

# IFR Signs Letter of Intent for Farm-in Arrangement with Jaguar

Calgary, Alberta--(Newsfile Corp. - December 14, 2022) - International Frontier Resources Corporation (TSXV: IFR) ("IFR") is pleased to announce that it has entered into a non-binding Letter of Intent ("**LOI**") dated November 28, 2022 with Jaguar Exploration and Produccion 2.3, S.A.P.I. de C.V. ("**Jaguar**") a company organized under the laws of Mexico and IFR's 50% partner in Tonalli Energy S.A.P.I. de C.V. ("**Tonalli**"). This LOI is with respect to a Farm-in Arrangement of Jaguar's 100% undivided working interest in the TM-01 License Contract in the Veracruz state of Mexico, immediately adjacent the existing acreage held by Tonalli. The LOI reflects the intention that IFR will acquire a working interest in the TM-01 License Contract from Jaguar in consideration for IFR issuing common shares of IFR ("**Common Shares**") to Jaguar and IFR participating in the costs of conducting certain Work Programs in relation to the TM-01 License Contract (the "**Proposed Farm-In Arrangement**"). The Proposed Farm-In Arrangement is an arm's length transaction.

Completion of the Proposed Farm-in Arrangement is subject to a number of conditions as set forth in the LOI which include but are not limited to: the negotiation and execution of a definitive agreement for the Proposed Farm-In Arrangement (the "**Definitive Agreement**"); any required approvals of relevant government authorities; TSX Venture Exchange (the "**TSXV**") acceptance of the Proposed Farm-In Arrangement and the proposed IFR Financing (as defined below); closing of the IFR Financing; satisfactory due diligence; board of director approval of IFR and Jaguar for the Proposed Farm-In Agreement; IFR shareholder approval (as described below) and Jaguar shareholder consent; and other conditions typical for transactions of a similar nature. The Proposed Farm-In Arrangement and the IFR Financing cannot close until the required TSXV approval, shareholder approvals and relevant government authority approvals are obtained.

Further updates and particulars of the Proposed Farm-In Arrangement and IFR Financing will be provided upon IFR and Jaguar entering into a Definitive Agreement.

## **Description of the Proposed Farm-In Arrangement**

It is anticipated that the Proposed Farm-In Arrangement will include the following principal terms:

- Jaguar will convey and farmout to IFR, an undivided 25% working interest in the TM-01 License Contract (as defined below) subject to IFR's 90% participation in work programs conducted by Jaguar to satisfy Mexican minimum work commitments.
- The estimated gross cost of the work programs will be: (i) up to US\$7 Million for the Spinini 2 appraisal well (the "**Earn-In Well**"); and (ii) the work program with respect to Jaguar's three existing fields for a budgeted costs of up to US\$6.5 Million.
- IFR will issue to Jaguar Common Shares representing approximately 35% of the issued and outstanding Common Shares immediately prior to the IFR Financing.
- The effective date of the Proposed Farm-In Arrangement is currently planned for the first quarter of 2023.
- IFR will issue a performance warrant ("**Performance Warrant**") to Jaguar to purchase up to 10% of the issued and outstanding Common Shares of IFR calculated immediately prior to the closing of the IFR Financing at an exercise price per share equal to the Financing Price. The Performance Warrant will terminate if a commercial discovery as formally announced by the National Hydrocarbons Commission of Mexico (the "**Commercial Discovery Date**") is not within 180 days following the completion of the Earn-In well. The Performance Warrant will be exercisable for a period of 365 days commencing on the Commercial Discovery Date.
- In the event that a commercial discovery formally announced by the National Hydrocarbons Commission of Mexico is not achieved, IFR will have the right to acquire an additional undivided 10% working interest in the TM-01 License Contract without any further consideration being

provided to Jaguar, and thereafter IFR would hold an undivided 35% working interest in the TM-01 License Contract.

### **Block TM-01**

In December 2017, Jaguar was awarded a license contract for the exploration and extraction of hydrocarbons in the conventional onshore reservoirs in the Tampico-Misantla Basin for the TM-01 contract area (the "**TM-01 License Contract**"). The contract was awarded pursuant to Mexico Bid Round 2.3.

