BISON INTERESTS LLC

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Dear Bison Investors, November 27th, 2018

BISON:	**PSCE:**
October: (-)12.28%	**October: (-)18.80%**
6-Month: 13.22%	**6-Month: (-)18.93%**
12-Month: 5.39%	**12-Month: (-)8.04%**

October was a tumultuous month for the price of oil and oil related stocks. We saw a greater than 10% drop in the price of WTI and correlation between the price of oil and oil equities is as high as we've seen it since inception of Bison.

When oil is down and oil stocks are down, it is not unusual for Bison to also be down. Our job is to navigate such a market, withstand the volatility, and identify opportunity.

In the midst of this market turmoil, it might be helpful to reiterate to our investors what we're not doing and what we are doing.

First, what we're not doing:
We are not deviating from our strategy.

What we are doing:
Deploying capital into value names and building a concentrated portfolio of companies that are well managed, with healthy balance sheets, good assets, and trading at a big discount to their real value. All of these investments are highly likely to achieve a high return over the medium term.

There has been a merger and transaction bonanza in the public oil & gas space lately and as mentioned in our prior two notes, Bison has been the beneficiary on two recent occasions- Ikkuma (TSX: IKM) and Iron Bridge Resources (TSX: IBR).

Even more recent transactions have been much larger than the IKM and IBR ones, and at much lower premiums. For example, Cimarex (NYSE: XEC) buying Resolute Energy Corporation (NYSE: REN) ("Resolute)" for a 15% premium to Resolute's previous closing share price.

Transactions like the Cimarex/Resolute ones are materially underperforming relative to expectations.

In transactions, it's almost always the case that companies that are working from a fundamental perspective result in higher prices being paid. A higher premium is earned by the investors.

Bison recently hosted a webinar titled, "3 Reasons Why Now is The Time to Own Oil & Gas Stocks" and as we prepare to send out this monthly note after another ~15% drop in the price of oil and stocks, it feels like a good time to repeat those 3 reasons:

1. **Buy The Panic**: The last two times there was panic, it turned out to be a great time for those who bought during the panic. Both oil and oil & gas equities recovered rapidly.
2. **Buyouts**: In just the last few months, there have been multiple full buyouts of public oil & gas companies at large premiums to the cost the companies were listed at prior to the acquisitions (just make sure you're buying fundamentally strong companies and not simply a growth story). Outside of great returns, buyouts show consolidation is accelerating and consolidation brings synergies, which ultimately improves share valuations over time, equating to higher returns on invested capital.
3. **Oil & Gas Stocks Are Cheap**: Oil stocks are trading at extremely low valuation multiples. EV/EBITDA multiples haven't risen recently, despite the oil price drop. Returns have been poor for public equities in every basin for the past 2 years. No differentiation means opportunities and buyouts (reason #2 to own oil equities). Cheap stocks in the midst of a market crash means a lot of opportunities. Wide variance in valuation multiples and volatility offers the opportunity to select for both quality and valuation.

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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