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SYMBOL: "SHN.UN" - TSE

**NEWS RELEASE  
FOR IMMEDIATE RELEASE**

**SHININGBANK ENERGY ANNOUNCES 2001 FINANCIAL RESULTS  
AND FIRST QUARTER 2002 DISTRIBUTION**

Shiningbank Energy Management Inc., manager of Shiningbank Energy Income Fund (the "Fund"), today announced the quarterly distribution to unitholders for the first quarter 2002. The record date for the distribution is March 31, 2002 and the ex-distribution date is March 26, 2002. The distribution will be made on April 15, 2002. **THE AMOUNT OF THE DISTRIBUTION WILL BE \$0.50 PER UNIT.** Oil and natural gas prices have strengthened in March 2002 and have supported a distribution consistent with the fourth quarter 2001. The Fund has a total of 29,117,937 units outstanding.

This distribution for first quarter 2002 brings total distributions for the last twelve months to \$2.80 per unit, resulting in a cash-on-cash yield of over 18% based on recent unit prices. Shiningbank's continued leverage to natural gas (75% of production) has the Fund well positioned to take advantage of further anticipated strength in natural gas markets later in 2002.

**2001 FINANCIAL RESULTS**

Shiningbank also announced today its audited financial results for the year ended December 31, 2001. Production volumes increased by 63% from 8,312 in 2000 to 13,564 barrels of oil equivalent per day (boe/d), where natural gas is converted to barrels of oil equivalent on the basis of 6 mcf per boe. Revenues increased by 63% to \$170.7 million from \$104.8 million in 2000 due to higher production and higher average natural gas prices. Earnings totaled \$50.7 million (\$2.08 per Trust Unit) for the year compared to \$37.8 million (\$2.64 per Trust Unit) in 2000. The Fund distributed \$3.40 per Trust Unit for the year representing a 20% pre-tax cash-on-cash distribution rate on the 2001 opening price of Trust Units.

The following table provides additional highlights and important statistics from the 2001 year.

**Shiningbank Energy Income Fund**  
**2001 Highlights**

Financial (\$Thousands except per unit amounts)	Three months ended December 31		Year ended December 31	
	2001	2000	2001	2000
Oil and natural gas sales	31,795	45,269	170,714	104,772
Net earnings	1,641	20,563	50,651	37,764
Cash flow	14,412	28,194	90,253	60,040
Distributable income	14,559	16,829	81,979	42,410
Per unit	0.50	1.00	3.40	2.76
Acquisition and development costs	14,301	49,813	323,204	116,362
Long term debt	122,459	57,381	122,459	57,381
Unitholders' equity	262,325	118,231	262,325	118,231
<b>Operations</b>				
Daily Production				
Oil (bbls/d)	2,189	1,355	2,013	1,402
Natural gas (mmcf/d)	70.0	45.7	61.6	35.7
Natural gas liquids(bbls/d)	1,436	1,232	1,288	962
Oil equivalent (boe/d @ 6mcf/boe)	15,290	10,196	13,564	8,312
Average Prices				
Oil (Cdn\$/bbl)	\$27.18	\$47.20	\$35.67	\$41.95
Natural gas (Cdn\$/mcf)	\$3.76	\$8.28	\$5.80	\$5.45
Natural gas liquids (Cdn\$/bbl)	\$15.57	\$41.24	\$29.59	\$34.52
Oil equivalent (boe/d @ 6mcf/boe)	\$22.60	\$48.26	\$34.48	\$34.44
<b>Unit Trading</b>				
Units traded (thousands)	6,202	3,050	27,142	9,012
Value traded (\$ thousands)	84,508	47,890	420,182	121,720
Unit price				
High	\$14.65	\$18.50	\$18.70	\$18.50
Low	\$11.95	\$13.80	\$11.85	\$9.90
Close	\$13.97	\$17.00	\$13.97	\$17.00
Units outstanding (thousands)	29,118	16,829	26,118	16,829

The following discussion analyzes Shiningbank's operating and financial results and financial position for the years ended December 31, 2001 and 2000. This discussion should be read in conjunction with the Fund's annual Management's Discussion and Analysis and audited consolidated financial statements and notes for the years ended December 31, 2001 and 2000 contained in its annual report.

