



August 13, 2003

SYMBOL: "SHN.UN" - TSX

**NEWS RELEASE
FOR IMMEDIATE RELEASE**

**SHININGBANK ENERGY ANNOUNCES RECORD
SECOND QUARTER 2003 FINANCIAL RESULTS**

Shiningbank Energy Income Fund (the "Fund"), today announced its financial results for the three months ended June 30, 2003. Production for the period was 17,783 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. Production volumes for the second quarter increased by 21% from 2002, and revenues increased by 74% in the three month period to a record \$64.2 million from \$36.8 million in 2002 due to a combination of significantly higher commodity prices and higher volumes. Earnings totaled \$23.9 million or \$0.57 per Trust Unit (\$0.56 diluted) for the quarter compared to \$7.1 million or \$0.22 per Trust Unit (\$0.22 diluted) in 2002. The Fund distributed \$0.69 per Trust Unit in the quarter and \$1.47 per Trust Unit for the six months representing a 17% annualized pre-tax cash-on-cash distribution rate on the current price of Trust Units. The accompanying table provides additional highlights and important statistics.

Financial (\$ thousands except per unit amounts)	Three months ended June 30,			Six months ended June 30,		
	2003	2002	%	2003	2002	%
Oil and natural gas sales	\$64,212	\$36,804	74 %	\$123,286	\$66,627	85 %
Net earnings	23,850	7,061	238 %	43,633	10,043	334 %
Cash flow from operating activities	36,723	19,243	91 %	70,899	34,178	107 %
Distributable income	30,330	17,897	69 %	61,216	32,456	89 %
Distributions per Trust Unit	0.69	0.54	28 %	1.47	1.04	41 %
Acquisition and development costs	4,054	25,685	(84)%	163,587	30,248	441 %
Long term debt	120,521	87,760	37 %	120,521	87,760	37 %
Unitholders' equity	400,424	293,613	36 %	400,424	293,613	36 %
Operations						
Daily Production						
Oil (bbl/d)	2,037	2,190	(7)%	2,006	2,189	(8)%
Natural gas (mmcf/d)	80.4	66.6	21 %	71.8	65.6	9 %
Natural gas liquids(bbl/d)	2,352	1,432	64 %	1,954	1,448	35 %
Oil equivalent (boe/d)	17,783	14,721	21 %	15,924	14,573	9 %
Average Prices						
Oil (\$/bbl)	\$36.81	\$36.61	1 %	\$40.85	\$33.26	23 %
Natural gas (\$/mcf)	\$6.88	\$4.32	59 %	\$7.38	\$4.00	85 %
Natural gas liquids (\$/bbl)	\$32.82	\$25.35	29 %	\$35.49	\$22.71	56 %
Oil equivalent (\$/boe)	\$39.68	\$27.47	44 %	\$42.77	\$25.26	69 %

Management's Discussion and Analysis

Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited interim consolidated financial statements for the six months ended June 30, 2003 and the audited consolidated financial statements and MD&A for the year ended December 31, 2002. Boe volumes are reported at 6:1 with 6 mcf = 1 boe.

Daily Production Volumes

	Three months ended June 30,			Six months ended June 30,		
	2003	2002	%	2003	2002	%
Oil (bbl/d)	2,037	2,190	(7)%	2,006	2,189	(8)%
Natural gas (mmcf/d)	80.4	66.6	21 %	71.8	65.6	9 %
NGL (bbl/d)	2,352	1,432	64 %	1,954	1,448	35 %
Oil equivalent (boe/d)	17,783	14,721	21 %	15,924	14,573	9 %
Natural gas % of total production	75 %	75 %		75 %	75 %	

For the first half of the year, daily production volumes averaged 15,924 boe/d, 9% higher than in 2002. Daily production for the second quarter averaged 17,783 boe/d, up 21% from the same period last year. These increases were primarily from the Ferrier/O'Chiese properties acquired at the end of the first quarter, offset in part by natural declines of producing properties which are estimated to average 12% per year.

