

THE National Investor

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Special Report...Fall, 2017

International Frontier Resources (TSXV-IFR; OTCQB-IFRTF)

Poised to capitalize on a *literally* once-in-a-lifetime energy opportunity!



(From left in the above photo, from April's Mexico Energy Assembly: Kevin Tychon – Director, Global Energy Investment Banking at CIBC Capital Markets; Steve Hanson – President and CEO of International Frontier Resources and Director of Tonalli Energia; Dallas Droppo – Partner, Blake, Cassels & Graydon LLP; and Monica Rovers – Head, Business Development – Global Energy Toronto Stock Exchange and TSX Venture Exchange)

Calgary, Alberta-based International Frontier Resources has first-mover advantage in one of the biggest energy stories today: **the privatization of Mexico's energy sector after decades of state control.**

With a strong, Mexico-based partner as well as both private and public sector support, IFR is poised to be among the first *private* companies to begin selling crude oil in Mexico before 2017 is over!

About the Editor -- Chris Temple



First, I would like to thank you, on my behalf as well as on behalf of the management of International Frontier Resources, for your interest in this Special Issue of *The National Investor*.

Before I explain for you my reasons for having this energy company as a recommended opportunity for my Members, I want to tell you a little about myself...what makes me "tick"...and what else you can expect from our web site and service.

By the time I was a mere 20 years old, I was establishing myself as a financial planner, having already started working with a local firm in my home town of Binghamton, New York. Among other things, I became licensed as a General Securities Principal of our firm's brokerage arm, supervising operational activities.

Already becoming successful as both a manager and financial advisor, I was nevertheless quite unprepared for some of the massive market shifts of the early 1980's.

Successful strategies that had helped our clients reap huge rewards during the inflationary times of the late 1970's

Yours truly, at a recent investor conference

particularly were turned upside down as interest rates skyrocketed and many previously-hot assets CRASHED.

What STUNNED me was the fact that -- though we can look back now at that change in Federal Reserve policy under then-Chairman Paul Volcker as one of the most abrupt in the central bank's century in existence -- NOBODY saw fit to do anything but continue to sell the same investment products. *As with virtually everyone in the financial industry, you see, I had been trained in selling financial products and generating commissions; not on truly understanding the economy and markets.*

This experience first taught me that I needed to understand what I have since come to call "The Game" of our system and how it and related factors create *often-foreseeable* swings in markets and asset classes. And it is this knowledge, together with specific, actionable strategies and investment recommendations, that I make available to my Members on an ongoing basis. (NOTE: An archived version of my signature essay on all this, entitled *Understanding the Game*, can be accessed with a LOT of related content to enhance your knowledge on my web site, at <https://nationalinvestor.com/>)

With this foundation, I am happy to tell you that *The National Investor* has become recognized as a leading source of credible, understandable information, commentary and investment strategies for individual investors. Often times, our performance has had us at the very top of the rankings put out by the well-known *Hulbert Financial Digest*, which covered us since 2000, among numerous other well-known advisories.

Further, our careful research on individual companies such as International Frontier Resources -- many "off the radar" of Wall Street -- has resulted in a great many winners for our Members as well, and earned *The National Investor* accolades as one of the best "stock picking" services in existence !

In addition to spending some time at *The National Investor* web site, you can follow me:

* On Twitter, at <https://twitter.com/NatInvestor>

* On Facebook at <https://www.facebook.com/TheNationalInvestor>

International Frontier Resources (TSXV-IFR; OTCQB-IFRTF)

HIGHLIGHTS:

- * The evolving privatization of much of Mexico's energy industry is breaking an *effective eight-decade-long* state monopoly.
- * This has been brought about by years of under-investment and the need for the country to *finally* monetize its energy wealth. Incredibly, for a while now, Mexico--RICH in untapped energy resources--has been a net IMPORTER of energy!
- * Vast areas of *land-based* energy prospects (where International Frontier Resources is focused and already has a foothold) are akin to what energy producers in the U.S. and Canada enjoyed *decades* ago. Many near-virgin areas are easily accessible and enjoy production costs among the lowest in the *world*.
- * Together with Grupo IDESA, S.A.--a major Mexican petrochemical industry leader--IFR (through a subsidiary company) formed Tonalli Energia, S.A. Tonalli is presently furthering development and additional exploration work on its Tecolutla block and expects to sell its first oil (and be one of the first *private* companies to do so!) before the end of 2017.

OVERVIEW--WHY MEXICO?



Those of you reading this who have some interest and experience in the mining sector know that Mexico is a desired and popular jurisdiction. The country's geology and (usually) climate alike are very favorable; and after the government decided many years back that it needed to open up the country's industry to private investment, legions of private companies (most of them Canadian) set up shop. Today, nearly 80% of all the mining activity in Mexico is done by private companies.

