



Investor Name
Address
City, Province Postal

November 26, 2008

Re: NOTICE OF SPECIAL MEETING AND INFORMATION CIRCULAR
ACTION REQUIRED BY LIMITED PARTNERS

Dear Investor,

We are preparing to wind up the Sentinel Hill 1998 Master Limited Partnership (the "Partnership") as anticipated by your subscription in December 1998. This will permit your loan to be repaid in full, tax reporting to you to cease and your rights to income from the exploitation of the motion pictures to be retained in perpetuity by you.

In this regard, please find enclosed a NOTICE OF SPECIAL MEETING AND INFORMATION CIRCULAR for the Partnership. The General Partner needs to receive enough proxies in order to dissolve the Partnership twenty-one days earlier than anticipated in order to avoid investors incurring two capital gains in their 2008 tax year (and an offsetting capital loss available for carryback in their 2009 tax year) rather than the single capital gain anticipated for the 2008 tax year when you subscribed.

We ask that you please tick off the "FOR" box on the two resolutions on the proxy, sign it and return it to our office by fax to 604-669-9485 on or before Tuesday, December 9, 2008.

The windup of the partnership has been complicated by the reassessments issued by the CRA denying most of the tax deductions from the 1998 and 1999 Partnership year ends. Currently these denied tax deductions have the effect of restoring the investors "cost base" of their Limited Partnership units, thus reducing the investor's potential capital gain from this wind up of the Partnership to NIL. Until the appeals to the Tax Court of Canada are settled, the amount of the capital gain will be unknown. We will provide you with a detailed review of this situation with your tax information in early 2009 as part of your tax reporting package.

If you have any questions please contact Eau-Vive Rivest at 604-692-2414 or by email erivest@sentinelhill.com.

Sincerely,

Paul Darc
President of the General Partner, Sentinel Hill Productions Corporation

SENTINEL HILL 1998 MASTER LIMITED PARTNERSHIP
(the "Partnership")

INSTRUMENT OF PROXY

**THIS PROXY IS TO BE USED
FOR THE SPECIAL MEETING OF LIMITED PARTNERS
TO BE HELD ON WEDNESDAY, DECEMBER 10, 2008**

The undersigned Limited Partner of the Partnership, hereby appoints Paul Darc, or failing him, Robert Strother as Proxy, with power of substitution, to attend and vote for the undersigned at the Special Meeting of Limited Partners of the Partnership to be held on Wednesday, December 10, 2008 at 10:00 a.m. (Vancouver time) and at any adjournments or postponements thereof, and to vote the Units of the Partnership registered in the name of the undersigned in the same manner and to the same extent as if the undersigned were personally present and, without limiting the generality of the foregoing, to vote as directed below:

1. To approve the Extraordinary Resolution amending: (i) Section 10.1(d) of the Partnership Agreement to allow for dissolution of the Partnership earlier than the last day of the calendar year in which the tenth anniversary of Closing (as defined in the Partnership Agreement) occurs, (ii) Section 11.2 of the Partnership Agreement to deem any limited partnership interests in the Partnership held by a Limited Partner who is a non-resident of Canada for the purposes of the *Income Tax Act* (Canada) to have been redeemed by the Partnership, and (iii) Section 16.1(a)(v) of the Partnership Agreement to confirm for greater certainty the power of attorney granted to the General Partner to file an election on behalf of the Limited Partners for the purposes of subsection 98(3) of the *Income Tax Act* (Canada), all as set forth in the Notice of Special Meeting or as amended at the Meeting.

FOR WITHHOLD

2. To approve the Ordinary Resolution that the Partnership wind up its affairs by satisfying or making adequate arrangement for the satisfaction of all of its liabilities and by distributing all of its remaining property and assets *in specie* to the Limited Partners pursuant to section 98(3) of the *Income Tax Act* (Canada) and in accordance with the Partnership Agreement, and thereafter dissolving the Partnership on such date prior to December 31, 2008 as is determined by the Board of Directors of the General Partner; provided however that if the Amendment Resolution is not passed, the Partnership shall be dissolved on December 31, 2008, all as set forth in the Notice of Special Meeting or as amended at the Meeting.

FOR WITHHOLD

3. To transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

Signature

Date

Name

Address

City, Province & Postal Code

Number of Units to be voted:

**BEFORE EXECUTING THIS INSTRUMENT OF PROXY, PLEASE READ THE NOTES LOCATED ON THE NEXT
PAGE HEREOF**

NOTES TO THE INSTRUMENT OF PROXY
for the Special Meeting of
SENTINEL HILL 1998 MASTER LIMITED PARTNERSHIP
to be held on Wednesday, December 10, 2008

1. If any amendments or variations to matters identified in the attached Notice of Special Meeting or if any other matters properly come before the meeting, this Instrument of Proxy confers discretionary authority to vote on such amendments or variations or such other matters at the Meeting.
1. The Instrument of Proxy will not be valid unless it is dated and signed by the Limited Partner or by the Limited Partner's attorney authorized in writing or, if the Limited Partner is a corporation, dated and signed either under corporate seal or by a duly authorized officer or attorney of the corporation. If the Instrument of Proxy is executed by an attorney for an individual Limited Partner or a corporate Limited Partner, the power of attorney under which the Instrument of Proxy is signed must be deposited in the manner prescribed below for the depositing of the Instrument of Proxy for the Instrument of Proxy to be effective.
2. To be effective, the completed form of proxy must be deposited at the offices of Sentinel Hill Productions Corporation or deposited by facsimile transmission to number 604-669-9485, on or before the close of business on the last day preceding the date of the Meeting or with the Chair of the Meeting on the day of the Meeting and prior to the time of voting, and any proxies not so deposited will not be voted at the Meeting.

