

## **SWEF LP Provides Update on Tax Indemnity Process**

Dear Unitholder,

April 29, 2008

To complete the claims process a Unitholder must submit a Notice of Reassessment issued by the tax authorities showing the amount of taxes that the Unitholder is required to pay as a result of the failure of Terrawinds Resources Corp. ("**Terrawinds**") to incur sufficient eligible Canadian exploration expense ("**CEE**").

As indicated to Unitholders in the letter from Terida Systems Inc. dated March 10, 2008, the Canada Revenue Agency ("**CRA**") has advised that, prior to proceeding with the reassessment of Unitholders, 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 Unitholders are entitled to claim. Accordingly, Unitholders will not be able to complete the claims process prior to the completion of the CRA audit. Based on discussions with the CRA, it is expected that the audit of Terrawinds will commence shortly.

Unitholders who initiate a reassessment of their 2005 taxation year by submitting a request to the CRA and are issued a Notice of Reassessment by the CRA prior to the completion of the Terrawinds audit will not be able to complete the claims process as a Notice of Reassessment issued pursuant to a Unitholder initiated reassessment may not accurately reflect the amount of taxes that the Unitholder will ultimately be required to pay. Once the CRA has completed its audit and determined the amount of eligible CEE actually incurred by Terrawinds in respect of the 2005 taxation year, the CRA will begin issuing final Notices of Reassessment to Unitholders which can be submitted by Unitholders in order to complete the claims process and receive their indemnity payments. However, we do not know when the audit will be completed or when the Notices of Reassessment will be issued.

Unitholders who are residents of the Province of Québec will also receive a Notice of Reassessment from Revenue Québec. Based on discussions with Revenue Québec, it is expected that reassessments of Unitholders 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 a claim at any time upon receipt of a Notice of Reassessment from Revenue Québec in respect of that portion of his/her claim.

A Unitholder who receives a tax indemnity payment will not be required to include the payment in computing income provided that the Unitholder makes an election under subsection 12(2.2) of the Income Tax Act (Canada) (and any corresponding provisions of applicable provincial legislation). Unitholders should consult their own tax advisors about making such an election.

Should you have any questions, please direct them to me at [judsonmartin@sweflp.com](mailto:judsonmartin@sweflp.com).

Yours very truly,

A handwritten signature in black ink, appearing to read 'J. Martin', with a stylized flourish at the end.

W. Judson Martin,  
Chairman of SWEF GP Inc.