

**SHAAE (2001) Master Limited Partnership
Litigation Update August 6, 2014**

On June 11, 2014, the Federal Court of Appeal (the “FCA”) heard the appeal of the Tax Court of Canada order which had dismissed the appellants’ (Sentinel Hill’s) application to have a question determined under s.58 of the *Tax Court of Canada Rules (General Procedure)*. On June 16, 2014, the FCA dismissed the appeal. A copy of the reasons for judgment is attached.

Sentinel Hill is very disappointed with this result, as the FCA confirmation of the Tax Court’s decision on the preliminary question means that the proposed question will not be heard on the merits before the Tax Court. We are considering whether any further applications on this question are warranted, but it is likely that we will simply proceed with the main appeals.

Since the Tax Court stayed the appeals pending the resolution of the preliminary question, despite our request that the proceedings continue in tandem, it was not possible to proceed with the main appeals, including the discovery process. If we decide to abandon any further appeals, the continuation of the examinations for discovery will be scheduled in the near future and trial preparation will resume. As soon as discoveries are completed, we can apply for a trial date.