NOTICE OF SPECIAL MEETING AND INFORMATION CIRCULAR

SENTINEL HILL 1998 MASTER LIMITED PARTNERSHIP

TO BE HELD DECEMBER 10, 2008

NOTICE IS HEREBY GIVEN that a Special Meeting (the “**Meeting**”) of the partners (the “**Partners**”) of Sentinel Hill 1998 Master Limited Partnership (“**MLP**”) will be held on Wednesday, December 10, 2008 at the offices of Sentinel Hill Productions Corporation, #218, 179 Davie Street, Vancouver, BC, V6Z 2Y1, at the hour of 10:00 a.m. (Vancouver Time) for the following purposes:

- (a) to consider and, if thought fit, to pass an extraordinary resolution amending the Amended and Restated Partnership Agreement dated August 19, 1998 between Sentinel Hill Productions Corporation (the “**General Partner**”), 557634 British Columbia Ltd and the limited partners thereof (the “**Limited Partners**”) (the “**MLP Partnership Agreement**”) to: (i) allow for dissolution of MLP earlier than the last day of the calendar year in which the tenth anniversary of Closing (as defined in the MLP Partnership Agreement) occurs, ii) deem any limited partnership interests in MLP (“**MLP Units**”) held by a Limited Partner who is a non-resident of Canada for the purposes of the *Income Tax Act* (Canada) (the “**Tax Act**”) to have been redeemed by MLP, and iii) confirm for greater certainty the power of attorney granted to the General Partner to file an election on behalf of the Limited Partners for the purposes of subsection 98(3) of the Tax Act (the “**Amendment Resolution**”);
- (b) to consider and, if thought fit, to pass an ordinary resolution pursuant to the MLP Partnership Agreement to dissolve MLP prior to the end of 2008 (the “**Dissolution Resolution**”); and
- (c) to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The full text of the Amendment Resolution is set out in Schedule A to the Information Circular that accompanies this Notice of Special Meeting and the full text of the Dissolution Resolution is set out in Schedule B to the Information Circular that accompanies this Notice of Special Meeting.

Details of the matters to be acted upon at the Meeting are contained in the accompanying Information Circular.

Limited Partners who are unable to attend the Meeting in person are requested to sign, date and return the enclosed form of proxy. To be effective, the completed form of proxy must be deposited at the offices of Sentinel Hill Productions Corporation or deposited by facsimile transmission to number 604-669-9485, on or before the close of business on Tuesday, December 9, 2008 or with the Chair of the Meeting on the day of the Meeting and prior to the time of voting, and any proxies not so deposited will not be voted at the Meeting.

Dated at Vancouver, British Columbia this 26th day of November, 2008.

By order of the board of directors of Sentinel Hill Productions Corporation (the General Partner of the MLP Partnership)

Signed “Paul Darc”

Paul Darc
President of the General Partner

Sentinel Hill Productions Corporation
#218 – 179 Davie Street
Vancouver, British Columbia
V6Z 2Y1

SENTINEL HILL 1998 MASTER LIMITED PARTNERSHIP

**INFORMATION CIRCULAR
AS AT NOVEMBER 26, 2008**

This information circular (the “**Circular**”) is furnished in connection with the solicitation by the management of Sentinel Hill Productions Corporation, the general partner of Sentinel Hill 1998 Master Limited Partnership (“**MLP**”), of proxies to be used at the special meeting of limited partners (“**Limited Partners**”) of MLP (the “**Meeting**”) to be held at the offices of Sentinel Hill Productions Corporation, #218, 179 Davie Street, Vancouver, BC, V6Z 2Y1, on Wednesday, December 10, 2008 at the hour of 10:00 a.m. (Vancouver time), and at any adjournment or adjournments thereof, for the purposes set forth in the enclosed Notice of Special Meeting. Proxies will be solicited by the management of Sentinel Hill Productions Corporation, the general partner of MLP (the “**General Partner**”), at nominal cost. All costs of solicitation will be borne by the General Partner.

Except where otherwise indicated, information contained herein is given as of November 26, 2008.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy represent management of the General Partner. A Limited Partner desiring to appoint some other person, who need not be a Limited Partner, to represent him or her at the Meeting may do so by filling in the name of such person in the blank space provided in the proxy or by completing another proper form of proxy. A Limited Partner wishing to be represented by proxy at the Meeting or any adjournment thereof must, in all cases, deposit the completed proxy with the General Partner, at the offices of Sentinel Hill Productions Corporation on or before the close of business on Tuesday, December 9, 2008, the last day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used, or delivering it to the chair of the Meeting on the day of the Meeting or any adjournment or adjournments thereof prior to the time of voting.

A proxy should be executed by the Limited Partner or his or her attorney duly authorized in writing or, if the Limited Partner is a corporation, by an officer or attorney thereof duly authorized.

