and is subject to change based on various factors.

Management of the Corporation has included the above summary of assumptions and risks related to forward-looking statements provided in this AIF in order to provide Shareholders with a more complete perspective on the Corporation's current and future operations and such information may not be appropriate for other purposes. The Corporation's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Corporation will derive therefrom.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this AIF and the documents incorporated by reference herein are expressly qualified by this cautionary statement. We do not undertake any obligation to publicly update or revise any forward-looking statements except as required by securities laws or regulations. Further information about the factors affecting forward-looking statements and management's assumptions and analysis thereof, is available in filings made by the Corporation with Canadian provincial securities commissions available on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.

CORPORATE STRUCTURE

IFR was incorporated on November 24, 1997 under the ABCA as "761523 Alberta Ltd.". On March 20, 1998, the Corporation changed its name to "International Frontier Resources Corporation".

The Corporation has one 99.80% owned subsidiary, Petro Frontera de S.A.P.I. de C.V., incorporated under the laws of Mexico. Petro Frontera owns 50% of the outstanding shares of Tonalli Energia, S.A.P.I de C.V., incorporated under the laws of Mexico.

The Corporation's head office is located at 2410, 520 - 5th Avenue, SW, Calgary, AB T2P 3R7 and its registered office is located at 10, 628 - 12 Avenue SW, Calgary, AB T2R 0H6.

The Corporation is a reporting issuer in British Columbia and Alberta. The Common Shares are listed and posted for trading on the TSX Venture Exchange (the "**TSXV**") under the trading symbol "IFR".

GENERAL DEVELOPMENT OF THE BUSINESS

Business Overview

International Frontier Resources is an independent Canadian publicly traded company, the principle business of which is to acquire, develop, exploit and produce oil and natural gas in Mexico. IFR also has oil and natural gas interests in the Central Mackenzie Valley ("**CMV**"), Northwest Territories, Canada.

Three Year History

The general development of IFR's business during the last three fiscal years and to the date of this AIF, including significant acquisitions and other events which have had an influence on the Corporation's development, are described below.

Financial Year Ended December 31, 2015

- In April 2015, the Corporation formed a Mexican subsidiary, Petro Frontera de S.A.P.I. de C.V., to allow for
  - (i) the study of, and bidding on, assets in Mexico's initial oil and gas Energy Reform bid round in 2015;
  - (ii) the acquisition and participation in services contracts that are currently migrating to exploration and production contracts;
  - (iii) and the development of other petroleum and natural gas assets in Mexico.
- On September 3, 2015, the Corporation registered and was granted access to the CNH data room for the third tender of Mexico's oil and gas bidding round.
- On October 1, 2015 the Corporation entered into a strategic joint venture with Grupo Idesa S.A. de C.V. ("**IDESA**") in order to facilitate the evaluation and joint study of business opportunities in the Mexican oil and gas sector, in particular the first bidding round of the Onshore Blocks of the "Ronda 1" bidding process from the Mexican government.
- On September 21, 2015, IFR, through its Mexican subsidiary Petro Frontera, and IDESA formed a 50/50 joint venture company in Mexico, Tonalli Energia, S.A.P.I de C.V.
- On December 2, 2015, the Corporation closed two tranches of a non-brokered private placement. Pursuant to the first tranche, the Corporation issued 17,000,000 Units at a price of $0.065 per Unit for gross proceeds of $1,105,000. Each Unit consisted of one Common Share and one common share purchase warrant, with each warrant entitling the holder thereof to purchase one Common Share at a price of $0.10 for a period of two years from the date of issuance. In addition, due to an oversubscription of funds, pursuant to the second tranche, the Corporation issued 2,161,880 Units at a price of $0.10 per Unit for gross proceeds of $216,188. Each Unit consisted of one Common Share and one common share purchase warrant, with each warrant entitling the holder thereof to purchase one Common Share at a price of $0.13 for a period of two years from the date of issuance.
- Effective December 2, 2015, the Corporation granted, pursuant to its Incentive Stock Option Plan, incentive stock options to directors, officers and consultants for the purchase of up to 3,100,000 Common Shares. All of the options are exercisable on or before December 2, 2020 at a price of $0.135.
- On December 15, 2015, Tonalli bid on four onshore blocks in Mexico's historic bid round. Although competitive, Tonalli was not awarded any licenses. Tonalli was runner-up in bidding for Block 6 Catedral and Block 24 Tecolutla.

Financial Year Ended December 31, 2016

- On February 8, 2016, the Corporation extended the expiry dates (originally ranging from October 29, 2016 to November 12, 2016) of a total of 6,800,000 common share purchase warrants to December 2, 2017.
- On May 12, 2016, Tonalli was notified by the CNH that it had been awarded the Onshore Oil and Gas Development Block 24 (the "**Tecolutla Block**") with an incremental royalty of 31.22%. The Tecolutla Block is a 7.2 km2 block in the Tampico-Misantla Basin located within the state of Veracruz. The producing carbonate oil reservoir in the Tecolutla Block is the El Abra formation at a depth of 2,340 meters. 3D seismic was acquired over the entire block and 7 existing vertical wells were drilled by Pemex to bring the field into production. Cumulative production on a well by good

basis from four key vertical wells has been 316,000, 507,000, 267,000, and 352,000 barrels each to date.

- Effective May 18, 2016, the Corporation granted, pursuant to its Incentive Stock Option Plan, incentive stock options to consultants and employees for the purchase of up to 150,000 Common Shares. All of the options are exercisable on or before May 18, 2021 at a price of $0.15.
- On June 29, 2016, the Corporation closed a non-brokered private placement of 12,800,000 Units at a price of $0.125 per Unit for gross proceeds of $1,600,000. Each Unit consisted of one Common Share and one-half common share purchase warrant, with each whole warrant entitling the holder thereof to purchase one Common Share at a price of $0.18 for a period of two years from the date of issuance.
- On July 4, 2016, Gary McInnis and Charles Welsh resigned as directors of the Corporation.
- On July 7, 2016, Ignacio Quesada-Morales was appointed as a director of the Corporation.
- On July 14, 2016, Colin Mills was appointed as a director of the Corporation.
- On August 25, 2016, Tonalli met all the terms and conditions and signed a license contract with the CNH for the Tecolutla Block, granting Tonalli the right to develop and produce hydrocarbons. As required by the CNH, Tonalli secured from a Mexican institution a US$1,764,100 performance bond toward the guarantee of performance of the minimum work programs. Upon completion of the minimum work program, the performance bond will be returned.
- On October 4, 2016, Steve Hanson was appointed Chief Executive Officer and Pat Boswell, previously CEO and Chairman of the Board, transitioned to Chairman Emeritus. Andrew Fisher, formerly Manager Mexico, was appointed as the Corporation's new Chief Operating Officer.
- On October 17, 2016, the Corporation's Common Shares commenced trading on the OTCQB Venture Marketplace under the symbol "IFRTF".
- On November 17, 2016, Andrew Fisher, the Chief Operating Officer for IFR, was appointed to the Corporation's Board of Directors. Additionally, Director Tony Kinnon was appointed Chairman of the Board of Directors and Director Gary Lyons was appointed as Vice Chairman.
- On November 21 2016, the Corporation announced that Tonalli identified high interest development targets at its Tecolutla Block.

