

continuing our focus

SHININGBANK ENERGY INCOME FUND
2006 Fund Report



July 31, 1996 Shiningbank begins trading on the TSX...Shiningbank Lake,

Over the past 10 years, Shiningbank has built a fund **focused on four fundamentals**: strong leadership through an experienced management team and Board, an emphasis on natural gas, acquiring only quality assets and preserving a strong balance sheet.

For unitholders, this focus has been important and rewarding. In the **10 years** since Shiningbank first began trading as an oil and gas royalty trust on the Toronto Stock Exchange, investors have received an **average 26% return per annum**.



located near one of the Fund's first properties, becomes its namesake...1997 Production grows to nearly 5,000 boe/d...Gas is

Forward-looking statements

This document contains forward-looking statements relating to future events. In some cases, forward-looking statements can be identified by such words as “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe”, 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 document and in the Fund’s Management’s Discussion and Analysis and Annual Information Form for the year ended December 31, 2006, 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.

Shiningbank has been **one of the top performers** in the oil and gas trust sector, but that has not come without challenges. The latest is the federal government's plan to introduce a new tax regime for income funds and royalty trusts starting in 2011.

While there is much work to be done in **assessing the impacts**, we are committed to generating strong investment returns for our unitholders by putting the cornerstones of our business front and centre and **continuing our focus**.

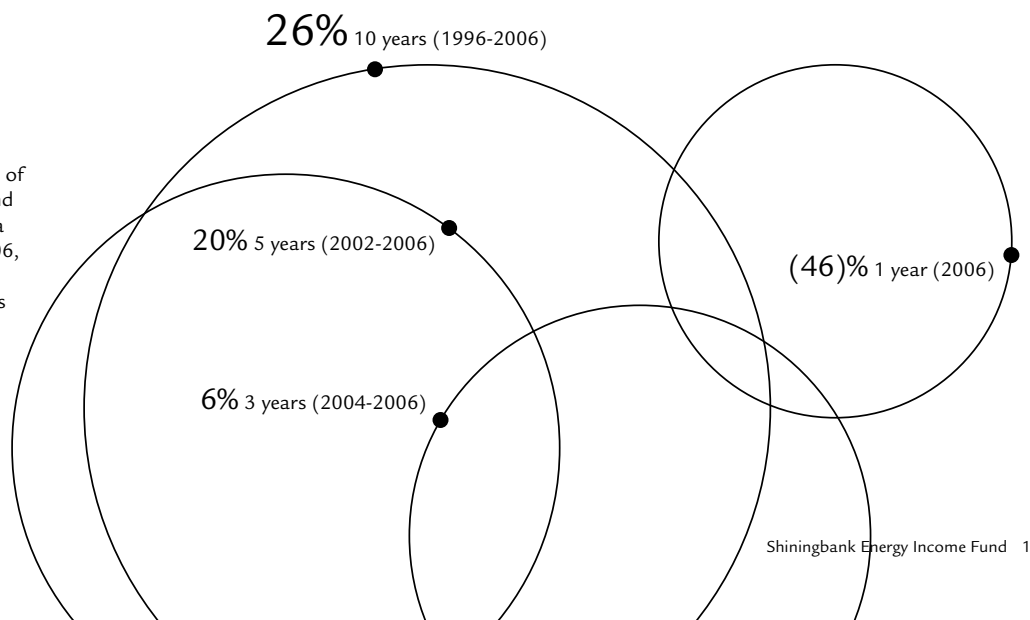


selling for less than \$2.50/mcf... 1998 A collapse in world oil prices hurts the energy sector... Shiningbank outperforms its

Total return

(cash distributions plus unit price)

Our compound annual return of 20% for the past five years, and 26% for the past 10 includes a minus 46% total return in 2006, caused by gas prices hitting a four-year low and shock waves on the TSX following the federal government's proposal to tax income trusts.



**focusing on strong leadership
continuity and experience**

Shiningbank's management team and Board of Directors include some of the most **experienced people** in Canada's oil and gas industry. Their vision has always been to generate **superior returns to unitholders** and ensure accretive growth while **building longevity** in Shiningbank's asset base.



peers because of its gas weighting...1999 Oil prices rebound...70% of production is gas...2000 A frigid winter sends gas prices

Board of Directors



Arne R. Nielsen
Chairman

Arne is a pioneer of the Canadian oil and gas industry and co-founder of Shiningbank. His 50+ years industry experience includes 10 years as President of Mobil Oil Canada Ltd. His contributions to the energy sector include being inducted into the Canadian Petroleum Hall of Fame, an honorary Doctorate from the University of Alberta and being named to a list of Albertans who had an impact on the 20th century.



