

## **SWEF LP (formerly SkyPower Wind Energy Fund LP) Files Interim Results**

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TORONTO, May 30, 2008, 2008/CNW/ - SWEF LP (the "Partnership") announces it has filed with Canadian securities regulators its interim consolidated financial statements and Management's Discussion and Analysis for the three month period ended March 31, 2008. These documents will be available at [www.sedar.com](http://www.sedar.com) and [www.sweflp.com](http://www.sweflp.com).

### **The Transaction**

On December 28, 2007, Terrawinds Resources Corp. ("Terrawinds") completed a transaction (the "Transaction") by which it sold certain assets and liabilities relating to its wind power project (the "Project") to SkyPower Corp. ("Skypower") for gross proceeds of \$77,230,830, inclusive of the assumption by SkyPower of certain liabilities amounting to \$221,002,135. The result of the transaction is that the Partnership has divested all of its beneficial ownership interest in the Project and underlying liabilities.

A distribution of \$5.28 per unit was made to limited partners of SWEF LP (the "unit holders") on January 16, 2008.

\$5,000,000 of the total gross proceeds was placed into escrow for a period of four months from the closing date to be available to SkyPower in the event certain unforeseen claims were made against it or the assets it purchased. As no claims were made, the escrow amount was distributed to Terrawinds on April 29, 2008.

On January 4, 2008, Terrawinds entered into a tax indemnity payment agent agreement with a tax indemnity agent (the "Agent") whereby \$24,490,816 of the total gross proceeds was paid to the Agent to be held in trust. These funds will be used to indemnify unit holders for the taxes payable by them 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. Any trust balance not required to indemnify unit holders will be returned to Terrawinds.

On closing, Terrawinds and the Partnership set aside a portion of the purchase price as a reserve to pay transaction expenses, liabilities not assumed by SkyPower, and ongoing expenses of the Partnership and Terrawinds that will be incurred during the period until all amounts available for distribution to unit holders have been distributed and the Partnership and Terrawinds have been dissolved. The amount of the reserve was \$7 million. If the amount of the reserve is insufficient, some or all of any balance of the tax indemnity amount or the escrow amount may be added to the reserve and used to meet expenses and liabilities. Any portion of the tax indemnity amount, escrow amount or reserve not required for the foregoing purposes will ultimately be distributed *pro rata* to unit holders as soon as possible.

The Transaction significantly impacts the comparison of operating results for the 3 month period ended March 31, 2008 to the same respective periods ended March 31, 2007.

### **CRCE Phase Deductions**

As a result of Terrawinds being unable to complete the CRCE Phase by December 31, 2006, Terrawinds had received an administrative concession from the Canada Revenue Agency ("CRA") and Revenue Québec in March 2007 that they would not re-assess, at that time, unit holders who deducted Canadian Exploration Expense ("CEE") in respect of the Partnership in their 2005 tax returns on the basis that Terrawinds continued to work to complete the CRCE Phase of the Project in 2007.

Terrawinds did not incur sufficient CEE in 2007. As a result, CRA and Revenue Québec (if applicable) are expected to initiate the process of preparing a reassessment of each unit holder's 2005 taxation year. Unit holders are expected to receive a Notice of Reassessment directly from CRA and Revenue Québec (if applicable) indicating the incremental Federal and Provincial income tax payable for their 2005 income tax year. Interest will generally only accrue from May 1, 2007 on the incremental income tax based on each unit holder's share of the amount of CEE that Terrawinds failed to incur before the end of 2007.

As a result of the Transaction, Terrawinds has placed in trust approximately \$24.5 million of proceeds to indemnify the unit holders against reassessments by CRA and/or Revenue Québec. The CRA has advised that, prior to proceeding with the reassessment of unit holders, it intends to audit the CEE incurred and renounced by Terrawinds in respect of the 2005 taxation year. The results of this audit may increase the amount that unit holders are entitled to claim. Accordingly, unit holders will not be able to complete the indemnity claims process prior to the completion of the CRA audit. Based on discussions with the CRA, we expect that the audit of Terrawinds will commence shortly. However, we do not know when the audit will be completed or when the Notices of Reassessment will be issued by the CRA. Unit holders who are residents of the Province of Québec will also receive a Notice of Reassessment from Revenue Québec. Based on discussions with Revenue Québec, we expect that reassessments of unit holders for Québec income tax purposes will commence shortly as Revenue Québec has indicated that it does not intend to audit Terrawinds. Accordingly, residents of Québec may file an indemnity claim at any time upon receipt of a Notice of Reassessment from Revenue Québec in respect of that portion of their claim.