The TM-01 License Contract term expires in 2048 with two optional five-year extension periods and allows for the exploration and extraction of hydrocarbons from its approximately 72.4 km<sup>2</sup> contract area. The TM-01 License Contract is directly north of and adjacent to IFR's 7.2 km<sup>2</sup> Tecolutla contract area.

The TM-01 License Contract area includes three legacy, El Abra formation ("**Golden Lane**"), fields with a historic estimated cumulative production of 10.5 MMbbls oil (Sproule - December 2021). TM-01 has extensive acreage comprised of a robust portfolio of clastic and carbonate stacked play opportunities that are prospective for oil and gas exploration and development. By reprocessing 3-D seismic data and analogies, Jaguar has identified prospects in various aged formations from the Miocene through to the Jurassic including the following:

- Palma Real
- Tantoyuca
- El Abra
- Upper Tamabra
- Lower Tamabra
- San Andres and Santiago

In 2021, Jaguar drilled Spinini-1EXP and discovered contingent resources in both the upper and lower Tamabra formation. A follow up appraisal well is intended to be drilled in 2023 by the Jaguar - IFR consortium as part of the Proposed Farm-In Arrangement from the existing Spinini-1EXP well pad. Appraisal wells to delineate this resource are intended to be drilled structurally higher than the Spinini-1EXP discovery well.

The Legacy Fields are proximal to IFR/Jaguar's Tecolutla license contract and are situated on the southwestern margin of the extensive Tuxpan platform and form part of the prolific Golden Lane Trend. The Legacy Fields are productive for oil and associated gas from the Upper El Abra Formation at depths between approx. 2,100 and 2,500 meters. To date, 41 wells have been drilled within the Legacy Fields. A gas processing plant and other facilities are scheduled to be installed in 2023 to commercialize gas and oil production from re-activated and re-completed wells.

### **IFR Financing Condition**

Completion of the Farm-In Arrangement is conditional on IFR completing a financing to fund its Participating Interest share of the work programs (the "**IFR Financing**"). If IFR is not able to secure the IFR Financing on or before April 30, 2022, then IFR will no longer have a right to earn an interest in the TM-01 License Contract as contemplated in the LOI or in the Definitive Agreement.

Subject to the execution of the Definitive Agreement and acceptable financing conditions, Jaguar or its acceptable nominee will purchase a minimum of 20% and up to 35% of the IFR Financing.

### **Jaguar's Potential Resulting Ownership of IFR**

For clarity, Jaguar will potentially be acquiring IFR Common Shares through three transactions:

1. The exchange of the 25 % Working interest in TM-01 for 35% of IFR's Common Shares,

2. Jaguar's participation in the IFR Financing,

3. The potential additional issuance of IFR shares upon exercise by Jaguar of the Performance Warrant

As a result of the three transactions above, Jaguar could own up to 39% of the outstanding shares of IFR and as such IFR does not believe that this transaction constitutes a Reverse Takeover under TSXV policies.

### **Shareholder Approval**

It is expected that the Proposed Farm-In Arrangement and the IFR Financing will result in a Change of Control as defined in TSXV policies, and as such may require the approval of the shareholders of IFR by a majority of votes. It is anticipated that the IFR shareholder approval requirements will be satisfied by written consent of a majority of IFR shareholders, or at a special meeting (the "**Meeting**") of IFR shareholders to obtain such approval, among other matters.

### **Termination Fee**

The Definitive Agreement will contemplate a break fee in the amount of \$500,000 payable by Jaguar to IFR upon the occurrence of a unilateral decision by Jaguar to cancel the Definitive Agreement without cause, and the terms of such break fee shall be in a form and substance that is customary for transactions of this nature.

### **Jaguar Representation on IFR Board**

Upon closing of the Proposed Farm-In Arrangement and concurrent with the closing the IFR Financing, the IFR Board of Directors will be reconstituted to consist of three additional nominees of Jaguar. After Jaguar's appointments, the IFR board will constitute seven members. As of today, Jaguar has identified two of the three prospective IFR board members. Jaguar's board appointments will include:

**Warren Michael Levy (Mexico) Chief Executive Officer.** Mr. Levy has been the CEO of Jaguar since August of 2019. He is a Canadian national with over 26 years' experience in the energy sector. Prior to joining Jaguar, he served as the President for Argentina and Paraguay for President Energy, a London AIM listed E&P company, and President for Argentina for Pentanova Energy, a TSXV listed company. Warren was also the founder and CEO of Estrella International Energy Services, a TSXV listed Latin American oilfield services company which he founded in 2005 in Argentina and led from start-up to having over 2500 employees with a fleet of 45 rigs and associated services in seven countries in Latin America. Prior to Estrella, he held a variety of operational and senior management positions with Schlumberger.