In addition to any other manner permitted by law, a proxy may be revoked before it is exercised by instrument in writing executed in the same manner as a proxy and deposited with the General Partner at any time up to and including prior to the close of business on Tuesday, December 9, 2008, the last business day preceding the day of the Meeting or any adjournment or adjournments thereof, at which the proxy is to be used or with the Chair of the Meeting on the day of such meeting or any adjournment or adjournments thereof and thereupon the proxy is revoked.

A Limited Partner attending the Meeting has the right to vote in person and, if he or she does so, his or her proxy is nullified with respect to the matters such person votes upon and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

EXERCISE OF DISCRETION BY PROXIES

The units of MLP (the “**MLP Units**”) represented by proxies in favour of management of the General Partner will be voted in accordance with the instructions of the Limited Partner on any ballot that may be called for and, if a Limited Partner specifies a choice with respect to any matter to be acted upon at the Meeting, the MLP Units represented by the proxy shall be voting accordingly. **Where no choice is specified, the proxy confers discretionary authority and the management representatives appointed therein intend to vote such proxies in favour of the Amendment Resolution and the Dissolution Resolution.** The enclosed form of proxy also confers discretionary authority upon the persons named therein to vote with respect to any amendments or variations to the matters identified in the notice of special meeting and with respect to other matters which may properly come before the Meeting in such manner as such nominee in his or her judgment may determine. At the time of printing this Circular, the management of the General Partner knows of no such amendments, variations or other matters to come before the Meeting.

THE PARTNERSHIP

MLP is a limited partnership formed under the laws of the Province of British Columbia on August 19, 1998 and governed by an amended and restated partnership agreement (the “**MLP Partnership Agreement**”) dated August 19, 1998 between Sentinel Hill Productions Corporation, 557634 British Columbia Ltd. and each party who, from time to time is accepted as a limited partner in MLP or who is a successor to any such person and becomes a “Limited Partner”. The head office and principal place of business of MLP is at the office of the General Partner, #218, 179 Davie Street, Vancouver, BC V6Z 2Y1.

MLP is authorized to issue an unlimited number of MLP Units of which 33,837 MLP Units are issued and outstanding.

To the knowledge of management of the General Partner, no person owns or exercises control over more than 10% of the issued and outstanding MLP Units.

QUORUM

A quorum for a meeting of MLP will be constituted by two partners, one of whom must be a Limited Partner, present in person and together holding or represented by proxy at least 5% of the MLP Units outstanding (calculated according to Participating Interests as defined in the MLP Partnership Agreement). If a quorum is not present for the Meeting within 30 minutes after the time fixed for holding the Meeting, the Meeting will be adjourned to such date not less than 5 days and not more than 28 days after the original date for the Meeting as is determined by the General Partner, and at such adjourned meeting those present at this Meeting will constitute a quorum.

RECORD DATE

The General Partner has fixed November 26, 2008 as the record date for the determination of the Limited Partners entitled to notice of and entitled to vote at the Meeting and only such Limited Partners of record shall be entitled to notice of and to vote at the Meeting unless the transferee of any MLP Units after such date establishes that he or she owns such MLP Units and demands, not later than ten (10) days before the Meeting, that his or her name be included in the list of Limited Partners entitled to vote thereat.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person who has been a director or officer of the General Partner at any time since the beginning of its last completed fiscal year or any associate of such director or officer has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except as disclosed in this Circular.

Mr. Robert Strother is a director of the General Partner and is a Limited Partner of MLP. In addition, the General Partner of MLP owns certain MLP Units which the General Partner has acquired from former Limited Partners who have become non-residents of Canada.

BUSINESS TO BE CONSIDERED AT THE MEETING

Background

MLP was established to carry on the business of investing in limited partnership interests (“**Class A PLP Units**”) in production services limited partnerships (“**PLPs**”). The PLPs, in turn, performed certain production services for special purpose corporations of foreign production companies pursuant to NCLE Production Services Agreements (a “**THC**”) thereby: (a) providing subscribers with the opportunity to participate financially in the receipts generated from worldwide exploitation of theatrical and television motion pictures and television mini-series; and (b) encouraging and facilitating the production of films in Canada by foreign producers, creating employment in Canada and utilizing and enhancing the expertise of Canadian production personnel.

At the Meeting, Limited Partners will be asked to approve an ordinary resolution dissolving MLP prior to the end of the calendar year 2008 and to approve by extraordinary resolution an amendment to the MLP Partnership

Agreement to permit such early dissolution. In accordance with the MLP Partnership Agreement, upon dissolution of MLP, the General Partner will, in the following order:

- (a) sell or otherwise dispose of such of MLP's assets as the General Partner considers appropriate for the purpose of making the payments contemplated in the distribution;
- (b) pay or provide for the payment of the debts and liabilities of MLP and liquidation expenses;
- (c) distribute the remaining assets of MLP to the Limited Partners of record on the date of dissolution, in proportion to their respective Participating Interest (as defined in the MLP Partnership Agreement) less any amounts already distributed; and
- (d) satisfy all applicable formalities in such circumstances as may be prescribed by the laws of British Columbia and such other jurisdictions where MLP may be registered.