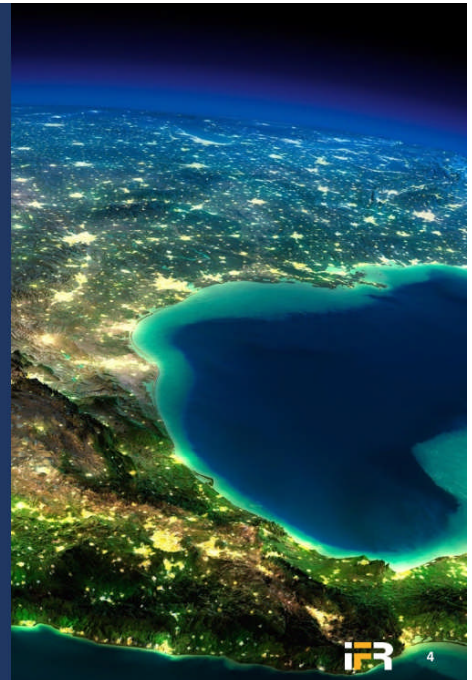
A present-day developing story which incredibly is *still* not understood by the average investor

is that Mexico has decided to do the same thing now with its moribund energy sector. For some 80 years, the Mexican state corporation *and energy monopoly*--Petroleos Mexicanos, or PEMEX for short--has controlled virtually the entire country's energy food chain. And perhaps that worked for a while; especially when prices were high from time to time. That forgave a lot of "sins" as well as masked the long-term costs of the lack of competition.

Last Summer, the popular blogger Wolf Richter put out a commentary on the overstretched state of PEMEX and explained the myriad factors that have led to the government's decision to embark on a multi-year plan to privatize much of the country's energy industry. As Richter discusses (at <http://wolfstreet.com/2016/08/26/pemex-collapse-threatens-biggest-banks-in-mexico/> for the full piece) PEMEX was overwhelmed by both the energy bear market and the resulting inability to put the kind of money needed to work to foster future production capacity.

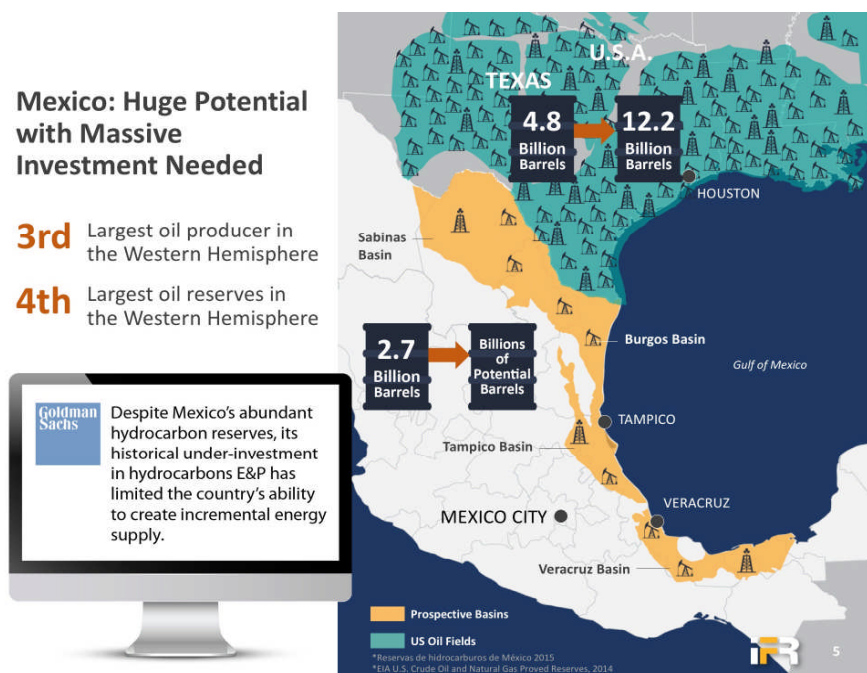
Why Mexico?

- PEMEX has been the only oil and gas company allowed to operate in Mexico since 1938
- The quality and risk profile of oil and gas assets available in Mexico far exceeds assets available elsewhere in North America and possibly the world
- Starting in 2013, Mexico's government has implemented massive reforms to allow foreign investment
- An initial 300+ existing onshore fields have been earmarked for upcoming bid rounds and PEMEX farmouts



Making things worse still recently, those lower oil and natural gas prices harmed revenues not just for PEMEX but for the national government as well. (given that the energy colossus is a disproportionate contributor to the government's tax coffers.) *For a country generally known as a major energy player, it was astonishing to me to learn in detail a lot of these statistics as well as how much oil and especially natural gas Mexico must IMPORT these days to meet its needs!*

Even prior to the energy bear market's taking big chunks out of capital spending, PEMEX had long since been revealed as a dinosaur. Simply put, it has neither the energy (pun intended!) nor the means to *itself* develop further Mexico's vast, largely untapped energy resources. The private sector is needed. The

