



November 5, 2004

SYMBOL: "SHN.UN" - TSX

NEWS RELEASE FOR IMMEDIATE RELEASE
SHININGBANK ENERGY ANNOUNCES
THIRD QUARTER 2004 FINANCIAL RESULTS

Shiningbank Energy Income Fund (the "Fund"), today announced its financial results for the three months ended September 30, 2004. Production for the third quarter was 19,721 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 increased by 10% for the quarter from 2003, and revenues increased by 19% in the three month period to \$74.7 million from \$63.0 million in 2003 due to higher volumes and prices. The Fund distributed \$0.69 per Trust Unit in the quarter representing a 13% annualized pre-tax cash-on-cash distribution rate on the period closing price of Trust Units. The accompanying table provides additional highlights.

| | Three months ended September 30, | | | Nine months ended September 30, | | |
|---|----------------------------------|------------|------|---------------------------------|------------|-------|
| | 2004 | 2003 | % | 2004 | 2003 | % |
| FINANCIAL (\$ thousands except per unit amounts) | | | | | | |
| Oil and natural gas sales ¹ | \$ 74,713 | \$ 63,046 | 19% | \$ 225,061 | \$ 188,733 | 19% |
| Net earnings | 15,900 | 15,517 | 2% | 50,768 | 58,599 | (13%) |
| Cash flow before changes in non-cash working capital | 42,924 | 35,057 | 22% | 127,658 | 105,956 | 20% |
| Distributable cash | 37,226 | 30,442 | 22% | 108,970 | 91,658 | 19% |
| Distributions per Trust Unit | 0.69 | 0.69 | - | 2.07 | 2.16 | (4%) |
| Acquisition and development costs | 22,296 | 9,505 | 135% | 222,108 | 173,092 | 28% |
| Long term debt | 166,356 | 112,493 | 48% | 166,356 | 112,493 | 48% |
| Unitholders' equity | 461,712 | 387,326 | 19% | 461,712 | 387,326 | 19% |
| OPERATIONS | | | | | | |
| Daily Production | | | | | | |
| Oil (bbl/d) | 2,156 | 2,060 | 5% | 2,340 | 2,024 | 16% |
| Natural gas (mmcf/d) | 84.2 | 79.4 | 6% | 85.3 | 74.3 | 15% |
| Natural gas liquids (bbl/d) | 3,531 | 2,561 | 38% | 3,080 | 2,159 | 43% |
| Oil equivalent (boe/d) | 19,721 | 17,848 | 10% | 19,631 | 16,573 | 18% |
| Average Prices (including hedging) ¹ | | | | | | |
| Oil (\$/bbl) | \$ 47.40 | \$ 36.65 | 29% | \$ 43.33 | \$ 39.41 | 10% |
| Natural gas (\$/mcf) | \$ 6.72 | \$ 6.67 | 1% | \$ 7.01 | \$ 7.24 | (3%) |
| Natural gas liquids (\$/bbl) | \$ 41.13 | \$ 31.61 | 30% | \$ 39.01 | \$ 33.94 | 15% |
| Oil equivalent (\$/boe) | \$ 41.25 | \$ 38.40 | 7% | \$ 41.75 | \$ 41.71 | - |
| UNIT TRADING | | | | | | |
| Units traded (thousands) | 9,899 | 8,227 | 20% | 31,286 | 28,188 | 11% |
| Value traded (\$ thousands) | \$ 199,158 | \$ 140,777 | 41% | \$ 587,793 | \$ 459,143 | 28% |
| Unit price | | | | | | |
| High | \$ 22.48 | \$ 17.75 | | \$ 22.48 | \$ 17.80 | |
| Low | \$ 18.83 | \$ 16.54 | | \$ 16.51 | \$ 14.80 | |
| Close | \$ 21.86 | \$ 16.98 | | \$ 21.86 | \$ 16.98 | |
| Units outstanding (thousands) | 53,983 | 44,141 | | 53,983 | 44,141 | |

¹ Oil and natural gas sales and average prices have been restated to be prior to transportation costs in order to be consistent with 2004 presentation.

The following discussion and analysis of the operating and financial results of Shiningbank Energy Income Fund is for the three and nine month periods ended September 30, 2004. The information is provided as of November 4, 2004. The third quarter and nine month results have been compared with the corresponding periods in 2003. Certain comparative figures have been restated to reflect the accounting changes described in Note 2 to the consolidated financial statements. Average prices have been restated to be prior to transportation costs in order to be consistent with the 2004 presentation. This discussion and analysis should be read in conjunction with the Fund's audited consolidated financial statements for the years ended December 31, 2003 and 2002, together with the accompanying notes, and the December 31, 2003 MD&A and Annual Information Form. These documents, and additional information about the Fund, are available on SEDAR at www.sedar.com.

Barrel of oil equivalent (boe) volumes are reported at 6:1 with 6 mcf = 1 boe. All figures are in Canadian dollars unless otherwise noted.

RESULTS OF OPERATIONS

DAILY PRODUCTION VOLUMES

| | Three months ended September 30, | | | Nine months ended September 30, | | |
|-----------------------------|----------------------------------|--------|------|---------------------------------|--------|------|
| | 2004 | 2003 | % | 2004 | 2003 | % |
| Oil (bbl/d) | 2,156 | 2,060 | 5% | 2,340 | 2,024 | 16% |
| Natural gas (mmcf/d) | 84.2 | 79.4 | 6% | 85.3 | 74.3 | 15% |
| Natural gas liquids (bbl/d) | 3,531 | 2,561 | 38% | 3,080 | 2,159 | 43% |
| Oil equivalent (boe/d) | 19,721 | 17,848 | 10% | 19,631 | 16,573 | 18% |
| Natural gas % of production | 71% | 74% | (3%) | 72% | 75% | (3%) |

For the nine months ended September 30, 2004, daily production volumes averaged 19,631 boe/d, 18% higher than in 2003. Daily production for the third quarter averaged 19,721 boe/d, up 10% from the same period last year. NGL accounted for the majority of the volume increases as a result of NGL-rich properties acquired during the year. The most significant acquisitions were the first quarter 2004 purchases of Birchill Resources Limited for \$170.1 million, and Good Ridge Exploration Ltd. for \$7.0 million. Both acquisitions closed in early March and contributed 18% to third quarter 2004 production and 15% to production in the nine month period. These acquisitions were partially offset by the natural declines of producing properties, which are estimated to average 13% per year.