### **Results of Operations**

Net loss for the three month period ended March 31, 2008 was \$0.1 million compared to a net loss of \$0.4 million for the same period in 2007. The reduction in net loss of \$0.3 million is primarily due to the fact that the Partnership earned more interest income as a result of having more cash on hand, and incurred fewer expenses as a result of the cessation of development activities and related to the ongoing process of winding up the affairs of the Partnership.

Interest income for the three months ended March 31, 2008 was \$0.3 million compared to \$0.1 million for the same period in 2007. The increase of \$0.2 million is due to the Partnership having significantly more cash and restricted cash on hand to invest as a result of the Transaction.

Administrative costs for the three months ended March 31, 2008 were \$0.4 million compared to an expense of \$0.3 million for the same period in 2007. The similarity is coincidental as the nature and reasons for incurring various types of expenses has changed substantially. During the three month period ended March 31, 2008, the Partnership incurred higher professional fees related to the winding up of its affairs, and also incurred a foreign exchange loss related to the payment of certain costs of the Transaction. During the three month period ended March 31, 2007 the Partnership incurred fewer professional fees, but paid management fees to SkyPower under the Administrative Services Agreement, and incurred more miscellaneous administrative costs, commensurate with administering the ongoing development activities.

Capital tax expense for the three months ended March 31, 2008 is an insignificant amount compared to an expense of \$0.1 million for the same period in 2007. Capital tax expense was recorded in the three month period ended March 31, 2008 to reflect the first quarter portion of the estimated capital taxes that will be owed for fiscal 2008.

## **Outlook**

- On April 29, 2008, the escrow agent released the full amount of the \$5.0 million placed in escrow at the time of closing. These funds will be held by Terrawinds until the CRA audit of the CEE 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. Based on discussions with the CRA, we expect that the audit of Terrawinds will commence shortly. However, we do not know when the audit will be completed.
- On March 10, 2008 and April 29, 2008 management provided instructions to unit holders regarding the process for submitting tax indemnity claims. Distributions of the \$24.5 million held in trust by the Payment Agent are expected to commence when CRA completes the audit of the CEE and then provides unit holders individual reassessments for the 2005 tax year which are required to make their tax indemnity claims. Further information is available at [www.sweflp.com](http://www.sweflp.com) and [www.terida.com/paymentagent](http://www.terida.com/paymentagent).
- The Partnership is expected to be wound up in the fourth quarter of 2008, rather than second quarter of 2008 as previously announced. Details regarding the winding up process are set out in the Management Information Circular dated November 29, 2007, a copy of which is available at [www.sedar.com](http://www.sedar.com).
- Upon winding up of the Partnership, the Partnership will apply to cease to be a reporting issuer under applicable securities laws.
- Terrawinds will be wound up once the tax indemnity claims payments have been completed. It is anticipated that this will take more than a year to complete.
- Any portion of the cash held by the Partnership or Terrawinds which is not required to fund obligations of the Partnership or Terrawinds will ultimately be distributed to unit holders.
- Unit holders are encouraged to regularly visit [www.sweflp.com](http://www.sweflp.com) to obtain up-to-date information on the status of SWEF LP and the tax indemnity process.

This Outlook section is based on management's assumptions and expectations that management considers reasonable at the date hereof. There can be no assurance that these assumptions and expectations will be accurate. See "Forward Looking Statements".

### **Forward Looking Statements**

*Certain statements contained in this Press Release constitute forward looking statements within the meaning of the Securities Act (Ontario) regarding the future performance of the Partnership based on assumptions the management of SWEF GP Inc., the General Partner of the Partnership, considered reasonable at the time it was prepared as at **May 27, 2008**. All forward-looking statements are inherently uncertain and actual results may differ materially from the assumptions, estimates or expectations reflected or contained in the forward looking statements. We consider the assumptions on which these forward looking statements are based to be reasonable, but caution the reader that these assumptions regarding future events, many of which are beyond our control, may ultimately prove to be incorrect. These forward looking statements involve a number of risks, uncertainties and assumptions, including the risk of future tax assessments, litigation or other unanticipated expenses.*

*The Partnership disclaims any intention or obligation to update or revise any forward looking statements whether as a result of new information, future events or otherwise, except as required by law. These risks may cause the actual results, performance or achievements of the Partnership to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These cautionary statements expressly qualify all forward looking statements attributable to the Partnership.*