



SENTINEL HILL VENTURES
CORPORATION

April 26, 2005

Dear Sentinel Hill Investor:

**Re: SHAAE (2001) Master Limited Partnership ("2001 MLP")
Optional Payment of Tax re: Notice of Determination issued March 29, 2005**

Further to our letter of March 29, 2005, we are writing to provide you with certain information regarding possible payment options, arising out of the issuance by CRA of a Notice of Determination to the 2001 MLP on March 29, 2005. The effect of that Notice of Determination was to deny approximately 32% of the total deductions originally claimed by the limited partners (as opposed to the 37% to 47% which we initially anticipated at the time of writing the March 29th letter).

Notice of Objection and Appeals Process

Thorsteinssons LLP, tax litigation counsel to the 2001 MLP, is currently preparing to file a Notice of Objection on behalf of the 2001 MLP which will move the matter to the Appeals branch of CRA and out of the hands of the Audit Directorate. The Appeals Division's mandate is to review the facts and law giving rise to the dispute, and then decide whether to confirm the auditor's decision or to allow the appeal in whole or in part.

Our recent experience has shown that the Appeals process will likely take many months to conclude. We intend, however, through our legal counsel, to vigorously challenge the 2001 MLP Notice of Determination. We remain optimistic that, due to the precedent set by the 2000 MLP settlement, we should make significant progress during the Appeal. Nonetheless, should the Appeals process not conclude satisfactorily, the final recourse is to proceed with litigation. We remain fully committed to pursuing the matter in the Tax Court of Canada, if necessary, and fully intend to pursue all available civil remedies (i.e. commencing an action against CRA and specific CRA employees for damages). We will be notifying you in this regard shortly and will keep you advised of important events as they unfold.

Optional Payment of Tax

Thorsteinssons LLP have advised us that the CRA, in issuing the Notice of Determination, has adopted an extreme assessing position on many of the issues. In challenging the Notice of Determination through the Appeals process or through litigation in the Tax Court of Canada, the disallowed amounts should be substantially reversed or restored entirely. However, we and our counsel believe that situations such as these are never entirely free from doubt and, therefore, in the interest of caution, we wish to advise you of a protective measure you may take to pay the tax that would be reassessed against you if the 2001 MLP is, ultimately, unsuccessful in whole or in part. Such a payment is entirely without prejudice to the 2001 MLP's rights of objection and appeal. The only reason to pay any part of a potential assessment would be to stop interest from accruing against you if, indeed, it turns out that we are unsuccessful in having the Notice of Determination reversed on one or more issues.

SUITE 920-1040 WEST GEORGIA STREET, VANCOUVER, BC V6E 4H1
TEL (604) 669 9454 FAX (604) 669 9485

SUITE 101-275 MACPHERSON AVENUE, TORONTO, ONTARIO M4V 1A4
TEL (416) 515 2933 FAX (416) 515 2923

Each investor's situation is different, and we believe you will want to discuss the payment options (listed below) with your financial advisor before making a decision. You should be aware that **at this point there is no legal obligation to make any payment**. If you choose to pay some or all of the anticipated reassessment, and we ultimately succeed to the point where you have overpaid, you will be entitled to a refund of the overpayment together with interest at the refund rate (currently 5%). If you decide to pay nothing now, or to pay less than the amount that is ultimately reassessed (if any), then interest will accrue on the deficiency at the rate applicable to underpaid taxes (currently 7%).

Possible Payment Options

The following is a list of possible payment options you may wish to choose from:

- A. At present, the total losses denied, in accordance with the Notice of Determination, amount to **\$3,218** per unit (which represents a denial of approximately **32%** of the total deductions originally claimed by investors). The tax cost on a per unit basis to this denied loss (including interest to April 30, 2005) may be found on the attached schedule. This analysis assumes no alternative minimum tax implications and outlines the appropriate amount owing based upon province of residence. (You may wish to consult with your own accountant or financial advisor to determine if your own circumstances might have altered this result.)
- B. Applying the 2000 MLP settlement terms to the 2001 MLP would result in a **substantially lower** amount of deductions being denied (approximately **\$990** per unit, a denial of **10%** of the total deductions originally claimed). (Please refer to the attached schedule for appropriate amount owing based upon province of residence and including interest to April 30, 2005.)
- C. You may wish to choose some other amount between A or B above.
- D. There is currently no legal obligation to make any payment, therefore, you may choose to pay nothing at the present time and wait to see the outcome of the Appeals process or alternatively wait for the eventual decision of the Tax Court if the Appeals process is unsuccessful.