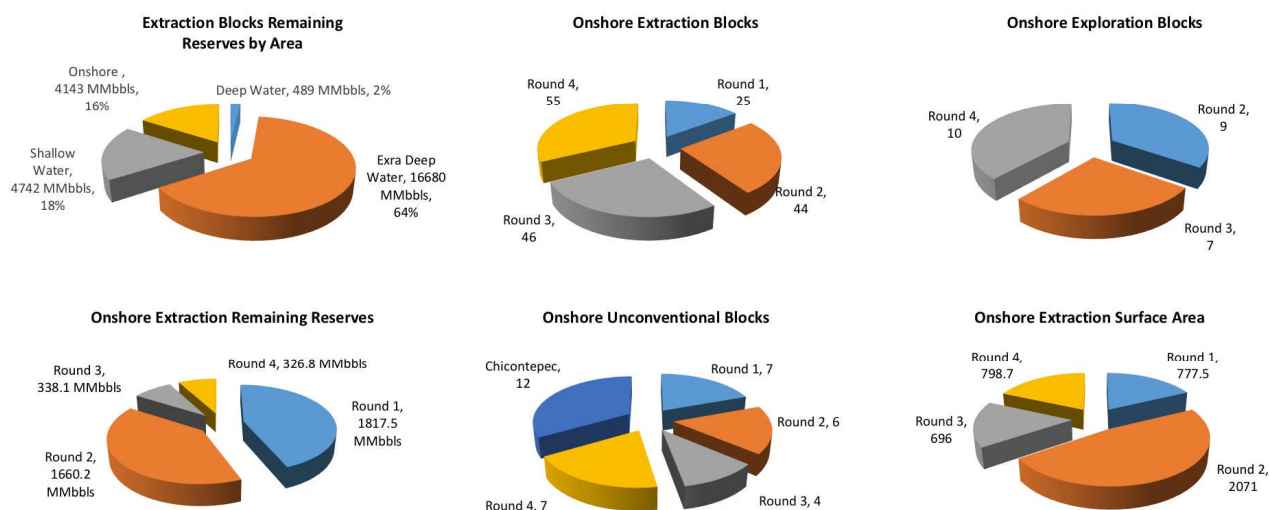


state company *itself* estimates that yet to be discovered oil and gas reserves **could total as much as 115 billion barrels of oil equivalent**, roughly three times as much as current proven, probable and possible reserves (3P). According to some preliminary estimates, investment needs will range between \$35 billion and \$100 billion over the next decade.

Needless to say there has been a big influx of interest on the part of energy companies to obtain their own stakes in the country, as--step-by step--the government and PEMEX begin the process of auctioning off both land-based

SENER Five Year Plan:

Four sets of auctions between 2015-2019



Mexico's Secretaria de Energia (SENER) is in the midst of a planned five-year schedule to auction off some areas, both land-based and off shore. PEMEX itself will soon commence separate "farm-outs" of other assets as well.

and offshore blocks. Though still a largely uncovered story, interest did ramp up recently when news of the first big private discovery so far hit the wires: that of a **potential one billion-barrel plus oil discovery** in shallow Gulf waters by a consortium including Premier Oil, Plc, Sierra Oil and Gas and Talos Energy, LLC. According to *Bloomberg* (<https://www.bloomberg.com/news/articles/2017-07-12/sierra-oil-led-group-announces-oil-discovery-in-mexico-waters> for the full story) this will undoubtedly add to the activity going forward as private companies the world over attempt to get a piece of THE biggest energy story in the world right now.

Another thing that the ongoing success of the auction process/privatization generally and this latest huge discovery specifically have done is **to galvanize popular support for this whole gambit in the first place**. President Enrique Pena Nieto's political opponents have promised to try to reverse this privatization based on an amalgamation of environmental, nativist and just plain partisan motivations. *But the numbers--and the need for this for the country--don't lie*. Oil production of a bit over 2.1 million barrels/day is at its lowest level *in over 30 years*. This and the lower tax take for Mexico's government has caused massive cuts to government spending; and in part have contributed to a rebound in drug and other criminal activity in some places in the country. Gross output of the overall economy was recently reported at its lowest level since 2013.

Simply put, Mexico and its people need this outside investment; and those companies and investors who understand this once-in-80-year trend, take their positions, etc. can also reap some rewards, along with Mexico and its people!

OTHER RESOURCES / BACKGROUND

Among the vast numbers of articles, etc. I have perused since really digging into this story a while back--and a part of my research prior to and during my present recommendation of **International Frontier Resources**--are the following I'm sharing if you would like even more "color" to this broader story:

* <https://www.ief.org/resources/files/events/mexico-energy-day---energy-reform-in-mexico/mexican-president-visit-ief-17-jan-2016.pdf> -- A very comprehensive look at the entire Mexican story and its many components from the International Energy Forum.

* <https://www.linkedin.com/pulse/woodmac-mexico-launches-round-two-improved-terms-pablo-medina> -- A piece from Wood Mackenzie's Pablo Median, Wood Mac's Latin American upstream energy analyst, talking about some of the early Round Two bidding for some offshore blocks a short time back.

* <http://www.cmegroup.com/education/featured-reports/mexico-on-the-cusp-of-an-energy-revolution.html> -- Another very broad piece by the CME Group; this is especially interesting not as much for the elements of the story relating to oil development, but to natural gas and utilities in Mexico (keep in mind that two of my existing recommendations, **CSI Compressco** and especially **ONEOK**, presently benefit from growing U.S. exports of natural gas TO Mexico.)

* <http://www2.deloitte.com/content/dam/Deloitte/us/Documents/strategy/us-cons-mexicoenergyreformpage> -- This slightly dated Deloitte paper especially underscores that aspect of Mexico of late needing to import more oil and gas due to lax development; something it hopes to begin correcting by bringing the private sector to the table in a big way.