PRICING (AVERAGE PRICING INCLUDING HEDGING ACTIVITY)

| | Three months ended September 30, | | | Nine months ended September 30, | | |
|------------------------------|----------------------------------|----------|-----|---------------------------------|----------|------|
| | 2004 | 2003 | % | 2004 | 2003 | % |
| Oil (\$/bbl) | \$ 47.40 | \$ 36.65 | 29% | \$ 43.33 | \$ 39.41 | 10% |
| Natural gas (\$/mcf) | 6.72 | 6.67 | 1% | 7.01 | 7.24 | (3%) |
| Natural gas liquids (\$/bbl) | 41.13 | 31.61 | 30% | 39.01 | 33.94 | 15% |
| Oil equivalent (\$/boe) | 41.25 | 38.40 | 7% | 41.75 | 41.71 | - |
| WTI (US\$/bbl) | \$ 43.88 | \$ 30.20 | 45% | \$ 39.11 | \$ 30.99 | 26% |
| AECO natural gas (\$/mcf) | \$ 6.66 | \$ 6.29 | 6% | \$ 6.69 | \$ 7.07 | (5%) |

Natural Gas

Shiningbank's realized natural gas prices averaged \$6.72/mcf for the quarter, 1% higher than for third quarter 2003. Year to date, the average price was 3% lower at \$7.01/mcf year. Natural gas pricing has remained relatively flat through 2004 despite significant increases in oil prices, however fourth quarter and 2005 futures prices have recently increased significantly. Hedging decreased the realized gas price by \$0.06/mcf for both the quarter and the nine month period, which compares with a 2003 hedging gain of \$0.18/mcf for the quarter and \$0.02/mcf for the nine months.

Oil and NGL

Realized oil prices for the quarter were \$47.40, up 29% from third quarter 2003. Realized oil prices for the first nine months were \$43.33/bbl, up 10% from 2003. Hedging reduced the realized price by \$7.67/bbl for the quarter and \$4.42/bbl year to date, compared with 2003 hedging losses of \$1.11/bbl for the quarter and \$1.27/bbl year to date. The benchmark West Texas Intermediate (WTI) price averaged 45% higher for the quarter and 26% year to date, however strength in the Canadian dollar partially offset this increase.

NGL prices were also strong, averaging 30% above third quarter 2003 prices and 15% above year to date 2003 prices, reflecting high oil prices.

Hedging

Shiningbank maintains an active hedging program designed to reduce the variability of cash flow and stabilized distributions. Gains and losses from hedging activities are recorded when they are realized and are included in oil and natural gas sales. See note 6 to the interim consolidated financial statements for information on hedging contracts currently outstanding.

REVENUES

| (000s) | Three months ended September 30, | | | | Nine months ended September 30, | | | |
|---------------------|----------------------------------|--------------|-----------|--------------|---------------------------------|--------------|------------|--------------|
| | 2004 | % of Revenue | 2003 | % of Revenue | 2004 | % of Revenue | 2003 | % of Revenue |
| Oil | \$ 10,924 | 15% | \$ 7,156 | 11% | \$ 30,621 | 14% | \$ 22,480 | 12% |
| Natural gas | 52,552 | 70% | 47,389 | 75% | 165,188 | 73% | 146,338 | 77% |
| Natural gas liquids | 13,359 | 18% | 7,448 | 12% | 32,917 | 15% | 20,002 | 11% |
| Other income (loss) | (121) | - | 8 | - | 490 | - | 36 | - |
| Gas hedging | (480) | (1%) | 1,255 | 2% | (1,319) | (1%) | 578 | - |
| Oil hedging | (1,521) | (2%) | (210) | - | (2,836) | (1%) | (701) | - |
| | \$ 74,713 | 100% | \$ 63,046 | 100% | \$ 225,061 | 100% | \$ 188,733 | 100% |

The following table summarizes the net effect on revenue of the changes discussed above.

SALES VARIANCE ANALYSIS (INCLUDING HEDGING ACTIVITY)

| (000s) | Three months | Nine months |
|-----------------------------|----------------|----------------|
| | ended Sept 30, | ended Sept 30, |
| | 2004/2003 | 2004/2003 |
| Oil and Natural gas liquids | | |
| Volume increase | \$ 3,143 | \$ 12,134 |
| Price increase | 5,225 | 6,787 |
| | \$ 8,368 | \$ 18,921 |
| Natural gas | | |
| Volume increase | \$ 2,970 | \$ 22,209 |
| Price increase (decrease) | 458 | (5,256) |
| | \$ 3,428 | \$ 16,953 |

ROYALTIES

| | Three months ended September 30, | | | Nine months ended September 30, | | |
|-----------------------------|----------------------------------|-----------|-------|---------------------------------|-----------|------|
| | 2004 | 2003 | % | 2004 | 2003 | % |
| Total royalties, net (000s) | \$ 13,321 | \$ 13,010 | 2% | \$ 44,771 | \$ 40,834 | 10% |
| As a % of revenue | 17.8% | 20.6% | (14%) | 19.9% | 21.6% | (8%) |
| Per boe | \$ 7.34 | \$ 7.92 | (7%) | \$ 8.32 | \$ 9.03 | (8%) |

Royalty expense consists of royalties paid to provincial governments, freehold landowners and overriding royalty owners. The royalty rate was lower in 2004 mainly due to a one-time credit received in the third quarter of 2004 relating to 2003 Crown royalties.

TRANSPORTATION COSTS

| | Three months ended September 30, | | | Nine months ended September 30, | | |
|-----------------------------|----------------------------------|----------|------|---------------------------------|----------|------|
| | 2004 | 2003 | % | 2004 | 2003 | % |
| Transportation costs (000s) | \$ 1,489 | \$ 1,356 | 10% | \$ 4,364 | \$ 3,757 | 16% |
| Per boe | \$ 0.82 | \$ 0.83 | (1%) | \$ 0.81 | \$ 0.83 | (2%) |

Transportation costs remained relatively consistent compared to the prior periods, decreasing 1% on a boe basis from third quarter 2003 and 2% from year to date 2003.