Warren has worked in over twenty countries, and has extensive experience in non-conventional, remote, hostile, and geothermal operations. Mr. Levy founded and acted as Managing Partner of Frontier Hydrocarbons, where he was actively involved in raising over \$800 million in capital for energy, mining, geothermal, technology and cinematography companies in Latin America. He served as the Chairman of Quad Energy, an Exploration and Production company with operations in Vietnam and Thailand, and as a director of Miramar Hydrocarbons and Montan Energy, private Canadian companies with operations in Argentina and Peru respectively. He has also served on the boards of technology, consulting services, security, and educational institutions during his career.

Mr. Levy holds a Bachelor of Science in Engineering and Engineering Physics from Queen's University in Kingston, Ontario.

**Juan Felipe Cabrera (Texas, USA) Chief Financial Officer.** Mr. Cabrera has been the Chief Financial Officer of Jaguar since March 2021. Mr. Cabrera manages a team of 20+ in the accounting, treasury, tax, FP&A, supply chain and IT group. Mr. Cabrera previously worked for Hunt Oil Company, headquartered in Dallas, TX, which operates entities engaged in international oil and gas exploration

and production, refining, LNG, power, real estate, investments, and infrastructure. He served as VP of Finance, to assist in the Treasury group, leading several key financings. Mr. Cabrera raised over USD \$3,700 MM in the commercial bank loan and capital markets for Hunt and its affiliates; and conducted numerous liability management processes. Furthermore, Mr. Cabrera served as the Chairman of the corporate finance and tax advisory committee for an LNG facility (an affiliate of Hunt). Mr. Cabrera previously worked for Credicorp Capital in the Investment Banking group. Mr. Cabrera structured and issued USD \$1,100 MM in bonds and commercial paper placed in the capital markets. He also conducted credit analysis of medium-term loans worth USD \$1,000 MM. Mr. Cabrera worked at Ernst & Young in the Corporate Finance division. He supported M&A valued at USD \$150 MM; performed financial due diligence and risk management analyses. Structured debt for distressed companies; arranged structures to credit enhance debt instruments. Mr. Cabrera holds a bachelor's degree in Economics, an MBA from the University of Texas at Austin, has the Chartered Financial Analyst designation and is a member of the CFA Society of Dallas-Fort Worth.

A third director appointed by Jaguar will be announced at a future date.

### **Previously Announced Proposed Transaction**

As a result of the above, IFR has terminated further negotiation with respect to its Proposed Transaction as originally announced on May 9, 2021.

### **Other Information**

Completion of the transactions described in this news release is subject to a number of conditions, including but not limited to, TSXV acceptance and if applicable, disinterested shareholder approval. Where applicable, the transactions cannot close until the required shareholder approval is obtained.

There can be no assurance that the transactions will be completed as proposed or at all. Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transactions, any information released or received with respect to the transactions may not be accurate or complete and should not be relied upon. Trading in the securities of IFR should be considered highly speculative.

The TSXV has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this news release.

### **Trading Halt**

Trading in IFR Common Shares on the TSXV is halted and will remain halted until the documentation required by the TSXV in relation to the proposed transactions described in this news release has been reviewed and accepted by the TSXV.

### **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 (Frontera) and strategic joint ventures, it is advancing the development of petroleum and natural gas assets in Mexico. IFR also has projects in Canada and the United States, including the Northwest Territories, Alberta, and Montana.

IFR's Common Shares are listed on the TSXV, trading under the symbol IFR. For additional information please visit [www.internationalfrontier.com](http://www.internationalfrontier.com).