Average Prices – After Hedging

Average Prices	Three months ended June 30,			Six months ended June 30,		
	2003	2002	%	2003	2002	%
Oil (\$/bbl)	36.81	36.61	1 %	40.85	33.26	23 %
Natural gas (\$/mcf)	6.88	4.32	59 %	7.38	4.00	85 %
NGL (\$/bbl)	32.82	25.35	29 %	35.49	22.71	56 %
Oil equivalent (\$/boe)	39.68	27.47	44 %	42.77	25.26	69 %
WTI (US\$/bbl)	28.91	26.26	10 %	31.39	24.09	30 %
AECO natural gas (\$/mcf)	6.99	4.42	58 %	7.46	3.88	92 %

Shiningbank's realized natural gas prices averaged \$6.88/mcf for the quarter; \$7.38/mcf year to date. These results were respectively 59% and 85% higher than the same periods last year. Hedging increased realized prices by \$0.02/mcf for the quarter, but decreased the year-to-date price by \$0.05/mcf. This compares to gains in 2002 of \$0.07/mcf for the quarter and \$0.15/mcf for the first six months. Benchmark prices in Alberta (AECO) increased 58% for the quarter; 92% year to date over 2002.

Oil prices averaged \$36.81/bbl for the quarter, 1% higher than second quarter 2002. Oil prices for the first half averaged \$40.85/bbl, up 23% from 2002. Hedging reduced the realized price by \$0.47/bbl for the quarter and \$1.35/bbl year to date, compared with 2002 hedging losses of \$0.05/bbl for the quarter and \$0.01/bbl for the first six months.

Revenues

(000s)	Three months ended June 30,				Six months ended June 30,			
	2003	% of Revenue	2002	% of Revenue	2003	% of Revenue	2002	% of Revenue
Oil sales	\$ 6,910	11 %	\$ 7,307	20 %	\$ 15,324	12 %	\$13,186	20 %
Natural gas sales	50,192	78 %	25,733	70 %	96,549	79 %	45,704	68 %
NGL sales	7,023	11 %	3,303	9 %	12,554	10 %	5,951	9 %
Hedging	70	—	447	1 %	(1,168)	(1)%	1,762	3 %
Other	17	—	14	—	27	—	24	—
	\$ 64,212	100 %	\$36,804	100 %	\$ 123,286	100 %	\$66,627	100 %

Sales Variance Analysis – Before Hedging

(000s)	Three months ended June 30,		Six months ended June 30,	
	2003/2002		2003/2002	
Crude oil and NGL				
Volume increase		\$ 2,246		\$ 1,701
Price increase		1,077		7,040
Increase		\$ 3,323		\$ 8,741
Natural gas				
Volume increase		\$ 5,324		\$ 4,298
Price increase		19,135		46,547
Increase		\$ 24,459		\$ 50,845

In both the second quarter, and the first half of the year, higher revenue was the result of a combination of volume and price increases.

Royalties

	Three months ended June 30,			Six months ended June 30,		
	2003	2002	%	2003	2002	%
Total royalties, net (000s)	\$ 14,705	\$ 7,309	101 %	\$ 27,824	\$ 11,661	139 %
As % of revenue	22.9 %	19.9 %	15 %	22.6 %	17.5 %	29 %
Per boe	\$ 9.09	\$ 5.46	66 %	\$ 9.65	\$ 4.42	118 %

Royalty expense consists of royalties paid to provincial governments, freehold landowners and overriding royalty owners. The royalty rate was higher in 2003 mainly due to higher commodity prices under the price-sensitive rate structure for Alberta Crown natural gas royalties and a one-time adjustment to Crown royalties in the first quarter of 2002. Without the adjustment, the average royalty rate for the first six months of 2002 would have been 19.6%.