As the sole asset of MLP consists of Class A PLP Units of certain PLPs, upon dissolution of MLP, each Limited Partner will receive a pro rata undivided interest in such Class A PLP Units of such PLPs. The General Partner will hold the certificates representing legal title to such Class A PLP Units as bare trustee for and on behalf of such Limited Partners, as beneficial owners of such undivided interests.

At the time of their original purchase of MLP Units in 1998, the Limited Partners financed a portion of their MLP Unit subscriptions through loans from the Veritus Trust ("**Unit Loans**"). Each such Unit Loan is evidenced by a promissory note dated December 31, 1998 (the "**Investor Notes**") and is secured by a pledge and assignment of the MLP Units purchased. At the time of dissolution of MLP, such MLP Units will cease to exist and a substitute security interest will be created on the Class A PLP Units distributed to Limited Partners upon the dissolution of MLP. As a result, the Unit Loans will continue to be secured.

Once the MLP has been dissolved and the Class A PLP Units have been distributed to the Limited Partners, the PLP will distribute an undivided interest in certain promissory notes due from Emeritus Capital Corp. in its capacity as trustee of the Emeritus Trust (the "**Emeritus Notes**") pro rata to the Limited Partners, and the General Partner of the PLPs, as agent for and on behalf of the Limited Partners, will assign the Emeritus Notes to the Veritus Trust as payment in full of their respective Investor Notes and the security interest registered against the Class A PLP Units will be discharged.

Prior to the Meeting, an amendment will be made to the PLP Agreements to grant the General Partner the authority, for and on behalf of the Limited Partners of the PLPs, to grant security interests on the Class A PLP Units to the lender under the Unit Loans in substitution for the security it currently holds on the MLP Units. A second amendment to the PLP Agreements will be made at the time to permit distributions to either the Class A Members or the Class B Members (as defined in the PLP Agreements) that would reduce their respective capital accounts below their initial capital account balances.

For the reasons described below under the heading "*Summary of Certain Canadian Federal Income Tax Considerations*", it is beneficial to MLP and the Limited Partners to dissolve MLP prior to December 31, 2008 so that Limited Partners may repay their Investor Notes on or before December 31, 2008 thereby triggering a single capital gain and it would be detrimental for MLP to have members, at that time, who are non-residents of Canada for the purposes of the *Income Tax Act* (Canada) (the "**Tax Act**"). Accordingly, at the Meeting, Limited Partners will also be asked to approve a further amendment to the MLP Partnership Agreement to deem MLP Units of non-residents of Canada to be redeemed.

Amendment Resolution

The General Partner is asking the Limited Partners to approve certain amendments to the MLP Partnership Agreement to: (i) permit the dissolution of MLP earlier than the last day of the calendar year in which the tenth anniversary of Closing occurs, (ii) deem any MLP Unit held by a Limited Partner who is a non-resident of Canada for the purposes of the Tax Act to have been redeemed by MLP, and (iii) confirm for greater certainty the power of attorney granted to the General Partner to file an election on behalf of the Limited Partners for the purposes of subsection 98(3) of the Tax Act.

With respect to the first proposed amendment, all Closings (as defined in the MLP Partnership Agreement) occurred in 1998 and, accordingly, as the MLP Partnership Agreement reads, MLP cannot be dissolved prior to December 31, 2008.

The Amendment Resolution proposes to amend section 10.1(d) of the MLP Partnership Agreement to read as follows:

Events of Dissolution. The Partnership will dissolve upon the occurrence of the first of any of the following:

- (d) December 31, 2050, unless dissolved sooner by Ordinary Resolution.

Section 10.1(d) of the MLP Partnership Agreement currently reads as follows:

Events of Dissolution. The Partnership will dissolve upon the occurrence of the first of any of the following:

- (d) December 31, 2050, unless dissolved sooner by Ordinary Resolution, but no such dissolution will be earlier than the last day of the calendar year in which the tenth anniversary of Closing occurs.

With respect to the second proposed amendment, the MLP Partnership Agreement includes a representation of the Limited Partner that the Limited Partner is a resident of Canada or, if the Limited Partner is a non-resident of Canada, that such Limited Partner will elect in accordance with the regulations to the Tax Act to be treated as a Canadian resident with respect to his income from MLP, together with a covenant that he will ensure that such representations remain true and correct.

The Amendment Resolution will add language deeming any MLP Unit held by a non-resident to have been redeemed by MLP. Specifically, the proposal is to amend section 11.2 of the MLP Partnership Agreement to read as follows:

11.2 Representations and Covenants of the Limited Partners. Each Limited Partner represents and warrants to the General Partner and all other Limited Partners that

- (a) the Limited Partner has the legal capacity to enter into this Agreement and execute and deliver the Subscription Agreement and any transfer form;
- (b) the Limited Partner is a resident of Canada or, if the Limited Partner is a non-resident of Canada, that such Limited Partner will elect in accordance with the regulations to the Tax Act to be treated as a Canadian resident with respect to his income from the Partnership;
- (c) the Limited Partner is not a “non-Canadian” for the purposes of the *Investment Canada Act*; and
- (d) each Limited Partner covenants and agrees that if he, she or it ceases to be a resident of Canada for the purposes of the Tax Act and, prior to such change in status he, she or it has not sold his Units to a resident of Canada, then such Units shall be deemed to have been redeemed by MLP.

