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NEWS RELEASE FOR IMMEDIATE RELEASE

Shiningbank Energy announces third quarter 2005 financial results

Shiningbank Energy Income Fund (the “Fund”), today announced its financial results for the three months ended September 30, 2005. Production for the third quarter was 21,252 barrels of oil equivalent per day (boe/d) where natural gas is converted to barrels of oil equivalent on the basis of 6 mcf per boe. Revenues, cash flow and net earnings all increased over the comparable period in 2004 due mainly to higher commodity prices. Operating results include the Blizzard Energy Inc. acquisition which closed August 2, 2005 and contributed 13% to third quarter daily production. The Fund distributed \$0.69 per Trust Unit in the quarter representing an 11% annualized pre-tax cash-on-cash distribution rate based on the period end closing price of Trust Units. The accompanying table provides additional highlights.

	Three months ended September 30,			Nine months ended September 30,		
	2005	2004	%	2005	2004	%
FINANCIAL (\$ thousands except per Trust Unit amounts)						
Oil and natural gas sales	\$ 111,763	\$ 74,713	50	\$ 275,124	\$ 225,061	22
Net earnings before income tax	28,259	12,297	130	58,163	38,633	51
Future income tax recovery	(2,736)	(3,603)	(24)	(5,988)	(12,135)	(51)
Net earnings after income tax	30,995	15,900	95	64,151	50,768	26
Cash flow before change in non-cash working capital	67,721	42,924	58	158,583	127,658	24
Distributions to Unitholders	45,750	37,226	23	120,875	108,970	11
Distributions per Trust Unit	0.69	0.69	-	2.07	2.07	-
Long term debt	202,923	166,356	22	202,923	166,356	22
Unitholders' equity	744,769	461,712	61	744,769	461,712	61
OPERATIONS						
Daily Production						
Oil (bbl/d)	2,282	2,156	6	2,321	2,340	(1)
Natural gas (mmcf/d)	97.5	84.2	16	88.7	85.3	4
Natural gas liquids (bbl/d)	2,716	3,531	(23)	2,959	3,080	(4)
Oil equivalent (boe/d)	21,252	19,721	8	20,063	19,631	2
Average Prices (including hedging)						
Oil (\$/bbl)	\$ 69.55	\$ 47.40	47	\$ 60.82	\$ 43.33	40
Natural gas (\$/mcf)	\$ 9.26	\$ 6.72	38	\$ 8.09	\$ 7.01	15
Natural gas liquids (\$/bbl)	\$ 56.04	\$ 41.13	36	\$ 48.84	\$ 39.01	25
Oil equivalent (\$/boe)	\$ 57.18	\$ 41.25	39	\$ 50.04	\$ 41.75	20
UNIT TRADING						
Units traded (thousands)	17,649	9,899	78	36,140	31,286	16
Value traded (\$ thousands)	\$ 424,168	\$ 199,158	113	\$ 823,056	\$ 587,793	40
Unit price						
High	\$ 26.18	\$ 22.48		\$ 26.18	\$ 22.48	
Low	\$ 21.50	\$ 18.83		\$ 19.60	\$ 16.51	
Close	\$ 25.86	\$ 21.86		\$ 25.86	\$ 21.86	
Units outstanding (thousands)	67,676	53,983		67,676	53,983	

The following discussion and analysis of the operating and financial results of Shiningbank Energy Income Fund (“Shiningbank” or the “Fund”) is for the three and nine month periods ended September 30, 2005. This information is provided as of November 2, 2005. The third quarter and nine month results have been compared with the corresponding periods in 2004. This discussion and analysis should be read in conjunction with the Fund’s audited consolidated financial statements for the years ended December 31, 2004 and 2003, together with the accompanying notes, and the Management Discussion and Analysis and Annual Information Form (“AIF”) for the year ended December 31, 2004. These documents and additional information about the Fund are available on SEDAR at www.sedar.com.

NON-GAAP MEASURES

Management believes that cash flow and operating netbacks are useful supplemental measures. All references to cash flow throughout this discussion and analysis are based on cash flow before changes in non-cash working capital, which management uses to analyze operating performance and leverage. Cash flow as presented is not intended to represent operating cash flow or operating profits, nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with Canadian generally accepted accounting principles (“GAAP”). The Fund considers cash flow a key measure of performance as it demonstrates the Fund’s ability to generate the cash flow necessary to fund future distributions and capital investments and repay indebtedness. Operating netbacks, which are calculated as average unit sales price less royalties, transportation costs and operating costs, represent the cash margin for product sold, calculated on a boe basis. The Fund considers operating netbacks a key measure as it indicates the relative performance of crude oil and natural gas assets. Cash flow and operating netbacks as presented do not have any standardized meanings prescribed by Canadian GAAP and therefore may not be comparable with the calculations of similar measures for other entities.

FORWARD-LOOKING STATEMENTS

This discussion and analysis contains forward-looking statements relating to future events. In some cases, forward-looking statements can be identified by such words as “may,” “expects” or similar expressions. These statements represent management’s best projections, but undue reliance should not be placed upon them as they are derived from numerous assumptions. These assumptions are subject to known and unknown risks and uncertainties, including the business risks discussed in this discussion and analysis and in the AIF, which may cause actual performance and financial results to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted.

BARREL OF OIL EQUIVALENT

Barrel of oil equivalent (boe) volumes are reported at 6:1 with 6 mcf = 1 bbl. The 6:1 boe conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. While it is useful for comparative measures, it may not accurately reflect individual product values and may be misleading if used in isolation.

REPORTING CURRENCY

All figures are in Canadian dollars unless otherwise noted.