Financial Year Ended December 31, 2017

- In January 2017, the Corporation secured an Account Performance Security Guarantee ("**APSG**") facility of US$882,050 with Export Development Canada ("**EDC**"). The APSG facility was provided as 50% of a performance bond issued by joint venture company Tonalli.
- On January 19, 2017, the Corporation's jointly owned Mexican company Tonalli registered and was granted access to the CNH data room for the third tender of Round Tow of Mexico's oil and gas energy reform.
- On March 3, 2017, the Corporation closed a private placement for aggregate gross proceeds of $5,059,085, which consisted of the sale of 18,068,160 Common Shares at a price of $0.28 per Common Share. The brokered portion of the private placement led by PI Financial Corp. consisted of 8,094,445 Common Shares for gross proceeds of $2,266,445. PI Financial Corp. was paid a commission of 6% on the brokered portion of the financing. The non-brokered portion of the private placement consisted of 9,973,715 Common Shares for gross proceeds of $2,792,640. The Corporation paid finders fees in the amount of $11,760.00 in respect of the non-brokered portion of the placement.

- On April 14, 2017, the Corporation completed the sale of its 100% interest in its oil properties in south east Alberta, Canada for consideration of $1 and the reservation and granting to the Corporation of a 2.5% gross overriding royalty as pursuant to a Gross Overriding Royalty Agreement.
- On May 25 2017, Patrick Boswell resigned as director of the Corporation.

- On June 23, 2017, the Corporation's jointly owned Mexican company Tonalli received approval by the CNH for its evaluation plan for the Tecolutla Block, which was part of the historic Round 1.3 tender process in Mexico's energy reform. The evaluation plan outlines in detail the scheduled work program to develop Tecoluta.

- On June 26, 2017, the Corporation's jointly owned Mexican company Tonalli was named by Mexico's energy regulator, the CNH as one of 12 companies and seven consortiums to qualify to bid on up to 14 blocks in bid round 2.3 scheduled for July 12, 2017.

- On July 13, 2017, the Corporation announced the results of the Mexican Energy Reform Onshore Bid Round 2.3 completed on July 12, 2017. IFR, through its jointly owned Mexican company Tonalli, was not awarded any licenses. Tonalli placed second in bidding on Block CS-03 and came in third place on Blocks CS-02 and CS-04.

- On August 1, 2017, the Corporation engaged Primoris Group Inc. ("**Primoris**") to provide investor relations and media relations services. Under the terms of IFR's agreement with Primoris, which commenced August 1, 2017 for a one-year period, Primoris will implement a communications program to support the Company's growth strategy, for which it will be paid a fee of $6,000 per month. The agreement between the Corporation and Primoris is renewable and can be terminated by either party after six months on 60 days written notice.

- On December 4, 2017, the Corporation received aggregate proceeds of $2,561,045 from the exercise of warrants and issued an additional 24,961,880 Common Shares upon the exercise of these warrants.

- Effective December 4, 2017, the Corporation granted, pursuant to its Incentive Stock Option Plan, incentive stock options to directors, officers and employees for the purchase of up to 4,875,000 Common Shares. Of the options granted, 4,650,000 vest over 24 months from date of grant and 225,000 vest immediately. All of the options are exercisable on or before December 4, 2022 at a price of $0.22.

Developments Since December 31, 2017

- On March 8, 2018, the Corporation announced that its jointly owned Mexican company Tonalli received approval of the plan for Industrial Safety Management System, Operational Safety and Environmental Protection (the "implementation plan") by ASEA. The implementation plan details the operations safety system Tonalli will use for oil and gas operations in Mexico.

- On April 12, 2018, the Corporation announced that in partnership with IDESA, Tonalli spudded its first evaluation well, TEC-10, at its onshore Tecolutla Block. The TEC-10 directional evaluation well will be drilled to target the El Abra formation at a depth of 2,490 meters (8,169 feet). The expected timeline from spud date to reach total depth is under three weeks. Tonalli will implement a modern core and logging program to re-evaluate the properties of the reservoir and to optimize both the completion of TEC-10 and future development of the Tecolutla field.

- On May 7, 2018, the Corporation announced that Tonalli successfully and safely reached total depth at its first evaluation well, TEC-10, on its onshore Tecolutla Block. The TEC-10 directional evaluation well was drilled to the target depth of 2453m (Total Vertical Depth TVD, 2490 Measured

Depth). Production casing was successfully installed and the drilling rig was released on May 4, 2018.

- On May 9, 2018, the Corporation announced that Tonalli has registered and been granted access to the data room for the second tender of Round Three of Mexico's oil and gas energy reform by the CNH. Tonalli is in the process of analyzing and assessing block data and completing documentation in anticipation of entering the bidding process. Concessions are to be awarded in September 2018 under a license contract model. The licenses for exploration and production will last 30 years and can be extended for two additional terms of five years each.

Significant Acquisitions

During the fiscal year ended December 31, 2017, the Corporation did not complete any significant acquisitions as defined in National Instrument 51-102 - *Continuous Disclosure Obligations*.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

As at December 31, 2017, the Corporation did not have any reserves or production on any of its properties. Accordingly, the Corporation did not have any future net revenue related to reserves as at December 31, 2017. The Corporation filed its Form 51-101F1 - *Statement of Reserves Data and Other Oil and Gas Information* and Form 51-101F3 - *Report of Management and Directors on Oil and Gas Disclosure*, under NI 51-101 on the SEDAR website at www.sedar.com on April 24, 2018, which forms are incorporated herein by reference.

Employees/Consultants

The Corporation had 6 salaried employees as at December 31, 2017 and the Effective Date. The Corporation has 3 part-time consultants whose services are used on a regular basis for day-to-day operations.

Environmental

The Corporation believes that it is in compliance with applicable existing environmental laws and regulations and is not aware of any proposed environmental legislation or regulations with which it would not be in material compliance. However, the natural resources industry may in the future become subject to more stringent environmental protection rules. This could increase the cost of doing business and may have a negative impact on earnings in the future.

Competitive Conditions

The oil and natural gas industry is intensely competitive in all its phases. The Corporation competes with numerous other participants in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. The Corporation's competitors include resource companies which have greater financial resources, staff and facilities than those of the Corporation. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery. The Corporation believes that its competitive position is equivalent to that of other oil and gas issuers of similar size and at a similar stage of development.

Cyclical Nature of Business

The Corporation's business is generally not cyclical. The exploration and development of oil and natural gas reserves is dependent on access to areas where production is to be conducted. Seasonal weather variation, including rainy seasons, affects access in certain circumstances.

Specialized Skill and Knowledge

Operations in the oil and natural gas industry mean that IFR requires professionals with skills and knowledge in diverse fields of expertise. In the course of its exploration, development and production of hydrocarbons, the Corporation utilizes the expertise of geophysicists, geologists and petroleum engineers. The Corporation faces the challenge of attracting and retaining sufficient employees to meet its needs.

Foreign Operations

The Corporation's oil and gas operations and assets are located in foreign jurisdictions. As a result, the Corporation is subject to political, economic and other uncertainties, including but not limited to changes, sometimes frequent, in energy policies or the personnel administering them, nationalization, expropriation of property without fair compensation, cancellation or modification of contract rights, foreign exchange restrictions, currency fluctuations, royalty and tax increases, and other risks arising out of foreign governmental sovereignty over the areas in which the Corporation's operations are conducted, as well as risks of loss due to civil strife, acts of war, guerrilla activities and insurrections. Changes in legislation may affect the Corporation's oil and natural gas exploration and production activities. The Corporation's international operations may also be adversely affected by laws and policies of Canada as they pertain to foreign trade, taxation and investment.