(You are reminded, however, that with Options B,C or D above, interest will continue to accrue in the interim on any amount, if any, which is eventually found owing.)

If you choose to make a payment, the procedure is as follows:

1. Calculate the amount you wish to pay (e.g. Option A, B or C above);
2. Write your cheque payable to the "Receiver General" (including a reference to the relevant taxation years);
3. Fill in the form attached to this letter; and
4. Send **the form and the cheque** to the address noted on the form.

As mentioned above, we will keep you up to date on material developments in the Appeal process on a timely basis. If you have any questions in connection with the foregoing, you may contact either Joel Mickelson or Cori Simms in Toronto at 416-515-2933 or Eau-Vive Rivest in Vancouver at 604-692-2414, or alternatively you may reach any of the following individuals at the telephone numbers listed below.

Yours very truly,

SENTINEL HILL VENTURES CORPORATION

Robert C. Strother - Partner and Chairman	(604-692-2420)
Bradley J. Sherman - Partner and President	(416-515-2933)
J. Paul Darc - Partner and Chief Financial Officer	(604-692-2411)
Kenneth M. Gordon - Partner and Secretary	(416-515-2933)

SUITE 920-1040 WEST GEORGIA STREET, VANCOUVER, BC V6E 4H1
TEL (604) 669 9454 FAX (604) 669 9485

SUITE 101-275 MACPHERSON AVENUE, TORONTO, ONTARIO M4V 1A4
TEL (416) 515 2933 FAX (416) 515 2923

SHAAE (2001) MASTER LIMITED PARTNERSHIP
OPTION A. CALCULATION OF RE-ASSESSED TAXES AND INTEREST PAYABLE PER NOTICE OF DETERMINATION

ONTARIO RESIDENTS									
Taxation Year	Total Losses Denied (Additional Refunds)	99.99% Total Losses Denied Allocated to Investors	Losses Denied Per Unit (52,233.603 total units)	Top Marginal Tax Rate*	Taxes Payable Per Unit	Weighted Average Interest Rates from April 30 in year of filing to April 30, 2005	Interest Expense Per Unit to April 30, 2005	Total Estimated Taxes and Interest Payable Per Unit	
2001	\$ 136,101,880	\$ 136,088,270	\$ 2,605.38	46.41%	\$ 1,209.16	19.35%	\$ 233.97	\$ 1,443.13	
2002	\$ 43,784,373	\$ 43,779,995	\$ 838.16	46.41%	\$ 388.99	12.90%	\$ 50.18	\$ 439.17	
2003	\$ (2,072,893)	\$ (2,072,686)	\$ (39.68)	46.41%	\$ (18.42)	4.73%	\$ (0.87)	\$ (19.29)	
2004	\$ (1,927,790)	\$ (1,927,597)	\$ (36.90)	46.41%	\$ (17.13)	0.00%	\$ -	\$ (17.13)	
			\$ 3,366.96		\$ 1,562.60		\$ 283.28	\$ 1,845.88	

BRITISH COLUMBIA RESIDENTS									
Taxation Year	Total Losses Denied (Additional Refunds)	99.99% Total Losses Denied Allocated to Investors	Losses Denied Per Unit (52,233.603 total units)	Top Marginal Tax Rate*	Taxes Payable Per Unit	Weighted Average Interest Rates from April 30 in year of filing to April 30, 2005	Interest Expense Per Unit to April 30, 2005	Total Estimated Taxes and Interest Payable Per Unit	
2001	\$ 136,101,880	\$ 136,088,270	\$ 2,605.38	45.60%	\$ 1,188.05	19.35%	\$ 229.89	\$ 1,417.94	
2002	\$ 43,784,373	\$ 43,779,995	\$ 838.16	43.70%	\$ 366.28	12.90%	\$ 47.25	\$ 413.53	
2003	\$ (2,072,893)	\$ (2,072,686)	\$ (39.68)	43.70%	\$ (17.34)	4.73%	\$ (0.82)	\$ (18.16)	
2004	\$ (1,927,790)	\$ (1,927,597)	\$ (36.90)	43.70%	\$ (16.13)	0.00%	\$ -	\$ (16.13)	
			\$ 3,366.96		\$ 1,520.86		\$ 276.32	\$ 1,797.18	

