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NEWS RELEASE FOR IMMEDIATE RELEASE

**SHININGBANK ENERGY INCOME FUND AND BLIZZARD ENERGY INC.
JOINTLY ANNOUNCE PLAN OF ARRANGEMENT**

Shiningbank Energy Income Fund (“Shiningbank”) and Blizzard Energy Inc. (“Blizzard”) are pleased to announce that they have entered into an agreement under which Shiningbank will acquire the majority of Blizzard’s natural gas assets pursuant to a Plan of Arrangement (the “Plan”). Under the Plan, certain Blizzard producing assets and undeveloped land in the Grande Prairie and northeast British Columbia areas will be transferred to a new exploration-focused producer (“Exploreco”). Exploreco will be managed by the current management team and Board of Directors of Blizzard.

Pursuant to the Plan, Blizzard shareholders will receive 0.0777 Trust Units of Shiningbank, \$0.4097 cash, one common share of Exploreco and 0.211 of an Exploreco transaction warrant for each Blizzard common share. Each whole Exploreco transaction warrant entitles the holder to acquire an additional share of Exploreco at the current estimated asset value for 30 days after closing.

“This transaction fits with Shiningbank’s strategy of focusing on long-life natural gas assets with substantial multi-zone development potential”, said David Fitzpatrick, President and CEO of Shiningbank. “As a result of the transaction, Shiningbank will add 4,600 boe/d of natural gas production in two concentrated core areas with an attractive portfolio of drilling opportunities. The transaction is expected to be accretive to Shiningbank on all key measures.”

John Rooney, President and CEO of Blizzard, added “the transaction represents an excellent opportunity to create value for Blizzard shareholders. In addition to receiving a cash payment, Blizzard shareholders will receive units in Shiningbank, a \$1.3 billion gas-weighted energy trust. Blizzard shareholders will also receive shares and warrants in Exploreco, a high-growth junior producer with highly prospective assets in Blizzard’s Grande Prairie and northeast British Columbia core areas.”

The Plan has the unanimous support of the boards of directors of both Shiningbank and Blizzard. The Officers and Directors and certain employees of Blizzard, holding collectively approximately 14% of the fully diluted shares, have agreed to vote in favour of the Plan. CIBC World Markets Inc. is acting as financial advisor to Shiningbank in connection with the transaction. Orion Securities Inc. and Waterous Securities Inc. are acting as financial advisors to Blizzard. In addition, Canaccord Capital Corporation, GMP Securities Ltd. and Salman Partners Inc. are acting as strategic advisors to Blizzard and Exploreco in connection with the transaction.

Impact of the Transaction on Shiningbank

Under the Plan, Shiningbank will acquire an attractive suite of long-life natural gas properties concentrated in the Peace River Arch area near Grande Prairie and the Sousa area of north-western Alberta. The majority of the properties are operated and are characterized by high working interests, low operating costs and high field netbacks. The current production of these properties is 4,600 barrels of oil equivalent per day (boe/d),

approximately 95% of which is natural gas. The addition of the Blizzard properties adds two new core areas to Shiningbank's operations including the Peace River Arch, which is a logical extension of Shiningbank's existing west-central natural gas focused operations. Significant undeveloped acreage in the two key areas will provide substantial additional low-risk development opportunities over the next several years, which Shiningbank expects to exploit to enhance production volumes and reserves.

Transaction highlights:

- The transaction is expected to be accretive to Shiningbank's cash flow, net asset value, production and reserves on a per unit basis.
- The transaction results in the addition of 4,600 boe/d of low cost natural gas production to Shiningbank's portfolio, increasing Shiningbank's overall natural gas weighting to 78% and improving overall unit operating costs and netbacks.
- Proved plus probable reserves to be acquired by Shiningbank are estimated at 16.0 million barrels of oil equivalent (95% natural gas), as at March 31, 2005, which reserves estimates are based on the year-end reserve evaluation by an independent engineering firm, plus Shiningbank's estimate of reserves added through first quarter 2005 exploration and development drilling activity.
- Approximately 70% of the acquired reserves are proved and 88% of the proved plus probable reserves are developed.
- The proved plus probable reserve life index of the acquired properties is 9.5 years, which is consistent with Shiningbank's reserve life index.
- Shiningbank will also add approximately 265,000 net acres of undeveloped lands valued at approximately \$30 million, which more than doubles Shiningbank's current undeveloped land position.