Industry Conditions - Energy Reform (Mexico)

Mexico's historic energy reform announced in 2014 has established a new legal framework for Mexico's energy industry and is expected to attract the billions of dollars in foreign investment needed to revitalize Mexico's oil and gas industry. The Secretaria de Energia has issued a five-year, four round tender plan (2015-2019) for the denationalization of 914 oil and gas blocks in Mexico.

DESCRIPTION OF THE BUSINESS

Mexico

The Mexican government changed their constitution in December 2013 to allow foreign investment in the Mexican Oil & Gas sector. The implementation of this energy reform legislation provides an opportunity for oil companies looking to tap into Mexico's energy potential. International Frontier Resources participated in Mexico's first onshore licensing round, which secured the Tecolutla Block in Mexico's first onshore licensing round.

The Corporation was an early identifier of the Mexican oil and gas opportunity and has now achieved its initial goals which were as follows:

- Partner with an experienced local operator;
- Set up a 50/50 jointly owned Mexican company with its partner; and
- Participate in bidding and win an onshore license in Round One
- On April 12, 2018, Tonalli, spudded its first evaluation well, TEC-10, at its onshore Tecolutla Block
- On May 7, 2018, Tonalli successfully and safely reached total depth of 2453m (Total Vertical Depth TVD, 2490 Measured Depth) on the TEC-10 well. Production casing was successfully installed and the drilling rig was released on May 4, 2018.

Tonalli, the Corporation's operating subsidiary in Mexico formed through the 50/50 joint venture with Grupo IDESA combines IFR's Canadian geoscience, engineering and finance team with IDESA's Mexican regulatory, engineering and logistics team.

Northwest Territories

The Corporation holds an interest in three Significant Discovery Licenses, and also has one Exploration License and in three freehold parcels in the Sahtu area of the central Mackenzie Valley, NWT encompassing 174,610 net acres. The Corporation's acreage held under Significant Discovery License does not expire.

North West Montana

The company owns mineral titles covering 15,200 acres ("**Fee Acreage**") on the south end of the SAB located on the Blackfoot Reserve in Glacier County, Northwest Montana, the Fee Acreage, does not expire.

EXPLORATION AND DEVELOPMENT ACTIVITIES IN MEXICO

The Corporation plans to fulfill the following objectives with respect to its operations in Mexico in 2018:

- The Corporation plans to conduct a workover of an existing well.
- Achieve cashflow from Tecolutla.
- Evaluate Onshore Bid Round 3.2 and 3.3 in July 2018 and September 2018, respectively where average block size is approximately 72 Sections (185 square Km).

Tecolutla Contract Mexico

The Tecolutla Block is governed by the terms of a license contract for the extraction of hydrocarbons entered into by Tonalli and the CNH on August 25th, 2016 ("**License Contract**").

The Licence Contract has a term of 25 years with two possible extensions of 5 years, all of which could result in a contract term of 35 years. The License Contract allows Tonalli to explore for, produce and market hydrocarbons.

There are National Content rules contained in the License Contract, which require that Tonalli comply with a minimum percentage of national content starting at twenty-two percent (22%) and escalating to as high as 38% of the value of the items which have been purchased or contracted in Mexico for Petroleum Activities during the Appraisal Period.

Tonalli's appraisal plan regarding the Tecolutla Block was approved by the CNH in accordance with the License Contract. The appraisal period (the "**Appraisal Period**") commenced July 6th, 2017 and is for a one-year term. During the Appraisal Period, Tonalli must perform a minimum work program. There are provisions which allow an extension of the Appraisal Period for one additional year subject to certain conditions and approvals.

As required by the CNH, Tonalli secured from a Mexican institution a US$1,764,100 performance bond toward the guarantee of performance of the minimum work programs. Upon completion of the minimum work program, the performance bond will be returned. Tonalli is required to fulfil the minimum work program by performing any combination of tasks to earn 4,600 Work Units. The Corporation's 50% share of these activities has been budgeted as CAD$2.6 million. In addition, in 2017, the Corporation secured an APSG facility of US$882,050, with EDC. The APSG facility was provided as 50% of the performance bond issued by Tonalli.

Tonalli is able to fulfill the minimum work program by performing any combination of tasks to earn 4600 Work Units as described in the Bidding Guidelines and License Contract (subject to the appraisal plan approved by the CNH). The following table is an excerpt from the English translation of the form of License Contract which applies to the minimum work program for the Tecolutla Block.

Minimum work requirement	Unit	Work Units

This English version is only a translation of the Model Contract included in the Bidding Guidelines that govern the Bidding Process CNH-R01-L03/2015, and is provided only for reference. In the event of any dispute or discrepancy, **the Spanish version shall prevail and be treated as the correct version** (for all intents and purposes).

3

www.ronda1.gob.mx

FINAL VERSION

ROUND 1 | TERRESTRIAL – THIRD INVITATION TO BIDDING
Bidding Guidelines CNH-R01-L03/2015
Nov 20th, 2015

		(number)
Well	Per Well	4,000
Major work-over[2]	By repair	800
Minor work-over[3]	By repair	400
Nuclei studies	Per study	25
PVT Studies	Per study	10
Formation Studies	Per study	10
Updated static model	Per unit	300
Updated dynamic model	Per unit	300
Acquisition, reprocessing and interpretation of 3D seismic data.	Per km^2	20
Interpretation of 3D seismic.	By Contract Area	30

8.1 The Contractor may accumulate Work Units per perforated Well within the framework of the Contract.

8.2 Only studies, records and tests that correspond to the perforated Wells within the framework of this Contract will be accredited. The accreditation of such studies, records and tests shall be subject to the delivery of the related information to CNH.

8.3 Only the acquisition, processing and interpretation of seismic data limited to the Contract Area will be accredited. Similarly, the square kilometers (km^2) accredited may not exceed 100% of the surface area of the Contract Area.

8.4 To the effects of the Minimum Work Program, only one major and minor work-overs per well during the Appraisal Period will be valid.

At this time, Tonalli intends to drill one well to earn 4000 Work Units and conduct a Major work-over to earn 800 Work Units to satisfy the minimum work program under the License Contract.

The License Contract also provides a corporate guarantee to be provided to ensure compliance with the terms and conditions of the License Contract. IDESA has provided the corporate guarantee directly to the CNH and Tonalli secured from a Mexican institution a US$1,764,100 performance bond toward the guarantee of performance of the minimum work programs. Upon completion of the minimum work program, the performance bond will be returned. The Corporation secured an Account Performance Security Guarantee facility of US$882,050 with Export Development Canada. The APSG facility is provided as 50% of the performance bond issued by Tonalli.

When the Appraisal Period has ended, a development plan is required to be submitted by Tonalli for approval by the CNH. If portions of the Tecolutla Block are not intended to be developed, then portions of the block acreage may be subject to relinquishment or can be voluntarily surrendered.