OPERATING COSTS

| | Three months ended September 30, | | | Nine months ended September 30, | | |
|------------------------|----------------------------------|-----------|-----|---------------------------------|-----------|-----|
| | 2004 | 2003 | % | 2004 | 2003 | % |
| Operating costs (000s) | \$ 13,514 | \$ 11,129 | 21% | \$ 37,227 | \$ 29,478 | 26% |
| Per boe | \$ 7.45 | \$ 6.78 | 10% | \$ 6.92 | \$ 6.52 | 6% |

Operating costs increased 10% on a boe basis from third quarter 2003 and 6% from year to date 2003. Higher field operating costs in most areas combined with the cost of plant maintenance were offset by volume increases in lower operating cost areas.

OPERATING NETBACKS

| (\$/boe) | Three months ended September 30, | | | Nine months ended September 30, | | |
|---------------------------|----------------------------------|----------|------|---------------------------------|----------|------|
| | 2004 | 2003 | % | 2004 | 2003 | % |
| Oil and natural gas sales | \$ 41.25 | \$ 38.39 | 7% | \$ 41.75 | \$ 41.71 | - |
| Other income | (0.07) | - | - | 0.09 | - | - |
| Royalty expenses | 7.34 | 7.92 | (7%) | 8.32 | 9.03 | (8%) |
| Transportation expenses | 0.82 | 0.83 | (1%) | 0.81 | 0.83 | (2%) |
| Operating expenses | 7.45 | 6.78 | 10% | 6.92 | 6.52 | 6% |
| Operating netbacks | \$ 25.57 | \$ 22.86 | 12% | \$ 25.79 | \$ 25.33 | 2% |

Operating netbacks increased 12% quarter over quarter due mainly to higher commodity prices. Higher operating costs per boe partially offset this effect. Year to date operating netbacks increased 2% from 2003 due to lower royalties per boe offset in part by higher operating costs.

GENERAL AND ADMINISTRATIVE COSTS

| | Three months ended September 30, | | | Nine months ended September 30, | | |
|---|----------------------------------|---------|-----|---------------------------------|----------|-----|
| | 2004 | 2003 | % | 2004 | 2003 | % |
| General and administrative costs (000s) | \$ 1,571 | \$ 935 | 68% | \$ 4,995 | \$ 3,217 | 55% |
| Per boe | \$ 0.87 | \$ 0.57 | 53% | \$ 0.93 | \$ 0.71 | 31% |
| Per average Trust Unit | \$ 0.03 | \$ 0.02 | 50% | \$ 0.10 | \$ 0.08 | 25% |

General and administrative costs increased 53% per boe and 50% per average Trust Unit compared with third quarter 2003 due to higher activity levels resulting from acquisitions and increasing costs for corporate governance due to additional regulation. Third quarter 2003 amounts were also lowered by one

time adjustments to overhead recoveries of \$0.16/boe. Year to date general and administrative costs increased 31% per boe and 25% per average Trust Unit over the same period in 2003.

INTEREST ON LONG TERM DEBT

| | Three months ended September 30, | | | Nine months ended September 30, | | |
|-----------------------------------|----------------------------------|----------|------|---------------------------------|----------|-------|
| | 2004 | 2003 | % | 2004 | 2003 | % |
| Interest on long term debt (000s) | \$ 1,498 | \$ 1,425 | 5% | \$ 4,400 | \$ 5,010 | (12%) |
| Per boe | \$ 0.83 | \$ 0.87 | (5%) | \$ 0.82 | \$ 1.11 | (26%) |
| Per average Trust Unit | \$ 0.03 | \$ 0.03 | - | \$ 0.09 | \$ 0.12 | (25%) |

Interest expense, which includes bank charges, increased 5% in the third quarter of 2004 compared with 2003, and decreased 12% year to date. The third quarter increase was the result of higher debt levels offset in part by lower bank stamping fees and interest rates. Shiningbank is currently in compliance with all external debt covenants.

DEPRECIATION, DEPLETION AND AMORTIZATION

| | Three months ended September 30, | | | Nine months ended September 30, | | |
|---|----------------------------------|-----------|-----|---------------------------------|-----------|-----|
| | 2004 | 2003 | % | 2004 | 2003 | % |
| Depreciation, depletion and amortization (000s) | \$ 29,564 | \$ 20,215 | 46% | \$ 86,512 | \$ 55,989 | 55% |
| Per boe | \$ 16.29 | \$ 12.31 | 32% | \$ 16.08 | \$ 12.37 | 30% |

Depreciation, depletion and amortization rose 32% per boe for the quarter and 30% year to date over 2003. These increases were primarily due to increases in the asset base from acquisitions made during the first quarter and associated future development costs.

The 2003 third quarter comparative figure has been restated and increased by \$955,000 (\$2,841,000 for 2003 year to date) as a result of the adoption of the new asset retirement obligation standard. The accretion of discount on the asset retirement liability and additional depletion due to asset retirement cost are now included as part of this expense.

TRUST UNIT INCENTIVE COMPENSATION

| | Three months ended September 30, | | | Nine months ended September 30, | | |
|--|----------------------------------|---------|------|---------------------------------|---------|------|
| | 2004 | 2003 | % | 2004 | 2003 | % |
| Trust unit incentive compensation (000s) | \$ 328 | \$ 147 | 123% | \$ 930 | \$ 426 | 118% |
| Per boe | \$ 0.18 | \$ 0.09 | 100% | \$ 0.17 | \$ 0.09 | 89% |

During fourth quarter 2003, the Fund elected to prospectively adopt the amendments to the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3870, "Stock-based Compensation and Other Stock-based Payments" for all rights issued on or after January 1, 2003. At that time, a total of \$572,000 was expensed for 2003. Comparative 2003 figures have been adjusted to reflect an annual expense in each quarter as if the policy had been adopted in first quarter of 2003.

During third quarter 2004, two new issues of rights were granted. Five new issues of rights have been granted year to date. The fair value of rights issued was determined using the Black-Scholes model, and will be brought into income over the vesting period of the rights. The total third quarter 2004 expense of \$328,000 (\$930,000 year to date) represents the quarterly increment for rights issued during 2003 and 2004 and vesting within the year. The increase from 2003 resulted from the grant of rights on January 1, 2004.

