

## **GUIDELINES FOR COMPLETING 2008 QUEBEC INCOME TAX RETURN FOR QUEBEC RESIDENT SWEF INVESTORS:**

The following general summary is intended to assist SWEF LP Unitholders who are resident in Quebec in preparing their 2008 Quebec income tax return (form TP-1) in respect of their ownership of SWEF LP Units. A separate federal income tax return must also be filed (see Guidelines for Completing 2008 Federal Income Tax Return for SWEF Investors).

**SWEF Investors are encouraged to consult their own tax advisors concerning the tax consequences of their ownership and disposition of SWEF LP Units and the proper tax reporting based on their own particular circumstances.**

### **SWEF LP 2008 Allocations**

Unitholders were allocated the following amounts by SWEF LP for the 2008 taxation year (unitholders should refer to the 2008 Releve 15 tax slip recently issued by SWEF LP for further details):

- 1) Limited partnership loss: \$0.29172 per unit (see Box 1 on form RL-15)

Unitholders should report their limited partnership loss from SWEF LP (i.e. \$0.29172 multiplied by the number of SWEF LP Units held) as follows:

- A) Schedule L – *Business Income*: enter the amount of the limited partnership loss (the amount from Box 1 on form RL-15 on line 29 of Schedule L. Complete Schedule L to arrive at net business income on line 34.
- B) Report the amount from line 34 of Schedule L on line 164 of your TP-1 Return. (NOTE: depending on the circumstances, the amount that can be claimed may be limited)

- 2) Capital gains: \$5.36176 per unit (see Box 12 on form RL-15)

Unitholders should report the capital gains allocated from SWEF LP (i.e. \$0.29172 multiplied by the number of SWEF LP Units held) as follows:

- A) Schedule G – *Capital Gains and Losses in 2008*: enter the capital gains allocated from SWEF LP (the amount from Box 12 on form RL-15) on line 22.

### **Disposition of SWEF LP Units in 2008**

Unitholders had their SWEF LP Units repurchased for cancellation in December 2008 in consideration for an equal number of shares of SWEF Terrawinds Resources Corp. (the "Shares"). The general partner of SWEF LP determined that the Shares should be valued at a nominal amount of \$0.01 per Share, which represents the proceeds of disposition to Unitholders of each SWEF LP Unit repurchased.

1) Capital loss:

Unitholders should report what is expected to be a capital loss on the repurchase of their SWEF LP Units in 2008 as follows:

A) Schedule G - *Capital Gains and Losses in 2008*: complete section A – *Bonds, debt securities, interests in a partnership, and other securities or properties* as follows:

Number	Name of fund/ class of shares	(1) Year of Acq'n	(2) Proceeds of Disposition	(3) Adjusted Cost Base	(4) Outlays and expenses	(5) Gain (or loss)
# of Units	SWEF LP – Limited Partner Units	2005	\$0.01 x number of Units	See SWEF letter dated Mar. 26/09	nil	Column 2 minus 3

All other applicable capital gains (or losses) from all other sources are also entered on Schedule G – *Capital Gains and Losses in 2008*. The "Total capital gains (or losses)" is entered on line 88, and the amount on line 88 is multiplied by 50% to determine the amount of "Taxable capital gains (or net capital loss) in 2008" which is entered on line 98. Instructions on Schedule G in the TP-1 Guide should be followed in order to determine how to report the amount of any "taxable capital gains" or a "net capital loss" so determined.