

## **SWEF LP Files Third Quarter Financial Results + Announces Distribution to Unit Holders**

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TORONTO, November 28 /CNW/ - SWEF LP (formerly SkyPower Wind Energy Fund LP) (the "Partnership") announces it has filed with Canadian securities regulators its consolidated financial statements and Management's Discussion and Analysis for the three month period and nine month period ended September 30, 2008. These documents will be available at [www.sedar.com](http://www.sedar.com) and [www.sweflp.com](http://www.sweflp.com).

### **Update**

- During the quarter, the Canada Revenue Agency ("CRA") completed an audit of the Canadian Exploration Expenses ("CEE") incurred by Terrawinds Resources Corp. ("Terrawinds") and allocated to unit holders of the Partnership in respect of the 2005 taxation year and has advised that no adjustments will be made to the deductions claimed.
- On April 29, 2008, the escrow agent released to Terrawinds the full amount of the \$5.0 million placed in escrow at the time of closing. These funds were being held by Terrawinds until the CRA audit of the CEE was completed. As the audit is now complete and has confirmed the CEE amounts claimed, the full \$5 million (pro rata \$0.65 per unit) will be promptly distributed to unit holders. We expect unit holders to receive their distribution within 2 weeks.
- Management mailed a Letter to unit holders dated August 29, 2008 that contains important information for all unit holders with respect to the payment of taxes owing for 2005. See [www.sweflp.com](http://www.sweflp.com) for a copy of the letter.
- On March 10, 2008 and April 29, 2008 management provided instructions to unit holders regarding the process for submitting tax indemnity claims (refer to [www.sweflp.com](http://www.sweflp.com)). Distributions of the \$24.5 million held in trust by the tax indemnity payment agent (the "Payment Agent") are expected to commence when CRA provides unit holders individual reassessments for the 2005 tax year which are required for unit holders to make their tax indemnity claims. Further information pertaining to administration of the tax indemnity payment process as well as registration instructions are available on the Payment Agent website - [www.terida.com/paymentagent](http://www.terida.com/paymentagent).
- The Partnership (but not Terrawinds) 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.sweflp.com](http://www.sweflp.com). A letter to unit holders describing the wind up process has been mailed to unit holders and is available at [www.sweflp.com](http://www.sweflp.com).

- 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 Update 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".

### **The Transaction**

On December 28, 2007, Terrawinds completed a transaction (the "Transaction") by which it sold certain assets relating to a wind power project (the "Project") to SkyPower Corp. ("Skypower") for proceeds of \$77,240,830, net 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 unit holders on January 16, 2008.

The Transaction significantly impacts the comparison of operating results for the three and nine month periods ended September 30, 2008 to the same respective period ended September 30, 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 CRA and Revenue Québec in March 2007 that they would not re-assess, at that time, unit holders who deducted 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. We do not know 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 income for the three months ended September 30, 2008 was \$0.1 million compared to a net loss of \$0.4 million for the same period in 2007. The increase in net income of \$0.5 million is primarily due to the fact that the Partnership earned more interest income as a result of having more funds to invest, and incurred fewer expenses related to the ongoing process of winding up the affairs of the Partnership.

Net loss for the nine months ended September 30, 2008 was an insignificant amount compared to a net loss of \$0.9 million for the same period in 2007. The reduction in net loss of \$0.9 million is primarily due to the fact that the Partnership earned more interest income as a result of having more funds to invest, 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 September 30, 2008 was \$0.2 million compared to \$0.1 million for the same period in 2007. The increase of \$0.1 million is due to the Partnership having significantly more funds to invest as a result of the Transaction.

Interest income for the nine months ended September 30, 2008 was \$0.8 million compared to \$0.3 million for the same period in 2007. The increase of \$0.5 million is due to the Partnership having significantly more funds to invest as a result of the Transaction.

Administrative costs for the three months ended September 30, 2008 were \$0.1 million compared to an expense of \$0.3 million for the same period in 2007. The decrease in administrative costs of \$0.2 million is due to a variety of factors as the nature and reasons for incurring various types of expenses has changed substantially. During the three month period ended September 30, 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 September 30, 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.

Administrative costs for the nine months ended September 30, 2008 were \$0.8 million compared to an expense of \$0.9 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 nine month period ended September 30, 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 nine month period ended September 30, 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 September 30, 2008 is an insignificant amount compared to an expense of \$0.3 million for the same period in 2007. Capital tax estimates have been updated in the three month period ended September 30, 2008 to reflect estimated capital taxes that will be owed for fiscal 2008.

Capital tax expense for the nine months ended September 30, 2008 is an insignificant amount compared to an expense of \$0.6 million for the same period in 2007. Capital tax estimates have been updated in the nine month period ended September 30, 2008 to reflect estimated capital taxes that will be owed for fiscal 2008.

### **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 November 28, 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.