## RESULTS OF OPERATIONS

### Production Volumes

Average daily production volumes grew 63% during 2001, mainly as a result of production added through the acquisitions of Ionic Energy Inc. (Ionic) in April 2001 and Raider Resources Ltd. (Raider) in June 2000. Other significant acquisitions which contributed to increased production in 2001 were the acquisition of a package of producing properties in west-central Alberta for \$47.7 million in October 2000 and the acquisition of properties at Greencourt, Alberta in August 2001. These increases were partly offset by natural declines of producing properties, which are estimated to average 12% per year. Boe volumes are reported assuming that 6 mcf of natural gas equals one barrel of oil equivalent.

### DAILY PRODUCTION VOLUMES

	2001	2000	% change
Oil (bbl/d)	2,013	1,402	44%
Natural gas (mmcf/d)	61.6	35.7	73%
NGL (bbl/d)	1,288	962	34%
Oil equivalent (boe/d)	13,564	8,312	63%

### Pricing - After Hedging

Natural gas prices averaged \$5.80/mcf, 6% higher than 2000. Natural gas prices declined steadily from extremely high levels early in 2001 to reach a low for the year in September. Gas prices then recovered slightly and remained fairly level for the last three months of the year.

Oil prices began a year-long decline early in 2001 resulting in the average price being 15% lower than in 2000. Benchmark West Texas Intermediate oil averaged US\$25.94/bbl for 2001, 14% lower than 2000's average of US\$30.26/bbl.

### AVERAGE PRICES – AFTER HEDGING

	2001	2000	% change
Oil (Cdn\$/bbl)	35.67	41.95	(15)%
Natural gas (Cdn\$/mcf)	5.80	5.45	6 %
NGL (Cdn\$/bbl)	29.59	34.52	(14)%
Oil equivalent (Cdn\$/boe)	34.48	34.44	0 %

### Hedging Policy and Results

Shiningbank maintains an active hedging program for both oil and gas production. During 2001, the Fund hedged an average of 8.3 mmcf/d of natural gas (14% of total gas production), and 500 bbl/d of oil production (25% of total oil production). Under the Fund's hedging policy, not more than one-half of production volumes can be hedged at any one time. Hedging is intended to stabilize distribution levels by fixing the price on a portion of the production portfolio. Hedging activity in 2001 added \$2.5 million to revenues by increasing the realized natural gas price by \$0.09/mcf and the oil price by \$0.56/bbl.

CURRENT HEDGING ACTIVITY

Period	Commodity	Volume	Price
November 1, 2001 - October 31, 2002	Gas	3 mmcf/d	\$5.27/mcf floor \$9.11/mcf ceiling
November 1, 2001 - October 31, 2002	Gas	3 mmcf/d	\$6.68/mcf
November 1, 2001 - March 31, 2002	Gas	10 mmcf/d	\$3.16/mcf floor \$4.80/mcf ceiling
January 1, 2002 – March 31, 2002	Gas	5 mmcf/d	\$3.82/mcf
April 1, 2002 – October 31, 2002	Gas	10 mmcf/d	\$3.16/mcf floor \$3.87/mcf ceiling
January 1, 2002 - June 30, 2002	Oil	500 bbl/d	US\$ 20.00/bbl floor US\$ 26.50/bbl ceiling

Revenues

Higher revenues in 2001 resulted from increases in both volumes and average natural gas prices offset, in part, by lower crude oil and NGL prices. The factors that contributed to higher revenues are shown in the following table:

SALES VARIANCE ANALYSIS - BEFORE HEDGING

(000s)	Crude oil and NGL		Natural gas	
	2001/2000	2000/1999	2001/2000	2000/1999
Volume increase	\$ 13,437	\$ 3,376	\$ 52,907	\$ 8,335
Price increase (decrease)	(7,921)	12,896	2,040	37,610
Net increase	\$ 5,516	\$ 16,272	\$ 54,947	\$ 45,945

Royalties

Royalty expense consists of royalties paid to provincial governments, freehold landowners and overriding royalties paid to others. The royalty rate was higher in 2001 mainly due to two factors: the Ionic acquisition, which gave Shiningbank properties with a slightly higher average royalty rate; and the price-sensitive rate structure for Alberta Crown natural gas royalties. The Alberta government provides a credit under the Alberta Royalty Credit program, which the Fund is eligible to access on a small portion of its properties. The Fund recorded \$500,000 in Alberta Royalty Credit for 2001 and \$477,000 in 2000.