RESULTS OF OPERATIONS

PRODUCTION VOLUMES

Daily Production Volumes

	Three months ended September 30,			Nine months ended September 30,		
	2005	2004	%	2005	2004	%
Oil (bbl/d)	2,282	2,156	6	2,321	2,340	(1)
Natural gas (mmcf/d)	97.5	84.2	16	88.7	85.3	4
Natural gas liquids (bbl/d)	2,716	3,531	(23)	2,959	3,080	(4)
Oil equivalent (boe/d)	21,252	19,721	8	20,063	19,631	2
Natural gas % of production	76%	71%	5	74%	72%	2

Daily production for the third quarter averaged 21,252 boe/d, up 8% from the same period last year. For the nine months ended September 30, 2005, daily production volumes averaged 20,063 boe/d, 2% higher than in 2004. Natural gas accounted for the majority of the volume increases as a result of the natural gas-rich properties acquired during the third quarter. The most significant acquisition was the Blizzard Energy Inc. ("Blizzard") acquisition for \$269.7 million, including \$44.3 million in working capital deficiency, which closed August 2, 2005. This, along with the Outlook Energy Corp. ("Outlook") acquisition, which closed June 21, 2005, contributed 15% to third quarter 2005 production and 5% to production in the nine month period. These acquisitions were partially offset by the loss of 400 boe/d in the third quarter due to pipeline damage caused by unprecedented flooding in southern Alberta in June 2005 and by the natural declines of producing properties, which are estimated to average 13% - 15% per year. Production for the fourth quarter of 2005, including Blizzard and Outlook, is anticipated to average 23,500 to 24,000 boe/d.

PRICING - INCLUDING HEDGING ACTIVITY

Average Prices - After Hedging

	Three months ended September 30,			Nine months ended September 30,		
	2005	2004	%	2005	2004	%
Average Prices						
Oil (\$/bbl)	\$ 69.55	\$ 47.40	47	\$ 60.82	\$ 43.33	40
Natural gas (\$/mcf)	\$ 9.26	\$ 6.72	38	\$ 8.09	\$ 7.01	15
Natural gas liquids (\$/bbl)	\$ 56.04	\$ 41.13	36	\$ 48.84	\$ 39.01	25
Oil equivalent (\$/boe)	\$ 57.18	\$ 41.25	39	\$ 50.04	\$ 41.75	20
Benchmark Prices						
WTI (US\$/bbl)	\$ 63.19	\$ 43.88	44	\$ 55.40	\$ 39.11	42
AECO natural gas (Cdn\$/mcf)	\$ 8.17	\$ 6.66	23	\$ 7.41	\$ 6.69	11

Natural Gas

Shiningbank's realized natural gas prices averaged \$9.26/mcf for the quarter, 38% higher than third quarter 2004. Year to date, the average price was up 15% at \$8.09/mcf. Hedging decreased the gas price by \$0.14/mcf for the quarter and \$0.06/mcf for the nine month period. This compares with a 2004 hedging loss of \$0.07/mcf for the quarter and \$0.06/mcf for the nine months. Benchmark futures prices remain high with upcoming winter prices averaging over \$13.00/mcf.

Oil and Natural Gas Liquids

Realized oil prices for the quarter averaged \$69.55/bbl, up 47% from third quarter 2004. Realized oil prices for the first nine months were \$60.82/bbl, 40% higher than in the same period in 2004. Hedging reduced the price by \$2.01/bbl for the quarter and \$1.08/bbl year to date, compared with 2004 hedging losses of \$7.67/bbl for the quarter and \$4.42/bbl year to date.

The benchmark West Texas Intermediate (“WTI”) price averaged 44% higher for the third quarter and 42% year to date. Oil prices continue to be exceptionally high, with WTI futures averaging over US\$60.00/bbl for the remainder of 2005.

NGL prices were also strong reflecting high oil prices. The quarterly average NGL price was 36% higher than in third quarter 2004 at \$56.04/bbl, and 25% higher year to date at \$48.84/bbl.

Hedging

Shiningbank maintains an active hedging program designed to reduce the variability of cash flow and stabilize distributions. Under the Fund’s hedging policy, not more than one-half of production volumes of any commodity can be hedged at any one time. Gains and losses from hedging activities are typically recorded when they are realized and are included in oil and natural gas sales unless a particular hedge is considered ineffective. Currently, Shiningbank has the following hedging contracts in place:

Period	Commodity	Volume	Price
April 1, 2005 – December 31, 2005	Gas	5,000 GJ/d	\$5.00 /GJ floor
			\$6.39/GJ ceiling
April 1, 2005 – October 31, 2005	Gas	5,000 GJ/d	\$6.70/GJ
April 1, 2005 – October 31, 2005	Gas	5,000 GJ/d	\$6.65 /GJ floor
			\$7.75/GJ ceiling
May 1, 2005 – October 31, 2005	Gas	5,000 GJ/d	\$6.90 /GJ floor
			\$9.50/GJ ceiling
November 1, 2005 – March 31, 2006	Gas	5,000 GJ/d	\$7.50 /GJ floor
			\$12.00/GJ ceiling
November 1, 2005 – March 31, 2006	Gas	5,000 GJ/d	\$10.00 /GJ floor
			\$15.15/GJ ceiling
April 1, 2006 – October 31, 2006	Gas	5,000 GJ/d	\$7.50 /GJ floor
			\$12.00/GJ ceiling
February 1, 2005 – December 31, 2005	Oil	500 bbl/d	US\$40.00/bbl floor
			US\$55.40/bbl ceiling
January 1, 2006 – June 30, 2006	Oil	500 bbl/d	US\$55.00/bbl floor
			US\$89.00/bbl ceiling