Pursuant to the Mexican Hydrocarbons Revenues Law, the License Contract shall provide for the following payments in favor of Mexico:

1) Exploratory Phase Fees,

2) Hydrocarbon Exploration and Activity Tax,
3) Royalties as specified in the Hydrocarbons Revenues Law,
4) An additional royalty payment that consists of a percentage of the contract value of hydrocarbons produced, and
5) A royalty to the surface landowners in accordance with the Hydrocarbons Revenues Law in an amount of 1- 3% of the contract value subject to negotiation.

These payments are further described below and are in addition to any taxes owed by the contractor pursuant to the Mexican Income Tax Law or other tax laws.

Exploratory Phase Fees: The License Contract establishes a monthly payment during the exploratory phase for the portion of the contract area that is not in a production phase. The exploratory phase monthly fees are as follows:

I. $1,150 Mexican pesos per square kilometer during the first 60 months of the contract term, and
II. $2,750 Mexican pesos starting from month 61 of the contract term.

These amounts are adjusted annually for inflation on the basis of the Mexican National Consumer Price Index. The Tecolutla Block is 7.2 square kilometers in size.

Hydrocarbon Exploration and Activity Tax: The tax for the hydrocarbon exploration and extraction activity is calculated monthly by applying the following fees for each square kilometer included in the contract area:

I. During the exploration phase $1,500 pesos, and
II. During the extraction phase $6,000 pesos.

The exploration phase ranges from the time the License Contract is executed until the start of extraction phase, which ranges from the start of the activities aimed at the commercial production of hydrocarbons up to the time the License Contract expires. Tonalli is currently in the exploration phase of development.

These amounts are adjusted annually for inflation on the basis of the Mexican National Consumer Price Index.

Royalties: The License Contract provides for royalties in favor of the government of Mexico that vary depending on the type and market price of the particular hydrocarbon (crude oil, associated, non-associated natural gas or condensates) effectively produced. Royalties are payable in cash. Royalty payments are determined based on the “Contract Value” of produced hydrocarbons, which is calculated by multiplying the volume of production by its “contract price.” The contract price for each type of hydrocarbon is its market price in US dollars, as adjusted pursuant to a mechanism to be established in the License Contract. The mechanism takes into account the hydrocarbon’s quality, API gravity, marketing, and transportation and logistical costs, among other factors.

Crude oil royalties start at 7.5% when the contract price of crude oil is below US$48 per barrel and would increase as the contract price of crude oil increases. When the contract price of crude oil is equal to or greater than US$48 per barrel, the following formula would be applied: Rate= [(0.125 x crude oil contract price) + 1.5] %. Per this formula, when the contract price of crude oil is US$100, a 14% royalty would be applicable. (The base price of US$48 is adjusted for inflation).

Condensates royalties start at 5% when the contract price of condensates is below US$60 per barrel. When the condensates contract price is equal or greater than US$60 per barrel, the following formula is applied: Rate = [(0.125 x condensates contract price) – 2.5] %. Per this formula, when the contract price of condensates is US$100, a 10% royalty would be applicable. As an economic incentive for non-associated natural gas development, a zero percent royalty would apply when the contract price of non-associated natural gas is lower than or equal to US$5.00 per 1 million BTU. When the contract price of non-associated natural gas is higher than US$5.00 but lower than US$5.50 per1 million BTU, royalties are calculated using the following formula: Rate= [(Natural gas contract price – 5) x 60.5] / Natural gas contract price. Again, the base prices for the calculations are adjusted for inflation.

When the contract price of non-associated natural gas is equal to or higher than US$5.50 per 1 million BTU, royalties are calculated using the following formula: Rate = Natural gas contract price / 100 the above economic incentives are not applicable to associated natural gas. Royalties for associated natural gas shall be calculated using the following formula: Rate = Associated natural gas contract price / 100.

Payment of a Percentage of the Contract Value of Hydrocarbons: This payment is in addition to the royalty payments referred to above. For the Tecolutla Block, payment is 31.22% of the contract value of hydrocarbons produced. This amount was bid by Tonalli for the Tecolutla Block in the bidding process.

As mentioned above, the “contract value” of produced hydrocarbons is calculated by multiplying the volume of production measured by its “contract price.” The contract price for each type of hydrocarbon refers to its market price in US dollars each month, adjusted pursuant to a mechanism that takes into account the hydrocarbon’s quality, API gravity, marketing, and transportation and logistical costs, among other factors. At the Tecolutla Block, based on an expected API of 28 and 0% sulfur, the contract price of crude oil will be the summation of 19.8% of the average monthly price of Louisiana Light Sweet Crude and 81.4% of the average monthly price of Brent Crude.

MINOR EXPLORATION AND DEVELOPMENT PROPERTIES IN NORTH AMERICA

Central Mackenzie Valley, NWT Canada

Significant Discovery Licenses 140

Summit Creek – 11,380 acres

The Corporation holds an 8.2112% working interest in a 17-section block of land at Summit Creek. The acreage is held under a Significant Discovery License (“SDL”) 140.

The well *Husky et al Summit Creek B-44-64-30-125-45* lies in the foothills of the Mackenzie Mountains, 110 kilometers south of the town of Norman Wells. The B-44 well was drilled to a depth of 10,050 feet cased and suspended. Production testing of the *Summit Creek B-44* well confirmed several productive intervals within a gross hydrocarbon column of over 600 feet in the Devonian Formation. Two separate intervals, encompassing net pay of 255 feet, were flow tested, each zone produced at rates of approximately 10 MMCF/D of natural gas and 3,000 barrels per day of condensate. The Canol shale is prospective in the Summit Creek SDL 140.

Partners in the Summit Creek SDL 140 are Husky Oil (operator) 59.28%, Taqa North 32.50% and IFR 8.221%.

Stewart Lake

Significant Discovery Licenses 138 & 139 - 16,987 acres

M-38 – 10,368 acres

The well *Husky et al Stewart Lake D-57-64-20-125-15* is located 30 kilometers south of the Summit Creek SDL 140. The well was drilled on TDL freehold parcel M-38 to a total depth of 10,322 feet, open hole tested, cased and suspended. The D-57 well tested sweet dry natural gas at a rate of 5 MMCF/D (unstimulated) from two separate reservoirs of Cretaceous-aged sandstones. The structure covers nine crown sections on which two SDL's have been granted; TDL freehold parcel M-38 is located in the middle of the two SDL's.

Partners in the Stewart Lake SDL's are Husky Oil Operations (operator) 59.28%, Taqa North 32.50% and IFR 8.221%. Partners in TDL freehold parcel M-38 are Husky Oil (operator) 75% and IFR 25%.

Sah Cho L-71 TDL Parcel M37 – 16,987 acres

The *Husky et al Sah Cho L-71* well was drilled and cased to a total depth of 12,100 feet. The primary objectives, the Arnica and Hume zones encountered gas and water. Prospective zones that have not been tested include the Cretaceous age Arctic Red and Little Bear sands. The Canol shale is also prospective in the L-71 well. There are no resources assigned to parcel M-37.

Partners in the *Sah Cho L-71* well and in TDL freehold parcel M-37 are Husky Oil Operations (operator) 75% and IFR 25%.