	2001	2000
Total royalties, net (000s)	\$ 38,857	\$ 21,565
As % of revenue	22.8%	20.6%
Per boe	\$ 7.85	\$ 7.09

Operating Costs

Operating costs increased by 17% on a boe basis for 2001. Higher costs resulted mainly from repair and maintenance work, including several one-time costs on properties acquired during the year. Higher electrical costs and property taxes were also significant contributors to the increase. Electrical costs rose early in 2001 due to high natural gas prices and local deregulation, but are expected to be substantially lower in 2002.

	2001	2000
Operating costs (000s)	\$ 28,257	\$ 14,959
As % of revenues	16.6%	14.3%
Per boe	\$ 5.71	\$ 4.92

General and Administrative Costs

General and administrative costs increased 47% over 2000 due to the growth in the asset base from the acquisition of Raider and Ionic. However, these costs declined both as a percentage of revenue and on a boe basis due to efficiencies resulting from improved economies of scale. At year end, Shiningbank had 28 full-time employees and 16 full- and part-time consultants at its head office. Field and production staff consisted of one production superintendent, 21 full-time employees and 35 contract operators. Costs of field and production staff are included in operating expenses. No general and administrative costs were capitalized.

	2001	2000
General and administrative costs (000s)	\$ 3,788	\$ 2,577
As % of revenue	2.2%	2.5%
Per boe	\$ 0.77	\$ 0.85
Per Trust Unit	\$ 0.16	\$ 0.18

Management Fees

Management fees rose in 2001 due to higher operating income, but were approximately the same percentage of revenue. The management fee was virtually the same as in 2000 on both a per boe and Trust Unit basis.

	2001	2000
Management fees (000s)	\$ 3,500	\$ 2,134
As % of revenue	2.1%	2.0%
As % of distributable income	4.3%	5.0%
Per boe	\$ 0.71	\$ 0.70
Per Trust Unit	\$ 0.15	\$ 0.15

Interest

Interest expense increased 88% during 2001 due to a higher average debt level resulting from acquisition activity, especially from the Ionic acquisition. Lower interest rates partially offset the increase.

	2001	2000
Interest (000s)	\$ 5,675	\$ 3,020
As % of revenue	3.3%	2.9%
Per boe	\$ 1.15	\$ 0.99
Per Trust Unit	\$ 0.24	\$ 0.21

#### Depreciation and depletion

Depreciation and depletion rose 137% from 2000 as a result of higher production volumes and a higher rate per boe. Per boe costs were up due to higher-priced acquisitions over the last two years.

	2001	2000
Depreciation and depletion (000s)	\$ 47,032	\$ 19,825
As % of revenue	27.5%	18.9%
Per boe	\$ 9.50	\$ 6.52

#### Future Income Taxes

The Fund recorded a recovery of future income taxes in 2001 resulting from changes in temporary differences and a reduction in the Alberta corporate income tax rate.

	2001	2000
Future income taxes (recovery) (000s)	\$ (9,900)	\$ 1,100
As % of revenue	(5.8)%	1.0%
Per boe	(\$ 2.00)	\$ 0.36

#### Net earnings

Shiningbank net earnings were \$50.7 million (\$2.08 per Trust Unit) in 2001 compared with \$37.8 million (\$2.64 per Trust Unit) in 2000. Higher production levels were partially offset by lower crude oil prices and higher costs.

#### Distributable Income

Distributable income for 2001 increased to \$82.0 million from \$42.4 million in 2000. On a per Trust Unit basis, distributions increased 23% to \$3.40 from \$2.76 in 2000.

#### Income tax information

In 2001, 74.78% of distributions payable by the Fund were required to be included in the income of unitholders. The balance of the distributions reduced each unitholder's adjusted cost base in their Trust Units for income tax purposes.