REVENUES

(000s)	Three months ended September 30,				Nine months ended September 30,			
	2005	% of Revenue	2004	% of Revenue	2005	% of Revenue	2004	% of Revenue
Oil	\$ 15,024	13	\$ 10,924	15	\$ 39,217	14	\$ 30,621	14
Natural gas	84,486	76	52,552	70	197,417	72	165,188	73
Natural gas liquids	14,004	12	13,359	18	39,457	14	32,917	15
Other income (loss)	(40)	-	(121)	-	1,037	-	490	-
Gas hedging	(1,288)	(1)	(480)	(1)	(1,324)	-	(1,319)	(1)
Oil hedging	(423)	-	(1,521)	(2)	(680)	-	(2,836)	(1)
	\$ 111,763	100	\$ 74,713	100	\$ 275,124	100	\$ 225,061	100

The accompanying table demonstrates the net effect of price and volume variances on revenues.

Sales Variance Analysis (Including Hedging Activity)

(000s)	Three months ended September 30,			Nine months ended September 30,		
	2005/2004			2005/2004		
Oil and natural gas liquids						
Volume decrease	\$	(2,534)		\$	(1,740)	
Price increase		8,377			19,032	
Net increase	\$	5,843		\$	17,292	
Natural gas						
Volume increase	\$	8,218		\$	5,970	
Price increase		22,908			26,254	
Net increase	\$	31,126		\$	32,224	

ROYALTIES

	Three months ended September 30,			Nine months ended September 30,		
	2005	2004	%	2005	2004	%
Total royalties, net (000s)	\$ 23,320	\$ 13,321	75	\$ 58,924	\$ 44,771	32
As a % of revenue	20.9%	17.8%	17	21.4%	19.9%	8
Per boe	\$ 11.93	\$ 7.34	63	\$ 10.76	\$ 8.32	29

Royalty expense consists of royalties paid to provincial governments, freehold landowners and overriding royalty owners. The royalty rate was higher in 2005 mainly due to a one-time credit received in the third quarter of 2004 relating to 2003 Crown royalties. The Fund expects royalty rates to average 22.5% for the remainder of 2005.

TRANSPORTATION COSTS

	Three months ended September 30,			Nine months ended September 30,		
	2005	2004	%	2005	2004	%
Transportation costs (000s)	\$ 1,400	\$ 1,489	(6)	\$ 3,642	\$ 4,364	(17)
Per boe	\$ 0.72	\$ 0.82	(12)	\$ 0.66	\$ 0.81	(19)

On a boe basis, transportation costs declined 12% from third quarter 2004 and 19% year to date. The decrease resulted from the termination of certain unutilized transportation service commitments earlier in 2005. These terminations are not expected to impact the Fund's ability to market its production.

OPERATING COSTS

	Three months ended September 30,			Nine months ended September 30,		
	2005	2004	%	2005	2004	%
Operating costs (000s)	\$ 14,034	\$ 13,514	4	\$ 39,755	\$ 37,227	7
Per boe	\$ 7.18	\$ 7.45	(4)	\$ 7.26	\$ 6.92	5

Operating costs on a boe basis decreased 4% from third quarter 2004 due to the incorporation of the Blizzard assets which have lower operating costs. This was partially offset by higher field and plant maintenance costs in most other areas, and extra costs associated with the second quarter flooding in southern Alberta. This resulted in year to date operating costs on a boe basis increasing 5%. Operating costs are expected to average \$7.00/boe for the remainder of 2005.

OPERATING NETBACKS

(\$/boe)	Three months ended September 30,			Nine months ended September 30,		
	2005	2004	%	2005	2004	%
Oil and natural gas sales	\$ 57.18	\$ 41.25	39	\$ 50.04	\$ 41.75	20
Other income (loss)	(0.02)	(0.07)	(71)	0.19	0.09	111
Royalties	(11.93)	(7.34)	63	(10.76)	(8.32)	29
Transportation costs	(0.72)	(0.82)	(12)	(0.66)	(0.81)	(19)
Operating costs	(7.18)	(7.45)	(4)	(7.26)	(6.92)	5
Operating netbacks	\$ 37.33	\$ 25.57	46	\$ 31.55	\$ 25.79	22

Operating netbacks increased 46% quarter over quarter and 22% year over year due mainly to higher commodity prices and lower transportation costs. This was partially offset by higher royalty costs.

GENERAL AND ADMINISTRATIVE COSTS

	Three months ended September 30,			Nine months ended September 30,		
	2005	2004	%	2005	2004	%
General and administrative costs (000s)	\$ 2,101	\$ 1,571	34	\$ 6,028	\$ 4,995	21
Per boe	\$ 1.07	\$ 0.87	23	\$ 1.10	\$ 0.93	18
Per average Trust Unit	\$ 0.03	\$ 0.03	-	\$ 0.11	\$ 0.10	10

General and administrative costs on a boe basis increased 23% from third quarter 2004 and 18% year to date. These increases were due to higher activity levels related to acquisitions and development activities, and increasing costs due to additional regulatory requirements. Costs are expected to average \$1.25/boe for full year 2005.

INTEREST ON LONG TERM DEBT

	Three months ended September 30,			Nine months ended September 30,		
	2005	2004	%	2005	2004	%
Interest on long term debt (000s)	\$ 2,617	\$ 1,498	75	\$ 6,392	\$ 4,400	45
Per boe	\$ 1.34	\$ 0.83	61	\$ 1.17	\$ 0.82	43
Per average Trust Unit	\$ 0.04	\$ 0.03	33	\$ 0.11	\$ 0.09	22

Interest expense per average Trust Unit, which includes bank charges, increased 33% from third quarter 2004 and 22% year over year due to higher debt levels resulting from the funding of acquisitions and capital expenditures. Shiningbank is currently in compliance with all external debt covenants.