Unevaluated Acreage

NWT Exploration License 495 – 163,120 acres

In October 2014, EL-495 was awarded to IFR (100%). The effective date of the license is March 16, 2014 and the first term expires on March 16, 2019. The license was awarded for a work program bid of $1,200,000 under the terms of the license a $300,000 deposit was lodged. The Cretaceous and Devonian Canol shale are prospective on EL-495. There are no resources assigned to EL-495.

Glacier County, NW Montana USA

IFR owns mineral titles covering 15,200 net acres located on the Blackfeet Reserve in Glacier County NW Montana. The majority of existing leases on the Corporation's fee acreage expired in 2016 and the acreage reverted back to the Corporation. The fee acreage does not expire and the Corporation holds a 100% net revenue interest in the fee acreage.

There are no resources assigned to the fee acreage.

The Corporation has no plans for further development of its NW Montana property.

CAPITAL STRUCTURE OF IFR

Authorized Shares

The authorized capital of IFR consists of an unlimited number of Common Shares, an unlimited number of Preferred Shares issuable in series and up to 4,999,000 Restricted Shares, of which 144,395,885 Common Shares, no Preferred Shares and no Restricted Shares are issued and outstanding as at December 31, 2017.

Common Shares

The holders of Common Shares are entitled, subject to the rights, privileges, restrictions and conditions attached to any Preferred Share, to dividends if, as and when declared by the directors, to one vote per share at meetings of the holders of Common Shares and, subject to the rights, privileges, restrictions and conditions attached to any Preferred Share, upon liquidation, to share equally in the remaining property of the Corporation.

Preferred Shares

The Corporation is also authorized to issue an unlimited number of Preferred Shares. The Preferred Shares may be issued in one or more series, and the directors are authorized to fix the number of shares in each series, and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series. The Preferred Shares are entitled to a priority over the Common Shares with respect to the payment of dividends and the distribution of assets upon the liquidation of the Corporation.

Restricted Shares

The Corporation is also authorized to issue up to 4,999,000 Restricted Shares. The Restricted Shares are not entitled to vote, are entitled to dividends if, as and when declared by the directors, and, subject to the rights, privileges, restrictions and conditions attached to any Preferred Share, upon liquidation, to share equally in the remaining property of the Corporation. The Restricted Shares are convertible into Common Shares on the basis of one Common Share for every one Restricted Share held.

DIVIDENDS

The Corporation has not declared or paid any dividends since incorporation. Any decision to pay dividends on the Common Shares will be made by the Board of Directors on the basis of the Corporation's earnings, financial requirements and other conditions existing at the relevant time.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed and posted for trading on the TSXV under the symbol "IFR". The following table sets forth the price range (high and low closing prices) in Canadian dollars of Common Shares and volume traded on the TSXV for the financial year ended December 31, 2017.

Month	High	Low	Volume
January	$ 0.40	$ 0.24	7,232,632
February	$ 0.38	$ 0.32	2,393,522
March	$ 0.42	$ 0.30	6,059,466
April	$ 0.40	$ 0.32	1,182,069
May	$ 0.355	$ 0.29	988,395
June	$ 0.32	$ 0.22	1,862,970
July	$ 0.34	$ 0.21	5,161,116
August	$ 0.32	$ 0.24	2,829,775
September	$ 0.28	$ 0.195	1,595,539
October	$ 0.24	$ 0.185	1,026,935
November	$ 0.25	$ 0.185	1,030,955
December	$ 0.23	$ 0.16	912,645

On October 17, 2016 the Corporation's Common Shares commenced trading on the OTCQB Venture Marketplace under the symbol "IFRTF".

Prior Sales

The following table summarizes the issuances of Common Shares or securities convertible into Common Shares for the financial year ended December 31, 2017.

Description of Security	Date Issued	Number of Securities Issued	Issuance/Exercise Price Per Security ($)
Common Shares	March 3, 2017	18,068,160	$0.28
Common Shares	December 4, 2017	24,961,880	$010 - $0.13
Stock Options	December 4, 2017	4,875,000	$0.22

DIRECTORS AND EXECUTIVE OFFICERS

Directors and Executive Officers of IFR

The names, municipalities of residence, principal occupations for the five preceding years and committee membership of each of the directors and executive officers of IFR as of the date hereof are set out below.

Name, Residence and Principal Occupation	Position and Offices Held
Steve Hanson North Vancouver, British Columbia With over 20 years of finance and corporate development experience, Mr. Hanson has been President of Discovery Management Services Ltd. since 2002, a venture capital consulting firm assisting early stage companies in the development of short and long-term financing strategies. Mr. Hanson served as Chairman and Managing Director of Van Arbor Asset Management, an award-winning equity money management firm from 2004 until 2008, which he founded in 2003. Van Arbor Asset Management was bought by ZLC Private Investment Management in 2008. In 2009, Mr. Hanson served as President and CEO of Pan Asian Petroleum, an Oil and Gas Corporation that during his tenure was acquired by Ivanhoe Energy. In 2011 and 2012, Mr. Hanson was a Director of Lion Petroleum Corp., a private Oil and Gas Corporation focused on East Africa bought by Taipan Resources. He has served on numerous private and public company boards.	• President and Chief Executive Officer • Director since November 6, 2013 • Member of the Compensation Committee, Nominations and the Corporate Governance Committee

Name, Residence and Principal Occupation	Position and Offices Held
Andrew Fisher Calgary, Alberta Mr. Fisher has over twenty-five years of intensive and varied experience in the oil and gas industry including extensive experience in acquisition and divestments, corporate finance, strategic and operational planning, due diligence, supervision of day to day activities, office management, team leading, joint venture management, contracts and negotiations. He was Founder and Executive Vice President of Arcan Resources Ltd. and grew Arcan from zero BOE / day with no assets to approximately 4,000 BOE / day with a large future drilling inventory. Arcan was sold to Aspenleaf Energy Ltd., backed by ARC Financial Corp., a Canadian energy-focused private equity manager, and Ontario Teachers' Pension Plan, in June 2015 in a transaction valued at approximately $300 Million. Formerly Vice President International Contracts and Negotiation of Pacalta Resources Ltd, Mr. Fisher was the third employee of Pacalta and experienced growth of Pacalta from a junior E&P Corporation with approximately 100 BOE / day of production to a company with approximately 45,000 BOE / day of production in Ecuador and hundreds of employees. Pacalta was sold to Alberta Energy Corporation (predecessor to EnCana) in 1999 in a transaction valued at approximately $1 Billion.	• Chief Operating Officer • Director since November 15, 2016 • Member of the Reserve/ Technical Committee
Tony Kinnon Calgary, Alberta Tony has 20 years of experience in the financial services industry focusing on valuation, structuring and raising capital for energy companies. Based in Calgary, Alberta his professional roles include Managing Director, Energy Banking at PI Financial, and Director of Public Venture Capital at both Macquarie Private Wealth and Richardson Partners.	• Chairman & Vice President of Business Development • Director since September 30, 2014 • Member of the Audit Committee, Reserve/ Technical Committee and the Nominations Committee
Margaret Souleles Calgary, Alberta Margaret has provided financial consulting services to the Corporation from November 2004 to October 2009 when she was appointed as Chief Financial Officer. Prior to joining the Corporation Margaret spent eight years in the audit department of Grant Thornton LLP. Margaret is a Chartered Accountant and holds a Bachelor of Commerce Degree from the University of Calgary.	• Chief Financial Officer
Dr. Gary Lyons Palm Desert, California Dr. Lyons holds a MD degree from the University of Pittsburgh and a PhD from the University of Minnesota. Gary was a founder and Director of Nugget Oil Corporation which was founded in Minneapolis in 1970 and moved its headquarters to Corpus Christi in 1980. He has been involved in the oil & gas industry for over 36 years. Gary was appointed to the Board in June 2006.	• Vice Chairman & Director • Director since June 30, 2006 • Member of the Audit Committee, Compensation Committee and the Corporate Governance Committee