Edward W. Best
Director

Ted has over 50 years industry experience including being President of the Oil and Gas Division and a director of BP Canada. Since his retirement Ted has been a consultant in the petroleum industry and a director of a number of senior and junior oil and gas companies. Ted has also been inducted into the Canadian Petroleum Hall of Fame.



Richard W. Clark
Director

Richard was Shiningbank's Corporate Secretary from inception until joining the Board in mid-2005. He has practiced law since 1991 and is currently a partner with Gowling Lafleur Henderson in Calgary. His areas of expertise include corporate governance, securities law, corporate finance and mergers and acquisitions.

The Management Team



Dave Fitzpatrick
*President and
Chief Executive Officer*

Dave is a geological engineer with considerable technical expertise. Prior to co-founding the Fund, Dave spent 20 years in the oil and gas industry, much of it in senior management with publicly-traded companies.



Bruce Gibson
Chief Financial Officer

Bruce is a Chartered Accountant with 25 years experience as a senior executive with several gas weighted companies. He has extensive hands-on knowledge of oil and gas financial management, commodity marketing and public equity market issues.



Greg Moore
Chief Operating Officer

Greg oversees all production and drilling operations and evaluations of potential acquisitions. His 30+ years of technical expertise encompasses a broad base of drilling, production optimization and reservoir performance.



Lance Petersen
Vice President, Land

Lance joined the Fund in late 2006 bringing almost 20 years oil and gas experience in land management, aboriginal affairs and community relations.



soaring to \$15/mcf...The Fund's first corporate merger strengthens operations in west-central Alberta...Shiningbank leads the



D. Grant Gunderson
Director

Grant's 40 years of experience in the oil and gas industry has been extensive and varied. He has directed corporate and asset evaluations, mergers and acquisitions, business plans and financial reorganizations with companies such as Mobil Oil Canada Ltd., Canadian Superior Oil Ltd. and Bowtexas Energy (Canada) Corporation.



Robert B. Hodgins
Director

Bob is a Chartered Accountant and independent businessman with over 25 years experience with a specialty in finance and treasury operations. He has worked with several large Canadian corporations such as Pengrowth Energy Trust, Canadian Pacific Ltd. and TransCanada PipeLines Limited. He is also an active board member of several energy-related organizations.



Warren D. Steckley
Director

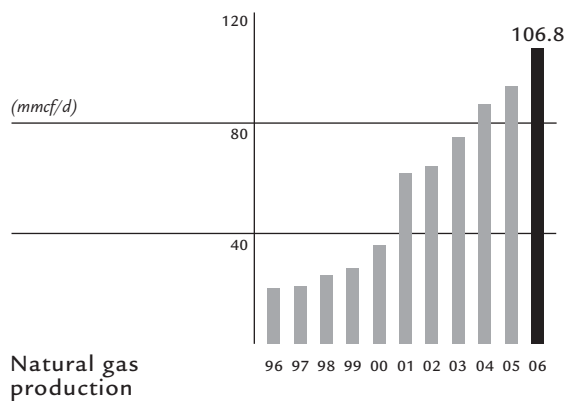
Warren combines more than 28 years of oil and gas industry experience with financial and investment expertise. He is currently President and Chief Operating Officer for Barnwell of Canada Limited, a subsidiary of a company listed on the American Stock Exchange, and sits as a director for several private and public oil and gas companies.

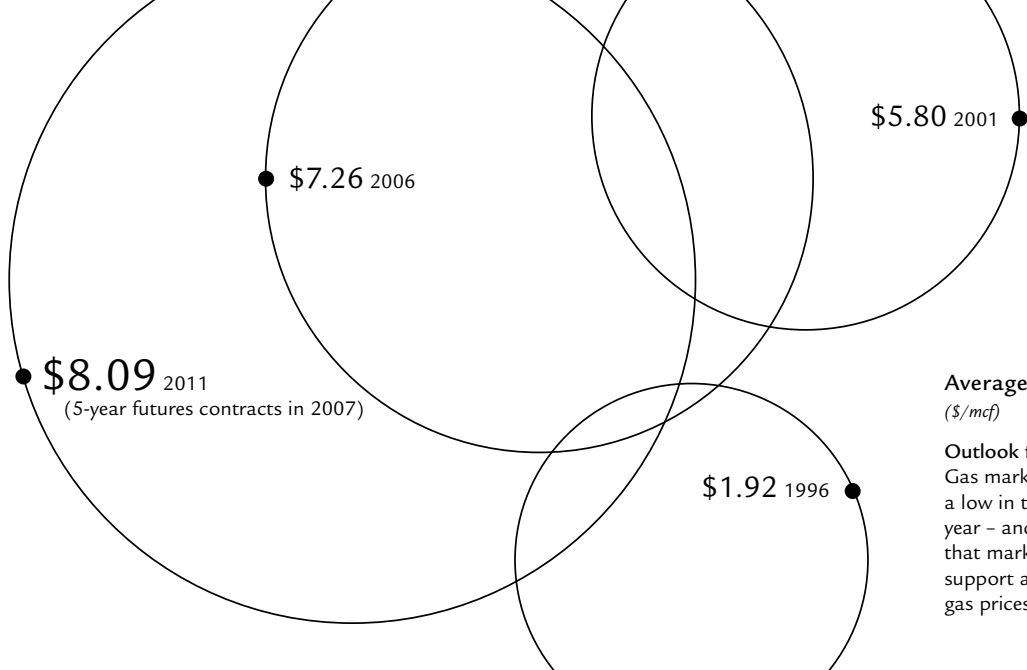
focusing on natural gas long-term upside