DEPLETION, DEPRECIATION AND ACCRETION

	Three months ended September 30,			Nine months ended September 30,		
	2005	2004	%	2005	2004	%
Depletion, depreciation and accretion (000s)	\$ 38,451	\$ 29,564	30	\$ 98,455	\$ 86,512	14
Per boe	\$ 19.67	\$ 16.29	21	\$ 17.98	\$ 16.08	12

Depletion, depreciation and accretion per boe rose 21% for the third quarter and 12% year over year. These increases were primarily related to the effect of the acquisitions in 2004 and 2005.

TRUST UNIT INCENTIVE COMPENSATION

	Three months ended September 30,			Nine months ended September 30,		
	2005	2004	%	2005	2004	%
Trust Unit incentive compensation (000s)	\$ 643	\$ 328	96	\$ 1,865	\$ 930	101
Per boe	\$ 0.33	\$ 0.18	83	\$ 0.34	\$ 0.17	100

During third quarter 2005, four new issues aggregating 80,000 Trust Unit rights were granted (2004 – two issues aggregating 70,000). Eight new issues aggregating 847,500 Trust Unit rights were granted during the nine months ended September 30, 2005 (2004 – five issues aggregating 565,000). The fair value of rights issued was determined using a Black-Scholes model and will be brought into income over the vesting period of the rights. The total third quarter 2005 expense of \$643,000 (2004 - \$328,000) represented the fair value of rights issued during 2003 through to 2005 and which vested in third quarter 2005. During the nine months ended September 30, 2005, the total expense was \$1.9 million (2004 - \$930,000). All of these costs are “non-cash” costs and are not deducted in calculating distributions to Unitholders.

INTERNALIZATION OF MANAGEMENT CONTRACT

	Three months ended September 30,			Nine months ended September 30,		
	2005	2004	%	2005	2004	%
Internalization of management contract (000s)	\$ 368	\$ 735	(50)	\$ 1,104	\$ 2,204	(50)
Per boe	\$ 0.19	\$ 0.41	(54)	\$ 0.20	\$ 0.41	(51)

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 a fee equal to 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 2005, \$368,000 (2004 - \$735,000) was expensed, representing the amortization of these escrowed Exchangeable Shares. During the nine months ended September 30, 2005, \$1.1 million was expensed (2004 - \$2.2 million).

TAXES

	Three months ended September 30,			Nine months ended September 30,		
	2005	2004	%	2005	2004	%
Capital and large corporation taxes (000s)	\$ 570	\$ 396	44	\$ 796	\$ 1,025	(22)
Future income tax recovery (000s)	\$ (2,736)	\$ (3,603)	(24)	\$ (5,988)	\$ (12,135)	(51)
Per boe	\$ (1.11)	\$ (1.77)	(37)	\$ (0.94)	\$ (2.07)	(55)

The Fund is obligated to pay provincial capital taxes and federal large corporations tax in its operating entities. Under the Fund’s structure, payments are made between Shiningbank Energy Ltd. and the Fund. These payments provide the mechanism for transferring income to Unitholders along with tax benefits and future tax liabilities. Current income taxes are not presently payable by the Fund or its operating entities.

NET EARNINGS

Shiningbank’s third quarter earnings were \$31.0 million (2004 – \$15.9 million) or \$0.51 per Trust Unit, basic and \$0.50 diluted (2004 - \$0.30 basic, \$0.29 diluted). Year to date net earnings were \$64.2 million (2004 - \$50.8 million) or \$1.13 per Trust Unit basic, \$1.11 diluted (2004 - \$0.99 basic, \$0.97 diluted).

DISTRIBUTIONS TO UNITHOLDERS

(000s except per Trust Unit amounts)	Three months ended September 30,			Nine months ended September 30,		
	2005	2004	%	2005	2004	%
Cash flow before change in non-cash working capital	\$ 67,721	\$ 42,924	58	\$ 158,583	\$ 127,658	24
Capital expenditures	(24,690)	(22,391)	10	(50,422)	(43,016)	17
Asset retirement expenditures	32	(258)	(112)	(878)	(476)	84
Working capital adjustments	2,687	16,951	(84)	13,592	24,804	(45)
Distributions to Unitholders	\$ 45,750	\$ 37,226	23	\$ 120,875	\$ 108,970	11
Distributions per Trust Unit	\$ 0.69	\$ 0.69	-	\$ 2.07	\$ 2.07	-
Trust Units outstanding, end of period	67,676	53,983	25	67,676	53,983	25

Total distributions to Unitholders increased 23% for the third quarter and 11% year to date over 2004. The increased cash flow was based on large gains in pricing for oil and NGL and strong gas prices.

On a per Trust Unit basis, distributions were consistent in both periods at \$0.69 for the quarter and \$2.07 year to date. The increase in the number of Trust Units outstanding offset the higher cash flow. The Fund paid out 68% of its cash flow from the third quarter 2005, and 76% year to date.