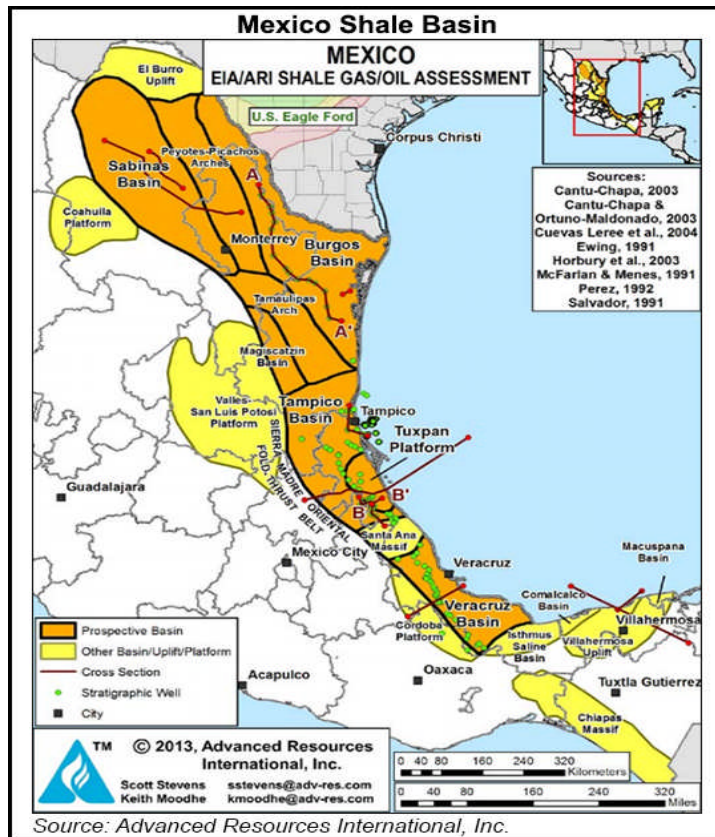
* <http://www.bnn.ca/economics/video/trump-compared-to-canada-has-more-to-lose-from-nafta-talks-ambrose~1170747> -- In a recent interview ahead of the talks on "renegotiating" NAFTA (the North American Free Trade Agreement) that began in August, Rona Ambrose--Global Fellow at the Wilson Center Canada Institute and an advisory council member at the Canadian Global Affairs Institute--in part discussed the privatization of Mexico's energy sector *in this context of NAFTA talks*.

Ms. Ambrose's discussion with *BNN's* Catherine Murray gets into the energy subject just before the 4:00 mark. It is insightful in several ways as to how the unfolding "liberalization" of Mexico's energy sector may well be treated *and even become a part of* a new or revamped trilateral framework going forward.

Notably, in her portrayal of Canada's understanding of the U.S. position going forward, the Trump Administration seems to be motivated every bit as much by **a theme of**



achieving energy security/independence for all of North America; not just for the U.S. and its own desire to grow the energy sector, increase exports, etc. So the support of both the U.S. and Canada for Mexico's energy reforms for those purposes--and for the benefit of U.S. and Canadian companies that will profit--will likely trump (again, pun intended!) more insular interests.



* <http://oilprice.com/Energy/Energy-General/Why-Mexicos-Oil-Reform-Is-A-Huge-Opportunity-For-Investors.html> -- IFR's own President Steve Hanson is interviewed in this industry publication, which opens, in part, "When a massive country de-nationalizes its entire energy sector and opens its oil and gas doors for the first time ever to foreign companies, the opportunities are staggering. Welcome to the 'new' Mexico, and welcome to the early stages of an oil and gas game that will be bigger—from an investor's perspective—than anything in history." (Emphasis added.)

* <http://www.naturalgasintel.com/articles/109662-mexicos-tampico-misantla-holds-potential-as-global-onshore-super-basin-says-ihsmarkit> -- Finally, this industry piece from March goes into considerable detail on the belief that Mexico is home to one of just a handful of "Super basins" in the world (as you see on the map; it goes out as well into those shallow waters in the Gulf.)

In short, imagine having "first mover" advantage in the prolific Permian Basin and being able to get a foothold there before modern fracking and horizontal drilling technology came about. . .AND EVEN BEFORE MOST OF IT HAD EVER BEEN TOUCHED BY OLD-FASHIONED VERTICAL WELLS! That is the near-virgin (certainly in relative terms to anyplace else in North America) environment that a host of energy companies is jockeying for in Mexico. As you see at right, the government /PEMEX will be making available a myriad of onshore areas (which **IFR** will be focused on.) In many respects, the one-off opportunity right

Onshore Opportunity

59,600 km² of Conventional and Unconventional Exploration

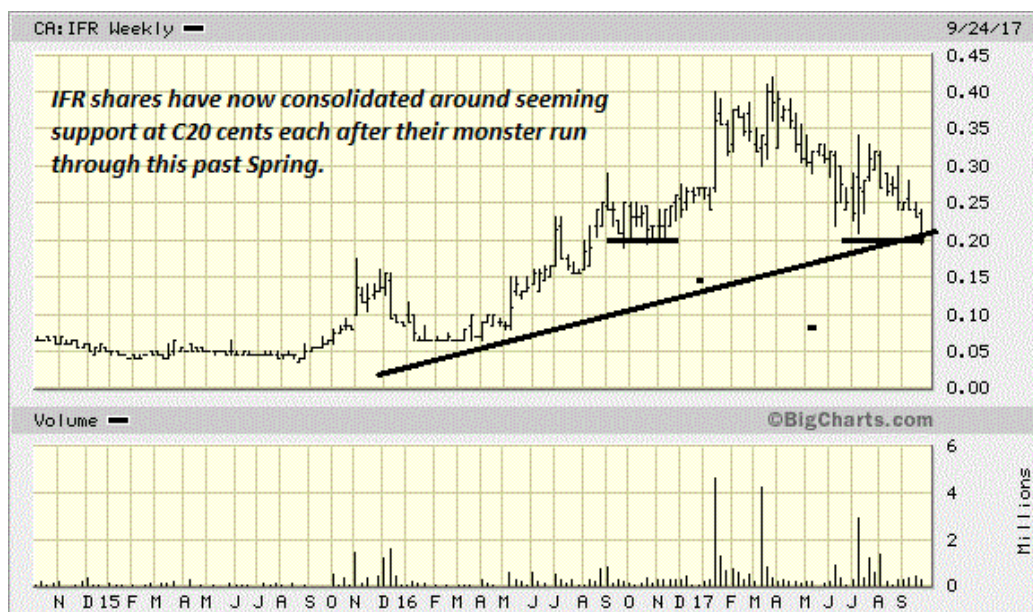
200+ Onshore Blocks Earmarked for upcoming bid rounds

150 PEMEX block farm-outs earmarked for joint ventures



now for private companies to get their "stakes" in Mexico is like another story I have been pounding the table on for some time now: the opening up of Ecuador's mining sector. That country represents the last largely-undeveloped place in South America whose copper (and other) resources have never really been exploited. For Yours truly especially, this similar opportunity with IFR is--as the late, great Yogi Berra would have said--like *deja vu* all over again!

