

SWEF TERRAWINDS RESOURCES CORP

Dear Investor;

July 24, 2009

Re: Update on – 1) CRA Reassessment Process and Tax Indemnity Process; 2) CRA Reassessments Including Excess Arrears Interest Charges; and 3) Tax Reporting Information Regarding Receipt of Tax Indemnity Payments in 2009. (This letter should be read in conjunction with previous letters to investors, all of which can be easily accessed on www.sweflp.com in the Unitholder Communications section.)

Update on CRA Reassessment Process and Tax Indemnity Process

As we previously communicated to Investors, CRA intends to mail out notices to those investors who have not yet requested or received a reassessment from CRA (the "CRA Notice") requesting that those investors submit a request for reassessment to the CRA. The CRA Notice will provide detailed instructions on how to submit a request for reassessment to CRA. We have recently been informed that the CRA will begin issuing the CRA Notices shortly. CRA has advised us that Investors who fail to comply with the CRA Notice will be reassessed by CRA in due course, with interest continuing to accrue on the additional taxes owing until payment of the additional tax is received by CRA. In the case of individual investors, CRA has up to 6 years from the date of mailing of the original notice of assessment in respect of the taxation year in which the CEE was claimed (i.e. 2005 in most cases) to issue such a notice of reassessment.

Investors who wish to file a request for reassessment with the CRA can also refer to the instructions previously provided by SWEF (see Letter to Unitholders of SWEF LP dated August 29, 2008 and March 26, 2009).

CRA Reassessments Including Excess Arrears Interest Charges

For Investors who have already submitted a request for reassessment and been issued a notice of reassessment from CRA, we understand that CRA frequently included arrears interest in excess of the amount that should have been charged. CRA has since advised that affected Investors who wish to have the excess interest charges reversed should resubmit a request for reassessment to CRA that includes the statement that the investor "is entitled to a one year interest waiver pursuant to subsection 161(6.2) of the *Income Tax Act* (Canada)". As previously advised, all requests for reassessment should be submitted to the CRA by fax as follows:

Canada Revenue Agency
Toronto Centre Tax Services Office
Attention: Winnie Ho and/or Queenie Yung

Fax No.: 416-954-6015

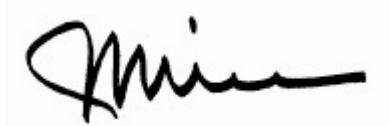
Tax Reporting Information Regarding Receipt of Tax Indemnity Payments in 2009

Based on CRA's published administrative policy, Investors who receive a tax indemnity payment in 2009 should not be required to include the amount of the tax indemnity payment in computing income for 2009 (or any other year) *provided that* (a) the investor makes a valid election pursuant to subsection 12(2.2) of the *Income Tax Act* (Canada) to exclude such amount from income and (b) the election is filed with the investor's Canadian federal income tax return for 2009. In the case of Quebec resident investors, a corresponding Quebec provincial election may be available. Investors should confirm this advice with their own tax advisors. If we are able to ascertain this information for our Quebec resident investors we will make it available by a posting on **www.sweflp.com**.

We hope that the above information is helpful. For Investors who have specific questions regarding the CRA reassessment process or who require further instructions for filing a request for reassessment with the CRA, you can contact the CRA at 416-250-5073 (Ms. Winnie Ho) or at 416-250-8631 (Ms. Queenie Yung).

I would like to thank you for your patience as we work through the wind-up of our partnership and corporate structures and the completion of the reassessment and tax indemnity review, approval and payment process. For inquiries, please contact me via email: Judsonmartin@sweflp.com; telephone: 416-961-0095; or facsimile: 416-352-5728.

Yours truly,



W. Judson Martin
Chairman
SWEF Terrawinds Resources Corp.