ALBERTA RESIDENTS									
Taxation Year	Total Losses Denied (Additional Refunds)	99.99% Total Losses Denied Allocated to Investors	Losses Denied Per Unit (52,233.603 total units)	Top Marginal Tax Rate*	Taxes Payable Per Unit	Weighted Average Interest Rates from April 30 in year of filing to April 30, 2005	Interest Expense Per Unit to April 30, 2005	Total Estimated Taxes and Interest Payable Per Unit	
2001	\$ 136,101,880	\$ 136,088,270	\$ 2,605.38	39.00%	\$ 1,016.10	19.35%	\$ 196.62	\$ 1,212.72	
2002	\$ 43,784,373	\$ 43,779,995	\$ 838.16	39.00%	\$ 326.88	12.90%	\$ 42.17	\$ 369.05	
2003	\$ (2,072,893)	\$ (2,072,686)	\$ (39.68)	39.00%	\$ (15.48)	4.73%	\$ (0.73)	\$ (16.21)	
2004	\$ (1,927,790)	\$ (1,927,597)	\$ (36.90)	39.00%	\$ (14.39)	0.00%	\$ -	\$ (14.39)	
			\$ 3,366.96		\$ 1,313.11		\$ 238.06	\$ 1,551.17	

MANITOBA RESIDENTS									
Taxation Year	Total Losses Denied (Additional Refunds)	99.99% Total Losses Denied Allocated to Investors	Losses Denied Per Unit (52,233.603 total units)	Top Marginal Tax Rate*	Taxes Payable Per Unit	Weighted Average Interest Rates from April 30 in year of filing to April 30, 2005	Interest Expense Per Unit to April 30, 2005	Total Estimated Taxes and Interest Payable Per Unit	
2001	\$ 136,101,880	\$ 136,088,270	\$ 2,605.38	46.30%	\$ 1,206.29	19.35%	\$ 233.42	\$ 1,439.71	
2002	\$ 43,784,373	\$ 43,779,995	\$ 838.16	46.30%	\$ 388.07	12.90%	\$ 50.06	\$ 438.13	
2003	\$ (2,072,893)	\$ (2,072,686)	\$ (39.68)	46.30%	\$ (18.37)	4.73%	\$ (0.87)	\$ (19.24)	
2004	\$ (1,927,790)	\$ (1,927,597)	\$ (36.90)	46.30%	\$ (17.08)	0.00%	\$ -	\$ (17.08)	
			\$ 3,366.96		\$ 1,558.91		\$ 282.61	\$ 1,841.52	

SHAAE (2001) MASTER LIMITED PARTNERSHIP
OPTION A. CALCULATION OF RE-ASSESSED TAXES AND INTEREST PAYABLE PER NOTICE OF DETERMINATION

NOVA SCOTIA RESIDENTS								
Taxation Year	Total Losses Denied (Additional Refunds)	99.99% Total Losses Denied Allocated to Investors	Losses Denied Per Unit (52,233.603 total units)	Top Marginal Tax Rate*	Taxes Payable Per Unit	Weighted Average Interest Rates from April 30 in year of filing to April 30, 2005	Interest Expense Per Unit to April 30, 2005	Total Estimated Taxes and Interest Payable Per Unit
2001	\$ 136,101,880	\$ 136,088,270	\$ 2,605.38	47.34%	\$ 1,233.39	19.35%	\$ 238.66	\$ 1,472.05
2002	\$ 43,784,373	\$ 43,779,995	\$ 838.16	47.34%	\$ 396.78	12.90%	\$ 51.18	\$ 447.96
2003	\$ (2,072,893)	\$ (2,072,686)	\$ (39.68)	47.34%	\$ (18.78)	4.73%	\$ (0.89)	\$ (19.67)
2004	\$ (1,927,790)	\$ (1,927,597)	\$ (36.90)	47.34%	\$ (17.47)	0.00%	\$ -	\$ (17.47)
			\$ 3,366.96		\$ 1,593.92		\$ 288.95	\$ 1,882.87

SASKATCHEWAN RESIDENTS								
Taxation Year	Total Losses Denied (Additional Refunds)	99.99% Total Losses Denied Allocated to Investors	Losses Denied Per Unit (52,233.603 total units)	Top Marginal Tax Rate*	Taxes Payable Per Unit	Weighted Average Interest Rates from April 30 in year of filing to April 30, 2005	Interest Expense Per Unit to April 30, 2005	Total Estimated Taxes and Interest Payable Per Unit
2001	\$ 136,101,880	\$ 136,088,270	\$ 2,605.38	45.00%	\$ 1,172.42	19.35%	\$ 226.86	\$ 1,399.28
2002	\$ 43,784,373	\$ 43,779,995	\$ 838.16	44.50%	\$ 372.98	12.90%	\$ 48.11	\$ 421.09
2003	\$ (2,072,893)	\$ (2,072,686)	\$ (39.68)	44.00%	\$ (17.46)	4.73%	\$ (0.83)	\$ (18.29)
2004	\$ (1,927,790)	\$ (1,927,597)	\$ (36.90)	44.00%	\$ (16.24)	0.00%	\$ -	\$ (16.24)
			\$ 3,366.96		\$ 1,511.70		\$ 274.14	\$ 1,785.84

