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To: Stakeholders of OmniArch Capital Corporation, OmniArch Management Corporation, OmniArch Fixed income Limited Partnership and OmniArch Fixed Income G.P. Ltd. (collectively, the "Companies" or "OmniArch")

Date: August 17, 2016

Re: Frequently asked questions received by Ernst & Young Inc. in its capacity as Monitor (the "Monitor") for the Companies

To Whom It May Concern:

On July 15, 2016, the Companies sought and obtained protection pursuant to the Companies' Creditors Arrangement Act, R.S.C. 1985, C-36, as amended (the "CCAA") pursuant to an Order of the Alberta Court of Queen's Bench (the "Initial Order"). Ernst & Young Inc. was appointed as Monitor (the "Monitor") of the Companies pursuant to the terms of the Initial Order.

Since the Initial Order, Ernst & Young Inc. has been receiving a high volume of questions from various stakeholders, many of which are similar in nature. The purpose of this correspondence is to address some of the key questions that have been raised.

Disclaimer: The following is a list of frequently asked questions and answers relating to the CCAA proceedings involving the Companies. Ernst & Young Inc. has been appointed the Monitor for the Companies pursuant to the CCAA and is in the process of performing various duties in accordance with the CCAA and the terms of the Initial Order. The information contained herein is for general informational purposes only and should not be used as a substitute for legal or other advice relating to the Companies. If you are in any doubt as to any action you should take in respect of the Companies please consult your own professional advisors.

Q: What is CCAA?

A: CCAA is legislation providing for a legal process that is used in Canada for the court-supervised reorganization or restructuring of a company's obligations while the business continues operations.

Q: Why did OmniArch file under the CCAA?

A: The Companies filed under the CCAA as a means to restructure the businesses given the significant level of debt that has constrained their ability to operate profitably. This filing, although unfortunate, was necessary to protect and preserve the position of all of its stakeholders, including bondholders, other creditors, and employees.

Q: Is OmniArch carrying on business while under CCAA protection?

A: Yes. The Companies are continuing operations during the restructuring process.

Q: What is the impact on bondholders?

A: Bondholders will not be paid any interest or principal on their bonds during the period in which the Companies are under CCAA protection. It is anticipated that while under CCAA protection the companies will



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be preparing a Plan of Arrangement (the "Plan") which will contain a proposal to restructure the bonds. The amounts payable to bondholders and their rights will be ultimately determined by the Plan, if approved by the requisite number of bondholders holding the requisite principal amount of bonds.

Q: What about the obligations prior to July 15, 2016?

A: Creditors are prohibited from taking action against the Companies with respect to obligations incurred on or before July 15, 2016. Management and their advisors are working on the formulation of a plan of arrangement to present to the creditors of OmniArch that will be in the best interest of its creditors and other stakeholders. Additional information will be provided in due course once the Plan has been more fully developed.

Q: When will these obligations get paid?

A: Pursuant to most CCAA Orders, generally all payments to bondholders and other creditors owed monies as at July 15, 2016 are stayed pending the creditor's vote on OmniArch's Plan. If the Plan is approved by the bondholders and the Court, creditor claims will be treated in accordance with the terms of the plan. If the Plan is not approved by either the creditors or the Court, the stay is usually lifted and creditors can then exert their pre-existing rights, which may ultimately result in bankruptcy or receivership.

Q: Is OmniArch bankrupt or in receivership?

A: No. OmniArch currently holds assets in the form of a portfolio of residential mortgage backed securities and has filed under the CCAA in order to devise a plan of restructuring and compromise for its creditors that avoids the company going into receivership or bankruptcy, with a view to maintaining operations. As a business that is continuing operations, the goal is to preserve assets and future cash flows and stabilize operations with the goal of increasing the amount that may ultimately be paid to bondholders and other creditors. The current value of OmniArch's portfolio of securities is being determined.

Q: Are bondholder monies safe?

A: As mentioned above, OmniArch does not have the financial liquidity to repay the principal amount of all bonds at this point in time. To ensure that cash available to OmniArch is used only in activities that are required to maintain operations over the CCAA proceedings, Ernst & Young Inc. has been and will continue to monitor all cash inflows and outflows through the inspection of bank statements for the Companies. All outflows must be approved by the Monitor prior to the disbursement occurring.

Additionally, per paragraph 10 (a) of the Initial Order, OmniArch is not permitted to sell or otherwise dispose of redundant or non-material assets with the value of \$50,000 for any one transaction, or \$150,000 in aggregate for all transactions.

Q: Is an independent valuation being done for OmniArch's current bond portfolio and when will it be released?

