



SENTINEL HILL

Investor First Name Investor Last Name
Address
City, Province Postal

August 5, 2008

**RE: Sentinel Hill 1998 Master Limited Partnership
Update: Civil Litigation**

Dear Investor First Name Investor Last Name;

Thank you for your cheque to assist in funding possible civil action against the Canada Revenue Agency ("CRA") and certain of its employees regarding the Agency's treatment of the Sentinel Hill Partnerships. Although we have not received sufficient funds to meet our threshold requirement for commencing the action, investor response was very encouraging. We have not cashed your cheque and will return it to you or will cash it to fund the litigation depending upon events which will unfold over the next few months.

We have been advised by Thorsteinssons LLP, tax counsel to the partnerships, that the CRA has recently re-initiated settlement discussions for 1999 (and we are hopeful we can include 1998). We anticipate that these discussions will end, favorably or otherwise, by September 30, 2008. Accordingly, so as not to prejudice the settlement discussions, we intend to hold off on any steps regarding the possible civil action until the settlement discussions have concluded.

If the settlement discussions end in a satisfactory resolution of the reassessments, it is our view that the civil litigation would be inappropriate and of limited utility. If, however, the settlement discussions do not result in a favorable resolution, the civil litigation remains, in our view, a prudent and viable course of action. If the settlement discussions do not end favorably, we intend to re-canvass the investors who have not provided cheques with the hope of raising additional funds sufficient to meet our threshold requirement for funding the litigation.

We will, of course, keep you advised regarding the outcome of the settlement discussions and our proposed next course of action.

Yours truly,

SENTINEL HILL PRODUCTIONS CORPORATION

Per:

Suite 218 – 179 Davie Street, Vancouver, BC V6Z 2Y1