### **About Jaguar**

Jaguar is a private Mexican company and Jaguar's management and shareholders have a long history of successful business ventures in Latin America. Jaguar is the largest private oil and gas acreage

holder in onshore Mexico and one of the country's few companies focused on natural gas. Including the TM-01 License Contract, Jaguar's world-class portfolio consists of a 100% interest in 10 blocks and 50% interest in 1 block in Mexico covering 3055 square kilometers with 5 blocks in the Burgos basin, 2 in the Tampico Misantla basin, 2 in the Veracruz basin and 2 in the Southeast basin. Jaguar's shareholder group is led by majority shareholder Grupo Topaz. Grupo Topaz is a Mexican holding company which is invested in the oil & gas, education, and real estate sectors of Mexico. Topaz's main goal is to promote, transform and positively impact the sectors in which it operates.

### ***For further information***

#### **IFR**

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*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility or accuracy of this release.*

### **Forward-Looking Statements**

This news release contains forward-looking statements and forward-looking information (collectively "**forward-looking information**") within the meaning of applicable securities laws. All statements, other than statements of historical fact, included herein are forward-looking information. In addition, and without limiting the generality of the foregoing, this news release contains forward-looking information regarding: the Proposed Farm-In Arrangement including the timing for completion of the same, the potential interests acquired in the TM-01 License Contract, the earning requirements for the Proposed Farm-In Arrangement including the issuance of the 35% of IFR Common Shares, the anticipated costs of the of the work programs and the Earn-In-Well, the potential terms and conditions for completion of the Proposed Farm-In Arrangement, the Performance Warrants and their terms, the Termination Fee and its terms, the potential Jaguar representation on the IFR Board and the potential Change of Control; the IFR Financing; the execution of a potential Definitive Agreement; the required approvals for the Proposed Farm-In Arrangement and the IFR Financing, including TSXV acceptance, Mexican regulatory approvals, other regulatory approvals, and shareholder approvals; information regarding Jaguar, its oil and gas operations and production, and the TM-01 License Contract including the potential prospects thereof including the potential formations and opportunities that are prospective for oil and gas exploration and development, the potential contingent resources in respect thereof, potential follow-up appraisal wells and timing for the same, and the Legacy Fields, their prospects and the potential plants and facilities to be installed for the potential commercialization of potential oil and gas production; and the timing, terms and completion of the Proposed Farm-In Arrangement and the IFR Financing. There can be no assurance that such forward-looking information will prove to be accurate. Actual results and future events could differ materially from those anticipated in such forward-looking information. 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: assumptions with respect to the Proposed Farm-In Arrangement, the Definitive Agreement and their terms; the execution of a Definitive Agreement; the ability to obtain IFR shareholder approval by written consent, and in the absence there of, the business of and timing of the Meeting; TSXV acceptance of the Proposed Farm-In Arrangement, the IFR Financing and the issuance of Common Shares to Jaguar under the Proposed Farm-In Arrangement; market acceptance of the Proposed Farm-In Arrangement; the terms of the IFR Financing, market acceptance of the IFR Financing and successful completion and timing of the IFR Financing; the satisfaction or waiver of any conditions to the Proposed Farm-In Arrangement and IFR Financing, including shareholder approval and TSXV acceptance, and any other required approvals in relation to the same; oil and gas information, resources and financial information and financial statements relating to Jaguar's TM-01 License Contract; fees payable in connection with the Proposed Farm-In Arrangement, the IFR Financing and the Meeting including, if applicable, the

Termination Fee; the timing of filing regulatory applications and the expected results thereof; the impact of governmental controls and regulations on IFR's operations; the timing of receipt of required approvals and permits from regulatory authorities, including but not limited to approvals and notices under the *Investment Canada Act*; if applicable; Jaguar's assets, liabilities, financial resources, financial position and growth prospects; the anticipated benefits from the Proposed Farm-In Arrangement and the IFR Financing; and expectations regard prevailing commodity prices, exchange rates, interest rates, applicable royalty rates and tax laws.

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, and the potential completion of the transactions disclosed in this news release, 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: 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, including TSXV acceptance; the actual results of future operations; general economic, political, market and business conditions; 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; the uncertainty of resource and reserves estimates and reserves life; 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; failure to obtain industry partner and other third party consents and approvals, as and when required; competition; the timing and availability of external financing on acceptable terms; and lack of qualified, skilled labour or loss of key individuals. 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 news release is expressly qualified by this cautionary statement. The forward-looking information contained in this news release represents the expectations of IFR as of the date of this news release 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.

IFR seeks Safe Harbor.

To view the source version of this press release, please visit <https://www.newsfilecorp.com/release/147999>