QUARTERLY FINANCIAL INFORMATION

(000s except per Trust Unit amounts)	September 30, 2005	June 30, 2005	March 31, 2005	December 31, 2004
Oil and natural gas sales	\$ 111,763	\$ 83,222	\$ 80,139	\$ 82,453
Net earnings before income tax	28,259	17,015	12,889	13,974
Per Trust Unit - basic	0.46	0.31	0.24	0.26
- diluted	0.46	0.31	0.23	0.25
Net earnings after income tax	30,995	18,781	14,375	88,038
Per Trust Unit - basic	0.51	0.34	0.26	1.62
- diluted	0.50	0.34	0.26	1.60
Cash flow before change in non-cash working capital	67,721	46,353	44,509	47,220
Per weighted average Trust Unit	1.11	0.85	0.81	0.87
Distributions to Unitholders	45,750	37,628	37,497	37,390
Per Trust Unit	0.69	0.69	0.69	0.69
Payout ratio	68%	81%	84%	79%
	September 30, 2004	June 30, 2004	March 30, 2004	December 31, 2003
Oil and natural gas sales	\$ 74,713	\$ 80,723	\$ 69,625	\$ 58,474
Net earnings before income tax	12,297	12,851	13,485	6,092
Per Trust Unit - basic	0.24	0.24	0.29	0.14
- diluted	0.23	0.24	0.28	0.14
Net earnings after income tax	15,900	16,072	18,796	5,354
Per Trust Unit - basic	0.30	0.30	0.40	0.12
- diluted	0.29	0.29	0.39	0.12
Cash flow before change in non-cash working capital	42,924	45,190	39,544	30,082
Per weighted average Trust Unit	0.80	0.84	0.84	0.68
Distributions to Unitholders	37,226	36,977	34,767	30,629
Per Trust Unit	0.69	0.69	0.69	0.69
Payout ratio	87%	82%	88%	102%

Quarterly fluctuations are primarily the result of production increases due to acquisitions, volumes added through the Fund's development drilling program and realized commodity prices which can be extremely volatile.

Volume increases from acquisitions occurred through the acquisition of Birchill Resources Limited (second quarter 2004), the acquisition of Outlook (second quarter 2005), and again with the acquisition of Blizzard (third quarter 2005). The Fund's development drilling program strives to replace natural declines on the production base, with results fluctuating depending on field access for equipment and drilling success. Shiningbank's drilling success rate in the first nine months of 2005 was 98%.

Natural gas prices remained strong through the past eight quarters with a sharp increase in third quarter 2005. Oil prices increased substantially in late 2004 and continued to rise in 2005. Distributions per Trust Unit have remained constant through the eight quarters presented as the incremental cash flow derived from higher commodity prices was used to fund capital expenditures and to pay distributions on a greater number of Trust Units outstanding.

COSTS OF ACQUISITIONS AND DEVELOPMENT

During second quarter 2005, Shiningbank spent \$31.9 million, including \$496,000 in working capital deficiency, on the acquisition of Outlook. Shiningbank spent \$269.7 million, including \$44.3 million in working capital deficiency, on the acquisition of Blizzard during third quarter 2005.

A total of \$24.7 million was spent on drilling and new facilities during the third quarter and \$50.4 million in the first nine months of 2005, compared with \$22.4 million and \$43.0 million, respectively, for the same periods in 2004. Cash flow funded \$22.0 million of the third quarter expenditures and \$36.8 million of the year to date expenditures, with the balance funded by bank debt and proceeds from the Fund's Distribution Reinvestment Plan.

LIQUIDITY AND CAPITAL RESOURCES

Shiningbank's ability to grow depends on access to bank lines of credit and periodic equity infusions. Smaller acquisitions through the course of a year may be funded by a combination of bank debt, cash flow and proceeds from the Fund's Distribution Reinvestment Plan. Equity is issued to fund single large acquisitions, or to pay down bank debt acquired following a number of smaller acquisitions. When the proceeds of an equity issue are greater than acquisition costs, the excess is used to reduce bank debt.

LONG TERM DEBT

The Fund has a \$330 million revolving credit facility with a syndicate of Canadian chartered banks of which \$202.9 million was drawn at September 30, 2005. This facility was increased from \$250 million on August 2, 2005 as a result of the Blizzard acquisition. The revolving period extends to April 27, 2006, at which time the facility, unless renewed, reverts to a two-year term with principal payments, if necessary, commencing on July 28, 2006. The facility is secured by a \$600 million floating charge debenture on all assets of Shiningbank together with supporting debentures and guarantees from the Fund's material subsidiaries and affiliates. 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 Fund's total debt to cash flow ratio or, at Shiningbank's option, the bankers' acceptance rate plus a stamping fee. The Fund's total debt to cash flow ratio was 0.7:1 for the quarter ended September 30, 2005.

UNITHOLDERS' EQUITY

On August 2, 2005, the Fund issued 8,837,793 Trust Units at \$20.12 each to Blizzard shareholders in connection with the Blizzard acquisition. On September 28, 2005, the Fund issued 4,100,000 Trust Units at \$24.45 to repay bank indebtedness incurred in connection with the Blizzard and Outlook acquisitions. An additional 193,139 Trust Units were issued during the third quarter (576,876 year to date) under the Trust Unit Rights Incentive Plan and the Distribution Reinvestment Plan.

When equity is raised in a public equity issue, the intended use of proceeds is specified in the related prospectus. 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 2, 2005, the Fund had 67,708,571 Trust Units, 248,482 non-escrowed Exchangeable Shares and 353,614 escrowed Exchangeable Shares outstanding. Exchangeable Shares held in escrow will be released over the next three years under the terms of two escrow agreements. Exchangeable Shares are not eligible for distributions until they are exchanged for Trust Units at the discretion of the holder. The exchange rate was initially one Trust Unit for each Exchangeable Share. The exchange rate increases with each distribution by an amount equal to the per unit distribution divided by the 10-day weighted average trading price of the Trust Units preceding the record date for that distribution. As of September 30, 2005, the exchange rate was 1.42010 Trust Units for each Exchangeable Share.

