

November 2, 2011

Dear Investor;

This letter and investor communication is to provide an update to our investors to clarify matters on the various initiatives that have been under way for some time in Foundation Group Capital Trust (FR).

I am focused on leading the Harvest Group of Companies with the fundamental focus of increasing investor value and maximizing all of our assets under management. I would like to emphasize management's determination and dedication to being transparent with our investors and believe the disclosure of the information contained within is an example of just that and what you should expect moving forward.

As the new CEO of the Harvest Group of Companies (HGC), I took 8 months to review the entire organization of FR. Upon completing this review, and with the counsel of oil and gas professionals, I have instructed our management team to address a variety of strategic and tactical changes I believed needed to take place within FR during the end of 2010 and 2011. The actions I have taken are described in the attached update; the FR team looks forward to introducing themselves and discussing all of business activities in investor meetings and correspondence planned for later this year and early next year.

With the consent of the director of 0865701 B.C. Ltd., the corporate trustee of FR (the "Corporate Trustee"), Mr. Ron Aitkens, the following has been undertaken in the best interest of you, our valued investors from Q4 2010 until today.

- Since 2009, Neo Explorations Inc.'s (NEO) oil and gas management team was exclusively contracted to manage FR's assets held through Foundation Resources Limited Partnership and the day to day operations of FR.
- I initiated direct engagement with NEO's board of directors to advise them of concerns HGC had with FR and the manner in which our assets and operations were being managed by NEO.
- We brought in a management team with industry experience and a well-respected track record. The new team was in place by October 2011. Bios are contained in the investor communication.
- A thorough review and audit of operations, reserves, and accounting systems including a fair market valuation of the unit price through appropriate and industry wide valuation formulas is currently in progress.
- Effective September 1, 2011 the relationship with NEO's management was terminated and substantially all of FR's operations managed by NEO ceased.
- The new management team is strategically deploying and allocating FR's capital to production plays and to increase our revenue to the benefit of our investors.



FOUNDATION GROUP CAPITAL TRUST

CALGARY, ALBERTA (November 2, 2011) – Foundation Group Capital Trust (“FR” or the “Trust”) provides the following update to the holders of the units of the Trust.

Consulting and Farm-in Agreement with NEO Exploration Inc. (“NEO”)

Since 2009, NEO’s Oil and Gas Management team was exclusively contracted to manage FR’s assets (held through Foundation Resources Limited Partnership) and the day to day operations of FR. Effective September 1, 2011 NEO terminated the relationship.

Through a farm-in agreement, NEO, as agent for Foundation, proposed to and FR agreed to, drill four horizontal Cardium wells in the Crossfield area. Under the Farm-in agreement, NEO was the operator and on behalf of FR drilled two Cardium horizontal wells on the Farm-in Lands and one well on other jointly held lands. The actual costs to drill these three Cardium horizontal wells was approximately \$15.1 million dollars, yielding a combined estimated production rate for all three wells of 90 barrels of oil per day. NEO has contested FR earning a working interest in the two Cardium wells drilled by NEO on behalf of FR and we are exploring remedies to resolve it.

On September 30, 2011 NEO failed to remit to FR the required payment for FR’s July production. By way of an explanation, the Managing Director and CEO of NEO advised FR that it was unable to pay the \$327,000 due on September 30, 2011 as it had used the monies for purposes unrelated to FR. NEO further advised that monies it had received for August production for FR of \$248,600 that was due on October 31, 2011 would not be paid and has not been paid to date. Additionally, there are payments overdue of \$269,000 for capital accounts and other monies deducted from FR. FR is taking necessary actions to recover the due payments.

Strategic Review Process

FR believes that it can maximize the performance of its assets and increase market value with an experienced management team for 0865701 B.C. Ltd. (the “Corporate Trustee”).