WHY INTERNATIONAL FRONTIER RESOURCES?



International Frontier Resources' shares have overcome weakness in their own sector

Of all of my tasks as a commentator and especially newsletter editor and analyst for over three decades now, the most fun--and most satisfying--is **to find uncovered and/or unappreciated stories and bring them to my Members before anyone else.** Once in a while this *really* results in a "home run" no matter what the broader markets are doing.

Notably, our two biggest winners over the last year or so--the biotech company **Sarepta Therapeutics (NASDAQ-SRPT)** and metals exploration company **Cornerstone Capital Resources (TSXV-CGP; OTC-CTNXF)** --have made our Members a PILE of money despite both of their sectors being fairly problematic at times. In the case of biotechnology, political and cost pressures have weighed on that sector, which has been somewhat of a mine field for investors. And in the case of the majority of mining stocks, their share prices overall remain mired close to the lows of the cyclical bear market that started back some six years ago, even after metals prices themselves have recovered somewhat.

But true breakout stories can't be held back. In Sarepta's case, what most of us hoped and prayed for through decades' worth of Jerry Lewis' Labor Day weekend MDA telethons--a *cure* for muscular dystrophy--has taken its biggest step forward ever thanks to this company.

And all Cornerstone did was to grab on to a major mining concession in Northern Ecuador when *nobody* else wanted anything to do with that country; and shepherd it through initial permitting, and then J.V. the project with a larger company to further exploration work. The result--as I have been excitedly

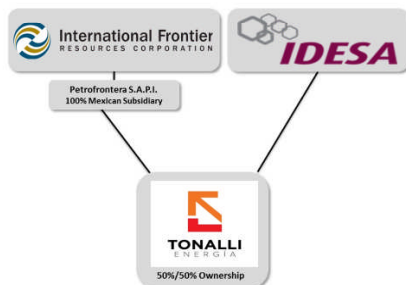
covering now especially for the last year--is an industry-wide recognition that these companies are sitting on THE most exciting and most massive new copper/gold porphyry discovery IN THE WORLD.

While I cannot guarantee the same fireworks for **International Frontier Resources** there are reasons why I added it to my recommendations a year ago; *reasons in part reflected in its own above-average share price performance during a time when the energy sector generally has been borderline disastrous for investors.* Now that you have an understanding of the opportunity in Mexico generally I want to explain why IFR *specifically* is a company I am extremely excited about, despite my general view that the energy sector is more likely than not to remain somewhat in its current doldrums (though I must say, as we have entered Fall, I am pleasantly surprised that oil's price especially has held up.)



Industry Leading Joint Venture: GRUPO IDESA and IFR

- In August 2015, IDESA and International Frontier Resources formed **Tonalli Energia**
- Tonalli combines IFR's Canadian G&G, engineering, and finance team with IDESA's Mexican regulatory, engineering and logistics team
- Tonalli won the Tecolutla Block in Mexico's first on-shore bid round
- Tonalli is assessing upcoming oil and gas opportunities including bid rounds and joint ventures



IFR and IDESA are "fully aligned" through our 50/50 ownership of Tonalli

TSX-V: IFR | internationalfrontier.com

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As you can imagine--and/or have read in some of the links I gave you already or elsewhere--all the usual suspects among global energy giants have been circling Mexico. In their cases, most of the focus has been on offshore opportunities. **Calgary, Alberta-based International Frontier Resources wanted its own "first mover" advantages to be deployed on land.** That's the company's experience, since being founded in 1995 and primarily engaging in land-based energy projects in North America.

But in compiling the team *with experience also in the financial/brokerage world* and more to complement the energy-specific knowledge, IFR knew it needed to find a way to get itself to "the front of the line" in Mexico. **And it did so by joining forces with Mexican energy/chemicals conglomerate Grupo IDESA in creating an entity, Tonalli Energia, S.A., which each party owns 50% of.**

Grupo IDESA (you can learn more about this key *and major* Mexican conglomerate at <http://www.grupoidesa.com/index.php?lang=en>), through Tonalli, gives International Frontier Resources the "muscle" it wouldn't have on its own; and allows IFR to be pretty much the only "junior" exploration company to have the ability *to even bid on* the various blocks coming available. Depending on the sizes of the blocks being bid on along the way, there are various cash, net capital and other requirements for bidders; in part, logically, so the government knows the companies bidding have the means to develop the resources *and later pay taxes*. Via its half-ownership by privately-held Grupo IDESA Tonalli has been qualified; *and with it, the other half-owner, International Frontier Resources.*

IDESA notably built a \$5.2 billion petrochemical plant recently to augment expected future increases in energy feed stocks it expects. Not coincidentally, Tonalli bid on and won the rights to the Tecolutla block to the north of that plant back during first-round bidding in the on-shore block auctions. Thus, it may not be long before IDESA is refining crude products from this area that it and IFR recently

acquired at Tecolutla (in the graphic nearby you can see both where the Tecolutla block and IDESA's new plant are located.)