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 ¹	\$ 202,923	\$ -	\$ 202,923	\$ -	\$ -
Operating leases	9,951	1,682	4,181	4,088	-
Pipeline transportation	3,728	1,144	2,289	295	-
Total obligations	\$ 216,602	\$ 2,826	\$ 209,393	\$ 4,383	\$ -

¹ Assumes that the revolving credit facility is not renewed in April 2006.

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.

IMPACT OF NEW ACCOUNTING POLICIES

NON-CONTROLLING INTEREST

On March 8, 2005 and effective for second quarter 2005, the Emerging Issues Committee of the Canadian Institute of Chartered Accountants amended its position on the reporting of exchangeable securities issued by subsidiaries of income trusts. The amendment states that exchangeable securities issued by a subsidiary of an income trust should be reflected as either non-controlling interest or debt on the consolidated balance sheet unless they meet certain criteria. Shiningbank's Exchangeable Shares meet the specified criteria and therefore, the current treatment of reporting exchangeable securities as equity on the balance sheet continues to be appropriate.

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 independent petroleum reserve evaluators who use 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 Environmental, Corporate Governance and Reserve Review Committee of the Board of Directors of Shiningbank Energy Ltd. all review the estimates reported by the independent reserve evaluators.

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 the 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, 2005 (unaudited)	December 31, 2004 (audited)
ASSETS		
Current assets		
Accounts receivable	\$ 63,947	\$ 50,712
Prepaid expenses	7,306	4,471
	71,253	55,183
Fixed assets <i>(note 3)</i>		
Petroleum and natural gas properties and equipment	1,496,419	1,133,426
Accumulated depletion and depreciation	(461,565)	(364,814)
	1,034,854	768,612
Goodwill	53,100	1,710
Other assets	889	1,292
	\$ 1,160,096	\$ 826,797
LIABILITIES AND UNITHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 63,938	\$ 40,268
Trust Unit distributions payable	31,139	24,930
	95,077	65,198
Long term debt <i>(note 2)</i>	202,923	182,147
Future income taxes	86,578	33,266
Asset retirement obligation	30,749	30,242
Unitholders' equity		
Trust Units <i>(note 4)</i>	990,248	706,954
Exchangeable Shares <i>(note 4)</i>	7,905	7,019
Contributed surplus <i>(note 4)</i>	2,785	1,416
Accumulated earnings	372,668	308,517
Accumulated Trust Unit distributions	(628,837)	(507,962)
	744,769	515,944
	\$ 1,160,096	\$ 826,797

See selected accompanying notes to the interim 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,	
	2005	2004	2005	2004
Revenues				
Oil and natural gas sales	\$ 111,763	\$ 74,713	\$ 275,124	\$ 225,061
Royalties	23,320	13,321	58,924	44,771
	88,443	61,392	216,200	180,290
Expenses				
Transportation	1,400	1,489	3,642	4,364
Operating	14,034	13,514	39,755	37,227
General and administrative	2,101	1,571	6,028	4,995
Interest on long term debt	2,617	1,498	6,392	4,400
Depletion, depreciation and accretion	38,451	29,564	98,455	86,512
Trust Unit incentive compensation (<i>note 4</i>)	643	328	1,865	930
Internalization of management contract	368	735	1,104	2,204
	59,614	48,699	157,241	140,632
Earnings before taxes	28,829	12,693	58,959	39,658
Capital and large corporation taxes	570	396	796	1,025
Future income tax recovery	(2,736)	(3,603)	(5,988)	(12,135)
Net earnings	\$ 30,995	\$ 15,900	\$ 64,151	\$ 50,768
Unitholders' equity, beginning of period				
Issue of Trust Units (<i>note 4</i>)	276,530	5,578	283,294	153,925
Change in Exchangeable Shares, net (<i>note 4</i>)	150	(206)	886	1,263
Change in contributed surplus	555	120	1,369	511
Distributions to Unitholders	(45,750)	(37,226)	(120,875)	(108,970)
Unitholders' equity, end of period	\$ 744,769	\$ 461,712	\$ 744,769	\$ 461,712
Net earnings per Trust Unit (<i>note 4</i>)				
Basic	\$ 0.51	\$ 0.30	\$ 1.13	\$ 0.99
Diluted	\$ 0.50	\$ 0.29	\$ 1.11	\$ 0.97

See selected accompanying notes to the interim financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (\$ thousands)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2005	2004	2005	2004
Operating activities				
Net earnings	\$ 30,995	\$ 15,900	\$ 64,151	\$ 50,768
Items not requiring cash				
Depletion, depreciation and accretion	38,451	29,564	98,455	86,512
Internalization of management contract	368	735	1,104	2,204
Trust Unit incentive compensation	643	328	1,865	930
Gain on sale of other assets	-	-	(1,004)	(621)
Future income tax recovery	(2,736)	(3,603)	(5,988)	(12,135)
Cash flow before change in non-cash working capital	67,721	42,924	158,583	127,658
Asset retirement expenditures	32	(258)	(878)	(476)
Change in non-cash working capital (note 5)	(47,126)	3,531	(33,554)	(16,108)
	20,627	46,197	124,151	111,074
Financing activities				
Increase (decrease) in long term debt	(4,509)	(2,262)	20,776	44,665
Distributions to Unitholders	(45,750)	(37,226)	(120,875)	(108,970)
Issue of Trust Units	98,408	4,429	104,764	152,565
	48,149	(35,059)	4,665	88,260
Change in non-cash working capital (note 5)	6,040	155	6,209	4,413
	54,189	(34,904)	10,874	92,673
Total cash provided	\$ 74,816	\$ 11,293	\$ 135,025	\$ 203,747
Investing activities				
Property acquisitions	\$ (1,942)	\$ 141	\$ (3,275)	\$ (2,026)
Corporate acquisitions	(47,659)	(46)	(79,019)	(177,066)
Capital expenditures	(24,690)	(22,391)	(50,422)	(43,016)
Long term investments	-	(2)	-	(23)
Proceeds on sale of fixed assets	5	543	(51)	3,085
Proceeds on sale of other assets	-	-	1,336	1,000
	(74,286)	(21,755)	(131,431)	(218,046)
Change in non-cash working capital (note 5)	(530)	10,462	(3,594)	14,299
Total cash used	\$ (74,816)	\$ (11,293)	\$ (135,025)	\$ (203,747)