Operating Costs

	Three months ended June 30,			Six months ended June 30,		
	2003	2002	%	2003	2002	%
Operating costs (000s)	\$ 9,842	\$ 7,109	38 %	\$ 18,349	\$ 14,686	25 %
Per boe	\$ 6.08	\$ 5.31	15 %	\$ 6.37	\$ 5.57	14 %

Operating costs increased 15% on a boe basis over second quarter 2002, and were up 14% per boe year to date, but declined 10% from first quarter costs of \$6.73 per boe. The increases from 2002 were due to higher operating costs associated with properties acquired in 2002, general increases in field service costs which are continuing to see upward pressure from a high level of industry activity, and rising fuel and electricity costs in 2003.

General and Administrative Costs

	Three months ended June 30,			Six months ended June 30,		
	2003	2002	%	2003	2002	%
General and administrative costs (000s)	\$ 1,006	\$ 1,191	(16)%	\$ 2,281	\$ 2,155	6 %
Per boe	\$ 0.62	\$ 0.89	(30)%	\$ 0.79	\$ 0.82	(3)%
Per Trust Unit	\$ 0.02	\$ 0.04	(50)%	\$ 0.06	\$ 0.07	(14)%

General and administrative costs increased 6% for the first half of 2003 over 2002 due to increased activity from acquisitions, general cost increases and incremental investor relations costs. Costs declined on both a per boe and per Trust Unit basis due to efficiencies resulting from economies of scale. In the second quarter, general and administrative costs were reduced by \$387,000 due to retroactive overhead recoveries related to 2001 through 2003.

Management Fees

	Three months ended June 30,			Six months ended June 30,		
	2003	2002	%	2003	2002	%
Management fees (000s)	\$ -	\$ 761	-	\$ -	\$ 1,260	-
Per boe	\$ -	\$ 0.57	-	\$ -	\$ 0.48	-
Per Trust Unit	\$ -	\$ 0.02	-	\$ -	\$ 0.04	-

All management and acquisition fees were eliminated after October 9, 2002 as a result of the transaction that internalized the Fund's management.

Interest

	Three months ended June 30,			Six months ended June 30,		
	2003	2002	%	2003	2002	%
Interest (000s)	\$ 1,830	\$ 1,162	57 %	\$ 3,585	\$ 2,516	42 %
Per boe	\$ 1.13	\$ 0.87	30 %	\$ 1.24	\$ 0.95	31 %
Per Trust Unit	\$ 0.04	\$ 0.04	-	\$ 0.09	\$ 0.08	13 %

Interest expense, which includes bank charges, increased 57% in the second quarter of 2003 compared with 2002, and 42% year to date. The increases were due to higher debt levels following the Ferrier/O'Chiese acquisition, higher annual renewal fees for the bank line of credit and higher interest rates.

Depreciation, Depletion and Amortization

	Three months ended June 30,			Six months ended June 30,		
	2003	2002	%	2003	2002	%
Depreciation, depletion and amortization (000s)	\$ 19,140	\$ 15,052	27 %	\$ 33,888	\$ 30,235	12 %
Per boe	\$ 11.83	\$ 11.24	5 %	\$ 11.76	\$ 11.46	3 %

Depreciation, depletion and amortization increased 27% for the quarter and 12% year to date over 2002, as a result of increased production volumes and higher acquisition costs.

Internalization of Management Contract

	Three months ended June 30,			Six months ended June 30,		
	2003	2002	%	2003	2002	%
Internalization of management contract (000s)	\$ 1,472	\$ -	-	\$ 2,960	\$ -	-
Per boe	\$ 0.91	\$ -	-	\$ 1.03	\$ -	-

Effective October 9, 2002, the Fund internalized its management by acquiring all of the shares of Shiningbank Energy Management Inc. Prior to the acquisition, the Fund paid fees of 3.25% of net operating income, a fee of 1.5% on the purchase price of acquisitions and a quarterly scheduled dividend in accordance with the terms of the management agreement. The acquisition resulted in the elimination of all future fees and dividends.

\$10.0 million of the total purchase price was deferred representing Exchangeable Shares subject to escrow provisions and will be amortized into income over the specific vesting periods from 2003 to 2007. For the six months ended June 30, 2003, \$2,934,000 was recorded as an expense, representing the amortization of these escrowed Exchangeable Shares.