	* TOP MARGINAL TAX RATES FOR THE OTHER PROVINCES			
	Year 2001	Year 2002	Year 2003	Year 2004
New Brunswick	46.84%	46.84%	46.84%	46.84%
Newfoundland	48.64%	48.64%	48.64%	48.64%
Prince Edward Island	47.30%	47.30%	47.30%	47.30%
Quebec **	48.70%	48.22%	48.22%	48.22%

** Note: Quebec residents will have to break out the provincial portion of taxes payable and remit it directly to the Ministère du Revenu du Québec.

**SHAAE (2001) MASTER LIMITED PARTNERSHIP
OPTION B. CALCULATION OF ESTIMATED TAXES AND INTEREST PAYABLE PER 2000 MLP SETTLEMENT**

ONTARIO RESIDENTS									
Taxation Year	Total Losses Denied (Additional Refunds)	99.99% Total Losses Denied Allocated to Investors	Losses Denied Per Unit (52,233.603 total units)	Top Marginal Tax Rate*	Taxes Payable Per Unit	Weighted Average Interest Rates from April 30, 2005	Interest Expense Per Unit to April 30, 2005	Total Estimated Taxes and Interest Payable Per Unit	
2001	\$ 89,331,270	\$ 89,322,337	\$ 1,710.06	46.41%	\$ 793.64	19.35%	\$ 153.57	\$ 947.21	
2002	\$ 573,362	\$ 573,305	\$ 10.98	46.41%	\$ 5.10	12.90%	\$ 0.66	\$ 5.76	
2003	\$ (9,589,268)	\$ (9,588,309)	\$ (183.57)	46.41%	\$ (85.19)	4.73%	\$ (4.03)	\$ (89.22)	
2004	\$ (9,490,956)	\$ (9,490,007)	\$ (181.68)	46.41%	\$ (84.32)	0.00%	\$ -	\$ (84.32)	
			\$ 1,355.79		\$ 629.23		\$ 150.20	\$ 779.43	

BRITISH COLUMBIA RESIDENTS									
Taxation Year	Total Losses Denied (Additional Refunds)	99.99% Total Losses Denied Allocated to Investors	Losses Denied Per Unit (52,233.603 total units)	Top Marginal Tax Rate*	Taxes Payable Per Unit	Weighted Average Interest Rates from April 30, 2005	Interest Expense Per Unit to April 30, 2005	Total Estimated Taxes and Interest Payable Per Unit	
2001	\$ 89,331,270	\$ 89,322,337	\$ 1,710.06	45.60%	\$ 779.79	19.35%	\$ 150.89	\$ 930.68	
2002	\$ 573,362	\$ 573,305	\$ 10.98	43.70%	\$ 4.80	12.90%	\$ 0.62	\$ 5.42	
2003	\$ (9,589,268)	\$ (9,588,309)	\$ (183.57)	43.70%	\$ (80.22)	4.73%	\$ (3.79)	\$ (84.01)	
2004	\$ (9,490,956)	\$ (9,490,007)	\$ (181.68)	43.70%	\$ (79.39)	0.00%	\$ -	\$ (79.39)	
			\$ 1,355.79		\$ 624.98		\$ 147.72	\$ 772.70	

ALBERTA RESIDENTS									
Taxation Year	Total Losses Denied (Additional Refunds)	99.99% Total Losses Denied Allocated to Investors	Losses Denied Per Unit (52,233.603 total units)	Top Marginal Tax Rate*	Taxes Payable Per Unit	Weighted Average Interest Rates from April 30, 2005	Interest Expense Per Unit to April 30, 2005	Total Estimated Taxes and Interest Payable Per Unit	
2001	\$ 89,331,270	\$ 89,322,337	\$ 1,710.06	39.00%	\$ 666.92	19.35%	\$ 129.05	\$ 795.97	
2002	\$ 573,362	\$ 573,305	\$ 10.98	39.00%	\$ 4.28	12.90%	\$ 0.55	\$ 4.83	
2003	\$ (9,589,268)	\$ (9,588,309)	\$ (183.57)	39.00%	\$ (71.59)	4.73%	\$ (3.39)	\$ (74.98)	
2004	\$ (9,490,956)	\$ (9,490,007)	\$ (181.68)	39.00%	\$ (70.86)	0.00%	\$ -	\$ (70.86)	
			\$ 1,355.79		\$ 528.75		\$ 126.21	\$ 654.96	

