INTRODUCTION

While U.S. and Canadian oil production has soared in the last decade, production in Mexico has dropped 1.1 million bopd (barrels of oil per day), from 3.38 million to 2.29 million.

For 77 years Pemex has been the only company to develop oil and gas reserves in Mexico. Throughout that time cash generated by Pemex has been redirected into the Government coffers and away from oil and gas development.

That means this oil and gas rich country remains underexplored. Finally, the Mexican Government is opening up its oil and gas industry to private companies. It is truly an historic opportunity—especially if oil prices rise again.

The next bidding round is Dec. 15, and that’s the key one for Renaissance.

If you invest in people first—and you should, consider who little Renaissance Oil has:

1. Chairman Ian Telfer runs Goldcorp, the single largest foreign investor in Mexico. He knows how to get business done there.

2. The Fathers of the Shale Revolution—the team from Mitchell Energy—as key technical advisors.

3. A unique, and somewhat proprietary, relationship with Halliburton, the energy services giant.

That speaks to how attractive people in the know see the opportunity in Mexico. This could be a once in a lifetime crack at some tremendous assets—even at these lower oil prices.

This is a very high risk; high reward stock. But I think it’s the best way to directly play the coming liberalization of Mexico’s energy sector—even with low oil prices.
QUICK FACTS

Trading Symbols: ROE - TSXv
Share Price: $0.15
Basic Shares Outstanding: 108 million (post Oct 6 Private Placement)
Market Cap: $16.2 million
Net Cash: $10.8 million (post Oct 6 Private Placement)

POSITIVES

- Big opportunity in Mexico to land some very attractive assets
- Proven CEO and Chairman of the Board
- Able to attract a top notch technical team
- Competitive advantage with working relationship with Halliburton
- A rare junior that will be able to raise capital even in this market
- Depressed oil price means less competition for Mexican assets

NEGATIVES

- No assets, no production, no reserves
- It has been 77 years since someone other than Pemex developed oil and gas in Mexico....there will be bumps in the road
BACKGROUND

Renaissance Oil is essentially a publicly-listed blind pool focused on Mexico, but is managed by one of the most well-connected groups possible for this kind of venture. A somewhat exclusive 60/40 joint venture with Halliburton (HAL-NYSE) who has intimate knowledge of Mexico adds to the potential here. (Halliburton is not working with any other juniors in the bidding rounds for Mexican assets)

That makes this a very high risk, very high reward junior stock that is only suitable for investors with VERY high risk tolerances.

This company’s board of directors and management are identical to that of Realm Energy, a TSX-V listed company from 3 years ago that was focused on developing Polish shales.

It was a 35 cent IPO in 2009 and I turned my nose up on that company, believing that European shales would never catch on very quickly. The play never worked, but the stock sure did. That management team, headed by CEO Craig Steinke, developed their assets to the point where AIM-listed San Leon Energy bought them for $1.30 per share in just over two years.

Equally as important was Steinke was the shareholder group behind the company—and that group was headed by Ian Telfer. I knew Telfer as a deal maker extra-ordinaire from my days in the mining sector. I worked indirectly for Telfer for a couple years doing retail investor relations work for Wheaton River Gold Corp, which then became part of Goldcorp (G-TSX; GG-NYSE). Telfer then became CEO of Goldcorp, which is now the largest foreign investor in the resource sector in Mexico with $1.1 billion in revenue.

In other words, the man is connected in Mexico.
Mr. Steinke has a strong relationship with Halliburton. Steinke says that Mexico is HAL’s #1 revenue by country after the United States. They have both an oilfield services component in Mexico, but also a consulting arm that helps introduce new technology into Mexican oilfields. This arm of HAL also takes direct participating interests in plays—but has to keep that quiet so they don’t appear to be competition to their producer clients.

The two men own a combined 15% of the post consolidated shares outstanding in Renaissance Oil.

Mexico is now in the beginning stages of opening up their energy sector to foreign investment. That could be very lucrative and exciting—but it’s important to remember that

1. PEMEX, the Mexican National Oil Company (NOC) got first crack at the country’s assets they wanted to develop
2. A 57% majority of the public in Mexico still want no foreign investment in their energy sector.