Taxes

	Three months ended June 30,			Six months ended June 30,		
	2003	2002	%	2003	2002	%
Capital and large corporation taxes (000s)	\$ 101	\$ 29	248 %	\$ 322	\$ 171	88 %
Future income tax recovery (000s)	(8,479)	(3,600)	136 %	(11,040)	(7,600)	45 %
Per boe	\$ (5.24)	\$ (2.69)	95 %	\$ (3.83)	\$ (2.88)	33 %

The Fund is obligated to pay provincial capital taxes and federal large corporations tax in its operating corporations, but manages its activities so as not to pay current income taxes in those entities.

On June 9, 2003 the federal government announced a five-year package of tax changes intended to lower the taxation of resource income. This package included decreased corporate income tax rates for resource activities, introduction of a full deduction for actual Crown royalties paid, and the elimination of the existing 25% resource allowance.

As a result, Shiningbank recorded an additional recovery of \$8.0 million of future taxes, which was recorded in the second quarter of 2003. This adjustment represents a \$0.18 effect on net earnings per Trust Unit in the quarter (\$0.18 diluted) and \$0.19 (\$0.19 diluted) for the six month period.

Net Earnings

Shiningbank's second quarter net earnings were \$23.9 million or \$0.57 per Trust Unit (\$0.56 diluted), compared with \$7.1 million or \$0.22 per Trust Unit (\$0.22 diluted) in second quarter 2002. Year-to-date net earnings were \$43.6 million or \$1.12 per Trust Unit (\$1.11 diluted), compared with 2002 figures of \$10.0 million or \$0.32 per Trust Unit (\$0.32 diluted). The main reasons behind the increases were higher commodity prices, higher production volumes, and the \$8.0 million future income tax adjustment.

Distributable Income

(000s)	Three months ended June 30,			Six months ended June 30,		
	2003	2002	%	2003	2002	%
Cash flows from operating activities	\$ 36,723	\$ 19,243	91 %	\$ 70,899	\$ 34,178	107 %
Capital expenditures	(3,839)	(1,676)	129 %	(7,951)	(4,393)	81 %
Site restoration costs	(56)	(136)	(59)%	(133)	(173)	(23)%
Internalization of management contract	5	-	-	26	-	-
Working capital adjustments	(2,503)	466	(637)%	(1,625)	2,844	(157)%
Distributable income	\$ 30,330	\$ 17,897	69 %	\$ 61,216	\$ 32,456	89 %
Distributions per Trust Unit	\$ 0.69	\$ 0.54	28 %	\$ 1.47	\$ 1.04	41 %
Trust Units outstanding	43,961	33,143		43,961	33,143	

Distributable income increased 69% for the second quarter and 89% year to date over 2002, as a result of higher commodity prices and production volumes, offset in part by higher expenses. Distributions for the quarter represented 83% of cash flow and, year to date, 86% of cash flow.

Costs of Acquisitions and Development

During the first half of the year, Shiningbank acquired a total of \$155.6 million of new properties through eight transactions. The most significant acquisition was at Ferrier/O'Chiese for \$133.9 million, after closing adjustments. Additional assets were purchased in the Whitecourt, Modeste Creek and Long Coulee areas for \$16.7 million.

Through four transactions, the Fund disposed of non-core properties for proceeds of \$1.1 million.

Costs of drilling and new facilities totaled \$3.8 million for the second quarter and \$8.0 million for the first half of 2003, compared with \$1.7 million and \$4.4 million respectively for the same periods in 2002.

LIQUIDITY AND CAPITAL RESOURCES

Long Term Debt

The Corporation has a \$195 million revolving credit facility with a syndicate of four Canadian chartered banks of which \$120.5 million was drawn at June 30, 2003. The revolving period extends to April 28, 2004, at which time the facility reverts to a three year term with principal payments, if necessary, commencing on July 28, 2004. The facility is secured by a \$300 million floating charge debenture on all assets of the Corporation. Borrowings under the facility bear interest at an annual rate ranging from the banks' prime rate to the banks' prime rate plus 0.95%, depending on the Corporation's total debt to cash flow ratio, or, at Shiningbank's option, the bankers' acceptance rate plus a stamping fee.