Name, Residence and Principal Occupation	Position and Offices Held
Ignacio Quesada-Morales Mexico City, Mexico Mr. Quesada-Morales is a Managing Director with Alvarez & Marsal in Mexico City. He brings 20 years of experience in strategy, operations improvement and financial solutions. His primary areas of concentration are the energy and financial sectors, strategy development, supply chain management, and financial evaluation. Mr. Quesada-Morales has worked with clients across a range of industries, including oil and gas, financial services, private equity and government institutions. Prior to joining A&M, Mr. Quesada-Morales was CFO of PEMEX where he contributed to the development of new business collaboration schemes including the performance contracts and JVs between PEMEX and private sector companies. Before PEMEX, he worked as Chief of Staff to the Minister at the Treasury and at the Social Development Ministers. During that time, he participated in the Anti-Money Laundering Initiative, United Nations high-level task force for financial instruments for climate change, the task force for the AH1N1 crisis, and the development of new payment schemes for the social programs.	• Director since July 7, 2016 • Member of the Audit Committee
Colin Mills Calgary, Alberta Mr. Mills brings over 30 years of experience in strategic and tactical operations with an extensive and diverse background in power generation. He has established and led high-performance teams to achieve significant business goals in Mexico, Canada and Australia. Mr. Mills' background includes a number of executive roles with TransAlta Corporation, one of Canada's largest publicly traded power generators and marketers of electricity and renewable energy. During his tenure, he held key positions including Director General and Chairperson or the Board of TransAlta Mexico. With TransAlta Mexico, Mr. Mills' responsibilities included business development, equipment commissioning and operations of the corporation's Chihuahua 260 MW and TransAlta Campeche 250 MW combined cycle power stations. Both facilities achieved ISO9001 certification and were awarded “Clean Industry Status” by the Mexican Federal Environmental Authority. He also led negotiations with the Mexican National Power Corporation for the strategic divestiture of TransAlta's Mexican assets to InterGen. Mr. Mills and his team established community programs on behalf of TransAlta, the United Way at Emiliano Zapata, Tabasco (Mexico) and the Mexican Federal Department of Integration of Families in Samalayuca, Chihuahua. Mr. Mills also held positions on the Mexico Energy Association Board and the Canadian Chamber of Commerce in Mexico. Most recently, Mr. Mills worked for Synergy Corporation as Manager, Thermal Generation in Western Australia, overseeing a workforce of more than 350 employees and is currently the General Manager of Gas and Renewables for Australian Gas and Light based in Adelaide, South Australia.	• Director since July 14, 2016 • Member of the Compensation Committee. Nominations Committee and the Corporate Governance Committee

Each director will hold office until the next annual general meeting of Shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Corporation or the provisions of the ABCA. Between annual meetings, the Board has the authority to appoint one or more additional directors to serve until the next annual meeting provided that the number of directors so appointed does not exceed 1/3 of the number of directors holding office at the expiration of the last annual meeting.

Security Holding by Directors and Officers

As at the date hereof, the directors and executive officers, as a group, beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 27,806,418 Common Shares, representing approximately27.55% of the issued and outstanding Common Shares. The information as to Common Shares beneficially owned by directors and executive officers, not being within the knowledge of the Corporation, has been furnished by the respective directors or obtained from SEDI.

Cease Trade Orders

To the knowledge of management no director or executive officer as at the date hereof, is or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any corporation (including the Corporation), that (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For the purposes hereof, “order” means (a) a cease trade order, (b) an order similar to a cease trade order, or (c) an order that denied the relevant Corporation access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

Bankruptcies

To the knowledge of management, no director, executive officer of the Corporation or a Shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any corporation (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

To the knowledge of management no director, executive officer or Shareholder holding a sufficient number of securities of the Corporation to materially affect the control of the Corporation (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) has incurred any other penalties imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

The Board of Directors has adopted a Code of Business Conduct and Ethics. In general, the private investment activities of employees, directors and officers are not prohibited, however, should an existing investment pose a potential conflict of interest, the potential conflict is required by the Codes to be disclosed to the Chief Executive Officer or the Board of Directors. Any other activities of employees which pose a potential conflict of interest are also required by the Codes to be disclosed to the Chief Executive Officer or the Board of Directors. Any such potential conflicts of interests will be dealt with openly with full disclosure of the nature and extent of the potential conflicts of interests with the Corporation.

It is acknowledged in the Codes that employees, officers and directors may be directors or officers of other entities engaged in the oil and gas business, and that such entities may compete directly or indirectly with the Corporation. No assurance can be given that opportunities identified by directors of IFR will be provided to us. Passive investments in public or private entities of less than one per cent of the outstanding shares will not be viewed as "competing" with the Corporation. Any director, officer or employee of IFR which is a director or officer of any entity engaged in the oil and gas business shall disclose such occurrence to the Board of Directors. Any director, officer or employee of IFR who is actively engaged in the management of, or who owns an investment of one per cent or more of the outstanding shares, in public or private entities shall disclose such holding to the Board of Directors. In the event that any circumstance should arise as a result of such positions or investments being held or otherwise which in the opinion of the Board of Directors constitutes a conflict of interest which reasonably affects such person's ability to act with a view to the best interests of the Corporation, the Board of Directors will take such actions as are reasonably required to resolve such matters with a view to the best interests of the Corporation. Such actions, without limitation, may include excluding such directors, officers or employees from certain information or activities of the Corporation.

The ABCA provides that in the event that an officer or director is a party to, or is a director or an officer of or has a material interest in any person who is a party to, a material contract or material transaction or proposed material contract or proposed material transaction, such officer or director shall disclose the nature and extent of his or her interest and shall refrain from voting to approve such contract or transaction.

RISK FACTORS

Investors should carefully consider the risk factors set out below and consider all other information contained herein and, in the Corporation's, other public filings before making an investment decision. The risks set out below are not an exhaustive list and should not be taken as a complete summary or description of all the risks associated with the Corporation's business and the oil and natural gas business generally.

Residents of the United States and other non-residents of Canada should have additional regard to the risk factors under the heading "Risk Factors Applicable to Residents of the United States and Other Non-Residents of Canada".

Risks Relating to Our Business and Operations

Current Economic Conditions

The volatility in the price of oil and natural gas has created a substantially more volatile business environment. These conditions may limit certain of the Corporation's business activities and it will continue to provide risk for the Corporation's exploration projects.

Need to Replace and Grow Reserves

The future oil and natural gas production of the Corporation, and therefore future cash flows, are highly dependent upon ongoing success in exploring its current and future undeveloped land base, exploiting the current producing properties, and acquiring or discovering additional reserves. Without reserve additions through exploration, acquisition or development activities, reserves and production will decline over time as reserves are depleted.

