



BISON INTERESTS LLC

5400 Katy Freeway
Houston, TX 77007
713-724-5072
carter@bisoninterests.com

Dear Bison Investors,

October 22, 2018

For the month of September, Bison was up 7.22%, net. PSCE was down (-)0.74%.

Going forward, we will provide rolling 6 and 12 month returns as investors have requested we do so-

BISON:	PSCE:
6-Month: 49.64%	6-Month: 16.97%
12-Month: 20.88%	12-Month: 9.14%

Even though interest rates are rising, credit spreads remain relatively tight in the oil & gas credit market. We see plenty of lending available for the mid and large cap companies, an active drilling joint venture market, and an active term debt market.



Our preference is to buy the stock of borrowers in the existing credit market, rather than being a lender.

Like the credit market, the merger and acquisition space also remains active. Particularly in Canada. Transactions are taking place at premiums, especially when compared to the valuations of the companies in our portfolio.

You are likely aware by now that Iron Bridge Resources – IBR.TO – agreed to an all cash sale to Velvet Energy in September. IBR was our largest position in the fund and Bison’s CIO, Josh Young, served as Chairman of the Board.

While IBR had significant resource potential and potential upside beyond where it ultimately transacted, Bison’s commitment to investors is to earn the maximum amount of money, while limiting downside risk.

The sale of IBR freed up a fair amount of cash in the fund and we’re actively deploying this capital into the attractive opportunity set we’re focused on at Bison. We’re adding to existing positions in our portfolio and are building new positions in a prudent, measured manner.

As we highlighted in recent calls and in our published investment thesis, we’ve recently made Journey Energy - JOY.TO - our largest position in the fund. Journey’s joint venture partner (Kiwetinohk Resources Corp, run by Pat Carlson) is actively drilling wells on Journey’s Duvernay acreage. Multiple well results should be released by the end of January. These well results could be material to the overall fund if successful: potentially delineating hundreds of drilling locations that, in aggregate, could be worth many times Journey’s current market capitalization.

Like the rest of the Bison portfolio, Journey has a great deal of potential upside and plenty of protection to the downside. Journey’s assets outside of the Duvernay have substantial value, including their midstream assets. And operations across multiple assets are going better than expected. Despite this, Journey still trades at a discount to PDP – the “blow down” value of its reserves, offering a substantial margin of safety.

With the commodity price being where it is currently and public oil & gas equities trading at such a discount, it is a promising time to be deploying capital. Bison has performed best in times like we’re in right now.

We are grateful for your trust and confidence in us and thankful to have you as an investor. Please reach out to us directly if you have any questions or if there’s something you’d like to discuss further.

Make It Count,
Carter Higley

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Performance is from date of recommendation to investor to October 2018. These performance measures are illustrative and may not be indicative of actual or average performance achieved by clients. Only investments that were actually executed were included. Performance prior to Bison was in separate accounts and has not been audited, although some measures can be validated by investment banks that introduced clients/capital.