INTERNALIZATION OF MANAGEMENT CONTRACT

| | Three months ended September 30, | | | Nine months ended September 30, | | |
|---|----------------------------------|----------|-------|---------------------------------|----------|-------|
| | 2004 | 2003 | % | 2004 | 2003 | % |
| Internalization of management contract (000s) | \$ 735 | \$ 1,468 | (50%) | \$ 2,204 | \$ 4,427 | (50%) |
| Per boe | \$ 0.41 | \$ 0.89 | (54%) | \$ 0.41 | \$ 0.98 | (58%) |

Effective October 9, 2002, the Fund internalized its management by acquiring all of the shares of Shiningbank Energy Management Inc., the former Manager of the Fund. 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 a management agreement. The acquisition eliminated all future fees and dividends.

Of the total purchase price of \$20.6 million, \$11.0 million was deferred, representing Exchangeable Shares subject to escrow provisions which are being amortized into income over specific vesting periods through 2007. During third quarter 2004, \$735,000 (\$1.5 million in each of Q1, Q2 and Q3 2003) was expensed, representing the amortization of these escrowed Exchangeable Shares.

TAXES

| | Three months ended September 30, | | | Nine months ended September 30, | | |
|--|----------------------------------|------------|------|---------------------------------|-------------|-------|
| | 2004 | 2003 | % | 2004 | 2003 | % |
| Capital and large corporation taxes (000s) | \$ 396 | \$ 134 | 196% | \$ 1,025 | \$ 456 | 125% |
| Future income tax recovery (000s) | \$ (3,603) | \$ (2,290) | 57% | \$ (12,135) | \$ (13,460) | (10%) |
| Per boe | \$ (1.77) | \$ (1.31) | 35% | \$ (2.07) | \$ (2.87) | (28%) |

The Fund is obligated to pay provincial capital taxes and federal large corporations tax in its operating corporations. However, activities are managed so current income taxes are not presently payable in those entities.

NET EARNINGS

Shiningbank's third quarter earnings were \$15.9 million or \$0.30 per Trust Unit (\$0.29 diluted). Earnings in third quarter 2003, after restatement for the retroactive application of new accounting policies, were \$15.5 million or \$0.35 per Trust Unit, basic and diluted. Year to date net earnings were \$50.8 million or \$0.99 per Trust Unit (\$0.97 diluted), compared with 2003 figures of \$58.6 million or \$1.44 per Trust Unit (\$1.42 diluted).

DISTRIBUTABLE CASH

| (000s except per Trust Unit amount) | Three months ended September 30, | | | Nine months ended September 30, | | |
|--|----------------------------------|-----------|------|---------------------------------|------------|-------|
| | 2004 | 2003 | % | 2004 | 2003 | % |
| Cash flow before changes in non-cash working capital | \$ 42,924 | \$ 35,057 | 22% | \$ 127,658 | \$ 105,956 | 20% |
| Capital expenditures | (22,391) | (8,115) | 176% | (43,016) | (16,066) | 168% |
| Asset retirement expenditures | (258) | (28) | 821% | (476) | (161) | 196% |
| Working capital adjustments | 16,951 | 3,528 | 380% | 24,804 | 1,929 | 1186% |
| Distributable cash | \$ 37,226 | \$ 30,442 | 22% | \$ 108,970 | \$ 91,658 | 19% |
| Distributions per Trust Unit | \$ 0.69 | \$ 0.69 | - | \$ 2.07 | \$ 2.16 | (4%) |
| Trust Units outstanding | 53,983 | 44,141 | 22% | 53,983 | 44,141 | 22% |

Note: There is no standardized measure of distributable cash and therefore distributable cash, as presented above, may not be comparable to similar measures presented by other trusts.

Distributable cash increased 22% for the third quarter and 19% year to date over 2003. The increase was due to higher production volumes and higher commodity prices. On a per Trust Unit basis, distributions were consistent with third quarter 2003 and decreased 4% over year to date 2003. The Fund paid out 87% of its cash flow from the third quarter of 2004, and 85% year to date.

QUARTERLY FINANCIAL INFORMATION

| (000s except for Trust Unit amounts) | Q3 2004 | Q2 2004 | Q1 2004 | Q4 2003 |
|--------------------------------------|----------------|----------------|----------------|----------------|
| Oil and natural gas sales | \$ 74,713 | \$ 80,723 | \$ 69,625 | \$ 58,474 |
| Net earnings | 15,900 | 16,072 | 18,796 | 5,352 |
| Per Trust Unit - basic | 0.30 | 0.30 | 0.40 | 0.12 |
| - diluted | 0.29 | 0.29 | 0.39 | 0.12 |
| Distributions | 37,226 | 36,977 | 34,767 | 30,629 |
| Per Trust Unit | 0.69 | 0.69 | 0.69 | 0.69 |
| | Q3 2003 | Q2 2003 | Q1 2003 | Q4 2002 |
| Oil and natural gas sales | \$ 63,046 | \$ 65,507 | \$ 60,180 | \$ 42,581 |
| Net earnings (loss) | 15,517 | 23,583 | 19,499 | (2,316) |
| Per Trust Unit - basic | 0.35 | 0.56 | 0.55 | (0.07) |
| - diluted | 0.35 | 0.55 | 0.54 | (0.07) |
| Distributions | 30,442 | 30,330 | 30,886 | 19,917 |
| Per Trust Unit | 0.69 | 0.69 | 0.78 | 0.60 |

The above table highlights Shiningbank's performance for third quarter 2004 and the preceding seven quarters. Quarterly fluctuations are primarily the result of changes in realized gas prices, which can be extremely volatile, and increases in volumes due to acquisitions.

COSTS OF ACQUISITIONS AND DEVELOPMENT

During the first quarter, Shiningbank spent \$177.1 million on the acquisitions of Birchill Resources Limited and Good Ridge Exploration Ltd. These acquisitions added approximately 15% to Shiningbank's production volumes for the 2004 nine month period with the majority of additions coming in the Ferrier area, adjacent to Shiningbank's existing property and using much of the same infrastructure.

A total of \$22.4 million was spent on drilling and new facilities during the third quarter and \$43.0 million in the first nine months of 2004, compared with \$8.1 million and \$16.1 million, respectively for the same periods in 2003. The increased expenditures funded a successful development drilling program concentrated in the Ferrier, O'Chiese and Minehead areas. A total of 23 (7.6 net) wells were drilled in the third quarter, 21 (7.0 net) of which were successful gas wells, one (0.6 net) was a successful oil well and one (0.02 net) was dry and abandoned.