Section 11.2 of the MLP Partnership Agreement currently reads as follows:

11.2 Representations of the Limited Partners. Each Limited Partner represents and warrants to the General Partner and all other Limited Partners that

- (a) the Limited Partner has the legal capacity to enter into this Agreement and execute and deliver the Subscription Agreement and any transfer form;
- (b) the Limited Partner is a resident of Canada or, if the Limited Partner is a non-resident of Canada, that such Limited Partner will elect in accordance with the regulations to the Tax Act to be treated as a Canadian resident with respect to his income from the Partnership; and

(c) the Limited Partner is not a “non-Canadian” for the purposes of the *Investment Canada Act*.

With respect to the third proposal, the MLP Partnership Agreement provides that each Limited Partner appoints the General Partner, as his true and lawful attorney and agent, with full power and authority to execute, swear to, file and record in the appropriate public offices all elections, determination or designation in connection with the business of MLP permitted under the Tax Act.

The Amendment Resolution will add language to confirm for greater certainty that the power of attorney granted by the Limited Partners also includes filing an election on behalf of the Limited Partners for the purposes of subsection 98(3) of the Tax Act. Specifically, the proposal is to amend section 16.1(a)(v) of the MLP Partnership Agreement to read as follows:

- v) all elections, determinations, or designations in connection with the business of the Partnership permitted under the Income Tax Act or any other taxation or other legislation or laws of like import of Canada or of any Province in respect of a Limited Partner’s interest in the Partnership or the affairs of the Partnership; and without limitation to execute an election under subsection 98(3) of the Income Tax Act.

Section 16.1(a)(v) of the MLP Partnership Agreement currently reads as follows:

- v) all elections, determinations, or designations in connection with the business of the Partnership permitted under the Income Tax Act or any other taxation or other legislation or laws of like import of Canada or of any Province in respect of a Limited Partner’s interest in the Partnership or the affairs of the Partnership.

The text of the Amendment Resolution is set out in Schedule A to this Circular.

In accordance with Section 12.6(a) of the MLP Partnership Agreement, the Amendment Resolution must be approved by the Limited Partners by “extraordinary resolution”. To pass, an extraordinary resolution must be passed by not less than 75% of the votes cast by the Limited Partners who vote, in person or by proxy, with respect to such resolution at a duly constituted meeting, or any adjournment or adjournments of such meeting, of the Partners called to consider (among other matters) such resolution or, alternatively, a resolution consented to in writing by the Limited Partners holding at least 75% of the MLP Units outstanding (calculated according to Participating Interests as such term is defined in the MLP Partnership Agreement).

Recommendation of the General Partner

For the reasons described below under the heading “*Summary of Certain Canadian Federal Income Tax Considerations*”, it is beneficial to MLP and the Limited Partners to dissolve MLP prior to December 31, 2008 so that Limited Partners may repay their Investor Notes on or before December 31, 2008 thereby triggering a single capital gain and it would be detrimental for MLP to have members, at that time, who are non-residents of Canada for the purposes of the Tax Act. Accordingly, the Board of Directors of the General Partner has determined that the proposed amendments to the MLP Partnership Agreement to be effected by the Amendment Resolution are in the best interests of MLP and **unanimously recommends that Limited Partners vote “FOR” the Amendment Resolution.**

Dissolution Resolution

Subject to the approval of the Amendment Resolution, the General Partner is asking the Limited Partners to approve the Dissolution Resolution which provides for the dissolution of MLP on a date prior to December 31, 2008 as may be determined by the Board of Directors of the General Partner. The Dissolution Resolution further provides that, if the Amendment Resolution is not passed, MLP will be dissolved on December 31, 2008.

The text of the proposed ordinary resolution is set out in Schedule B to this Circular.

To pass, the Dissolution Resolution must be passed by more than 50% of the votes cast by the Limited Partners who vote, in person or by proxy, with respect to such resolution at a duly constituted meeting, or an adjournment or

adjournments of such meeting, of the Partners called to consider (among other matters) such resolution or, alternatively, a resolution consented to in writing by the Limited Partners holding more than 50% of the MLP Units outstanding (calculated according to Participating Interests as such term is defined in the MLP Partnership Agreement).

Recommendation of the General Partner

The Board of Directors of the General Partner has determined that the Dissolution Resolution is in the best interests of MLP and **unanimously recommends that Limited Partners vote “FOR” the Dissolution Resolution.**

OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

The management of the General Partner knows of no matters to come before the Meeting other than as set forth in the notice of special meeting. **However, if other matters that are not known to the management should properly come before the Meeting, the accompanying proxy will be voted on such matters in accordance with the best judgment of the persons voting the proxy.**

SUMMARY OF CERTAIN CANADIAN FEDERAL INCOME TAX CONSEQUENCES

In the opinion of Thorsteinssons LLP, the following summary fairly describes the principal Canadian federal income tax considerations applicable to Limited Partners who, for purposes of the Tax Act, are or are deemed to be resident in Canada, and who hold their MLP Units as capital property.