Unitholders' Equity

On February 11, 2003, the Fund issued 3,841,000 new Trust Units at \$15.00 each for gross proceeds of \$57.6 million. On April 29, 2003 the Fund issued 6,497,500 new Trust Units at \$15.00 each for gross proceeds of \$97.5 million.

As at August 13, 2003 the Fund had 44,026,432 Trust Units outstanding and 844,779 Exchangeable Shares outstanding.

Consolidated Balance Sheets

(\$ thousands)

	June 30, 2003	December 31, 2002
	(unaudited)	(audited)
Assets		
Current assets		
Accounts receivable	\$ 31,915	\$ 23,637
Prepaid expenses	2,942	2,878
	34,857	26,515
Fixed assets		
Petroleum and natural gas properties and equipment	794,136	631,204
Accumulated depletion and depreciation	(199,449)	(165,668)
	594,687	465,536
Other assets	2,195	2,252
	\$ 631,739	\$ 494,303
Liabilities And Unitholders' Equity		
Current liabilities		
Accounts payable	\$ 28,126	\$ 20,985
Trust Unit distribution payable	20,231	19,916
	48,357	40,901
Long term debt <i>(note 2)</i>	120,521	115,283
Future income taxes <i>(note 5)</i>	52,739	63,340
Provision for future site restoration	9,698	8,347
Unitholders' equity		
Trust Units <i>(note 3)</i>	544,844	391,970
Exchangeable Shares <i>(note 3)</i>	5,176	6,475
Accumulated earnings	150,935	107,302
Accumulated Trust Unit distributions	(300,531)	(239,315)
	400,424	266,432
	\$ 631,739	\$ 494,303

See selected accompanying notes to interim consolidated financial statements

Consolidated Statements of Earnings and Unitholders' Equity

(unaudited) (\$ thousands, except per Trust Unit amounts)

	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
Revenues				
Oil and natural gas sales	\$ 64,212	\$ 36,804	\$ 123,286	\$ 66,627
Royalties	(14,705)	(7,309)	(27,824)	(11,661)
	49,507	29,495	95,462	54,966
Expenses				
Operating	9,842	7,109	18,349	14,686
General and administrative	1,006	1,191	2,281	2,155
Management fees	-	761	-	1,260
Interest on long term debt	1,830	1,162	3,585	2,516
Depreciation, depletion and amortization	19,140	15,052	33,888	30,235
Provision for future site restoration	745	730	1,484	1,500
Capital and large corporation taxes	101	29	322	171
Internalization of management contract	1,472	-	2,960	-
	34,136	26,034	62,869	52,523
Earnings before income taxes	15,371	3,461	32,593	2,443
Future income tax recovery (note 5)	(8,479)	(3,600)	(11,040)	(7,600)
Net earnings	23,850	7,061	43,633	10,043
Unitholders' equity, beginning of period				
Unitholders' equity, beginning of period	311,530	250,605	266,432	262,325
Issue of Trust Units	95,392	54,025	152,874	54,029
Exchangeable Shares, net (note 3)	(18)	-	(1,299)	-
Trust Unit distributions	(30,330)	(17,897)	(61,216)	(32,456)
Dividends to Manager	-	(181)	-	(328)
Unitholders' equity, end of period	\$ 400,424	\$ 293,613	\$ 400,424	\$ 293,613
Net earnings per Trust Unit				
Basic	\$ 0.57	\$ 0.22	\$ 1.12	\$ 0.32
Diluted (note 3)	\$ 0.56	\$ 0.22	\$ 1.11	\$ 0.32

See selected accompanying notes to interim consolidated financial statements

Consolidated Statements of Cash Flows

(unaudited) (\$ thousands)