The business of discovering, developing, or acquiring reserves is capital intensive. To the extent cash flows from operations are insufficient and external sources of capital become limited or unavailable, the ability of the Corporation to make the necessary capital investments to maintain and expand its oil and natural gas reserves may be impaired. There can be no assurance that the Corporation will be able to find and develop or acquire additional reserves to replace and grow production at acceptable costs.

Exploration, Development and Production Risks

Oil and natural gas exploration in in Mexico involves a high degree of risk, which even with a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that expenditures made on future exploration by the Corporation will result in new discoveries of oil and natural gas in commercial quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over pressured zones, tools lost in the hole and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof.

The long-term commercial success of the Corporation depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. No assurance can be given that the Corporation will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participation are identified, the Corporation may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic.

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recover of drilling, completion and operating cost. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rate over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

In addition, oil and gas operations are subject to the risks of exploration, development and production of oil and natural gas properties, including encountering unexpected formations or pressures, premature declines of reservoirs, blowouts, sour gas releases, fires and spills. Losses resulting from the occurrence of any of these risks could have a materially adverse effect on future results of operations, liquidity and financial condition.

Volatility of Oil and Natural Gas Prices

The operational results and financial condition of the Corporation will be dependent on the prices received for oil and natural gas production. Oil and natural gas prices have fluctuated widely during recent years and are determined by supply and demand factors, including weather and general economic conditions, as well as conditions in other oil and natural gas regions. Any decline in oil and natural gas prices could have an adverse effect on the operations, proved reserves, and financial conditions of the Corporation and could result in a reduction of the net production revenue of the Corporation causing a reduction in its oil and gas acquisition and development activities. In addition, bank borrowings that might be made available to the Corporation are typically determined in part by the borrowing base of the reserves of the Corporation. A sustained material decline in prices from historical average prices could reduce the borrowing base of the Corporation, therefore reducing the bank credit available to the Corporation and could require that a portion of such bank debt be repaid.

Doing business in Mexico

These risks include, but are not limited to: (i) The regulatory and legal environment; (ii) risks presented by political opposition to energy reform and public opinion; and (iii) security challenges presented by corruption and drug cartels

Addressing the first two challenges calls for a comprehensive approach to public affairs; the logistical and security challenges require a strategy to safeguard a company's assets and its reputation. Failing to engage closely with government regulators can create miscommunications and lead to missed opportunities. Engaging with stakeholders outside the government may be even more essential than working within it.

Lastly, corruption, oil theft and drug-related violence continue to be significant concerns in Mexico. The government still needs to address how it plans to secure pipelines, zones of onshore exploration, and land bases for deep-water development. Companies that venture into some of the new areas would be advised to develop their own security infrastructure and plans.

Political Risk, Social Disruptions and Instability

The Corporation's material project, the Tecolutla Block, is located in Mexico. As such, the Corporation is subject to certain risks, including currency fluctuations and possible political or economic instability. Further, the Corporation's exploration and production activities may be affected in varying degrees by political stability and government regulations relating to the industry.

Companies operating in the oil and gas industry in Mexico have experienced various degrees of interruptions to their operations as a result of social instability and labour disruptions.

The Corporation cannot provide assurances that this type of social instability or labour disruption will not be experienced in future. The potential impact of future social instability, labour disruptions and any lack of public order may have on the oil and gas industry in Mexico, and on the Corporation's operations in particular, is not known at this time. This uncertainty may affect operations in unpredictable ways, including disruptions of fuel supplies and markets, ability to move equipment such as drilling rigs from site to site, or disruption of infrastructure facilities, including pipelines, production facilities, public roads, and off-loading stations could be targets or experience collateral damage as a result of social instability, labour disputes or protests. The Corporation may suffer loss of production, or be required to incur significant costs in the future to safeguard the Corporation's assets against such activities, incur standby charges on stranded or idled equipment or to remediate potential damage to the Corporation's facilities. There can be no assurance that the Corporation will be successful in protecting itself against these risks and the related financial consequences. Further, these risks may not in any part be insurable in the event the Corporation does suffer damage.

Operational Hazards and Other Uncertainties

Oil and natural gas exploration operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, and oil spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or in personal injury. In accordance with industry practice, the Corporation is not fully insured against all of these risks, nor is all such risks insurable. Although the Corporation will maintain liability insurance, where available, in an amount which it considers adequate and consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event the Corporation could incur significant costs that could have a material adverse affect upon its financial condition. Business interruption insurance may also be purchased for selected facilities, to the extent that such insurance is available. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including premature decline of reservoirs and the invasion of water into producing formations.

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such equipment or access restrictions may affect the availability and/or cost of such equipment to the Corporation and may delay exploration and development activities. To the extent the Corporation is not the operator of its oil and gas properties, the Corporation will be dependent on other operators for timing of activities related to non-operating properties and will be largely unable to direct or control the activities of the operators.

Although property title reviews will be done according to industry standards prior to the purchase of most oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the claim of the Corporation which could result in reduction of the revenue received by the Corporation.

Competition

There is strong competition relating to all aspects of the oil and natural gas industry. the Corporation will actively compete for capital, skilled personnel, undeveloped land, reserve acquisitions, access to drilling rigs, service rigs and other equipment, access to processing facilities and pipeline and refining capacity, and in all other aspects of its operations with a substantial number of other organizations, many of which may have greater technical and financial resources than does the Corporation.

Title

Title to oil and natural gas interests is often not capable of conclusive determination without incurring substantial expense. In accordance with industry practice, the Corporation will conduct such title reviews in connection with its principal properties as it believes are commensurate with the value of such properties. However, no absolute assurances can be given that title defects do not exist. If title defects do exist, it is possible that the Corporation may lose all or a portion of its right, title and interest in and to the properties to which the title defects relate.

Insurance

The Corporation's involvement in the exploration for and development of oil and gas properties may result in the Corporation becoming subject to liability for pollution, blow-outs, property damage, personal injury or other hazards. Although the Corporation will obtain insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances be insurable or, in certain circumstances, the Corporation may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or for other reasons. The payment of such uninsured liabilities would reduce the funds available to the Corporation. The occurrence of a significant event that the Corporation is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Corporation's financial position, results of operations or prospects.

Key Personnel

The success of the Corporation will depend in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse effect on the Corporation. The Corporation does not have key person insurance in effect for management. The contributions of these individuals to the immediate operations of the Corporation are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Corporation will be able to continue to attract and retain all personnel necessary for the development and operation of its business.

Environmental Risks

The oil and natural gas industry is subject to environmental regulation pursuant to a variety of international conventions and Canadian federal, provincial and municipal laws, regulations, and guidelines and Montana state laws and regulations. A breach of such regulations may result in the imposition of fines or issuances of clean up orders in respect of the Corporation or its assets. Such regulation may be changed to impose higher standards and potentially more costly obligations on the Corporation. There can be no assurance that future environmental costs will not have a material adverse effect on the Corporation.

Third Party Credit Risks

The Corporation may be exposed to third party credit risk through its contractual arrangements with its current and future joint venture partners. In the event such entities fail to meet their contractual obligations, such failures could have a material adverse effect on the Corporation and its cash flow from operations. In addition, poor credit condition in the industry and of a potential joint venture partner may impact a potential joint venture partner's willingness to participate in a future IFR capital program.