LIQUIDITY AND CAPITAL RESOURCES

Long Term Debt

The Fund has a \$225 million revolving credit facility with a syndicate of four Canadian chartered banks of which \$166.4 million was drawn at September 30, 2004. The revolving period extends to April 27, 2005, at which time the facility reverts to a two-year term with principal payments, if necessary, commencing on July 28, 2005. The facility is secured by a \$300 million floating charge debenture on all assets of Shiningbank Energy Ltd. together with guarantees from operating subsidiaries. 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 total debt to cash flow ratio or, at Shiningbank's option, the bankers' acceptance rate plus a stamping fee.

Unitholders' Equity

On March 8, 2004, the Fund issued 8,800,000 new Trust Units at \$17.00 each for gross proceeds of \$149.6 million. A total of 375,118 new Trust Units were issued during the third quarter (839,605 year to date) under the Fund's Distribution Reinvestment Program, the exercise of Exchangeable Shares and the Trust Unit Rights Incentive Plan.

When equity is raised, the intended use of proceeds is specified in the related prospectus. Over the last two years, each major equity issue has been undertaken to acquire properties or to reduce debt incurred from prior acquisitions. In all cases, the proceeds were used according to the purpose specified.

As of November 4, 2004, the Fund had 54,080,918 Trust Units outstanding, 263,482 non-escrowed Exchangeable Shares and 353,614 escrowed Exchangeable Shares.

Shiningbank's foreign ownership level currently stands at approximately 20 percent, well below the level that would jeopardize its status as a mutual fund trust under proposed legislation. The recently proposed amendments have resulted in all trusts, including Shiningbank, reviewing their capital structures. A few trusts have reorganized, or propose to reorganize, their units into a dual class structure with the objective of restricting foreign ownership to less than 50 percent and preserving their status as a mutual fund trust. Shiningbank will continue to monitor these developments and, if necessary, amend its capital structure.

CONTRACTUAL OBLIGATIONS

| (000s) | Total | Payments Due by Period | | | |
|--------------------------|------------|------------------------|----------------|----------------|------------------|
| | | Less than 1 Year | 1 - 3 Years | 4 - 5 Years | After 5 Years |
| Long term debt principal | \$ 166,356 | \$ - | \$ 166,356 | \$ - | \$ - |
| Operating leases | 8,428 | 643 | 3,144 | 3,185 | 1,456 |
| Pipeline transportation | 4,005 | 927 | 1,854 | 1,224 | - |
| Total obligations | \$ 178,789 | \$ 1,570 | \$ 171,354 | \$ 4,409 | \$ 1,456 |

The long term debt obligation assumes that the revolving credit line is not renewed in April 2005.

Shiningbank has on-going capital commitments in the ordinary course of business for development drilling, equipment and facilities. These are funded through a combination of cash flow, debt financing and periodic equity financing.

CRITICAL ACCOUNTING ESTIMATES

The Fund makes numerous accounting estimates in its financial statements in order to provide timely information to users. A critical accounting estimate is one that requires management to make assumptions about matters that are highly uncertain at the time the estimate is made and, if a different estimate was used, financial results would be materially different. The following estimates are considered critical:

Reserves

The Fund must estimate its reserves. Reserves are evaluated and reported on annually by an independent petroleum reserve evaluator who uses various subjective factors and assumptions, including forecasts of costs based on geological and engineering data, projected future rates of production, and timing and amounts of future development costs. Although reserves are estimated, management believes the estimates are reasonable based on information available at the time the estimates were prepared.

Management, the Fund's internal engineers, and the Board's Environment, Reserve Review and Corporate Governance Committee all review and approve the estimates reported by the independent reserve evaluator.

As new information becomes available, changes are made to the reserve estimates and future development cost estimates. Historically, the Fund has had no significant changes to these estimates, with the exception of adjusting reserves for acquisitions and divestitures and the results of new drilling. Future actual results could vary greatly from the estimates made, resulting in material changes to the depletion calculation and asset impairment test.

Asset retirement obligation

The Fund's estimated asset retirement obligation is based on estimated timing and costs to abandon and restore properties.

Consolidated Balance Sheets

(\$ thousands)

| | September 30, 2004 | December 31, 2003 |
|--|--------------------|--------------------------------|
| | (unaudited) | (audited) Restated (note 2) |
| ASSETS | | |
| Current assets | | |
| Accounts receivable | \$ 40,357 | \$ 31,587 |
| Prepaid expenses | 4,883 | 2,630 |
| | 45,240 | 34,217 |
| Fixed assets <i>(note 3)</i> | | |
| Petroleum and natural gas properties and equipment | 1,122,716 | 826,352 |
| Accumulated depletion and depreciation | (333,336) | (248,670) |
| | 789,380 | 577,682 |
| Other assets | | |
| | 3,444 | 2,250 |
| | \$ 838,064 | \$ 614,149 |
| LIABILITIES AND UNITHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 47,061 | \$ 30,727 |
| Trust Unit distribution payable | 24,841 | 20,428 |
| | 71,902 | 51,155 |
| Long term debt <i>(note 4)</i> | | |
| | 166,356 | 121,691 |
| Future income taxes | | |
| | 107,330 | 50,564 |
| Asset retirement obligation <i>(note 2)</i> | | |
| | 30,764 | 26,524 |
| Unitholders' equity | | |
| Trust Units <i>(note 5)</i> | 704,192 | 550,267 |
| Exchangeable Shares <i>(note 5)</i> | 6,530 | 5,267 |
| Contributed surplus | 1,083 | 572 |
| Accumulated earnings | 220,479 | 169,711 |
| Accumulated Trust Unit distributions | (470,572) | (361,602) |
| | 461,712 | 364,215 |
| | \$ 838,064 | \$ 614,149 |

