

FORM 51-102F3

MATERIAL CHANGE REPORT

1. **Name and Address of Company**

International Frontier Resources Corporation (“**IFR**”)  
Suite 2400, 601 – 10<sup>th</sup> Avenue SW  
Calgary, AB T2R 0B2

2. **Date of Material Change**

September 25, 2018

3. **News Release**

A press release was disseminated on September 26, 2018 via GlobeNewswire.

4. **Summary of Material Change**

IFR entered into an Option Agreement to acquire 100% of Tonalli Energia and upon exercise of the option, GRUPO IDESA would become a major investor in IFR.

5. **Full Description of Material Change**

5.1. **Full Description of Material Change**

IFR announced that it has entered into a share option agreement (the “**Option Agreement**”) with its joint venture partner, Grupo IDESA, S.A de C.V. (“**IDESA**”) pursuant to which IFR’s wholly-owned Mexican subsidiary, Petro Frontera, S.A.P.I. de C.V. (“**Frontera**”) was granted the option (the “**Option**”) to purchase all of the outstanding shares in the joint venture company, Tonalli Energia S.A.P.I. de C.V. (“**Tonalli**”) held by IDESA. Through Frontera, IFR holds 50% of the outstanding Tonalli shares, with IDESA holding the remaining 50%. Tonalli holds the license contract for onshore oil and gas development Block 24, the Tecolutla Block, located in the state of Veracruz, Mexico.

**Highlights of the Agreement Include:**

- The Option Agreement aligns IFR’s and IDESA’s long-term strategy of building an energy leader in Mexico.
- Upon exercise of the Option, IDESA will have the right to nominate two directors to IFR’s Board of Directors with an ongoing right while a major shareholder of IFR to nominate 25% of the board seats.
- IDESA will subscribe for a minimum CDN\$1,000,000 of IFR Shares pursuant to the Future Private Placement (as described below).

“The signing of this Option Agreement is a major milestone and solidifies IFR’s relationship with IDESA,” stated IFR President and CEO Steve Hanson. “This next step in our established partnership firmly aligns IFR’s and IDESA’s interests in the Mexican upstream business and significantly broadens IFR’s access to investors and capital markets in Mexico.”

“IDESA is very proud to strengthen its relationship with IFR, we remain focused on delivering shareholder value from a more diverse business portfolio, as well as a broader access to capital markets to continue pursuing our growth strategy in Mexico,” stated Patricio Gutierrez, Grupo IDESA Chairman of the Board. “The option agreement confirms IDESA’s historical commitment to our country’s energy sector and will certainly leverage our expertise in the upstream business.”

### **Terms of the Option Agreement**

Under the terms of the Option Agreement, IFR’s wholly owned subsidiary has the right to acquire the outstanding shares of Tonalli held by IDESA prior to the expiry date of September 25, 2020 upon payment of the exercise price in the amount of 70,000,000 common shares in the capital of IFR (“IFR Shares”), less the number of IFR Shares issued to IDESA (up to \$1,000,000) pursuant to the Future Private Placement.

The exercise of the Option is subject to certain customary closing conditions, as well as the approval of the TSX Venture Exchange (the “TSXV”) and the National Hydrocarbons Commission of Mexico (“CNH”). There can be no assurance that the Option will be exercised as proposed or at all. The TSXV has neither approved nor disapproved the contents of this material change report.

Other terms of the Option Agreement include: a capital contribution equalization provision in the event that the Option is not exercised and IFR has made greater capital contributions to Tonalli than IDESA during the term of the Option; a covenant that for 18 months following the exercise and closing of the Option (“Closing”), IDESA will not make a dividend or distribution of IFR Shares to IDESA shareholders, or, in the event of a change in control of IDESA during such 18 month period, transfer or sell any IFR Shares for a period of 18 months from the date of such IDESA change of control; a covenant that if the Option is exercised, on any issuance of IFR Shares other than pursuant to outstanding convertible securities, options or warrants, IDESA will be granted pre-emptive rights for 2 years following Closing to subscribe for IFR Shares based on IDESA’s pro rata ownership of IFR Shares at the date of such issuance; and a covenant that during the term of the Option and only prior to its exercise, IFR shall not participate in, or own securities of, any Mexican oil and gas opportunities or businesses other than through Tonalli.