	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
Operating activities				
Net earnings	\$ 23,850	\$ 7,061	\$ 43,633	\$ 10,043
Items not requiring cash				
Depreciation, depletion and amortization	19,140	15,052	33,888	30,235
Internalization of management contract	1,467	-	2,934	-
Provision for future site restoration	745	730	1,484	1,500
Future income tax recovery	(8,479)	(3,600)	(11,040)	(7,600)
Cash flows from operating activities	36,723	19,243	70,899	34,178
Changes in non-cash working capital	2,506	1,418	(1,201)	(506)
	39,229	20,661	69,698	33,672
Financing activities				
Increase (decrease) in long term debt	(96,576)	(37,814)	5,238	(34,699)
Distributions to unitholders	(30,330)	(17,897)	(61,216)	(32,456)
Issue of Trust Units	93,907	54,025	148,641	54,029
Dividends paid	-	(181)	-	(328)
	(32,999)	(1,867)	92,663	(13,454)
Changes in non-cash working capital	(2,462)	3,337	315	3,338
	(35,461)	1,470	92,978	(10,116)
Total cash provided	\$ 3,768	\$ 22,131	\$ 162,676	\$ 23,556
Investing activities				
Property acquisitions	(215)	(24,009)	(155,636)	(25,855)
Capital expenditures	(3,839)	(1,676)	(7,951)	(4,393)
Long term investments	(50)	-	(50)	(630)
Proceeds on sale of fixed assets	392	1,811	1,094	7,495
Site restoration costs	(56)	(136)	(133)	(173)
Total cash used	\$ (3,768)	\$ (24,010)	\$ (162,676)	\$ (23,556)
Net decrease in cash	\$ -	\$ (1,879)	\$ -	\$ -
Cash taxes paid	\$ 178	\$ 473	\$ 372	\$ 403
Cash interest paid	\$ 2,197	\$ 1,043	\$ 3,881	\$ 2,436

See selected accompanying notes to interim consolidated financial statements

Notes to Interim Consolidated Financial Statements

For the periods ended June 30, 2003 and 2002

1. Significant Accounting Policies

The interim consolidated financial statements of Shiningbank Energy Income Fund ("Shiningbank") have been prepared by management in accordance with Canadian generally accepted accounting principles and following the same accounting principles and methods of computation as the consolidated financial statements for the fiscal year ended December 31, 2002. The disclosures provided below are incremental to those included with the annual consolidated financial statements. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto in Shiningbank's annual report for the year ended December 31, 2002.

2. Long Term Debt

The Corporation has a \$195 million revolving credit facility with a syndicate of four Canadian chartered banks of which \$120.5 million was drawn at June 30, 2003. The revolving period extends to April 28, 2004, at which time the facility reverts to a three year term with principal payments, if necessary, commencing on July 28, 2004. The facility is secured by a \$300 million floating charge debenture on all assets of the Corporation. Borrowings under the facility bear interest at an annual rate ranging from the banks' prime rate to the banks' prime rate plus 0.95%, depending on the Corporation's total debt to cash flow ratio, or, at Shiningbank's option, the bankers' acceptance rate plus a stamping fee.

3. Unitholders' Equity

(a) Trust Units authorized
300,000,000 Trust Units

(b) Trust Units Issued	June 30, 2003	
	Number	Amount
		(000s)
Balance, beginning of period	33,193,937	\$ 391,970
Issued for cash	10,458,293	156,857
Commissions and issue costs	-	(8,216)
Issued on conversion of Exchangeable Shares	308,669	4,233
Balance, end of period	43,960,899	\$ 544,844

(c) Exchangeable Shares	June 30, 2003	
	Number	Amount (000s)
Balance, beginning of period (net of 757,742 shares in escrow (\$10,015,000))	378,872	\$ 6,475
Conversion of Exchangeable Shares	(291,835)	(4,233)
Amortization of deferred portion		2,934
Balance, end of period	87,037	\$ 5,176
Exchange ratio, end of period	1.10276	
Trust Units issuable upon conversion of non-escrowed shares	95,981	
Trust Units issuable upon conversion of escrowed shares	835,607	
Total Trust Units issuable upon conversion of all shares	931,588	

(d) Trust Unit Rights Incentive Plan
At June 30, 2003, there were 1,535,000 rights outstanding, of which 500,500 were exercisable.