#### Costs of Acquisitions and Development

In 2001, Shiningbank acquired a total of \$45 million in new properties in 10 separate asset purchases. In addition, the Fund completed the corporate acquisition of Ionic Energy Inc., which was paid for with a combination of cash and newly issued Trust Units. The most significant non-corporate acquisition was the purchase of assets at Greencourt, Alberta in August. The Fund disposed of non-core properties in 10 transactions for total proceeds of \$8.3 million. Capital costs associated with drilling, recompletions and new facilities totaled \$12.6 million. Shiningbank's combined acquisition and development costs were \$13.40/boe, excluding acquisition fees of \$0.21/boe and future income taxes recorded on the Ionic transaction.

NET ASSET VALUE

(000s)	Discount factor		
	10%	12%	15%
Present value of reserves			
Proved	\$ 387,798	\$ 358,830	\$ 323,297
Risky Probable	43,075	37,814	31,765
Undeveloped lands	12,800	12,800	12,800
Working capital (deficit)	(7,339)	(7,339)	(7,339)
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Total assets	436,334	402,105	360,523
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Long term debt	(122,459)	(122,459)	(122,459)
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Net asset value	\$ 313,875	\$ 279,646	\$ 238,064
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Trust Units outstanding (thousands)	29,118	29,118	29,118
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Net asset value per Trust Unit			
At December 31, 2001	\$ 10.78	\$ 9.60	\$ 8.18
At December 31, 2000	\$ 18.50	\$ 16.96	\$ 15.10

Note: The present value of reserves is calculated based on price forecasts prepared by Paddock Lindstrom & Associates Ltd. in its December 31, 2001 evaluation. The Net Asset Value per Trust Unit at December 31, 2000 used significantly higher oil and natural gas prices.

**LIQUIDITY AND CAPITAL RESOURCES**

Long term debt

Shiningbank maintains a line of credit with a syndicate of four Canadian chartered banks in the amount of \$180 million, of which \$122.5 million was drawn at December 31, 2001. During 2001, the Fund increased the total amount drawn on its credit lines by \$65.1 million and increased total lines of credit by \$90.0 million. As a result of the increase in available credit, at year-end 2001 the amount undrawn was \$24.9 million more than in 2000. In accordance with the original terms of the credit, on February 28, 2002, the Fund's credit was reduced to \$170 million and is subject to review in April 2002. The Fund's governing documents restrict debt levels to 40% of the value of its properties, and debt service costs are not to exceed 30% of the projected annual cash flow. Neither of these limits was being approached at December 31, 2001.

Future income taxes

During 2001, \$73.5 million in future income taxes was recorded as part of the cost of the acquisition of Ionic, representing the tax effect on the difference between the acquisition price of Ionic and its tax pools. Over the course of the year, the Fund recovered \$9.9 million of this liability. As a result, future income taxes stood at \$77.5 million at December 31, 2001.

Unitholders' equity

In February 2001, the Fund issued 2,875,000 new Trust Units at \$16.20 each for gross proceeds of \$46.6 million. These funds were used initially to reduce bank debt, but were subsequently redeployed as part of the Ionic transaction. In September 2001 the Fund issued 1,200,000 new Trust Units by private placement at \$12.67 each for gross proceeds of \$15.2 million. These funds reduced debt resulting from previous acquisitions. The Fund issued a further 3,000,000 Trust Units in November 2001 at a price of \$13.40 each for gross proceeds of \$40.2 million.

## SHININGBANK ENERGY INCOME FUND

### Consolidated Balance Sheets

December 31 (\$ thousands)

	2001	2000
<b>ASSETS</b>		
Current assets		
Accounts receivable	\$ 24,142	\$ 25,239
Prepaid expenses	3,430	1,924
	<u>27,572</u>	<u>27,163</u>
Fixed assets		
Petroleum and natural gas properties and equipment	579,530	264,567
Accumulated depletion and depreciation	(105,867)	(58,957)
	<u>473,663</u>	<u>205,610</u>
Other assets	1,830	-
	<u>\$ 503,065</u>	<u>\$ 232,773</u>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$ 20,352	\$ 22,541
Trust Unit distribution payable	14,559	16,829
	<u>34,911</u>	<u>39,370</u>
Long term debt	122,459	57,381
Future income taxes	77,500	13,900
Provision for future site restoration	5,870	3,891
Unitholders' Equity		
Trust Units	337,246	161,005
Accumulated income	94,787	44,955
Accumulated royalty distributions	(169,708)	(87,729)
	<u>262,325</u>	<u>118,231</u>
	<u>\$ 503,065</u>	<u>\$ 232,773</u>