Now back to the exciting potential of Mexico....
Mexico announced in 2014 it would reform its energy sector and open its oil and gas industry to private capital. Over the next decade there will be 10 rounds where property is auctioned to private companies.

Mexico has a lot of oil and gas--nearly 400 billion boe of oil and gas resources.

Unlike the US and Canada, Mexico’s oil and gas assets are far from being fully picked over. Remember, the oil industry isn’t drilling high decline shale wells in the US and Canada because they love them…..they are drilling them because they are the best remaining opportunities.

Mexico still has a lot of high quality conventional oil and gas to find and develop. After that it also has major shale potential.

As the Mexican gov’t diverted energy cash flows for general purposes, PEMEX wasn’t able to give its oilfields capital investment. The result is a very slow adoption of modern drilling and completion technologies, which is showing up clearly in Mexico’s production:

![Oil Production Growth of Select Nations in the Americas](image-url)
The countries around Mexico have grown production over the past decade. Mexico’s production has slumped badly. And this in a world of extremely high oil prices by historical standards.

During the 77 year monopoly PEMEX had, only 27,000 total wells were drilled. Only 5,000 of those were exploration wells. Compare that to just Western Canada where 150,000 wells have been drilled in the last ten years.

Steinke told me that as they were going through properties of interest they were actually seeing instances where very good wells had been drilled but never completed.

There is a lot of low hanging fruit out there in Mexico to be found. There is no low hanging fruit in the US and Canada.

While shale development has become prolific in both Canada and the United States it hasn’t even registered a pulse in Mexico. PEMEX has only drilled only a handful of shale wells (18 at the end of 2013 was the last official count).

The shale opportunity in Mexico is big.

Another opportunity that Steinke sees is in mature conventional fields where the rock is a little tighter. Recent results that Pemex has had taking horizontal drilling and fracking to these fields have been pretty startling.

In some cases production levels are coming in 10x higher than what vertical wells were achieving.
Bringing the best practices from Canada and the U.S. to Mexican oil assets is going to give a new life to many properties.

The image below shows how underdeveloped Mexico is relative to Texas and the U.S. Gulf coast to the north.
Renaissance is interested in two specific areas. One is the Tampico Misantla basin, which holds over 50% of Mexico’s oil resources where less than 1% of the oil and gas has been recovered.

The second is the Surest Basin which contains some significant mature fields that have received virtually no reinvestment past initial development spending.
The company’s relationship with Halliburton has helped Renaissance in getting a head start in deciding exactly where in Mexico to look.

Halliburton is already well established in Mexico as a service provider to Pemex. Halliburton’s annual revenues from Mexico exceed $1 billion with Mexico being its largest country by revenue outside of the U.S.

Halliburton has shared all of the knowledge it has compiled through its time in Mexico with Renaissance. This gives Renaissance an enormous advantage in getting a jump on any other private operators interested in Mexico.

In collaboration with a dedicated team at Halliburton, Renaissance has already spent 3,600 plus hours evaluating Mexican oil and gas prospects.

For a tiny company with no production or even assets at this point Renaissance is unique in a couple of ways.
The first is the level of influence that top management, Board members and shareholders have within the industry. That gives them access to capital where others would have none.

THE FATHERS OF THE SHALE REVOLUTION—RIGHT HERE

The second is the technical team that Renaissance has assembled.

**TECHNICAL TEAM & ADVISORS**

**DANIEL JARVIE, CHIEF GEOCHEMIST**

- Globally recognized as a leading analytical and interpretive organic geochemist, having evaluated conventional and unconventional petroleum systems around the World
- Former Chief Geochemist of EOG Resources, Inc., largest shale oil producer in North America
- Most notably, completed the independent geochemical analysis for Mitchell Energy, in their development of the Barnett Shale of the Fort Worth Basin, in Texas
- Mr. Jarvie has been the author of many award winning industry papers and in 2010, Mr. Jarvie was awarded "Hart Energy's Most Influential People for the Petroleum Industry in the Next Decade"
- Adjunct professor at Texas Christian University (TCU) and a member of the Energy Institute and Affiliate professor at the University of Oklahoma
- Bachelor of Science from the University of Notre Dame and mentored in geochemistry by Wallace Dow and Don Baker of Rice University

