



**BY REGULAR MAIL**

**Sentinel Hill Productions IV Corporation**  
Suite 920 – 1040 West Georgia Street  
Vancouver, British Columbia  
V6E 4H1

R. H. Goodwin  
Tax Avoidance  
Section 446-11  
Tel: (604) 666-7937

**March 30, 2005**

**Attention: Paul Darc;  
Robert Strother; and  
Susan Carmichael, V.P. Finance**

Dear Sir/Madam:

**Re: SHAAE (2001) Master Limited Partnership (the "SHAAE (2001)")  
Partnership Identification No. HA6768618  
Partnership Determination for its 2002 Fiscal Period**

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Further to our discussions with your counsel, subsection 152(1.4) of the *Income Tax Act* (the "*Act*") allows the Canada Customs and Revenue Agency (the "CCRA") to make a determination of income or loss, any deduction or other amount in respect of a partnership, for a fiscal period.

A partnership determination pursuant to subsection 152(1.4) of the *Act* was issued to the SHAAE (2001) for its fiscal period ending December 31, 2002 on **March 30, 2005** wherein its business loss was reduced as indicated in the attached determination. Pursuant to subsection 152(1.5) of the *Act* a copy of this partnership determination is being sent to your attention.

The determination of the partnership's income or loss made by the CCRA is binding on all of the partners, and can only be objected to by one partner on behalf of all of the partners under section 165(1.15) of the *Act*. The partner filing the notice of objection must either be the designated partner, which our records indicate is Sentinel Hill Productions IV Corporation, or a member of the partnership so expressly authorized by the partnership to do so.

Yours truly,

R.H. Goodwin  
Verification & Enforcement Division  
Vancouver Tax Services Office



**NOTICE OF DETERMINATION/REDETERMINATION OF AN AMOUNT IN RESPECT OF PARTNERSHIP  
PURSUANT TO SUBSECTION 152(1.4) OF THE INCOME TAX ACT**

**AVIS DE DÉTERMINATION/NOUVELLE DÉTERMINATION CONCERNANT UN MONTANT RELATIF À UNE SOCIÉTÉ DE  
PERSONNES SELON LE PARAGRAPHE 152(1.4) DE LA LOI DE L'IMPÔT SUR LE REVENU**

Subsections 152 (1.4) to (1.8) of the *Income Tax Act* allow the Minister to determine or redetermine any amount in respect of a partnership (including related interest charges claimed by a partner relating to the acquisition of an interest in it).

Les paragraphes 152 (1.4) à (1.8) de la *Loi de l'impôt sur le revenu* permettent au ministre de déterminer à nouveau tout montant concernant la société (incluant les frais d'intérêt Réclamés par un sociétaire en ce qui a trait à l'acquisition d'un intérêt dans celle-ci).

Name and Address: Nom et adresse  <b>SHAAE (2001) Master Limited Partnership Suite 920 – 1040 West Georgia Street Vancouver, British Columbia V6E 4H1</b>	Date of Mailing Date de mise à la poste  <b>March 30, 2005</b>
	Identification Number Numéro d'identification  <b>HA6768618</b>
	Taxation Services Office of the partnership Bureau des services fiscaux de la société  <b>Vancouver</b>

Fiscal Period Ended  
La période fiscale terminée le: 

3	1	1	2	2	0	0	2
Day	Month	Year	Year	Month	Day	Year	Month
Jour	Mois	Année	Année	Mois	Jour	Année	Mois

The Minister has:  
Le Ministre a:

- determined, or  
déterminé, ou
- redetermined,  
déterminé de nouveau

the following amount(s) for the 2002 fiscal period as follows:

que les montants décrits ci-dessous doivent être pris en compte  
le calcul des montants à déclarer pour la période fiscale 2002:

Nature of Amount(s) Nature du ou des montants	Amount Montant
Previous net business loss reported	\$74,425,025
<u>Less:</u> Reduction to net business loss claimed	\$43,784,373
Net business loss determined	\$30,640,652
Previous interest from Canadian sources reported	\$13,991,820
<u>Less:</u> Interest from Canadian sources disallowed	\$ Nil
Interest from Canadian sources determined	\$13,991,820
Limited partners' cumulative at-risk amount reported	\$524,698,840
<u>Less:</u> Reduction to cumulative at-risk amounts	(\$273,744,692)
Limited partners' cumulative at-risk amount, as determined – <b>Note 1</b>	\$250,954,148

**Note 1:** See Schedule "A" attached for details of calculations

MICHEL DORAIS  
Commissioner / Commissaire  
Canada Customs and Revenue Agency /  
Agence des douanes et du revenu du Canada

## Schedule "A"

**Partnership Name: SHAAE (2001) Master Limited Partnership**

**Partnership Number: HA6768618**

### **Calculation of Limited Partners' Adjusted Cost Base and At-Risk Amount For Fiscal Period Ending December 31, 2002**

#### **A) Calculation of Limited Partners' Adjusted Cost Base:**

Adjusted Cost Base from previous fiscal period	\$840,519,914
Cost of partnership Interest	
<u>Add:</u>	
(i) Capital Contributions after the previous fiscal period	\$ Nil
(ii) Income for the previous fiscal period	<u>\$ 3,528,623</u>
SUB-TOTAL	\$844,048,537
<u>Deduct:</u>	
(i) Drawings/Distributions for the fiscal period – <b>Note 1</b>	(\$ 14,886,600)
(ii) Losses for the previous fiscal period	(\$199,404,223)
(iii) Limited Partnership Losses applied in previous fiscal period	<u>\$ Nil</u>
Adjusted Cost Base at end of the fiscal period	<u>\$629,757,714</u>

#### **B) Calculation of Limited Partners' At-Risk Amount:**

Adjusted Cost Base at end of the fiscal period (from above)	\$629,757,714
<u>Add:</u>	
Limited Partner's share of Interest Income for the fiscal period	<u>\$13,990,420</u>
SUB-TOTAL	\$643,748,134
<u>Deduct:</u>	
(i) Loss protection(s) (amount or benefit) provided, directly or indirectly, to the limited partner from Class B units	<u>(\$370,003,442)</u>
At-Risk Amount balances at end of fiscal period before losses	<u>\$273,744,692</u>

**Note 1:** In accordance with our proposal letter of February 28, 2005 to SHAAE (2001) Master Limited Partnership this amount includes rebates of \$11,360,013 distributed to some of the limited partners in the 2002 fiscal period.