	June 30, 2003	
	Number	Average Price
Balance, beginning of period	1,059,000	\$ 15.00
Granted	525,000	15.24
Exercised	(48,500)	13.01
Balance before reduction of exercise price	1,535,500	\$ 15.15
Reduction of exercise price		(0.54)
Balance, end of period	1,535,500	\$ 14.61

As it is not possible to determine the fair value of rights granted under the plan, compensation cost for proforma disclosure purposes has been determined based on the excess of the unit price over the exercise price at the date of the financial statements. For the period ended June 30, 2003 there would have been a proforma reduction in net income of \$2.5 million (\$0.06 per basic and diluted Trust Unit) for the estimated cost associated with rights granted on or after January 1, 2002 for which the exercise price is lower than the market value.

(e) Per Trust Unit amounts

For the six months ended June 30, 2003, the weighted average number of Trust Units outstanding was 38,867,420 (2002 – 30,007,440) and for the three months ended June 30, 2003 was 42,014,617 (2002 – 30,887,168). In computing diluted net earnings per Trust Unit, the dilutive effect of unit rights and escrowed exchangeable shares, added 514,436 Trust Units (2002 – 16,986) for the six months and 542,517 Trust Units (2002 – 25,881) for the quarter, to the weighted average number of Trust Units outstanding.

For the year ended December 31, 2002 and the three month period ended March 31, 2003, diluted net earnings per Trust Unit was calculated using the if-converted method for the effect of the escrowed Exchangeable Shares. Net earnings available to current and potential unitholders were

decreased by the deferred portion of the internalization of the management contract for the purposes of the calculation. During the period, the Fund determined that it would be more appropriate to use the treasury stock method to calculate the effect of the escrowed Exchangeable shares. Under the treasury stock method, the deferred portion of the internalization of the management contract is treated as funds from conversion and considered to have been used to repurchase units at the weighted average market price.

Diluted net earnings per Trust Unit for the three months ended March 31, 2003 would have been \$0.55 using the treasury stock method, as compared to the \$0.31 previously reported. For the year ended December 31, 2002, the diluted net earnings per Trust Unit would have been \$0.39, as compared to the \$0.08 previously reported.

4. Financial Instruments

At June 30, 2003, Shiningbank held certain oil and natural gas hedge contracts, the terms of which are listed in the following table. The estimated market value at June 30, 2003, had the contracts been settled at that time, would have been a gain of \$2.98 million.

Period	Commodity	Volume	Price
November 1, 2002 - October 31, 2003	Gas	2 mmcf/d	\$4.22/mcf floor \$8.70/mcf ceiling
April 1, 2003 – October 31, 2003	Gas	5 mmcf/d	\$5.38/mcf
April 1, 2003 – October 31, 2003	Gas	5 mmcf/d	\$5.01/mcf floor \$7.06/mcf ceiling
April 1, 2003 – October 31, 2003	Gas	5 mmcf/d	\$5.27/mcf floor \$8.43/mcf ceiling
April 1, 2003 – December 31, 2003	Gas	13 mmcf/d	\$7.75/mcf
January 1, 2004 – December 31, 2004	Gas	11 mmcf/d	\$6.44/mcf
January 1, 2003 – December 31, 2003	Oil	500 bbl/d	US\$24.00/bbl floor US\$27.62/bbl ceiling
July 1, 2003 – December 31, 2003	Oil	500 bbl/d	US\$26.00/bbl floor US\$30.10/bbl ceiling

As at June 30, 2003, the Corporation held an interest rate swap for \$10.0 million at an interest rate of 3.48%, expiring October 31, 2004. The estimated market value at June 30, 2003, had the contract been settled at that time, would be a loss of \$67,000.

5. Income Taxes

During the quarter both the Canadian federal and Alberta governments substantively enacted income tax rate reductions previously announced. As a result, Shiningbank recorded an adjustment to future taxes, increasing earnings by \$8.0 million.

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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