MANITOBA RESIDENTS									
Taxation Year	Total Losses Denied (Additional Refunds)	99.99% Total Losses Denied Allocated to Investors	Losses Denied Per Unit (52,233.603 total units)	Top Marginal Tax Rate*	Taxes Payable Per Unit	Weighted Average Interest Rates from April 30, 2005	Interest Expense Per Unit to April 30, 2005	Total Estimated Taxes and Interest Payable Per Unit	
2001	\$ 89,331,270	\$ 89,322,337	\$ 1,710.06	46.30%	\$ 791.76	19.35%	\$ 153.21	\$ 944.97	
2002	\$ 573,362	\$ 573,305	\$ 10.98	46.30%	\$ 5.08	12.90%	\$ 0.66	\$ 5.74	
2003	\$ (9,589,268)	\$ (9,588,309)	\$ (183.57)	46.30%	\$ (84.99)	4.73%	\$ (4.02)	\$ (89.01)	
2004	\$ (9,490,956)	\$ (9,490,007)	\$ (181.68)	46.30%	\$ (84.12)	0.00%	\$ -	\$ (84.12)	
			\$ 1,355.79		\$ 627.73		\$ 149.85	\$ 777.58	

**SHAAE (2001) MASTER LIMITED PARTNERSHIP
OPTION B. CALCULATION OF ESTIMATED TAXES AND INTEREST PAYABLE PER 2000 MLP SETTLEMENT**

NOVA SCOTIA RESIDENTS		99.99% Total Losses Denied Allocated to Investors	Losses Denied Per Unit (52,233.603 total units)	Top Marginal Tax Rate*	Taxes Payable Per Unit	Weighted Average Interest Rates from April 30 in year of filing to April 30, 2005	Interest Expense Per Unit to April 30, 2005	Total Estimated Taxes and Interest Payable Per Unit
Taxation Year	Total Losses Denied (Additional Refunds)							
2001	\$ 89,331,270	\$ 89,322,337	\$ 1,710.06	47.34%	\$ 809.54	19.35%	\$ 156.65	\$ 966.19
2002	\$ 573,362	\$ 573,305	\$ 10.98	47.34%	\$ 5.20	12.90%	\$ 0.67	\$ 5.87
2003	\$ (9,589,268)	\$ (9,588,309)	\$ (183.57)	47.34%	\$ (86.90)	4.73%	\$ (4.11)	\$ (91.01)
2004	\$ (9,490,956)	\$ (9,490,007)	\$ (181.68)	47.34%	\$ (86.01)	0.00%	\$ -	\$ (86.01)
			\$ 1,355.79		\$ 641.83		\$ 153.21	\$ 795.04

SASKATCHEWAN RESIDENTS		99.99% Total Losses Denied Allocated to Investors	Losses Denied Per Unit (52,233.603 total units)	Top Marginal Tax Rate*	Taxes Payable Per Unit	Weighted Average Interest Rates from April 30 in year of filing to April 30, 2005	Interest Expense Per Unit to April 30, 2005	Total Estimated Taxes and Interest Payable Per Unit
Taxation Year	Total Losses Denied (Additional Refunds)							
2001	\$ 89,331,270	\$ 89,322,337	\$ 1,710.06	45.00%	\$ 769.53	19.35%	\$ 148.90	\$ 918.43
2002	\$ 573,362	\$ 573,305	\$ 10.98	44.50%	\$ 4.89	12.90%	\$ 0.63	\$ 5.52
2003	\$ (9,589,268)	\$ (9,588,309)	\$ (183.57)	44.00%	\$ (80.77)	4.73%	\$ (3.82)	\$ (84.59)
2004	\$ (9,490,956)	\$ (9,490,007)	\$ (181.68)	44.00%	\$ (79.94)	0.00%	\$ -	\$ (79.94)
			\$ 1,355.79		\$ 613.71		\$ 145.71	\$ 759.42

	* TOP MARGINAL TAX RATES FOR THE OTHER PROVINCES			
	Year 2001	Year 2002	Year 2003	Year 2004
New Brunswick	46.84%	46.84%	46.84%	46.84%
Newfoundland	48.64%	48.64%	48.64%	48.64%
Prince Edward Island	47.30%	47.30%	47.30%	47.30%
Quebec **	48.70%	48.22%	48.22%	48.22%

** Note: Quebec residents will have to break out the provincial portion of taxes payable and remit it directly to the Ministère du Revenu du Québec.