The team retained by the Corporate Trustee consists of the following individuals (please see following for bio’s)

- Thomas Stan, President
- R.P. (Pete) Singbeil, Chief Operating Officer
- Lavern Rankin, Vice President Engineering and Operations
- Richard Press, Vice President Land and Business Development
- Mike Marshall, Controller

This management team has been charged by the board of directors (the “Board”) of the Corporate Trustee to examine strategic options for the Trust going forward and make recommendations for a strategy in Q4 2011

These recommendations will be communicated to all unit holders at the next investors update. The new direction will look to build value and to provide liquidity for the unit holders.

Distributions and Redemptions

The Board of the Corporate Trustee has determined that in order to preserve cash in the Trust for prudent operations of its oil and gas properties, no distributions will be paid to unit holders on November 30, 2011.

The Board of the Corporate Trustee has asked management to assess the fair market value of FR by means of third party evaluation and an updated reserves report reflecting the acquisition of White North. In accordance with the deed of trust, any redemption requests made after September 30, 2011, will be priced using this revised market value which is anticipated to be available on or about November 30, 2011.

Foundation Share Ownership in NEO

FR purchased 5,531,667 shares of NEO for a cash consideration of \$16.6 million dollars. NEO has advised FR that it has put all of its oil and gas assets up for public tender to satisfy its obligations to creditors. FR concludes there is presently little to no liquidity to FR's investment in the shares of NEO.

Corporate Acquisition

FR is pleased to announce that on October 6, 2011, it closed a strategic acquisition by acquiring all of the common shares of White North Energy Corp. ("White North") for an aggregate consideration of \$12.5 million dollars. The White North acquisition consolidated FR's interest in Manitoba assets from an average working interest of 37% to 87% giving FR operatorship and control of substantially all its Manitoba assets. The acquisition was financed by \$7.7 million in cash and the assumption of \$4.8 million in White North working capital deficit including bank debt.

At closing, the White North acquisition added approximately 175 barrels of oil per day and 408 thousand barrels of reserves on a proven plus probable basis (2P) based on a report by Trimble Engineering Associates Ltd. ("Trimble") dated effective June 30, 2011. Trimble is a Calgary-based independent reserves engineering firm.

The closing of the acquisition created a combined FR entity with approximately 12,285 net acres of land in Manitoba with potential for further development drilling and field optimization and production of approximately 350 barrels of light oil per day, in Manitoba.

For further information please contact:

Investor Relations Department

Foundation Group Capital Trust

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Ron Aitkens, Director of the Corporate Trustee of FR
Frank L. Lonardelli, CEO Harvest Group of Companies
Tom Stan, President of Foundation Resources GP Corp.
R.P. (Pete) Singbeil, Chief Operating Officer, FR

Reader Advisories

Forward-Looking Statements: This investor update contains certain forward-looking statements, including but not limited to, management's assessment of future plans and operations, capital expenditures and the sources and timing thereof, expected timing and results from operations, expected prospectively of recent land acquisitions, and expectations regarding expansion of FR's land or asset position. These forward looking statements involve substantial known and unknown risks, uncertainties and assumptions, certain of which are beyond FR's control.

Such risks, uncertainties and assumptions include, without limitation, those associated with oil and gas exploration, development, exploitation, production, marketing, processing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources, the impact of general economic conditions in Canada, industry conditions, changes in laws and regulations (including the adoption of new environmental laws and regulations) and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in foreign exchange or interest rates, and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. Readers are cautioned that the foregoing list of factors is not exhaustive. FR's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that FR will derive therefrom. Additional information on these and other factors that could affect FR's operations and financial results are included in reports, including FR's annual financial statements for the financial year ended December 31, 2010 contained within the Offering Memorandum Tranche 4 of Foundation Group Capital Trust dated May 12, 2011. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this investor update are made as at the date of this investor update and FR does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

BOEs: Disclosure provided herein in respect of barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. The estimate of reserves and future and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregatio

BIO's on new FR Management Team

Tom Stan – President

Mr. Stan has over 25 years of oil and gas industry experience in both Western Canada and internationally and has headed up over \$3 billion in mergers and acquisitions. He has held President and Chief Executive Officer positions with Canadian Phoenix Resources Corp, Sound Energy Trust and NAV Energy Trust. Mr. Stan was the Chairman and CEO of Total Energy Services and VP Corporate Development of Petro Canada. Most recently, he was Managing Director of Desjardin Securities and Blackmont Capital. Mr. Stan graduated from the University of Saskatchewan with a Finance Degree.