That broader area in yellow, as IFR President and Tonalli Director Hanson described to me, has been identified by geologists as the Golden Lane Trend; *and it has seen but sparse development over the last 50 years.* It is the likely western edge of that "Super basin" speculated on by IHT Markit. As Hanson described it for me in one of our recent conversations, IFR and Grupo IDESA view the opportunity here as **much like that which exploded in certain energy-rich areas of North America when advanced recovery techniques gained prominence and became economic.**



Tecolutla Block: Establishes Tonalli as an Operator in Veracruz State

Tecolutla is located 60 km from Poza Rica, a major oil and gas service center, in the Gulf Coast State of Veracruz



IDESA's petrochemical, port facilities, and fluid trucking division are located in Veracruz State.



Veracruz is business friendly and has a long history of oil and gas production.

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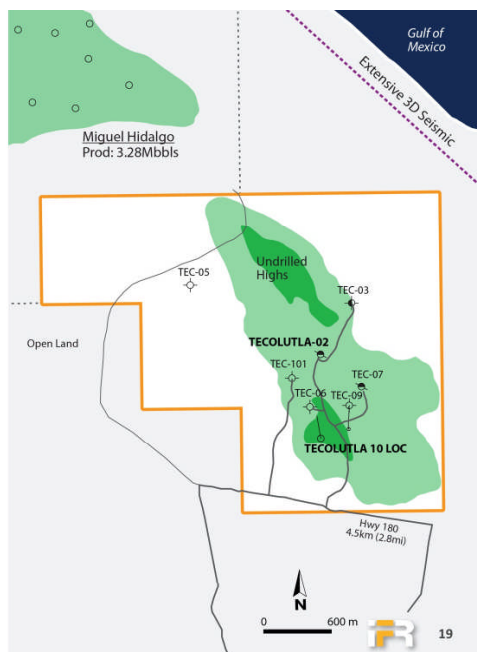
In years past, companies drilled the old-fashioned vertical wells into identified underground reservoirs. With the old technology and using simple pumping equipment, 5% or so of the oil in a reservoir would typically be recovered; and once the easy stuff was gone companies would drill additional wells. But these days we have horizontal drilling. . . a myriad of enhanced recovery techniques even for conventional wells. . . *and much more oil is now recoverable.* This is what IFR sees in front of it:

PREMIER BASIN Tecolutla

- A vastly underdeveloped mature field
- Seven wells drilled between 1956-1972 before 3D Seismic was acquired
- Historical well performance 256-453 bbls/d

Reservoir Characteristics	
Depth	-2300m SSTVD
API	28°
Gross Pay	Up to 100m*
Lithology	Carbonate

*Internal Estimates



wide areas that have had little or no more development since initial old vertical wells were drilled, pumped and then shut in *years ago!* As Hanson bluntly put it, "These types of fields do not exist in the U.S. or Canada anymore."

In late June, IFR announced that Tonalli has been approved by the government to further development at Tecolutla. This co-called Block 24, following the granting of final permits, should in short order see additional development work on the way to the company drilling its first wells and performing work-overs.

Barring the unexpected, Tonalli should be selling some of the first *privately*-produced oil in Mexico before year-end! And there is considerable exploration work that will be done as well, as the companies seek to fully exploit this block. Ultimately, Hanson believes that Tecolutla could produce 1,000 barrels of oil/day; *and at operating costs as low as \$10 per barrel.*

Going forward, IFR and IDESA-owned Tonalli plans to be a continuing player in the various rounds of bidding as the privatization push evolves. While Tonalli did not manage to win any of the blocks awarded in the latest on shore round in July, it plans to be active going forward. *Additionally*, the company is confident that it has an upper hand to acquire other assets that PEMEX will separately be farming out in various Joint Venture deals; *the first of those auctions should be announced imminently.*

IFR's BOLSTERED TEAM

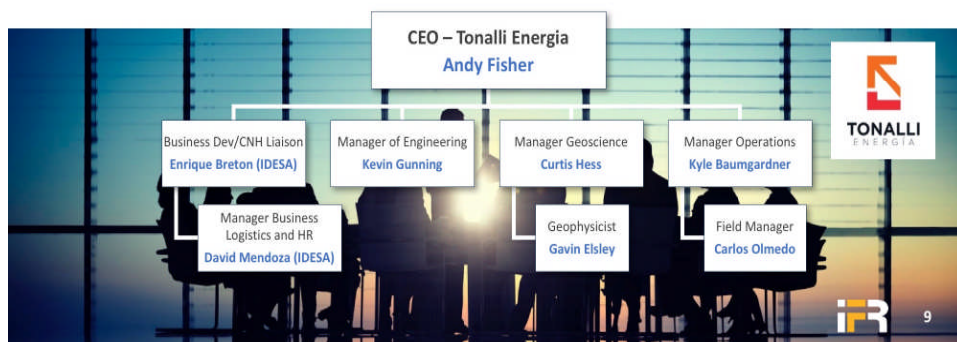
The ability to bid in the first place on these blocks as they come available is based on financial ability (IDESA's asset base and financial strength, of course, chiefly carry Tonalli, though both IDESA and IFR contribute equally to cash needs of Tonalli.) *But what is also important is the perception of the company's bona fides where personnel is concerned.* And even beyond the stature of IDESA, IFR saw the need last year to **add a couple industry heavyweights to its own board:**