### **The Future Private Placement**

As set out in the Option Agreement, IDESA has agreed to subscribe for IFR Shares in the aggregate amount of a minimum of CDN\$1,000,000 pursuant to a future private placement of IFR Shares to be completed by IFR before March 25, 2019 (the “Future Private Placement”). Further information regarding the Future Private Placement, including the offering size and issuance price of the Future Private Placement, will be disclosed by IFR in due course.

### **About Grupo Idesa**

Grupo IDESA is one of the largest Petrochemical groups in Mexico. For over 60 years, IDESA has produced and distributed different goods and services that provide products which are part of our daily lives. IDESA is integrated by three business segments - Petrochemicals, Distribution and Logistics - with strong national presence and international reach. IDESA participates in two joint venture’s, Braskem IDESA that operates the largest petrochemical site in Mexico (1 million tons of Ethylene and 1 million tons of Polyethylene). Also IDESA is part of a joint venture with Evonik Industries in CyPlus IDESA, a company that operates a Sodium Cyanide facility in Coatzacoalcos, Veracruz. IDESA was founded in 1956 and has its headquarters in Mexico City. For additional information, please visit: [www.grupoidesa.com](http://www.grupoidesa.com)

### **About International Frontier Resources**

International Frontier Resources Corporation (IFR) is a Canadian publicly traded company with a demonstrated track record of advancing oil and gas projects. Through its Mexican subsidiary, Petro Frontera S.A.P.I de CV and strategic joint ventures, it is advancing the development of petroleum and natural gas assets in Mexico.

Forward-Looking Information: This material change report contains “forward-looking information” within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein are forward-looking information. In particular, this material change report contains forward-looking information in relation to: the Option, the Option Agreement and the exercise of the Option; the ownership of Tonalli upon the exercise of the Option; the Future Private Placement; the timing for completion of the Future Private Placement; the alignment of IFR’s and IDESA’s long term strategy of building an energy leader in Mexico; upon the exercise of the option: IDESA’s right to nominate directors of IFR, potential distribution and resale restrictions on the IFR Shares owned by IDESA, and potential pre-emptive rights granted to IDESA on the issuance of IFR Shares; IFR’s ability access investors and capital markets in Mexico; and restrictions on IFR’s ability to participate in potential Mexican oil and gas opportunities or businesses. This forward-looking information reflects IFR’s current beliefs and is based on information currently available to IFR and on assumptions IFR believes are reasonable. These assumptions include, but are not limited to: the satisfactory fulfilment of all of the conditions precedent to the exercise of the Option; TSXV and CNH acceptance and/or approval of the exercise of the Option including approval of the continued use by IFR of the IDESA balance sheet for Mexican bidding rounds; market acceptance of the Option and the proposed Future Private Placement; IFR’s current and initial understanding and analysis of the Tecolutla Block and its exploration and development activities and goals for Mexico, and the exploration required for such projects; the costs of exploration and drilling on IFR’s projects, including the Tecolutla Block; the exercise of the Option and the applicability of covenants on such exercise; and the election of directors as nominated by IFR. Forward looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of IFR to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: volatility in market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; geological, technical, drilling and processing problems; general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; delay or failure to receive board or regulatory approvals; the actual results of future operations; competition; changes in legislation, including environmental legislation, affecting IFR; the timing and availability of external financing on acceptable terms; conclusions of economic evaluations and appraisals; and lack of qualified, skilled labour or loss of key individuals. A description of additional assumptions used to develop such forward-looking information and a description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in IFR’s disclosure documents on the SEDAR website at [www.sedar.com](http://www.sedar.com). Although IFR has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this material change report is expressly qualified by this cautionary statement. The forward-looking information contained in this material change report represents the expectations of IFR as of the date of this material change report and, accordingly, is subject to change after such date. However, IFR expressly

disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

5.2. **Disclosure for Restructuring Transactions**

Not Applicable.

6. **Reliance on Section 7.1(2) or (3) of National Instrument 51-102**

Not Applicable

7. **Omitted Information**

Not Applicable

8. **Executive Officer**

The name and business number of the executive officer of Athbasca who is knowledgeable about the material change and this report is:

Steve Hanson – Chief Executive Officer  
Telephone: (403) 215-2780  
E-mail: shanson@internationalfrontier.com

9. **Date of Report**

October 5, 2018