SHININGBANK
Energy Income Fund

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NEWS RELEASE

FOR IMMEDIATE RELEASE

SHININGBANK ENERGY ANNOUNCES MAJOR CORPORATE ACQUISITION AND EQUITY FINANCING

Shiningbank Energy Income Fund today announced that it has entered into an agreement to acquire all of the outstanding shares of Birchill Resources Limited ("Birchill"), a private Canadian company for $175 million, subject to final adjustments. The effective date of the acquisition is January 1, 2004 and the transaction is expected to close on or before March 12, 2004. Completion of the transaction is subject to certain regulatory and other conditions. The transaction will be financed with a combination of debt drawn from Shiningbank's existing line of credit and a bought-deal equity financing in the amount of approximately $130 million described below.

Birchill's properties include a mix of operated and non-operated interests in west-central Alberta and southern Saskatchewan. The principal properties are located in the Ferrier area of Alberta, adjacent to Shiningbank's existing operations at Ferrier/O'Chiese, and the Winterburn/Kaybob and Rainbow areas of Alberta, as well as in the Nottingham and Coleville areas in southern Saskatchewan. Approximately 65% of the estimated 2004 average production of 4,600 barrels of oil equivalent per day (boe/d) is natural gas.

The acquisition will complement Shiningbank's existing production in the Ferrier/O'Chiese area, which has become Shiningbank's largest core property. Since acquiring a significant reserve base in the area in early 2003, a successful natural gas development drilling program has increased working interest production from 3,300 boe/d to a current production level of approximately 4,500 boe/d. The acquisition of Birchill's interest at Ferrier will complement Shiningbank's existing production, provide additional facility synergies and yield a significant number of additional development drilling opportunities.

Highlights

- Total cost of the acquisition is $175 million including the assumption of a $5.3 million working capital deficiency
- Acquisition cost equates to $12.50/boe of established reserves based on internal estimates ($11.52 net of the value of undeveloped land and seismic)
- Production acquisition cost amounts to $38,000 per flowing barrel of oil equivalent ($35,100 net of the value of undeveloped land and seismic)
- Anticipated 2004 annualized cash flow (assuming C$5.75/mcf AECO natural gas and US$30.00/bbl WTI) is $37.3 million
- Cash flow multiple of 4.7 times
- Established reserve life index of 8.3 years
- Approximately 71% of the reserves are proven
- Approximately 65% of the production is from natural gas (80% of the production is from natural gas and associated liquids)
- Significant development drilling opportunities exist
- Includes 72,300 net acres of undeveloped lands and a significant inventory of seismic data valued at approximately $13.7 million in total

Impact on Unitholders

The acquisition is anticipated by Shiningbank to be accretive to cash flow, distributions, net asset value, production and reserves per unit. By financing the acquisition in the fashion proposed, Shiningbank's debt to cash flow ratio will remain roughly equal to its current level. The acquisition is expected to add between 5 and 10% to per unit cash flow over the coming year and provides many opportunities to further enhance value through production optimization, operating synergies and development drilling.

Reserves and Production

In view of the Corporation's extensive knowledge of production in areas adjacent to the Birchill producing areas, primarily the Ferrier area, the Corporation has reviewed the estimates provided by Birchill's independent engineers and has developed its own internal estimate of the reserves attributable to the Birchill properties. This internally generated estimate reflects Shiningbank's more conservative view of reserves definitions, which results in higher confidence in estimates of ultimately recoverable reserves. Shiningbank's internal estimate of proven plus risked probable gross reserves, based on forecast price and escalating cost assumptions, are shown in the following table. This estimate is approximately 21% lower than the 17.6 million boe attributed to the same category of reserves estimated by Birchill's independent engineers.

Shiningbank estimates at January 1, 2004

	Oil (mbbls)	Natural Gas (bcf)	NGL (mbbls)	Oil Equivalent (mboe)
Proven plus risked probable	2,550	52.3	2,727	13,997

Current production rates (February 2004 estimates) are 15,850 mcf per day of natural gas, 980 bbls per day of oil and 770 bbls per day of NGL or 4,390 boe per day. Additional well tie-ins in first quarter are expected to raise this number to approximately 5,000 boe per day by the end of the quarter. Based on expected average production levels in 2004 of 4,600 boe per day, the reserve life index of the properties acquired is 8.3 years.

Major Properties

Birchill's asset base consists of a concentrated group of primarily high working interest properties located in west-central Alberta and southern Saskatchewan. Approximately 40% of the production comes from the Ferrier area in west-central Alberta immediately adjacent to Shiningbank's Ferrier/O'Chiese property. Other major properties include Rainbow, Winterburn/Kaybob and Rycroft in Alberta, together accounting for approximately 40% of production, and Nottingham and Coleville in Saskatchewan, which account for approximately 15% of production. Apart from the medium gravity oil producing area of Coleville in Saskatchewan, the properties produce light oil and liquids-rich natural gas. Essentially all of the natural gas production is uncontracted, and operating costs are reasonable at under $6.00 per boe. The major properties, particularly Ferrier, contain a significant number of development drilling opportunities, many of which are not reflected in the reserve estimates above. Shiningbank plans to enhance its existing development drilling program in the Ferrier area with the addition of the Birchill assets.

Hedging

In order to take advantage of the current strength in natural gas markets, Shiningbank has entered into swap contracts that fix the price on 5.0 mmcf per day of natural gas production for the period from April 1, 2004 to March 31, 2005 at a price of $6.23 per mcf and on 500 bbls per day of oil for the balance of 2004 at a price of US$31.87 per bbl.

Financing

Shiningbank has entered into an agreement to sell, to a syndicate of underwriters, 7,650,000 Subscription Receipts at $17.00 each to raise gross proceeds of $130,050,000 on a bought deal basis. The Subscription Receipts will be exchangeable into Shiningbank Trust Units on a one-for-one basis upon the closing of the purchase of Birchill. The underwriting syndicate is led by CIBC World Markets Inc., and includes BMO Nesbitt Burns Inc., Scotia Capital Inc., RBC Capital Markets, TD Securities Inc., National Bank Financial Inc. and FirstEnergy Capital Corp. Shiningbank has granted the underwriters an option (the "Underwriters' Option"), exercisable in whole or in part prior to closing, to purchase up to an additional 1,150,000 Subscription Receipts at the same offering price. Should the Underwriters' Option be fully exercised, the total gross proceeds of the financing will be $149,600,000. The issue will be offered in all provinces of Canada. Closing of the offering is expected to occur on March 8, 2004, and is subject to regulatory approvals.

The proceeds from the sale of the Subscription Receipts will be held in escrow. If the acquisition closes on or before March 29, 2004, the net proceeds will be used by Shiningbank to finance a portion of the acquisition. If the acquisition fails to close by that date, or the agreement governing the terms of the acquisition is terminated at any earlier time, the escrow agent will return to holders of Subscription Receipts the issue price and their pro rata entitlement to interest thereon.

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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