Natural Disasters and Weather-Related Risks

The Corporation is subject to operating hazards normally associated with the exploration and production of oil and natural gas, including blow-outs, explosions, oil spills, cratering, pollution, earthquakes, hurricanes and fires. The occurrence of any such operating hazards could result in substantial losses to the Corporation due to injury or loss of life and damage to or destruction of oil and natural gas wells, formations, production facilities or other properties.

Information Technology or Cybersecurity

The Corporation depends on the reliability and security of its information technology systems to conduct certain exploration, development and production activities, process financial records and operating data, communication with its employees and business partners, and for many other activities related to its business. the Corporation's information technology systems may fail or have other significant shortcomings due to operational system flaws or employee misuse, tampering or manipulation. In addition, the Corporation may become the target of cyber-attacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of proprietary and other information. Any of these occurrences could disrupt the business, result in potential liability or reputational damage or otherwise have an adverse effect on the Corporation's financial results.

Global economic events may negatively impact our financial condition

Market events and conditions, including disruptions in the international credit markets and other financial systems and the American and European sovereign debt levels, may cause significant volatility to commodity prices and a decline in funds from operations. Global economic events and conditions may cause a loss of confidence in the broader global credit and financial markets and create a climate of greater volatility, less liquidity, wider credit spreads, a lack of price transparency and increased credit losses. Market events in the future may affect our ability to obtain equity or debt financing on acceptable terms and may make it more difficult to operate effectively.

Availability of Drilling Equipment and Access

Oil and natural gas exploration and development activities are dependent on the availability and costs of drilling and related equipment (typically leased from third parties) in the particular areas where such activities will be conducted. Demand for equipment or access restrictions may affect the availability of equipment for the third parties' operations and may delay exploration and development activities, which, in turn, could materially adversely affect the Corporation's business and financial condition.

Internal Controls

Effective internal controls are necessary for the Corporation to provide reliable financial reports and to help prevent fraud. Although the Corporation undertakes a number of procedures in order to help ensure the reliability of its financial reports, including those imposed on it under Canadian securities laws, the Corporation cannot be certain that such measures will ensure that the Corporation will maintain adequate control over financial processes and reporting.

Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Corporation's results of operations or cause it to fail to meet its reporting obligations. If the Corporation or its independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Corporation's financial statements and harm the trading price of the Common Shares.

Litigation

In the normal course of the Corporation's activities, it may become involved in, named as a party to, or be the subject of various legal proceedings, including regulatory proceedings, tax proceedings or legal actions related to personal injury, property damage, property tax, land rights, the environment or lease and contract disputes, among other potential claims. Claims under such proceedings may be material or may be indeterminate. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty, and such proceedings may be determined adversely to the Corporation and any indemnity from the Corporation or other third parties, or insurance coverage, in respect of any loss as a result of such proceedings may not be sufficient, and, as a result, could materially adversely affect the Corporation's business and financial condition.

Hedging

From time to time the Corporation may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, the Corporation will not benefit from such increases. Similarly, from time to time the Corporation may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar; however, if the Canadian dollar declines in value compared to the United States dollar, the Corporation will not benefit from its fluctuating exchange rate.

Forward-Looking Information may not reflect actual outcomes

Shareholders and prospective investors are cautioned not to place undue reliance on the Corporation's forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risk and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Additional information on the risks, assumption and uncertainties are found under the heading **"Forward-Looking Information"** of this AIF.

Volatility in Market Price of Common Shares

The trading price of securities of oil and natural gas issuers is subject to substantial volatility often based on factors related and unrelated to the financial performance or prospects of the issuers involved. The market price of the Common Shares may be volatile, which may affect the ability of holders to sell the Common Shares at an advantageous price. Market price fluctuations in the Common Shares may be due to the Corporation's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Corporation or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "Forward-Looking Statements". In addition, the market price for securities on the TSXV continues to experience significant price and trading fluctuations, resulting in volatility in the market prices of securities that are often unrelated or disproportionate to changes in operating performance. Factors unrelated to the Corporation's performance could include macroeconomic developments within Canada and globally, domestic and global commodity prices and current perceptions of the oil and gas market. These broad market fluctuations may adversely affect the market prices of the Common Shares, and, as such, the price at which the Common Shares will trade at any point in time cannot be accurately predicted.

Alternatives to, and Changing Demand for, Petroleum Products

Full conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas and technological advances in fuel economy and renewable energy generation devices could reduce the demand for oil, natural gas and liquid hydrocarbons. Recently, certain jurisdictions have implemented policies or incentives to decrease the use of fossil fuels and encourage the use of renewable fuel alternatives, which may lessen the demand for petroleum products and put downward pressure on commodity prices. In addition, advancements in energy efficient products have a similar affect on the demand for oil and gas products. We cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on our business, financial condition, results of operations and cash flows by decreasing our profitability, increasing our costs, limiting our access to capital and decreasing the value of our assets.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no outstanding legal proceedings that the Corporation is or was a party to, or that any of the Corporation's property is or was the subject of, since January 1, 2017, that were or are material to the Corporation, and there are no such material legal proceedings that the Corporation knows to be contemplated. For the purposes of the foregoing, a legal proceeding is not considered to be "material" by the Corporation if it involves a claim for damages and the amount involved, exclusive of interest and costs, does not exceed 10% of the Corporation's current assets, provided that if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, the Corporation has included the amount involved in the other proceedings in computing the percentage. See "*Risk Factors*".

There were no: (i) penalties or sanctions imposed against the Corporation by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date of this AIF; (ii) other penalties and sanctions imposed by court or regulatory body against the Corporation that the Corporation believes must be disclosed for this AIF to contain full, true and plain disclosure of all material facts relating to the Common Shares; or (iii) settlement agreements the Corporation entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority during the most recently completed financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There is no material interest, direct or indirect, of: (i) any director or executive officer of the Corporation; (ii) any person or corporation that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Common Shares; or (iii) an associate or any affiliate of any persons or companies referred to above in (i) or (ii), in any transaction within the three years before the date of this AIF that has materially affected or is reasonably expected to materially affect the Corporation.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The independent auditor of the Corporation is KPMG LLP.

The Corporation's transfer agent and registrar is Computershare Trust Corporation of Canada located at 600, 530 – 8th Avenue S.W., Calgary, Alberta, T2P 3S8.

MATERIAL CONTRACTS

The following are the only material contracts, other than those contracts entered into in the ordinary course of business, which the Corporation entered into within the most recently completed financial year, or before the most recently completed financial year that are still in effect:

1. The License Contract, see "Exploration and Development Activities in Mexico"; and
2. The joint venture agreement with IDESA dated October 1, 2015, see "GENERAL DEVELOPMENT OF THE BUSINESS Three Year History".

INTEREST OF EXPERTS

KPMG LLP is the Corporation's independent auditors. KPMG LLP has advised they are independent with respect to the Corporation within the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information in relation to IFR may be found on SEDAR at www.sedar.com.

Additional information including directors' and officers' remuneration, principal holders of securities and securities authorized for issuance under equity compensation plans is contained in IFR's management information circular dated April 30, 2017 filed on SEDAR at www.sedar.com on May 8, 2018.

Additional financial information is provided in IFR's most recent interim financial statements, audited annual financial statements and accompanying management discussion and analysis filed on SEDAR at www.sedar.com