See selected accompanying notes to the interim financial statements

Notes to the Consolidated Financial Statements

For the periods ended September 30, 2005 and 2004

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 follow the same accounting principles and methods of computation as the audited annual consolidated financial statements for the year ended December 31, 2004 unless otherwise disclosed. The disclosures provided below are incremental to those included with the audited annual consolidated financial statements. The interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements and the notes thereto contained in the Fund’s 2004 annual report.

2. Long Term Debt

Shiningbank Energy Ltd. (the “Corporation”) has a \$330 million revolving credit facility with a syndicate of Canadian chartered banks of which \$202.9 million was drawn at September 30, 2005. The revolving period extends to April 27, 2006. If the revolving facility is not renewed on that date, it will revert to a two year term with principal payments commencing on July 28, 2006. The facility is secured by a \$600 million floating charge debenture on all assets of the Corporation together with supporting debentures and guarantees from operating subsidiaries and affiliates. 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 Fund’s total debt to cash flow ratio, or, at the Corporation’s option, the bankers’ acceptance rate plus a stamping fee.

3. Fixed Assets

(a) Acquisition of Outlook Energy Corp.

Effective June 21, 2005, the Corporation acquired the issued and outstanding common shares of Outlook Energy Corp. (“Outlook”) for \$31.4 million. The acquisition was accounted for by the purchase method and the results of operations of Outlook are included in the accounts from the closing date. The following allocation of net assets acquired is a preliminary calculation which is subject to change with regards to closing adjustments and other items.

Cash consideration	\$	31,210
Related fees and expenses		150
Cost of acquisition	\$	31,360
Working capital deficiency	\$	(496)
Future income taxes		(7,800)
Asset retirement obligation		(806)
Goodwill		7,601
Petroleum and natural gas properties and equipment		32,861
Total consideration	\$	31,360

(b) Acquisition of Blizzard Energy Inc.

Effective August 2, 2005, the Corporation acquired Blizzard Energy Inc. (“Blizzard”) pursuant to a Plan of Arrangement for \$225.5 million. The acquisition was accounted for by the purchase method and the results of operations of Blizzard are included in the accounts from the closing date. The following allocation of net assets acquired is a preliminary calculation which is subject to change with regards to closing adjustments and other items.

Fair value of Shiningbank Trust Units	\$ 177,816
Cash consideration	46,600
Related fees and expenses	1,059
Cost of acquisition	\$ 225,475
Working capital deficiency	\$ (44,252)
Future income taxes	(51,500)
Asset retirement obligation	(2,802)
Goodwill	43,789
Petroleum and natural gas properties and equipment	280,240
Total consideration	\$ 225,475

4. Trust Units

(a) Authorized
300,000,000 Trust Units

(b) Issued

	Number	Amount (000s)
Balance, December 31, 2004	54,140,619	\$706,954
Issued on acquisition (note 3)	8,837,793	177,816
Issued for cash	4,100,000	100,245
Issued on exercise of rights	307,734	3,930
Issued for cash under Distribution Reinvestment Plan	269,142	5,961
Issued on conversion of Exchangeable Shares	21,156	218
Less: Commissions and issue costs		(5,372)
Transfer from contributed surplus on exercise of rights		496
Balance, September 30, 2005	67,676,444	\$990,248

(c) Exchangeable Shares ¹

	Number	Amount (000s)
Balance, December 31, 2004	263,482	\$7,019
Conversion of Exchangeable Shares	(15,000)	(218)
Amortization of deferred portion		1,104
Balance, September 30, 2005	248,482	\$7,905
Exchange ratio, September 30, 2005	1.42010	
Trust Units issuable upon conversion of non-escrowed shares	352,869	
Trust Units issuable upon conversion of 353,614 escrowed shares	502,167	
Total Trust Units issuable upon conversion of all shares	855,036	

¹ The Exchangeable Shares are non-transferable.

(d) Trust Unit Rights Incentive Plan

At September 30, 2005, there were 1,896,667 (2004 - 1,451,668) rights outstanding, of which 537,500 (2004 - 465,001) were exercisable at a weighted average exercise price of \$13.16 (2004 - \$13.55).

	Number	Weighted Average Exercise Price
Balance, December 31, 2004	1,396,901	\$14.74
Granted	847,500	21.63
Exercised	(307,734)	12.77
Forfeited	(40,000)	19.76
Balance before reduction of exercise price	1,896,667	\$18.03
Reduction of exercise price		(0.96)
Balance, September 30, 2005	1,896,667	\$17.07

The following table summarizes information about the outstanding and exercisable rights at September 30, 2005:

Range of Exercise Prices	Rights Outstanding			Rights Exercisable	
	Number Outstanding At 9/30/05	Weighted Average Remaining Contractual Life (Yrs)	Weighted Average Exercise Price	Number Exercisable At 9/30/05	Weighted Average Exercise Price
\$9.00 to \$13.99	574,168	6.6	\$ 11.92	166,668	\$ 11.05
\$14.00 to \$19.99	504,999	8.4	\$ 16.73	352,499	\$ 13.90
\$20.00 to \$25.00	817,500	9.3	\$ 20.89	18,333	\$ 18.05
\$9.00 to \$25.00	1,896,667	8.2	\$ 17.07	537,500	\$ 13.16

Shiningbank recorded Trust Unit incentive compensation expense of \$1,865,000 for the nine months ended September 30, 2005 (2004 – \$930,000) and \$643,000 for the quarter (2004 - \$328,000) for rights issued between 2003 and 2005, and which vested in 2005.

