

TERRAWINDS RESOURCES CORP*SWEF GP INC.*SWEF LP

Dear Unit Holder

August 29, 2008

Re: SWEF LP – Alternative Steps for Accelerating the Tax Indemnity Refund Process

As you know from our previous communications (refer to www.sweflp.com), unit holders of SWEF LP (formerly Skypower Wind Energy Fund LP) (the "**Partnership**") are entitled to claim compensation from a tax indemnity payment agent (the "**Payment Agent**") for taxes payable by unit holders as a result of the loss of certain deductions from income for Canadian federal and provincial income tax purposes that unit holders expected to receive for their 2005 taxation year.

The Payment Agent has established a website at www.terida.com/PaymentAgent through which you will be able to submit claims for your tax indemnity amount. (You can also access the Payment Agent website through the Partnership's website at www.sweflp.com). **While the Payment Agent site is available for registration you cannot submit a claim until you have received a notice of assessment or reassessment from Canadian federal and applicable provincial tax authorities (Quebec only).**

We have also informed you that the Canada Revenue Agency ("CRA") advised that it intends to audit the Canadian Exploration Expense ("CEE") incurred by Terrawinds Resources Corp. ("**Terrawinds**") and allocated to unit holders in respect of the 2005 taxation year. The CRA has now commenced the Terrawinds audit. We have spoken and met with CRA officials on a number of occasions and we have provided, and are continuing to provide, the information requested by them. We have requested CRA to conduct its audit expeditiously but we do not know when the CRA audit of Terrawinds will be completed. After the audit has been completed, CRA will then proceed to reassess unit holders. Consequently, we do not know when unit holders will receive the notices of reassessment required to make a claim against the tax indemnity fund through this process.

As we have previously informed you, the tax indemnity amount does not include the interest payable by unit holders in respect of the taxes payable as a result of the loss of the deductions. The interest has been accruing since May 1, 2007 and will continue to accrue until the reassessed taxes are paid. In our January 16, 2008 Letter to Unit Holders, **we had suggested that to avoid further interest from accruing, you may wish to consider paying an estimate of those reassessed taxes as soon as possible, even though you may not have received a notice of assessment or reassessment.** In light of the CRA delay in commencing with the reassessments of unit holders, CRA has recently advised us that the following steps may be taken by unit holders wishing to accelerate the reassessment process:

- 1) Unit holders should complete and submit to CRA a form T1 – Adjustment Request ("T1-ADJ"), requesting an adjustment (reassessment) to their 2005 individual income tax return (assuming unit holders deducted the CEE in 2005) (a copy of form T1-ADJ is

available at <http://www.cra-arc.gc.ca> or at the SWEF LP website at www.sweflp.com). A sample form is attached.

- 2) Unit holders should complete Box A – Identification, inserting the required personal information. Unit holders should complete Box B – Authorization, only if they are authorizing a person or firm to make this request on their behalf. In Box C – Adjustment details, unit holders should insert “224” in the column under the heading “Line number from return or schedule”. This corresponds to the line number on your 2005 tax return in which the original CEE deduction was claimed. In the column under the heading “Name of line from return or schedule”, unit holders should insert “Exploration and development expenses”. This represents the description of the deduction claimed on line 224 of your 2005 tax return. In the column under the heading “Previous amount”, unit holders must insert the original amount of CEE claimed as indicated on line 224 of their original 2005 income tax return. In the column under the heading "+/-", unit holders should insert "-", indicating that the adjustment is a reduction of the amount of CEE previously claimed. In the column under the heading "Amount of change", unit holders should insert the amount of the CEE reduction that is being requested due to the shortfall in CEE incurred by Terrawinds (refer to following paragraph for details). In the column under the heading “Revised amount”, unit holders should insert the difference between the two previous numerical columns. This amount represents the new amount of CEE to be claimed for 2005.

In calculating the reduction in CEE to be indicated under the column under the heading "Amount of Change" on the form T1-ADJ (assuming that unit holders claimed the maximum amount of CEE in 2005 that was originally renounced by Terrawinds), unit holders should request that the CEE be reduced by an amount equal to 88.89% of the original amount of CEE claimed. For example, if a unit holder originally claimed CEE of \$10,000, the unit holder should request that the amount of CEE claimed be reduced by \$8,889, resulting in a revised CEE claim of \$1,111 (i.e. \$10,000 - \$8,889).