R.P. (Pete) Singbeil, COO

Mr. Singbeil is the principal of Introspec Energy Group Inc. (IEG), and is a recognized industry consultant with 25 years of experience. Mr. Singbeil is a cofounder of the Well Completion and Fracture Database (WFCD) that has been unlocking and enabling the vast knowledge base of information that resides in the public drilling and completion documents since 2010. Mr. Singbeil graduated from the University of Alberta with a Bachelor of Science in Mechanical Engineering, Southern Alberta Institute of Technology with a Diploma of Technology in Civil Engineering, and is a registered member of APEGGA.

Mike Marshall, Controller

Mr. Marshall has a background that provides 15 years of experience in financial and management reporting, budgeting and cash flow management, internal controls and operating procedures. Most recently Mr. Marshall held two roles with Sherritt International Corporation; as Controller of Sherritt's power division and later as Director,

Financial Operations of Sherritt's combined power and oil & gas divisions. Mr. Marshall is a Certified Management Accountant.

Lavern Rankin – Vice President Engineering & Operations

Mr. Rankin is a Professional Engineer with over thirty years of diversified experience in engineering and operations throughout western Canada. He has held operations and production management positions with companies ranging in size from small junior to very large international E&P companies. One of his most recent positions was as manager of the Williston Basin assets of a large Canadian Oil & Gas Energy Trust with 10,000 bopd of production throughout Saskatchewan, Manitoba and North Dakota. Mr. Rankin graduated from the University of Saskatchewan with a Bachelor of Science in Mechanical Engineering and is a registered member of APEGGA.

Richard Press – Vice President Land and Business Development

Mr. Press is a land professional with over 25 years of industry experience. Mr. Press has held senior Land positions with Chevron and Petromet and Talisman. Following Talisman Mr. Press was employed by Petrobank Energy and Resources Limited in the role of Vice President Land and Contracts. After the creation of PetroBakken Energy Ltd, Mr. Press assumed the role of Vice President Land and Contracts. In early 2010 Richard left PetroBakken to pursue independent land consulting for a number of small oil and gas producers. Mr. Press has a BSc and a Petroleum Landman diploma.

- With the guidance of our management team, distributions have been discontinued until there has been a complete review and analysis of operating budgets and cash flows from production at which point FR's management team will advise accordingly.

It's my belief the significant changes described in this letter were absolutely required. I was engaged to oversee all of the entities within the Harvest Group of Companies and make immediate changes in the areas always on the basis of acting in the best interest of our investors. I have assembled a seasoned in house management team that are more than capable of advancing our strategies and meeting production goals. I have engaged the services of Mr. Tom Stan, a well-respected professional to act as the interim President of the General Partner to manage and grow our operations and most importantly to take FR on the path of its highest and best use. Mr. Stan has since built an excellent operating team to direct FR forward and manage our assets both professionally and transparently.

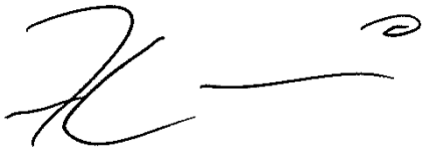
Today, our team of industry experts all feel the same way about the underlying assets of FR; we have great properties that have a tremendous amount of potential.

I would like to take this opportunity to thank you for your patience and continued support, and look forward to achieving our milestones and adding value to FR.

FR will provide quarterly updates and updates on any material events on our new website or in future investor updates.

Thank you again for your patience and I look forward to meeting with you soon.

Thank you

A handwritten signature in black ink, appearing to read 'F. Lonardelli', with a stylized flourish at the end.

Frank L. Lonardelli
CEO
Harvest Group of Companies

cc:

Ron Aitkens, Director of the Corporate Trustee of FR
Tom Stan, President of Foundation Resources GP Corp.