* Ignacio Quesada Morales -- (from IFR's July 7, 2016 press release) -- "Mr. Quesada is a Managing Director with Alvarez & Marsal ("A&M"), Mexico and brings over 20 years of experience in financial and strategic consulting *including key positions within Mexico's public sector.* He has worked extensively in the energy and oil and gas sectors, helping companies in Mexico, Brazil, Chile, Argentina, Spain and South Africa. Before joining A&M, Mr. Quesada served as *Chief Financial Officer and Board Member with Petroleos Mexicanos (PEMEX), Mexico's national oil company.* At Pemex, Mr. Quesada was responsible for treasury, budgeting, accounting and risk management at one of the largest Latin American corporates. Previously, he was Chief of Staff of the Minister at the Secretaría de Hacienda y Crédito Público, Mexico's treasury office, and at the Secretaría de Desarrollo Social (Ministry of Social Development). Mr. Quesada was also a partner at McKinsey & Company, a leading firm that provides consulting services in strategy, organization and operations. Mr. Quesada earned a PhD in chemical engineering from Carnegie Mellon University. . ." (*Emphasis added.*)

LEADERSHIP

IFR Board of Directors

Steve Hanson President and CEO
Tony Kinnon Chairman, VP Corporate Development
Dr. Gary Lyons Vice Chairman
Ignacio Quesada Former CFO and Director PEMEX
Colin Mills Former Director General and Chairman TransAlta Mexico
Andy Fisher COO



* **Colin Mills** -- (from IFR's July 12, 2016 press release) -- "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 of 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 Company (CFE) for the strategic divestiture of TransAlta's Mexican assets to InterGen. . ." (*Emphasis added.*)

International Frontier Resources' President and C.E.O. Steve Hanson is a good man to join both the financial and energy industry-specific people into one force. His own career (which you can read of at <http://www.internationalfrontier.com/s/Management.asp> together with those of the rest of IFR's management) is chiefly of an investment industry orientation. *As a part of that, though, he has more than once shepherded junior resource companies to eventual takeovers.*

And it is encouraging to see that Hanson and others in management have their own skin in the game; they collectively own 21% of the outstanding shares of IFR themselves.

SUPPORT OF EXPORT DEVELOPMENT CANADA

IFR Partnership with Export Development Canada (EDC)

- IFR partnered with the EDC in January 2016 and is the first upstream financial partner for the EDC in Mexico
- The EDC is Canada's international trade finance agency
- The facility covers IFR's required bond for Tecolutla
- IFR receives the Government of Canada AAA credit rating on certain financing needs
- As an approved EDC partner, IFR has access to further Government of Canada guarantees on loans for reserve-based lending, facilities and development



Hanson and his C.O.O. Andy Fisher were featured in Mexico City this past April in panel discussions at the Oil and Gas Council's 2017 Mexico Energy Assembly (as you saw on the cover of this Report.) Indeed, among IFR's unique first mover advantages, part of Hanson's presentation--*together with the Toronto Stock Exchange*--deal with raising capital via Canadian markets.

And that helped to underscore the implicit support the company has from the government itself. As alluded to earlier in that

interview of Rona Ambrose, Canada's government is keen on making sure its companies have access to the growth of Mexico's energy sector. And in the case of International Frontier Resources, the company some months back announced a closing of an Account Performance Security Guarantee facility of almost

\$900,000 with Export Development Canada. **That essentially underwrote for International Frontier its portion of the performance bond issued by Tonalli on the Tecolutla block.** Said Hanson in announcing this, "IFR is honored to be the first Canadian oil and gas exploration and production company to be backed by EDC in Mexico." And for his part, Mark Senn--a regional V.P. of Export Development Canada--added, "IFR's early success in Mexico provides a great example of the world-class expertise that Canada's junior oil and gas companies have to offer in emerging markets. With the energy reforms taking place in Mexico right now, we believe there are tremendous opportunities to be had in that sector, and IFR has just proven that Canadian companies have what it takes to compete and win in the market."

CONCLUSION--A FEW MORE POINTS

International Frontier has assets other than what it has acquired through Tonalli (and more of that to come!) If you go to <http://www.internationalfrontier.com/s/Home.asp> and click on "Projects," you can read of IFR's assets in Montana (a "fragmented" land package, according to Hanson, that won't be viable until higher oil prices return), Southeast Alberta (containing some modest oil production currently) and in the Northwest Territories of Canada.

In the case of the last of those three, there could be substantial upside down the road; if you don't read of any of the others, DO look at http://www.internationalfrontier.com/s/Central_Mackenzie_Valley.asp to get a flavor of the potential of natural gas development in the NWT's Central Mackenzie Valley.

But make no mistake-- IFR is all about Mexico right now. It has assembled the team and, with Tecolutla, its first major holding to bring about some of the first significant private production of oil in nearly eight decades. And it is oil (and natural gas) to come that already sport *costs with the weakened Mexican production these days among the bottom quartile in the world.*

Indeed, as Hanson calculated with Yours truly a while back, even after a 31% gross royalty to the Mexican government on production from Tecolutla, **Tonalli expects to generate an operating margin of a healthy 34% on just a \$40/barrel oil price.**

Presently, International Frontier Resources has a bit over \$5 million on hand in its Treasury; more than sufficient, I'm told, to pay its share of Tonalli's costs on the way to its initial production at Tecolutla.



Particularly if they are able to either obtain additional blocks from the government in subsequent bidding rounds and/or from the coming PEMEX farmouts, it's possible that IFR may need to go to the markets for additional funding (depending too, in part, on the speed with which revenues grow from its sales.)