This summary is based upon the facts set out in this Circular, the current provisions of the Tax Act, the regulations thereunder (the "**Regulations**"), and counsel's understanding of the current administrative practices and policies of the Canada Revenue Agency (the "**CRA**"). This summary also takes into account all specific proposals to amend the Tax Act and Regulations (the "**Proposed Amendments**") announced by the Minister of Finance (Canada) prior to the date hereof, and assumes that all Proposed Amendments will be enacted in their present form. If the Proposed Amendments are not enacted as presently proposed, the tax consequences may not be as described below in all cases. This summary does not take into account or anticipate any other changes in law, whether by legislative, governmental, or judicial action or decision, nor does it take into account provincial, territorial or foreign income tax considerations, which may differ from the Canadian federal income tax considerations discussed below.

This summary is of a general nature only, and is not exhaustive of all possible Canadian federal income tax considerations. This summary is necessarily general and is not intended to be, nor should it be construed to be, comprehensive legal or tax advice to any Limited Partner. Accordingly, **Limited Partners should consult their own tax advisors for advice as to the income tax consequences to them of these transactions in their particular circumstances.**

Background

Limited Partners financed the 1998 acquisition of their MLP Units, in part, by means of a loan from the Veritus Trust. The loan from the Veritus Trust to each Limited Partner is evidenced by the Investor Notes. Each Investor Note has a maturity date of December 31, 2008. The failure by a Limited Partner to repay his, her or its Investor Note (and accrued interest for 2008) in full on or before December 31, 2008 could result in MLP losses claimed by that Limited Partner in 1998 and subsequent taxation years being disallowed for tax purposes with the result that such a Limited Partner could be assessed for additional tax and arrears interest in respect of those taxation years. The failure by a Limited Partner to repay the Limited Partner's Investor Note in full by its maturity date would provide the CRA with a basis to disallow that Limited Partner's share of the MLP losses beyond, and in addition to, the grounds relied upon by the CRA in making the reassessments which have been issued to the Limited Partners to date (discussed further below).

Limited Partners have been reassessed by the CRA for their 1998 taxation year (and, in some cases, their 1999 and 2000 taxation years) to deny most of the losses allocated to them by MLP. Those reassessments are presently under appeal to the Tax Court of Canada.

One effect of the reassessments was to restore the adjusted cost base of Limited Partners' MLP Units, and of MLP in each of the three PLPs. The adjusted cost base is relevant for the purposes of the reorganization as discussed below under the heading "*Tax Consequences of the Proposed Transactions*":

- The adjusted cost base of a partnership interest at any time is generally computed as the sum of the acquisition cost, plus prior years' income allocations from the partnership, less prior years' losses from the partnership, less previous partnership distributions, subject to a number of additional adjustments as required under the Tax Act.
- Had the Limited Partners not been reassessed in respect of their share of MLP losses, the adjusted cost base of each MLP Unit (acquired for \$1,000.00) would currently be \$0.1087.
- The reassessments denying most of the previously-allocated MLP losses result in most Limited Partners having an adjusted cost base on their MLP Units of \$762.68 per MLP Unit. In our view, the adjusted cost base of the MLP in each PLP would be similarly restored and would, in aggregate, be equal to or less than the aggregate adjusted cost base of all Limited Partners in MLP Units.
- To the extent that the Limited Partners' appeals of the reassessments to the Tax Court of Canada are successful, MLP losses will be allowed with effect from the years in which the losses were incurred (December 31, 1998, 1999 and 2000). To the extent that those losses are allowed, and thus deductible in the earlier years, the current adjusted cost base of the MLP Units will be reduced dollar-for-dollar today with effect from the moment following the earlier year-end dates.
- The adjusted cost base for each MLP Unit held by Limited Partners is, therefore, now at or somewhere between \$0.1087 per MLP Unit and \$762.68 per MLP Unit and will not be known for certainty until the appeals of the existing reassessments are resolved.

Proposed Transactions

The following transactions are proposed to fully repay the Investor Notes:

- (a) MLP will be liquidated and will, on dissolution, transfer an undivided interest in each property of MLP to each Limited Partner in proportion to the Limited Partners' interests in MLP. The only properties of MLP are its Class A PLP Units in each of the three PLPs. As a result, each Limited Partner will acquire an undivided interest in each Class A PLP Unit of each PLP which will, in aggregate, equal that Limited Partner's former percentage interest in MLP. Provided that the Limited Partners elect in prescribed manner on or before April 30, 2009, the liquidation of MLP will occur on a tax-deferred basis pursuant to subsection 98(3) of the Tax Act as discussed below under the heading "*Tax Consequences of the Proposed Transactions*";
- (b) Each PLP will distribute the Emeritus Notes pro rata among the Limited Partners in accordance with their respective partnership interests in the PLP; and
- (c) The Limited Partner will then assign his, her or its share of the Emeritus Note to the Veritus Trust as payment in full of their respective Investor Notes.

Following these steps, Veritus and Emeritus will set off their respective obligations to one another.

Purpose of the Transactions

The purpose of the proposed transactions is to enable Limited Partners to repay their Investor Notes on or before December 31, 2008 and to trigger, at most, a single capital gain as envisioned when the investment was first made.