A: The Monitor has engaged Ernst & Young's valuation group in New York, NY which specializes in securities valuation. The valuation of these specialized assets is integral to our ability to evaluate the Plan. The Monitor will communicate the valuation with the Creditors' Committee as soon as it is complete.



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Q: Who is the Monitor and what is their role?

A: The Monitor is an independent firm of accountants appointed by the Court who are experienced in insolvency matters. Ernst & Young Inc. has been appointed as the Monitor of the Companies.

The Monitor's role is detailed in the Initial Order and may be modified by Court Order. Generally, the Monitor's role is to monitor the operations of OmniArch to ensure they are operating in compliance with the Initial Order and to report to the Court. The Monitor is also responsible for distributing and reviewing the creditor's Proof of Claims, forming an independent opinion on the provisions of the Plan and chairing the meeting of creditors.

Q: How do I ensure that I will receive a copy of the Plan and participate in the vote?

A: In due course, you will be sent a Proof of Claim by the Monitor, which you must complete and return to the Monitor by the due date. It is anticipated that with respect to bondholders, this process will only require creditors to reply if they dispute the amount set out. Any other creditor who fails to file a Proof of Claim by the due date is not entitled to make any claim against OmniArch and is not entitled to attend or vote at any of the meetings of creditors or to receive any distribution under the Plan.

To ensure that you will receive a Proof of Claim, you should ensure that OmniArch has your correct mailing address. If you have not received correspondence relating to the CCAA proceedings to date, or you have had a recent change in mailing address, please contact OmniArch at subscriptions@omniarch.com.

Q: Do you know when related party loans were made and to whom?

A: The Monitor is in the process of evaluating all of the details (amounts, counterparties, and timing) of the related party transactions that have taken place. We are of the understanding that the related party loans in 2016 were comprised of a series of promissory notes with dates ranging from January 7, 2016 to June 10, 2016. Approximately 80% of these transactions are believed to represent loans made from OmniArch Capital Corporation to OmniArch Ventures Inc. The Monitor will also be evaluating the \$4,570,966 of related party transactions that occurred prior to 2016. OmniArch Capital Corporation has recently received a payment of \$500,000 towards these loans.

Q: What is the Creditor's Committee and when will it be established?

A: The purpose of this committee is to create efficiencies in the CCAA proceedings and act on behalf of bondholders and other claimants in providing comments on the Plan and instructing bondholders counsel. The Creditors' Committee is expected to be formed by late August 2016.

Q: How long before we (bondholders) will see a restructuring proposal by OmniArch?

A: OmniArch has received an extension on the initial 30-day Stay of Proceedings (the "Stay") that was granted by the Queen's Bench of Alberta and the Stay has been extended to October 31, 2016. It is unclear at this time how quickly the valuation of OmniArch's bond portfolio can be completed and OmniArch, in conjunction with their counsel, the Monitor and the Creditors' Committee, will be able to formulate the Plan to be presented and voted on by all creditors thereafter. OmniArch advises that it is highly motivated to do so in an efficient and timely manner. We anticipate that the Plan would be presented in the fall 2016.

Q: When can bondholders hope to see cash flows recommence?

A: Recommencement of cash distributions cannot occur until the Plan is approved by the creditors. The Plan will outline the treatment of all creditors, including any potential future distributions.



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Q: What can creditors do to help reduce costs of the process and maximize return to implicated stakeholders?

A: We encourage all creditors to make use of the Creditors' Committee. The Creditors' Committee's mandate is to act on behalf of bondholders and all other classes of claimants, and as such, all questions or concerns should be directed through this committee. The Creditors' Committee will then relay all questions and or concerns to OmniArch or the Monitor as necessary.

Q: Is OmniArch Management continuing to take a salary or any type of management fee from OmniArch?

A: For the continuing duration of the CCAA proceedings, the sole director and officer of OmniArch, Mr. Modi, will be receiving a salary of \$5,000.00 per month from the Companies.

Q: What actions will be taken if OmniArch ceases to cooperate in providing required information during the CCAA proceedings?

A: To date OmniArch has been cooperative in supplying requested information. In the event that OmniArch ceases to supply relevant requested information, the Monitor will work with the Creditors' Committee to determine the best course of action. If Management becomes obstructive, we have the option to consult our lawyers and request the Court order the release of requested information (if the Court determines that information is necessary in our evaluation).

Q: Where can I get further information?

Ernst & Young Inc. in its capacity as Monitor for the Companies will continue to provide information to stakeholders as it becomes available. We will disseminate this information both through the Creditor's Committee, once established, and through our website at www.ey.com/ca/omniarch. In addition, bondholders may get information through the Creditors' Committee. We caution that information outside of these sources may not be reliable.