See selected accompanying notes to the interim consolidated financial statements

Consolidated Statements of Earnings and Unitholders' Equity

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

| | Three months ended | | Nine months ended | |
|---|--------------------|------------|-------------------|------------|
| | September 30, | | September 30, | |
| | 2004 | 2003 | 2004 | 2003 |
| | Restated (note 2) | | Restated (note 2) | |
| Revenues | | | | |
| Oil and natural gas sales | \$ 74,713 | \$ 63,046 | \$ 225,061 | \$ 188,733 |
| Royalties | 13,321 | 13,010 | 44,771 | 40,834 |
| | 61,392 | 50,036 | 180,290 | 147,899 |
| Expenses | | | | |
| Transportation | 1,489 | 1,356 | 4,364 | 3,757 |
| Operating | 13,514 | 11,129 | 37,227 | 29,478 |
| General and administrative | 1,571 | 935 | 4,995 | 3,217 |
| Interest on long term debt | 1,498 | 1,425 | 4,400 | 5,010 |
| Depreciation, depletion and amortization | 29,564 | 20,215 | 86,512 | 55,989 |
| Trust Unit incentive compensation (notes 2 and 5) | 328 | 147 | 930 | 426 |
| Internalization of management contract | 735 | 1,468 | 2,204 | 4,427 |
| | 48,699 | 36,675 | 140,632 | 102,304 |
| Earnings before taxes | 12,693 | 13,361 | 39,658 | 45,595 |
| Capital and large corporation taxes | 396 | 134 | 1,025 | 456 |
| Future income tax recovery | (3,603) | (2,290) | (12,135) | (13,460) |
| Net earnings | \$ 15,900 | \$ 15,517 | \$ 50,768 | \$ 58,599 |
| Unitholders' equity, beginning of period | | | | |
| Issue of Trust Units (note 5) | 5,578 | 2,683 | 153,925 | 155,557 |
| Exchangeable Shares, net (note 5) | (206) | 814 | 1,263 | (485) |
| Contributed surplus | 120 | 147 | 511 | 426 |
| Trust Unit distributions | (37,226) | (30,442) | (108,970) | (91,658) |
| Unitholders' equity, end of period | \$ 461,712 | \$ 387,326 | \$ 461,712 | \$ 387,326 |
| Net earnings per Trust Unit (note 5) | | | | |
| Basic | \$ 0.30 | \$ 0.35 | \$ 0.99 | \$ 1.44 |
| Diluted | \$ 0.29 | \$ 0.35 | \$ 0.97 | \$ 1.42 |

See selected accompanying notes to the interim consolidated financial statements

Consolidated Statements of Cash Flows

(unaudited) (\$ thousands)

| | Three months ended | | Nine months ended | |
|--|--------------------|-------------------|---------------------|---------------------|
| | September 30, | | September 30, | |
| | 2004 | 2003 | 2004 | 2003 |
| | Restated (note 2) | | Restated (note 2) | |
| Operating activities | | | | |
| Net earnings | \$ 15,900 | \$ 15,517 | \$ 50,768 | \$ 58,599 |
| Items not requiring cash | | | | |
| Depreciation, depletion and amortization | 29,564 | 20,215 | 86,512 | 55,989 |
| Internalization of management contract | 735 | 1,468 | 2,204 | 4,402 |
| Trust Unit incentive compensation | 328 | 147 | 930 | 426 |
| Gain on sale of other asset | - | - | (621) | - |
| Future income tax recovery | (3,603) | (2,290) | (12,135) | (13,460) |
| Cash flow before changes in non-cash working capital | 42,924 | 35,057 | 127,658 | 105,956 |
| Asset retirement expenditures | (258) | (28) | (476) | (161) |
| Changes in non-cash working capital | 3,531 | 2,913 | (16,108) | 2,762 |
| | 46,197 | 37,942 | 111,074 | 108,557 |
| Financing activities | | | | |
| Increase (decrease) in long term debt | (2,262) | (8,028) | 44,665 | (2,790) |
| Distributions to unitholders | (37,226) | (30,442) | (108,970) | (91,658) |
| Issue of Trust Units | 4,429 | 2,029 | 152,565 | 150,670 |
| | (35,059) | (36,441) | 88,260 | 56,222 |
| Changes in non-cash working capital | 155 | 74 | 4,413 | 389 |
| | (34,904) | (36,367) | 92,673 | 56,611 |
| Total cash provided | \$ 11,293 | \$ 1,575 | \$ 203,747 | \$ 165,168 |
| Investing activities | | | | |
| Property acquisitions | \$ 141 | \$ (1,390) | \$ (2,026) | \$ (157,026) |
| Corporate acquisitions (note 3) | (46) | - | (177,066) | - |
| Capital expenditures | (22,391) | (8,115) | (43,016) | (16,066) |
| Long term investments | (2) | (111) | (23) | (161) |
| Proceeds on sale of fixed assets | 543 | 4,385 | 3,085 | 5,479 |
| Proceeds on sale of other asset | - | - | 1,000 | - |
| | (21,755) | (5,231) | (218,046) | (167,774) |
| Changes in non-cash working capital | 10,462 | 3,656 | 14,299 | 2,606 |
| Total cash used | \$ (11,293) | \$ (1,575) | \$ (203,747) | \$ (165,168) |
| Cash taxes paid | \$ 395 | \$ 51 | \$ 696 | \$ 423 |
| Cash interest paid | \$ 2,555 | \$ 1,553 | \$ 4,558 | \$ 5,434 |

See selected accompanying notes to the interim consolidated financial statements

Notes to the Consolidated Financial Statements

For the periods ended September 30, 2004 and 2003

1. Significant Accounting Policies

The interim consolidated financial statements of Shiningbank Energy Income Fund (“Shiningbank” or the “Fund”) 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, 2003 unless otherwise disclosed. 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, 2003.

Comparative figures have been reclassified to conform with current year presentation and restated to retroactively reflect changes in accounting policy.

Goodwill is recorded upon a corporate acquisition when the total purchase price exceeds the net identifiable assets and liabilities of the acquired company. The goodwill balance is not amortized but instead is assessed for impairment annually. Impairment is determined based on the fair value of the reporting entity compared to the carrying or net book value of the reporting entity. Any impairment will be charged to earnings in the period in which the fair value of the reporting entity is below the carrying value.

Effective January 1, 2004, the Fund has reclassified transportation costs as a separate expense on the Statement of Earnings. Prior periods have been reclassified for comparative purposes. This adjustment has no impact on net income per trust unit calculations, or cash flow for the Fund.