Tax Consequences of the Proposed Transactions

Dissolution of the MLP

On the dissolution of MLP, MLP will distribute an undivided interest in each asset of MLP (consisting entirely of Class A PLP Units in each of the three PLPs), resulting in each Limited Partner acquiring an undivided interest in each Class A PLP Unit in each of the three PLPs presently held by MLP. The dissolution of MLP and distribution of the Class A PLP Units from MLP to the Limited Partners will occur in accordance with subsection 98(3) of the Tax Act. In order for subsection 98(3) to apply, the following conditions must be met:

- all the partners of MLP must, at the time of MLP dissolution, be resident in Canada;
- on the dissolution of MLP, each Limited Partner must acquire an undivided interest in each partnership property owned by MLP immediately prior to its dissolution; and
- each Limited Partner must file an election in prescribed form (form T2060) and within the prescribed period (by not later than April 30, 2009) for the purposes of subsection 98(3).

The tax consequences of MLP dissolution and consequent distribution of undivided interests in the Class A PLP Units to Limited Partners are described below:

(a) Disposition of MLP Units by Limited Partners

On dissolution of MLP, each Limited Partner will be deemed by paragraph 98(3)(a) of the Tax Act to have disposed of the Limited Partner's MLP Units for proceeds of disposition equal to the greater of (i) the Limited Partner's adjusted cost base of the MLP Units immediately before the dissolution of MLP; and (ii) the amount of money received by that Limited Partner on the dissolution of MLP, plus the Limited Partner's percentage of the cost amount of all properties distributed by MLP on the dissolution.

The legal effect of the currently outstanding reassessments is that the adjusted cost base of each Limited Partner's MLP Units does not take into account (by way of reduction to the adjusted cost base of the MLP Units) the MLP losses denied in respect of the 1998, 1999 and 2000 fiscal periods of the MLP, and will not take those losses into account until the reassessments are varied or vacated by further reassessment to allow the losses in whole or in part.

To the extent that the appeals of the reassessments successfully restore some or all of MLP losses, and thus retroactively reduce a Limited Partner's adjusted cost base of the MLP Units, a Limited Partner's proceeds of disposition will be automatically adjusted downwards to match the revised adjusted cost base.

Thus, Limited Partners will realize neither a capital gain nor a capital loss from the disposition of their MLP Units on the dissolution of MLP.

(b) Disposition of Class A PLP Units by MLP

MLP will be deemed by paragraph 98(3)(e) of the Tax Act to have disposed of each of its properties owned at the time of the dissolution for proceeds of disposition equal to its "cost amount" to MLP immediately before the distribution to Limited Partners. This will necessarily result in no gain or loss to MLP on the distribution.

(c) Acquisition of Class A PLP Units by Limited Partners

Under paragraph 98(3)(b) of the Tax Act, Limited Partners will acquire their interests in Class A PLP Units at a pro-rated cost equal to the adjusted cost base of the Class A PLP Units to MLP immediately before their distribution from MLP, plus a further amount which may be designated by the Limited Partner. The amount which may be designated by a Limited Partner is the amount, if any, by which the cost amount of the Limited Partner's MLP Units exceeds the cost amount of the Class A PLP Units pro rata in accordance with the Limited Partner's interest in the MLP. This designation will be made to the maximum extent possible so that the adjusted cost base of the MLP Units (if any) is preserved on the cost of the PLP Units acquired by the Limited Partners.

Distribution of Emeritus Notes from PLPs

On or before December 31, 2008, and following the dissolution of MLP, each PLP will distribute (i) an undivided interest in its Emeritus Note, and (ii) an amount equal to the 2008 accrued interest on the Emeritus Note, to the Limited Partners. This distribution will reduce the adjusted cost base of each Limited Partner's interest in the PLPs and, to the extent that the amount of the Emeritus Note distributed to a particular Limited Partner exceeds that Limited Partner's adjusted cost base in the PLP prior to the distribution, the Limited Partner will be deemed to realize a capital gain equal to the amount of the excess.

For present purposes, while the appeals of the reassessments remain outstanding, no capital gain should arise on the distribution by the PLPs and the transaction should be reported accordingly in Limited Partners' income tax returns. However, if and to the extent that the appeal of the reassessments is successful, the adjusted cost base at the time the undivided interest in the Emeritus Notes are distributed will be correspondingly reduced which could give rise to a gain as of 2008. Limited Partners will likely not know the existence or amount of the gain until after their 2008 income tax returns are filed. If the appeals are successful, it is open to the CRA to reassess a capital gain in the Limited Partners' 2008 taxation year upon resolution of the tax appeals, within one year of such resolution (as initially contemplated when the transactions were entered into).

Repayment of the Investor Notes

Finally, once the Limited Partners acquire their pro rata undivided interest in each Emeritus Note, they will assign that note to Veritus in full satisfaction of the Investor Notes. The Investor Notes will thus be repaid in full by no later than 10 years after it was incurred and in accordance with the terms of those Investor Notes. There should be no adverse tax consequences associated with the repayment of the Investor Notes in this manner.

Alternative Minimum Tax ("AMT") on Individuals

The Tax Act provides for an AMT applicable to individuals (including certain trusts and estates) resident in Canada computed by reference to an adjusted taxable income amount. Eighty percent of capital gains (net of capital losses) and the actual amount of taxable dividends (not including any gross-up) are included in adjusted taxable income. Any additional tax payable by an individual under the minimum tax provisions may be carried forward and applied against certain tax otherwise payable in any of the seven immediately following taxation years; however this carryforward amount will only be creditable in a particular year to the extent that the individual's tax payable for the year, calculated without reference to the minimum tax provisions, exceeds the tax payable under the minimum tax provisions for the year.