Under the heading "Other details or explanations", unit holders should indicate the following: "Reduction in share of Canadian exploration expense allocated in respect of limited partnership units of SWEF LP (formerly Skypower Wind Energy Fund Limited Partnership) previously renounced by Terrawinds Resources Corporation (flow-through share program identification number 34467-7).

- 3) Unit holders should send the completed and signed form T1-ADJ to the attention of the Individual Client Services and Benefits Division of their applicable tax centre as indicated on their most recent notice of assessment (addresses for the CRA tax centres are noted on the form T1-ADJ).
- 4) Unit holders may wish to include a cheque or bank draft payable to the Receiver General for Canada, in an amount equal to the additional tax payable as a result of the reduction in CEE claimed, along with interest in respect of the additional tax payable. Unit holders should consult their own tax advisors with respect to determining the amount of additional tax payable (together with interest) based on their own particular

circumstances. An estimate of the amount of taxes payable by a unit holder as a result of the loss of the deductions can be determined by multiplied the amount of the CEE reduction requested on the T1-ADJ (calculated as above) by the unitholder's applicable 2005 individual income tax rate. Payment of the additional taxes will stop further interest in respect of the amount of tax owing from accruing.

- 5) Unit holders submitting a completed T1-ADJ to CRA should receive a notice of reassessment from the CRA confirming the amount of additional tax payable, together with interest on the tax payable. The T1-ADJ forms should be processed by CRA in the normal course and not as part of its overall reassessment of unit holders.

Once unit holders have received a notice of reassessment from the CRA, unit holders may file an indemnity claim in respect of the additional tax payable as noted on the notice of reassessment.

Note that the results of the CRA audit of Terrawinds may increase (but will not decrease) the amount that unit holders are ultimately entitled to claim. Unit holders who receive an indemnity payment based on a unit holder initiated reassessment of their 2005 taxation year as described above may be entitled to submit a further claim for an additional indemnity payment upon receipt of a subsequent notice of reassessment from the CRA following completion of the Terrawinds audit.

As previously disclosed, the \$5.0 million placed in escrow at the time of closing and since released to Terrawinds will continue be held by Terrawinds until the CRA audit of the CEE incurred by Terrawinds is completed. If the audit confirms the CEE amounts claimed, the full \$5 million (\$0.65 per unit) will be promptly distributed to unit holders.

For further information please contact me at Judson.martin@sweflp.com.

Yours truly,



W. Judson Martin
Chairman
SWEF GP Inc.



T1 ADJUSTMENT REQUEST

- Use this form to request an adjustment (a reassessment) to an individual income tax return.
- See the back of this form for information on how to complete it.
- Send the completed form to the Individual Client Services and Benefits Division of your tax centre as indicated on your notice of assessment. You can find the address on the back of this form.

A Identification		For filing <input type="checkbox"/> DO NOT USE THIS AREA											
Social insurance number	Adjustment request for the _____ tax year (complete a separate form for each year)	PSN											
Full name: (please print your surname first)													
Address: (please print) <input type="checkbox"/> same as on the return <input type="checkbox"/> or:													
		CORLOC #										<input type="checkbox"/> Ack.	<input type="checkbox"/> St. Code
		Assessor	Date				Rev.				Date		

B Authorization – complete this area if you are authorizing a person or firm to make this request on your behalf.	
Name and address of authorized person or firm preparing this request: (please print)	Letter of authorization (or Form T1013, <i>Authorizing or Cancelling a representative</i>) for the year under review (must indicate level 2 – See HOW TO COMPLETE THE FORM on reverse): <input type="checkbox"/> was submitted previously <input type="checkbox"/> is attached

C Adjustment details					
Using your copy of your tax return and your <i>Notice of Assessment or Reassessment</i> , list below the details of your requested change. If you have received an assessment or reassessment notice with an amount that is different from the amount on the return, use the amount stated on the notice. See the back of this form for information about required documentation and for examples of how to complete this area.					
Line number from return or schedule	Name of line from return or schedule	Previous amount	+ –	Amount of change	Revised amount

Other details or explanations (attach an extra sheet if required)

D Certification					
I certify that the information given on this form and any documents attached is, to the best of my knowledge, correct and complete.					
Date	Taxpayer signature	Representative signature	(Home) –	(Business) –	Telephone



Send the completed form to your tax centre as indicated on your Notice of Assessment. You will find the address listed below.