2. Changes in Accounting Policies

(a) Asset retirement obligation

Effective January 1, 2004 Shiningbank has adopted CICA handbook section 3110, “Asset Retirement Obligations.” The standard requires the recognition and measurement of liabilities related to legal obligations to retire property, plant and equipment upon acquisition of the liability. The initial liability must be measured at fair value and subsequently adjusted for the accretion of discount and changes in the fair value. The asset retirement cost is capitalized and depleted into earnings over time.

This change in accounting policy has been adopted retroactively with restatement of the prior period presented for comparative purposes. The effect of the adoption is as follows:

| Balance sheet (000s) | December 31, 2003 | December 31, 2002 |
|---|-------------------|-------------------|
| Increase in fixed assets for asset retirement costs | \$ 12,531 | \$ 13,521 |
| Net increase in asset retirement obligation | 15,330 | 15,560 |
| Decrease in future income tax liability | (771) | (493) |
| Decrease in accumulated earnings | (2,028) | (1,546) |

| Statement of earnings (000s) | Nine months ended September 30, 2003 | Year ended December 31, 2003 |
|---|---|---------------------------------|
| Accretion expense on asset retirement obligation | \$ 1,481 | \$ 1,981 |
| Increased depletion due to asset retirement costs | 1,360 | 1,845 |
| Eliminate prior provision for site restoration | (2,227) | (3,066) |
| Increase future income tax recovery | (210) | (277) |
| Net earnings impact | \$ 404 | \$ 483 |
| Basic net earnings per Trust Unit | \$ 0.01 | \$ 0.01 |
| Diluted net earnings per Trust Unit | \$ 0.01 | \$ 0.01 |

The estimated asset retirement obligation is based upon the Fund's net ownership interest in each area, estimated costs to abandon and reclaim wells and facilities in the area, and the anticipated timing of such expenditures.

Undiscounted gross expenditures totalling \$37.8 million are expected to be made over the next 33 years. The Fund's credit adjusted risk free rate of 7% and an inflation rate of 2% were used to calculate the present value of the obligation.

The Fund's asset retirement obligation was as follows:

| (000s) | Nine months ended September 30, 2004 | Nine months ended September 30, 2003 | Year ended December 31, 2003 |
|---|---|---|---------------------------------|
| Carrying amount, beginning of period | \$ 26,524 | \$ 23,907 | \$ 23,907 |
| Liability incurred during the period, net | 3,030 | 1,485 | 855 |
| Settlement of liability during the period | (476) | (161) | (218) |
| Accretion expense | 1,686 | 1,481 | 1,980 |
| Carrying amount, end of period | \$ 30,764 | \$ 26,712 | \$ 26,524 |

(b) Trust Unit incentive compensation

During the fourth quarter of 2003 the Fund elected to adopt the amendments to the CICA Handbook Section 3870, "Stock-based Compensation and Other Stock-based Payments." The section was adopted effective January 1, 2003 and Trust Unit incentive compensation expense of \$572,000 was recorded in fourth quarter 2003 for rights granted during 2003 and vesting within the year.

Comparative quarters have been restated to reflect the Trust Unit incentive compensation expense throughout the year as if the amendment was adopted during the first quarter of 2003. For the nine months ended September 30, 2003, \$426,000 of Trust Unit incentive compensation expense was recorded - \$147,000 for the three months ended September 30, 2003. As the result of this expense, net earnings per Trust Unit for the three months ended September 30, 2003 would have been \$0.35, basic and diluted, as compared to the \$0.36 (\$0.35 diluted) previously reported. For the nine months ended September 30, 2003, net earnings per Trust Unit would have been \$1.45 (\$1.43 diluted), as compared to the \$1.46 (\$1.44 diluted) previously reported.

(c) Hedging relationships

Effective January 1, 2004, the Fund adopted Accounting Guideline 13, "Hedging Relationships" that establishes standards for the documentation and effectiveness of hedging relationships for the purposes of applying hedge accounting. The adoption of this standard had no effect on the Fund's financial results.

3. Fixed Assets

(a) Acquisition of Birchill Resources Limited

Effective January 1, 2004 Shiningbank Energy Ltd. (the "Corporation") acquired all the outstanding shares of Birchill Resources Limited ("Birchill") for \$170.1 million. The transaction closed on March 8, 2004. The acquisition was accounted for by the purchase method and the results of operations of Birchill are included in the accounts from the closing date. Birchill and the Corporation were subsequently amalgamated.

(000s)

| | |
|---|-------------------|
| Cash consideration | \$ 169,639 |
| Related fees and expenses | 462 |
| <u>Cost of acquisition</u> | <u>\$ 170,101</u> |
| Working capital deficiency | (7,698) |
| Future income tax | (66,700) |
| Asset retirement obligation | (3,028) |
| <u>Petroleum and natural gas properties and equipment</u> | <u>247,527</u> |
| <u>Total consideration</u> | <u>\$ 170,101</u> |

(b) Acquisition of Good Ridge Exploration Ltd.

Effective January 1, 2004 the Corporation acquired all the outstanding shares of Good Ridge Exploration Ltd. ("Good Ridge") for \$7.0 million. The transaction closed on March 5, 2004. The acquisition was accounted for by the purchase method and the results of operations of Good Ridge are included in the accounts from the closing date. Good Ridge and the Corporation were subsequently amalgamated.

(000s)

| | |
|---|-----------------|
| Cash consideration | \$ 6,935 |
| Related fees and expenses | 30 |
| <u>Cost of acquisition</u> | <u>\$ 6,965</u> |
| Working capital | \$ 578 |
| Future income tax | (2,201) |
| Asset retirement obligation | (147) |
| <u>Petroleum and natural gas properties and equipment</u> | <u>7,025</u> |
| <u>Goodwill</u> | <u>1,710</u> |
| <u>Total consideration</u> | <u>\$ 6,965</u> |

4. Long Term Debt

The Corporation has a \$225 million revolving credit facility with a syndicate of four Canadian chartered banks of which \$166.4 million was drawn at September 30, 2004. The revolving period extends to April 27, 2005, at which time the facility reverts to a two year term with principal payments, if necessary, commencing on July 28, 2005. The facility is secured by a \$300 million floating charge debenture on all assets of the Corporation together with guarantees from operating subsidiaries. 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.