What's nice, though, is that IFR is already a standout in the market place with its share price doing well when most other companies' (including, notably, the only other "junior" of consequence that's made some strides in Mexico) remain in the doldrums. So if/when that time comes, I have little doubt that IFR will be able to cash itself up anew as needed, and under better conditions than the average "junior" enjoys these days!

Accordingly, and despite my near-term ambivalence on energy stocks *generally*, I remain as confident in International Frontier Resources--even after its nice move of over a year now--as I have ever been. As I said along the way herein, this *individual story* transcends the broader weak fundamentals of the global energy industry.

And International Frontier Resources by virtue of that as well as its own characteristics is reiterated as a "BUY" among my list of Speculative stocks.

I encourage you as part of your own due diligence to read and really digest this Report, and the character of this solid company, together with its prospects. Make sure to spend a fair amount of time as well at IFR's web site, at <http://www.internationalfrontier.com/s/Home.asp>

Keep in touch with Yours truly as well and my own occasional updates and news on International Frontier Resources. And if you have any questions or comments, don't hesitate to write me at chris@nationalinvestor.com.

HOW TO PURCHASE SHARES OF INTERNATIONAL FRONTIER RESOURCES IF YOU ARE A U.S. INVESTOR USING A U.S.-BASED BROKERAGE ACCOUNT

For those of you who are not already used to buying shares of companies such as IFR that are listed *primarily* in Canada, I want to give you a quick and easy "tutorial." It's MUCH easier than you think, if you have never done so, to buy such companies in any U.S. brokerage account. *Indeed, as I have explained in one of my investor tutorials, it's just as easy and inexpensive to buy shares in an International Frontier Resources as it is to buy Apple!*

Many larger Canadian and other foreign companies have primary listings on more than one major exchange. For those *listed* on the New York Stock Exchange or the Nasdaq as well as Toronto, you need only buy/sell using the U.S. market. Generally, there would be no reason to check prices and such on the Toronto Exchange first.

More often than not, smaller companies--for both cost and logistical reasons--do not *list* their shares on a major U.S. exchange. *But they are still easily tradable in the U.S. via the Nasdaq's OTC Market.* All you need to know is the company's symbol; unlike most U.S.-listed companies, it will always be a five-letter symbol ending with an "F."

In International Frontier Resources' case, its ticker symbol in the U.S. is **IFRTF**, while on Toronto it is **IFR**.

The main consideration in buying shares of Canadian stocks via the OTC market is that *sometimes--if you look at the OTC quote first--you are not getting as fresh and accurate a price as you would if you went to the Toronto Exchange.* This is because with most, the majority of their activity is on the Toronto market where it is listed; sometimes hours can go by between trades on the OTC, if the company you're looking to buy isn't actively traded at the time. Thus, you simply need to insure, via a simple process, that you are neither overpaying for a stock when you buy it, nor getting less than you should when you sell. That is easy to accomplish.

The most reliable and current quotes for shares of companies such as International Frontier are to be found *first* on Toronto's Exchange where they are primarily *listed*. Prices and volume activity are updated all through the trading day on the Toronto Exchange, just as they are on the N.Y.S.E. or Nasdaq, and are generally fresh/instantaneous.

I will use the following example to show the simple process that will normally take you LESS THAN TWO MINUTES to enter a trade to buy International Frontier Resources' stock via the OTC market in the U.S, in your U.S.-domiciled brokerage account:*

1. First check the Canadian quote for the company, via its ticker symbol in Toronto, **IFR**. You'll find this at the Toronto Exchange's web site, at www.tmx.com. Plug in "IFR." We'll say for purposes of this lesson that the current asked price for IFR's shares is C\$0.21, or 21 cents per share in Canadian currency.

2. Next determine what that price is **in U.S. currency**. If you don't follow exchange rates on a daily basis, you can get a fresh picture by going to Kitco's web site, at www.kitco.com (or your own favorite one that lists currency differentials; there are many.) Near the bottom of Kitco's front page, you will find a table of various currency exchange rates. At this writing the Canadian dollar, rounded off, is worth 80 cents in U.S. currency.

3. Do the math as to what IFR's *U.S. asked (selling) price* on the OTC market should be:

C 21 cents per share X .80 = **US 16.8 cents per share.**

4. Finally, enter a LIMIT ORDER to buy the number of shares of International Frontier Resources you want in your U.S. brokerage account at *or very near* that price. **I would first start with that 16.8 cents per share**, given that most days the company has a decent amount of trading activity even in the U.S. If the order doesn't fill right away, bump it up by a tenth of a cent once or twice until it does (these days, most online brokers will allow you to use tenths of a cent in pricing.) You would use the company's 5-letter symbol, which is IFRTF.

It's that simple! And, of course, you would do much the same thing when it was time to *sell* some of your holdings. But in the case of a sale, you would focus on *the bid price* listed on the Toronto Exchange's site for the company in question.

* Generally speaking, U.S. online/discount brokerages do not allow their typical clients to buy Canadian stocks in any way other than described above. However, one that I know of *does*: Interactive Brokers (find them on line at <https://www.interactivebrokers.com/en/home.php>.) In their case, they allow you to

convert a part of your US. dollar-based account into Canadian currency, after which you can buy a company such as IFR *directly* off the Toronto Exchange; the advantage here *at times* is it is usually more liquid, as that is where most of the trading volume occurs.

In the end, though, as long as you remember to ALWAYS use a limit order as described above there is essentially no difference in buying an IFR or any other Canadian company via the OTC market except for the couple of short added mathematical calculations!

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