St. John's Tax Centre
290 Empire Avenue
St. John's NL A1B 3Z1

Jonquière Tax Centre
2251 René Lévesque Blvd.
Jonquière QC G7S 5J1

Sudbury Tax Centre
1050 Notre-Dame Ave.
Sudbury ON P3A 5C1

Surrey Tax Centre
9755 King George Highway
Surrey BC V3T 5E1

Shawinigan-Sud Tax Centre
4695 - 12th Avenue
Shawinigan-Sud QC G9N 7S6

Summerside Tax Centre
275 Pope Road
Summerside PE C1N 5Z7

Winnipeg Tax Centre
66 Stapon Road
Winnipeg MB R3C 3M2

International Tax Services Office
2204 Walkley Road
Ottawa ON K1A 1A8
(international and non-resident taxpayers only)

HOW TO COMPLETE THE FORM

Area A: Identification

- Complete this area in full so that we know exactly who you are and what return you want us to reassess.

Note: We will accept a change of address only from **you** or **your legal representative**. A legal representative can be someone with your power of attorney, a guardian, or an executor or administrator of your estate.

Area B: Authorization

- Complete this area if you are authorizing a person or firm to make this request on your behalf.
- You have to authorize us to discuss your tax matters with this person or firm by providing a signed letter or Form T1013, *Authorizing or Cancelling a representative*. You do not have to provide a letter or Form T1013 if there is already one on file.
- The letter of authorization or Form T1013 **must** indicate Level 2 to make changes to a taxpayer's account.
Note: You can get Form T1013 from any Canada Revenue Agency (CRA) office or our Web site at www.cra.gc.ca or by calling **1-800-959-2221**.

Area C: Adjustment details

- Please provide all details for each change you request (you do not have to show a recalculation of your taxes).
- Show any losses in brackets (e.g., self-employed business loss).
- If you are changing a line on which you already claimed an amount (see Example 1, below) and you did not previously provide the supporting documentation, you now have to provide supporting documentation for the entire revised amount.
- Supporting documentation may include receipts, schedules, or other relevant documents. Your request may be delayed if you do not provide all required information with this form.
- You can get more information about CRA's rules and policies for reassessments in Information Circular 75-7R3, *Reassessment of a Return of Income*. You can get IC75-7R3 from any CRA office or our Web site at www.cra.gc.ca or by calling **1-800-959-2221**.
- Following are two examples of how to complete this area.

Example 1

Mary filed her 2006 return reporting the following information:

Employment income	\$28,600
Union dues	\$500

After receiving her *Notice of Assessment*, Mary received an additional T4 slip. It showed \$200 in income and \$20 for union dues. To request a change to her return, Mary will complete Area C as follows:

Line number from return or schedule	Name of line from return or schedule	Previous amount	+ -	Amount of change	Revised amount
101	Employment income	28,600	+	200	28,800
212	Union dues	500	+	20	520

Note: Even though Mary did not submit receipts with her tax return for the original union dues claim of \$500, she must now submit those receipts along with her additional T4 slip.

Example 2

In certain situations there may not be a line number to use when requesting a change. Complete the form as shown in the following example.

John filed his 2006 return without claiming the goods and services tax/harmonized sales tax (GST/HST) credit. When he received his *Notice of Assessment*, John realized that he had not claimed the credit. Since there is no line number for this claim, John will complete Area C as follows:

Line number from return or schedule	Name of line from return or schedule	Previous amount	+ -	Amount of change	Revised amount
-	GST/HST credit	0	+	1 (Yes)	1 (Yes)

Area D: Certification

- Make sure either you or your authorized representative signs and dates the request for a change to your return.