**NICK STEINSBERGER, DIRECTOR OF ENGINEERING**

- 22 years experience in petroleum engineering, drilling, production, and surface facilities
- Completions Manager for Mitchell Energy and responsible for drilling of first 25 wells in the Barnett Shale, Nick was Integral to the growth of the company until its sale to Devon Energy for $3.1 Billion
- First to recommend and implement slick water fracs in the Barnett Shale, transforming it from a marginal play to one of the largest gas fields in the USA reaching peak production of 5.75 Billion Cubic Feet per day in 2012
- As horizontal team leader for Devon Energy, he designed the first horizontal completions in shales that are now used industry wide
- Completed over 900 wells in the Barnett Shale and 300+ in other petroleum plays across North America
- Bachelor of Science, Petroleum Engineering, registered Professional Petroleum Engineer, Texas
If you have read the book “The Frackers” you will be familiar with a few of these names.

George Mitchell is the name put forth as being the “father” of the shale revolution due to his stubbornness in working to crack the code in the Barnett Shale.

The men pictured above are those that actually did all of the heavy lifting for Mitchell. They were the innovators who through trial and error figured out how to commercialize the Barnett Shale.

Because of the success of these men Mitchell Energy was sold in 2002 to Devon Energy for $3.1 billion.

All of this experience and credibility doesn’t guarantee anything for Renaissance....but I’d sure prefer men like this running my company than someone with no history of success.

The fact that a tiny company like Renaissance could bring accomplished veterans like this on board tells you a lot. It tells you about both how exciting the opportunity is in Mexico and how well respected Telfer and Steinke are.
LOW OIL PRICES HELPING RENAISSANCE

Unlike almost every other operator in its industry, Renaissance is a company that is actually enjoying the rout in oil prices.

Why?

Less competition for the best Mexican properties.

Companies that a couple of years ago which would have been chomping at the bit to get into Mexico are now handcuffed by low oil prices (both seniors and juniors).

Many of these operators are just trying to keep the lights on—jumping into Mexico isn’t even on the radar anymore.

That means that the Renaissance team is going to have a better chance at getting the assets they want. It also means that they are likely to have to pay less to get them.

There are three ways that Renaissance can begin working in Mexico.

1) Make a bid on a property in the open rounds that are being run by an arm of the Mexican Government called the CNH.
2) There are 22 contracts (Multiple Service Contracts) that Pemex gave to their service providers. These service companies are not exploration and production focused and are looking for partners.
3) Joint Venture opportunities with Pemex itself.

So far Renaissance has been focused on #1 but the company is willing to explore any of the options above. With the connections these men have they are going to be taken a lot more seriously by Pemex and the Mexican Government than any other junior would.
As of September 28, 2015 Renaissance had 47.2 million shares outstanding. On October 6 they issued another 61,025,000 shares at $0.10 per unit.

That puts the share count today at 108.2 million.

Along with those shares went 61,025,000 warrants to buy one common share at $0.20 (expiring October 6, 2020). That goes along with the 19.2 million warrants with a strike price $0.50 per share which were already outstanding.

Now as to the timing of things...

On July 1, 2015 Renaissance accessed the data room for the third call of the first round of auctions of 25 onshore, mature oil and gas blocks in Mexico.

Since then the company has been evaluating these blocks and other opportunities with Halliburton.

The 25 onshore blocks examined had verifiable reserves, developed infrastructure and in some cases existing production.

Renaissance liked enough of what it saw in these blocks to register for the official auction of the blocks. Bids for the blocks are due on December 15, 2015.
I don’t know exactly when The Market will find out if Renaissance was successful in getting a land package. The news on the bid result (assuming they do make a bid on Dec 15) will clearly be the major catalyst for the stock in 2016.

*If they don’t win a property—the stock will fall down for awhile (weeks to months?), while management works on Plan B or C—a JV with Pemex directly or one of the Service Contracts. A successful bid is certainly going to get some people excited.*

STOCK CHART...next page
CONCLUSION

I don’t want anyone to have any misconceptions….this is ultra-high risk. As of today this company has no assets (other than the cash in the bank), nor production.

But there’s also a lot of reward. For a 15 cent penny stock this is a company with a very impressive corporate and technical team. The opportunity in front of them in Mexico is truly historic.

If successful, they have the corporate and technical talent to deliver gains for shareholders. I own 100,000 shares at 20 cents and 75,000 at 30 cents.