## SHININGBANK ENERGY INCOME FUND

Consolidated Statements of Earnings and Unitholders' Equity

For the years ended December 31 (\$ thousands, except per Trust Unit amounts)

	2001	2000
<b>Revenues</b>		
Oil and natural gas sales	\$ 170,714	\$ 104,772
Royalties	(38,857)	(21,565)
	131,857	83,207
<b>Expenses</b>		
Operating	28,257	14,959
General and administrative	3,788	2,577
Management fees	3,500	2,134
Interest on long term debt	5,675	3,020
Depreciation and depletion	47,032	19,825
Provision for future site restoration	2,470	1,351
Capital and large corporation taxes	384	477
	91,106	44,343
Earnings before income taxes	40,751	38,864
Future income taxes	(9,900)	1,100
Net earnings	50,651	37,764
Unitholders' equity, beginning of year	118,231	68,935
Proceeds on issue of Trust Units	176,241	54,370
Royalty distributions	(81,979)	(42,410)
Dividends to Manager	(819)	(428)
Unitholders' equity, end of year	\$ 262,325	\$ 118,231
<b>Net earnings per Trust Unit</b>		
Basic	\$ 2.08	\$ 2.64
Diluted	\$ 2.08	\$ 2.63

## SHININGBANK ENERGY INCOME FUND

### Consolidated Statements of Cash Flow

For the years ended December 31 (\$ thousands)

	2001	2000
<b>Operating activities</b>		
Net earnings	\$ 50,651	\$ 37,764
Items not requiring cash		
Depreciation and depletion	47,032	19,825
Provision for future site restoration	2,470	1,351
Future income taxes	(9,900)	1,100
Cash flow from operating activities	90,253	60,040
Changes in non-cash working capital	(20,897)	(7,870)
	69,356	52,170
<b>Financing activities</b>		
Increase in long term debt	18,078	11,650
Financing costs	(852)	-
Distributions to unitholders	(81,979)	(42,410)
Issue of Trust Units	98,607	29,523
Dividends paid	(819)	(428)
	33,035	(1,665)
Changes in non-cash working capital	(2,270)	11,522
	30,765	9,857
<b>Total cash provided</b>	<b>\$ 100,121</b>	<b>\$ 62,027</b>
<b>Investing activities</b>		
Property acquisitions	\$ (44,902)	\$ (55,769)
Capital expenditures	(12,608)	(7,185)
Acquisition of business	(49,300)	(420)
Long term investments	(1,100)	-
Proceeds on sale of fixed assets	8,280	1,522
Site restoration costs	(491)	(175)
<b>Total cash used</b>	<b>\$ (100,121)</b>	<b>\$ (62,027)</b>
Cash taxes paid	\$ 820	\$ 75
Cash interest paid	\$ 5,832	\$ 2,845

## SHININGBANK ENERGY INCOME FUND

### Schedule of Net Production Revenue and Distributable Income

For the years ended December 31 (\$ thousands)

	2001	2000
<b>Revenues</b>		
Oil and natural gas sales	\$ 170,714	\$ 104,772
Non-crown royalties	(6,372)	(2,510)
	164,342	102,262
<b>Expenditures</b>		
Operating	28,257	14,959
Capital expenditures, net	4,328	5,663
Site restoration costs	491	175
	33,076	20,797
Net production revenue	131,266	81,465
<b>Deductions</b>		
Administration	3,788	2,577
Management fees	3,500	2,134
Interest on long term debt	5,675	3,020
Capital and large corporation taxes	384	477
Amounts not attributable to the royalty	10,919	2,326
Working capital adjustments	2,737	11,387
	27,003	21,921
Net production revenue in excess of deductions	\$ 104,263	\$ 59,544
Royalty income to the Fund - 99%	\$ 103,219	\$ 58,949
Crown charges net of Alberta Royalty Credit - 99%	(32,159)	(18,865)
Principal repayment and interest income to the Fund	10,919	2,326
Distributable income	\$ 81,979	\$ 42,410
Distributable income per Trust Unit	\$ 3.40	\$ 2.76
Trust Units outstanding	29,117,937	16,828,712

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

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