

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.