Tax Reporting Obligations

Limited Partners must report a disposition of their MLP Units for their taxation year in which the dissolution occurs, in other words, for their 2008 taxation year, since the dissolution will occur prior to December 31, 2008. As noted above, the proceeds of disposition should equal the adjusted cost base of the MLP Units and thus no gain or loss will arise. These figures will be sent to Limited Partners in early 2009 as part of the tax reporting package prepared by the General Partner.

Limited Partners must include their share of the MLP's income or loss to the date of the MLP's dissolution. This amount should be nil as the MLP will have no income or expenses from January 1, 2008 to the date of dissolution.

Limited Partners will also acquire a direct partnership interest in each PLP by virtue of the dissolution of the MLP. The PLPs will send income tax reporting forms to each Limited Partner for the PLPs' fiscal periods ending December 31, 2008. The income allocated from the PLPs in their year ending December 31, 2008 will be equal to the income that would have been allocated to the Limited Partners from the MLP had it continued in existence.

In order to comply with the requirements of subsection 98(3) of the Tax Act, the General Partner will execute the Form T2060 on behalf of all Limited Partners pursuant to the Power of Attorney granted upon subscription in 1998, and on its own behalf, and will file the form with the CRA no later than April 30, 2009.

Impact of the Windup on the Tax Litigation

We are of the view that the windup of the MLP and repayment of the Investor Notes should not have a material adverse impact on the resolution of the outstanding tax appeals of the Limited Partners and will, in fact, assist in the resolution of such appeals by confirming the legal validity of all agreements entered into by the Limited Partners including the Investor Notes.

GENERAL

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. The directors of the General Partner have approved the contents and the sending of this Circular.

DATED November 26, 2008

“Paul Darc”

(signed)

President of the General Partner

SCHEDULE A

TEXT OF AMENDMENT RESOLUTION

RESOLVED, as an Extraordinary Resolution, that the amended and restated partnership agreement (the “**MLP Partnership Agreement**”) dated August 19, 1998 between Sentinel Hill Productions Corporation, 557634 British Columbia Ltd. and each party who, from time to time is accepted as a limited partner in Sentinel Hill 1998 Master Limited Partnership or who is a successor to any such person and becomes a “Limited Partner” be amended as follows:

1. By amending Section 10.1(d) so that Section 10.1(d) will read as follows:

10.1 **Events of Dissolution.** The Partnership will dissolve upon the occurrence of the first of any of the following:

(d) December 31, 2050, unless dissolved sooner by Ordinary Resolution.

2. By amending Section 11.2 so that Section 11.2 will read as follows:

11.2 Representations and Covenants of the Limited Partners. Each Limited Partner represents and warrants to the General Partner and all other Limited Partners that

- (a) the Limited Partner has the legal capacity to enter into this Agreement and execute and deliver the Subscription Agreement and any transfer form;
- (b) the Limited Partner is a resident of Canada or, if the Limited Partner is a non-resident of Canada, that such Limited Partner will elect in accordance with the regulations to the *Income Tax Act* (Canada) to be treated as a Canadian resident with respect to his income from the Partnership;
- (c) the Limited Partner is not a “non-Canadian” for the purposes of the *Investment Canada Act*; and
- (d) each Limited Partner covenants and agrees that if he, she or it ceases to be a resident of Canada for the purposes of the *Income Tax Act* (Canada) and, prior to such change in status he, she or it has not sold his Units to a resident of Canada, then such Units shall be deemed to have been redeemed by the Partnership.

3. By amending Section 16.1(a)(v) so that Section 16.1(a)(v) will read as follows:

- v) all elections, determinations, or designations in connection with the business of the Partnership permitted under the *Income Tax Act* or any other taxation or other legislation or laws of like import of Canada or of any Province in respect of a Limited Partner’s interest in the Partnership or the affairs of the Partnership; and without limitation to execute an election under subsection 98(3) of the *Income Tax Act*.

SCHEDULE B

TEXT OF DISSOLUTION RESOLUTION

RESOLVED, as an Ordinary Resolution pursuant to Section 10.1(d) of the amended and restated partnership agreement (the “**MLP Partnership Agreement**”) dated August 19, 1998 between Sentinel Hill Productions Corporation, 557634 British Columbia Ltd. and each party who, from time to time is accepted as a limited partner in Sentinel Hill 1998 Master Limited Partnership or who is a successor to any such person and becomes a “Limited Partner”, that MLP wind up its affairs by satisfying or making adequate arrangement for the satisfaction of all of its liabilities and by distributing all of its remaining property and assets *in specie* to the partners (the “**Partners**”) pursuant to subsection 98(3) of the *Income Tax Act* (Canada) and in accordance with the MLP Partnership Agreement, and thereafter dissolving MLP on such date prior to December 31, 2008 as is determined by the Board of Directors of the General Partner; provided however that if the Amendment Resolution is not passed, MLP shall be dissolved on December 31, 2008.