Based on a total acquisition cost of \$275 million, including the assumption of \$42.0 million in debt and working capital deficiency, the acquisition metrics of the transaction are as follows:

- Reserve acquisition metrics of \$17.19/boe of proved plus probable reserves (\$15.31/boe net of \$30 million attributed to undeveloped land) and excluding estimated future development costs of \$14.7 million
- Production acquisition cost of \$59,780/boe/d (\$52,261/boe/d net of the value of undeveloped land) and excluding estimated future development costs
- Anticipated 2005 annualized cash flow (assuming C\$7.00/mcf AECO natural gas and US\$45.00/bbl WTI) of \$48.4 million
- Cash flow multiple of 5.7 times

Impact of the Transaction on Blizzard

Pursuant to the Plan, shareholders of Blizzard will receive cash, units of Shiningbank, shares of Explorecoco and Explorecoco transaction warrants, thereby allowing them to continue to participate both in the existing production base built by Blizzard and in the exploration opportunities created by that management team through an investment in Explorecoco.

Blizzard believes that the transaction will enhance value for its shareholders through:

- Equity participation in one of the premier natural gas weighted trusts in the oil and gas royalty trust sector, which will allow continuing participation in the strength of natural gas prices and will deliver an attractive stream of cash distributions.
- Monetization of a portion of their investment in Blizzard at an attractive valuation.
- Participation in a high growth exploration-focused producer with a sizeable prospect inventory.

Exploreco will have approximately 400 boe/d of production primarily within the Grande Prairie area, along with over 17,000 net acres of land. In addition, Exploreco will acquire Blizzard's interest in a joint venture agreement with a major E&P company encompassing 160,000 acres in northeast British Columbia. This past winter a 40 square mile 3D seismic program was run over this area and several stratigraphic wells were drilled which confirmed a significant natural gas resource opportunity.

Based on independent reserve evaluations, Exploreco will have a net asset value of \$28.8 million or \$0.25/share comprised of \$14.4 million for reserves, \$4.3 million for undeveloped land, \$2.5 million for seismic and \$7.5 million for the joint venture opportunity in northeast British Columbia.

Exploreco will be managed by the current executives of Blizzard and will be led by John Rooney as President and CEO, Mike Machalski as COO and Hal Metcalfe as CFO. In addition to John Rooney, the Board of Directors will include Jim Artindale (Chairman), Larry Evans, Dave MacKenzie, George Watson, Frank Guidolin, Doug Manner and Bob Rooney. John Rooney and the current management team of Blizzard have generated a return of over 200% to shareholders of Blizzard since inception in December, 2003.

A private placement of shares of Exploreco will be made available to the Blizzard directors and employees raising maximum proceeds of \$6 million, while an additional \$6 million may be raised through the exercise of Exploreco transaction warrants. Exploreco will be debt free and well positioned to aggressively pursue and expand its asset base and certain exploratory initiatives, which are currently underway.

Plan of Arrangement

An information circular detailing the Plan is anticipated to be mailed to Blizzard shareholders by the end of June. A meeting of Blizzard shareholders to consider the Plan will occur in early August. The Plan will require the approval of 66 2/3 percent of the votes cast by the shareholders, optionholders and warrant holders of Blizzard, voting as a single class, the approval of the majority of shareholders, excluding directors and officers of Blizzard and the approval of the Court of Queen's Bench of Alberta and certain regulatory agencies. In addition, Blizzard has agreed that it will not solicit or initiate discussions or negotiations with any third party for any business combination involving Blizzard. Under certain circumstances, Shiningbank and Blizzard have agreed to pay non-completion fees in the event that the transaction is not completed.

Orion Securities Inc. has advised the Board of Directors of Blizzard that it is of the opinion that the consideration to be received by Blizzard shareholders pursuant to the Plan is fair from a financial point of view to Blizzard shareholders.

Conference Call

A joint conference call is planned to discuss this transaction in more detail on Tuesday, June 7, 2005 at 2:30 pm, MDT (4:30pm EDT). Callers may dial 1-800-298-3006 to participate in the call. A taped recording will be available until June 14 by dialing 1-800-558-5253 and using the passcode 21248753#.

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".

Blizzard Energy Inc. is an Alberta-based oil and natural gas company engaged in the exploration for and the acquisition, development and production of, oil and natural gas in the Western Canadian Sedimentary basin.

"Boes" may be misleading, particularly if used in isolation. A boe conversion ratio of 6mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

The contents of this release may include certain statements that may be deemed "forward-looking statements". All statements in this release that address cash flow, future production, reserve potentials or exploration drilling, are forward-looking statements. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

This news release shall not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States, or any province or territory of Canada, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The securities offered will not be, and have not been, registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirement.

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