5. Trust Units

(a) Authorized
300,000,000 Trust Units

(b) Issued

| | Number | Amount |
|---|------------|------------|
| | | (000s) |
| Balance, December 31, 2003 | 44,343,415 | \$ 550,267 |
| Issued for cash | 9,008,706 | 153,562 |
| Issued on exercise of rights | 548,399 | 7,134 |
| Issued on conversion of Exchangeable Shares | 82,500 | 941 |
| Transfer from contributed surplus on exercise of rights | - | 419 |
| Commissions and issue costs | - | (8,131) |
| Balance, September 30, 2004 | 53,983,020 | \$ 704,192 |

(c) Exchangeable Shares

| | Number | Amount |
|---|----------|----------|
| | | (000s) |
| Balance, December 31, 2003 | 126,290 | \$ 5,267 |
| Conversion of Exchangeable Shares | (64,872) | (941) |
| Amortization of deferred portion | | 2,204 |
| Balance, September 30, 2004 | 61,418 | \$ 6,530 |
| Exchange ratio, September 30, 2004 | 1.29509 | |
| Trust Units issuable upon conversion of non-escrowed shares | 79,542 | |
| Trust Units issuable upon conversion of escrowed shares | 719,653 | |
| Total Trust Units issuable upon conversion of all shares | 799,195 | |

(d) Trust Unit Rights Incentive Plan

At September 30, 2004, there were 1,451,668 (2003 - 1,476,734) rights outstanding, of which 465,001 (2003 - 600,068) were exercisable at a weighted average exercise price of \$13.55 (2003 - \$14.50).

| | Number | Weighted Average Exercise Price |
|--|-----------|------------------------------------|
| Balance, December 31, 2003 | 1,460,067 | \$ 13.93 |
| Granted | 565,000 | 18.69 |
| Forfeited | (25,000) | 16.44 |
| Exercised | (548,399) | 13.01 |
| Balance before reduction of exercise price | 1,451,668 | \$ 16.09 |
| Reduction of exercise price | | (1.19) |
| Balance, September 30, 2004 | 1,451,668 | \$ 14.90 |

Shiningbank recorded Trust Unit incentive compensation expense of \$930,000 for the nine months ended September 30, 2004 (2003 – \$426,000) and \$328,000 for the quarter (2003 - \$147,000) for rights issued in 2003 and 2004, and vesting within the year.

During the first nine months of 2004, \$419,000 (2003 - \$nil) of contributed surplus was transferred to Trust Unit equity in respect of rights exercised during the period. For the third quarter, \$208,000 (2003 - \$nil) was transferred.

The fair value of the 565,000 rights issued during the first nine months of 2004 (70,000 during the quarter) was estimated using a Black-Scholes option-pricing model with the following assumptions: risk-free interest rates ranging from 4.33 to 4.82% (4.68% and 4.82% for the quarter), volatility of 60%, life of 10 years, and a dividend yield rate of 10% representing the difference between the anticipated distribution and the anticipated drop in the strike price. Users are cautioned that the assumptions made are estimates of future events and actual results could differ materially from those estimated.

For rights issued in 2002, Shiningbank has elected to disclose the pro forma effect as if the amended accounting standard had been adopted January 1, 2002. For the nine months ended September 30, 2004 and 2003, Shiningbank's net income would have decreased by \$381,000 (\$127,000 for the quarter) due to additional Trust Unit incentive compensation expense related to rights granted on January 1, 2002. As the result of this expense, net earnings per Trust Unit for the nine months ended September 30, 2003 would have been \$1.45 (\$1.43 diluted), as compared to the \$1.46 (\$1.44 diluted) previously reported. Third quarter 2003 net earnings per Trust Unit would not have been affected.

(e) Per Trust Unit amounts

For the nine months ended September 30, 2004, the weighted average number of Trust Units and non-escrowed Exchangeable shares outstanding was 51,470,271 (2003 – 40,641,892) and for the three months ended September 30, 2004 was 53,876,524 (2003 – 44,132,974). In computing diluted net earnings per Trust Unit, the dilutive effect of unit rights and escrowed exchangeable shares, added 1,113,160 Trust Units (2003 – 702,678) for the nine months and 1,096,461 Trust Units (2003 – 788,447) for the quarter, to the weighted average number of Trust Units outstanding.

6. Financial Instruments

At September 30, 2004, Shiningbank held certain oil and natural gas hedge contracts, the terms of which are listed in the following table. The estimated market value at September 30, 2004, had the contracts been settled at that time, would have been a loss of \$6.4 million.

| Period | Commodity | Volume | Price |
|-------------------------------------|-----------|-------------|--|
| January 1, 2004 – December 31, 2004 | Gas | 11,000 GJ/d | \$6.11/GJ |
| April 1, 2004 – October 31, 2004 | Gas | 5,000 GJ/d | \$5.25/GJ floor \$6.67/GJ ceiling |
| April 1, 2004 – October 31, 2004 | Gas | 5,000 GJ/d | \$5.45/GJ floor \$6.32/GJ ceiling |
| April 1, 2004 – March 31, 2005 | Gas | 5,000 GJ/d | \$5.91/GJ |
| April 1, 2005 – December 31, 2005 | Gas | 5,000 GJ/d | \$5.00/GJ floor \$6.39/GJ ceiling |
| March 1, 2004 – December 31, 2004 | Oil | 500 bbl/d | US\$31.87/bbl |
| October 1, 2004 – December 31, 2004 | Oil | 500 bbl/d | US\$25.00/bbl floor US\$30.00/bbl ceiling |
| January 1, 2005 – June 30, 2005 | Oil | 500 bbl/d | US\$37.00/bbl floor US\$50.50/bbl ceiling |

Subsequent to September 30, 2004, Shiningbank entered into an additional hedging contract.

| <u>Period</u> | <u>Commodity</u> | <u>Volume</u> | <u>Price</u> |
|-----------------------------------|------------------|---------------|---------------------------------------|
| November 1, 2004 – March 31, 2005 | Gas | 5,000 GJ/d | \$7.50/GJ floor \$11.00/GJ ceiling |

As at September 30, 2004, the Corporation held an interest rate swap for \$10.0 million at an interest rate of 3.48%, expiring October 30, 2004. The estimated market value at September 30, 2004, had the contract been settled at that time, would be a loss of \$34,000.

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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