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SYMBOL: "SHN.UN" - TSE

**PRESS RELEASE
FOR IMMEDIATE RELEASE
Shiningbank Energy Announces Significant Reserve Increases**

Shiningbank Energy Income Fund (the "Fund") today announced significant increases in its oil and gas reserves following the release of its 1998 year-end reserves evaluation by Paddock Lindstrom & Associates Ltd. The acquisitions and development work completed in 1998 have laid the foundation for another year of solid distributions in 1999.

Highlights of the report are as follows:

1. Established reserves (Proven plus 50% Probable) increased by 19.4% to 14.8 million barrels of oil equivalent ("mmbbl").
2. Reserve additions through acquisitions and exploitation replaced 276% of 1998 production at a cost of \$6.59 per boe. The operating netback (revenue less operating costs and royalties) for the reserves acquired in 1998 is estimated at \$13.73 per boe using current commodity prices. This results in a recycle ratio (netback/cost) of 2.1.
3. The percentage of established reserves comprised by natural gas has been increased from 43% in 1997 to 55% in 1998. Reserves added in 1998 were 80% natural gas, 14% natural gas liquids and 6% light oil.
4. The present value of established reserves, evaluated at a discount rate of 12%, increased 12% during the year to \$96.9 million despite dramatically lower oil and natural gas liquids price forecasts.

The following tables summarize Shiningbank's reserve estimates at December 31, 1998:

	Crude Oil (mmbbl)	NGL's (mmbbl)	Natural Gas (Bcf)	Oil Equivalent (mmbbl)
Proven	3,799	1,729	73.6	12,888
Probable	1,869	436	14.6	3,761
Total Proven plus Probable	5,668	2,165	88.2	16,649
Established	4,734	1,947	80.9	14,770

Present Worth of Established Reserves (pre-tax)	December 31, 1998 (\$ millions)	December 31, 1997 (\$ millions)
Undiscounted	208.8	179.5
Discounted at 10%	106.0	94.2
Discounted at 12%	96.9	86.4
Discounted at 15%	86.0	77.0

In 1998, Shiningbank Energy Income Fund was the top performing conventional oil and gas royalty trust delivering a total pre-tax return of 25.6%. The superior quality of the reserve base, together with numerous acquisitions, provided for distributions totalling \$1.43/unit in 1998.

In 1999, the Fund has closed the issuance of 1.1 million special warrants for gross proceeds of \$10.45 million thereby increasing its financial flexibility. As well, Shiningbank has acquired additional gas reserves and facility infrastructure in the Penhold, Alberta area. The strategy of operating its properties (currently 60% operated), adding value through optimization and low-risk development, focussing on natural gas (60% of production) and maintaining a healthy balance sheet, has positioned the Fund for additional prudent growth in 1999 and 2000.

Shiningbank Energy Income Fund is a conventional oil and gas royalty trust and units are listed on The Toronto Stock Exchange under the trading symbol "SHN.UN".

For further information please contact:

Arne R. Nielsen, Chairman and C.E.O. or
David Fitzpatrick, President and C.O.O.
Shiningbank Energy Management Inc.
Telephone: (403) 268-7477
Facsimile: (403) 268-7499