We are **primarily a natural gas producer** with 76% of our production and reserve base being natural gas. Gas pricing is volatile season to season, but we are **bullish on gas longer term** based on the tight balance between supply and demand in North America.



sector with an 86% total return...2001 Shiningbank's 5th anniversary and total distributions surpass \$11...Unitholders from





Average natural gas prices
(\$/mcf)

Outlook for natural gas prices
Gas markets have been working through a low in the pricing cycle, but later this year – and longer term, analysts agree that market fundamentals should support a higher trading band for gas prices.



1996 have earned back over 100% of their original \$10 investment...2002 Bear equity market, yet Shiningbank returns 24% for

focusing on long-life assets
quality assets

We have built three core areas concentrated around **long-life natural gas assets**. Any asset we acquire must have a number of characteristics: a long and predictable production history, NGL-rich gas, **high operatorship** and a geographic fit within our core areas. We also focus on properties where we can **cost-effectively add value** through low-risk development drilling.

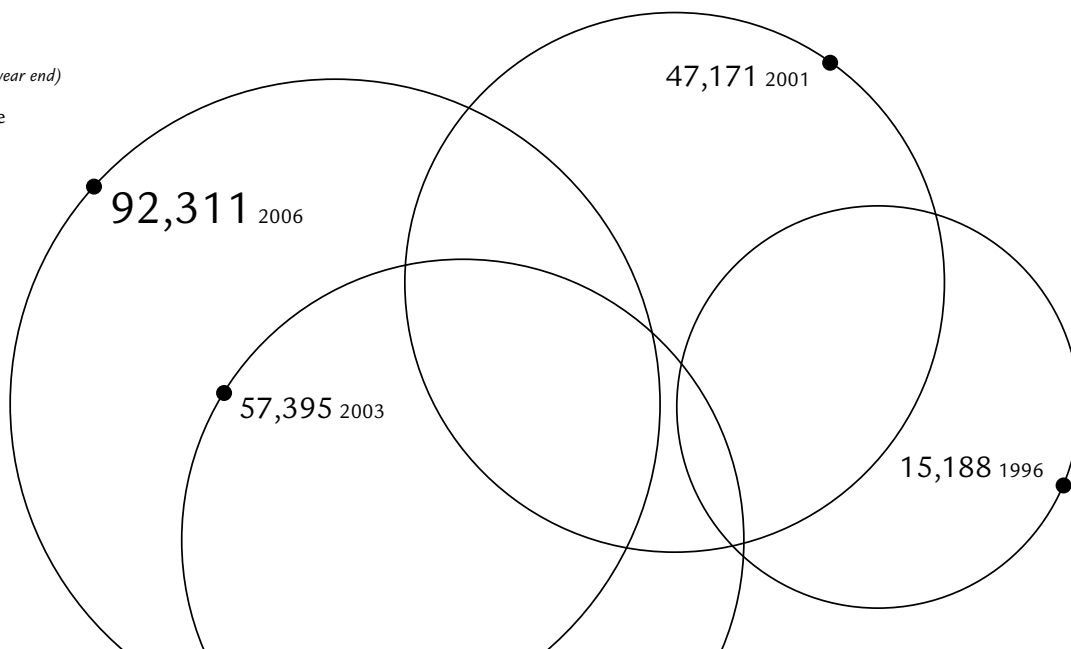


the year...2003 Production exceeds 16,500 boe/d...Two large acquisitions start to build Ferrier/O'Chiese as an operational

