

March 7, 2002

«MrMs»«ClientGiven\_Name» «ClientSurname»  
«Address» «Address2»  
«City», «Province»  
«Postal»

Dear «MrMs» «ClientSurname»:

As you are aware, the Canada Customs and Revenue Agency (“CCRA”) commenced an audit of the Sentinel Hill 1998 Master Limited Partnership (the “Partnership”) in February, 2001. On February 28, 2002, Sentinel Hill’s counsel, Goodmans LLP, met with the CCRA auditors and were informed that, as a result of the audit, CCRA was concerned about a number of issues which could form the basis of a reassessment of each of the taxation years in which you claimed deductions relating to your investment in the Partnership.

Generally speaking, CCRA has three years from the date the processing of an individual’s taxation return is completed to issue a reassessment. Failing which, its ability to reassess the taxpayer’s relevant prior taxation year goes “statute barred”. CCRA understands that the 1998 taxation year of certain investors will become statute barred beginning this April. Accordingly, CCRA has advised us that it intends to request “time-compliance” waivers from investors in order to provide CCRA with additional time to more thoroughly canvass the tax issues relating to the Partnership without CCRA going statute barred. You should expect to receive such letter from CCRA in the near future.

CCRA’s policy requires that CCRA “waiver request” letters to investors set out in full detail the Partnership issues under consideration and the legal support which CCRA feels forms the basis of its positions. Although Sentinel Hill and our counsel have not been given an opportunity to review the CCRA letter, we understand from CCRA that it will be extensive and will cover a very broad range of general and specific taxation and accounting issues.

CCRA has agreed with counsel that provided that waivers are given by investors, CCRA will engage in continued discussions with counsel and Sentinel Hill in an attempt to resolve some or all of these issues.

If an investor **does not provide a waiver**, it is clear that **CCRA intends to reassess** the investor almost immediately and deny all deductions associated with their investment in the Partnership.

Counsel believes that there is an opportunity to continue constructive discussions with CCRA and it is therefore our **recommendation that investors provide the requested waiver** to CCRA. Should you have any questions in connection with the foregoing, please do not hesitate to contact our offices in Vancouver or Toronto and speak with any of the following persons: Robert Strother, J. Paul Darc, Kenneth Gordon or Bradley Sherman. As always, we intend to keep you fully informed in a timely manner as developments arise, and we intend to communicate with you again shortly after the letters are issued.

Yours very truly,

**SENTINEL HILL VENTURES CORPORATION**

Robert C. Strother

Chairman