During the first nine months of 2005, \$496,000 (2004 - \$419,000) of contributed surplus was transferred to Trust Unit equity in respect of rights exercised during the period. For the third quarter, \$88,000 (2004 - \$208,000) was transferred.

The following table reconciles the movement in the contributed surplus balance:

Contributed surplus	Amount (000s)
Balance, December 31, 2004	\$ 1,416
Trust Unit incentive compensation	1,865
Net benefit on rights exercised ¹	(496)
Balance, September 30, 2005	\$ 2,785

¹ Upon exercise, the net benefit is reflected as a reduction of contributed surplus and an increase to Unitholders' capital.

The \$4.0 million fair value of the 847,500 rights issued during the first nine months of 2005 (\$400,000 fair value of the 80,000 rights issued during the third quarter) was estimated using a Black-Scholes option-pricing model with the following assumptions: risk-free interest rate of 3.78 to 4.21% (3.78 to 3.94% for the third quarter), volatility of 60%, life of 10 years, and a distribution yield rate of 10% representing the difference between the anticipated distribution and the anticipated reduction in the exercise 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. The rights granted on January 1, 2002 became fully vested on January 1, 2005 and therefore, no Trust Unit incentive compensation expense related to those rights would have been recorded during the quarter. For the nine months ended September 30, 2004, 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 those rights. As a result of the additional expense, net earnings per Trust Unit for the nine months ended September 30, 2004 would have been \$0.98 (\$0.96 diluted), as compared to the \$0.99 (\$0.97 diluted) previously reported. Third quarter 2004 net earnings per Trust Unit would have been \$0.29, basic and diluted, as compared to the \$0.30 (\$0.29 diluted) previously reported.

(e) Per Trust Unit amounts

For the nine months ended September 30, 2005, the weighted average number of Trust Units and non-escrowed Exchangeable Shares outstanding was 56,797,492 (2004 – 51,470,271) and for the three months ended September 30, 2005 was 60,895,421 (2004 - 53,876,524). In computing diluted net earnings per Trust Unit, the dilutive effect of Trust Unit rights and escrowed Exchangeable Shares added 811,028 Trust Units (2004 – 1,113,160) for the nine months ended September 30, 2005 and 848,169 (2004 – 1,096,461) for the three months ended September 30, 2005 to the weighted average number of Trust Units outstanding.

5. Other Cash Flow Disclosures

(000s)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2005	2004	2005	2004

Change in non-cash operating working capital

Business acquisitions (note 3)	\$ (44,252)	\$ (53)	\$ (44,748)	\$ (7,120)
Accounts receivable	(19,973)	8,845	(13,235)	(8,770)
Prepaid expenses	(2,850)	(540)	(2,835)	(2,253)
Accounts payable and accrued liabilities	19,949	(4,721)	27,264	2,035
	\$ (47,126)	\$ 3,531	\$ (33,554)	\$ (16,108)

Change in non-cash financing working capital

Distributions payable to Unitholders	\$ 6,040	\$ 155	\$ 6,209	\$ 4,413
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Change in non-cash investing working capital

Accounts payable for capital accruals	\$ (530)	\$ 10,462	\$ (3,594)	\$ 14,299
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Cash payments

Cash payments made for taxes	\$ 28	\$ 395	\$ 120	\$ 696
Cash payments made for interest	\$ 2,785	\$ 2,555	\$ 6,486	\$ 4,558

6. Financial Instruments

At September 30, 2005, 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, 2005, had the contracts been settled at that time, would have been a loss of \$7.8 million.

Period	Commodity	Volume	Price
April 1, 2005 – December 31, 2005	Gas	5,000 GJ/d	\$5.00/GJ floor \$6.39/GJ ceiling
April 1, 2005 – October 31, 2005	Gas	5,000 GJ/d	\$6.70/GJ
April 1, 2005 – October 31, 2005	Gas	5,000 GJ/d	\$6.65/GJ floor \$7.75/GJ ceiling
May 1, 2005 – October 31, 2005	Gas	5,000 GJ/d	\$6.90/GJ floor \$9.50/GJ ceiling
November 1, 2005 – March 31, 2006	Gas	5,000 GJ/d	\$7.50/GJ floor \$12.00/GJ ceiling
November 1, 2005 – March 31, 2006	Gas	5,000 GJ/d	\$10.00/GJ floor \$15.15/GJ ceiling
April 1, 2006 – October 31, 2006	Gas	5,000 GJ/d	\$7.50/GJ floor \$12.00/GJ ceiling
February 1, 2005 – December 31, 2005	Oil	500 bbl/d	US\$40.00/bbl floor US\$55.40/bbl ceiling
January 1, 2006 – June 30, 2006	Oil	500 bbl/d	US\$55.00/bbl floor US\$89.00/bbl ceiling

Shiningbank Energy Income Fund is a natural gas focused energy trust founded in 1996. The Fund purchases, develops and operates producing properties for the direct benefit of its unitholders. Shiningbank has one of the highest weightings of natural gas in the energy trust sector at 76%.

Shiningbank is listed on the Toronto Stock Exchange under the symbol SHN.UN. For further information please visit our website www.shiningbank.com or contact us at:

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