Reserves

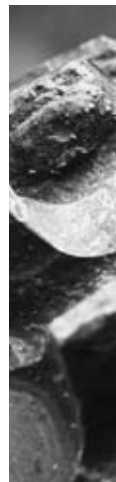
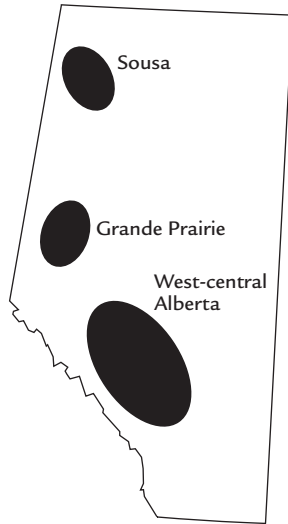
(mboe, proved plus probable) (year end)

62% of reserves are in the proved category, which adds greater certainty to the reserve base.

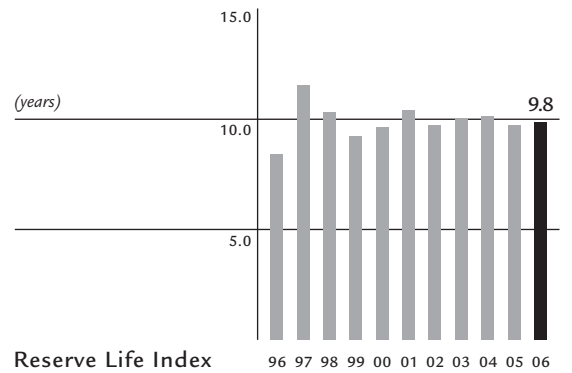


Core Areas

Shiningbank has built three core areas and operates about 75% of production.



powerhouse...2004 Most active year to date for developmental drilling - 100 wells, only four are dry...Unitholders have averaged



**focusing on development drilling
cost-effective growth**

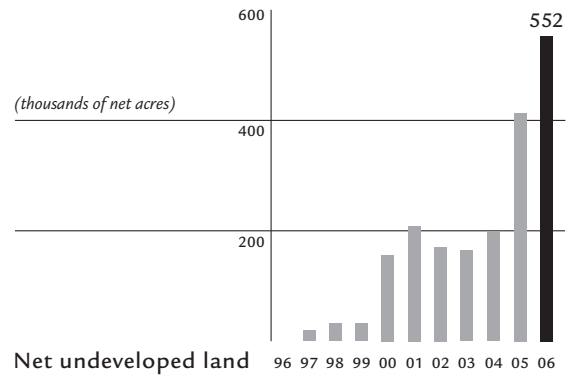
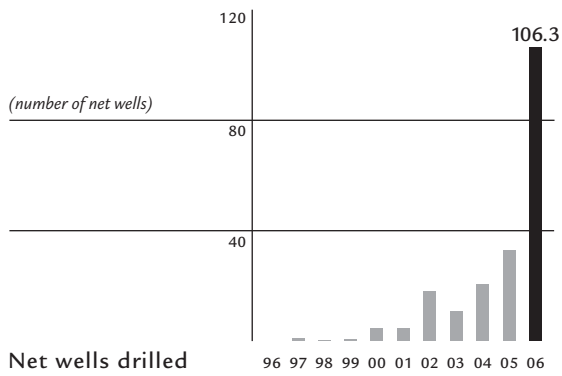
We have a low-risk drilling inventory that will keep us **busy for the next two years** at least. Our goal is to **replace natural declines** to stabilize our overall production level. Our depth of technical knowledge in west-central Alberta has led to a **drilling success rate of over 90%** in the past few years, and competitive development costs.



a 41% annual return for the past five years...2005 Hurricane Katrina puts winter gas supply in jeopardy driving gas prices to a

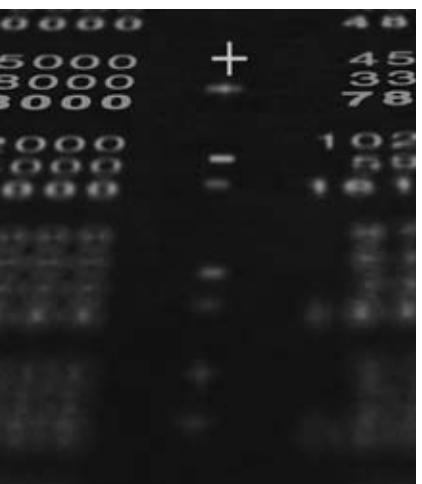


four-year high of over \$12.00/mcf...Two acquisitions valued at \$300 million set the stage for more aggressive low-risk

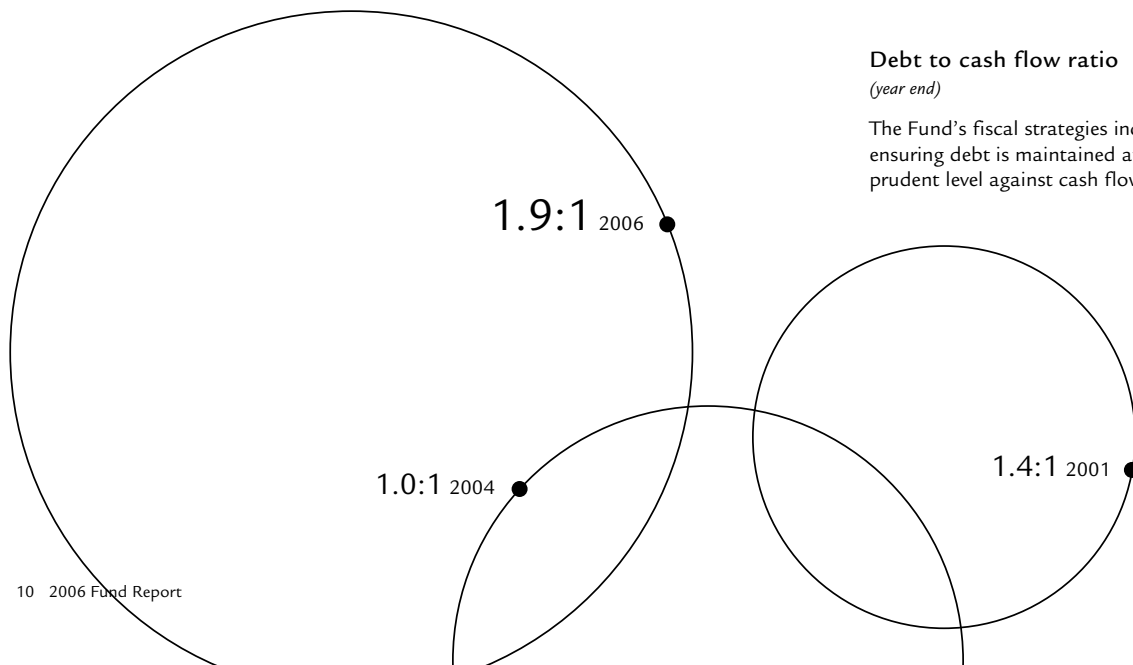


conservative financial management
strong and uncomplicated balance sheet

We maintain a **strong balance sheet** by being conservative in our use of debt. This has kept our cost structure low, while ensuring lines of credit are available to respond to new acquisition opportunities. There are **no convertible debentures** or other debt instruments in the Fund; we have a simple balance sheet.

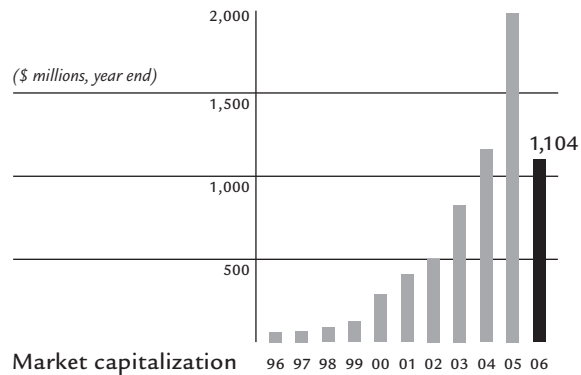


drilling...2006 Record warm winter forces gas prices to a four-year low...Drilling and another acquisition boost gas





production to 120 mmcf/d...10 years of distributions exceed \$25...In October the federal government announces its intention to



president's message to unitholders

What a year.

It was the most unusual and volatile in our history. In 2006 we passed the 10-year mark as an oil and gas royalty trust with a solid track record of a compound rate of return of 26% per year.



tax trusts which sends unit prices across the sector into a tailspin...2007 In light of equity markets, the Fund is among the first

That makes us one of the top performers in our sector through those years – and one of the best in Canada. In distributions alone, our unitholders have received over \$25 per unit over the past 10 years, and \$2.83 per unit in 2006. Yet last year was the most unusual and volatile in our history. Our 2006 total return of minus 46% was in direct contrast to our track record due to events outside of our control, which I will discuss here. The trust sector is undergoing challenges and change, and at Shiningbank, the interests of our unitholders have always been paramount. That will not change.

Strategic acquisition

The acquisition of Find Energy Ltd. (Find) in September added roughly 4,900 boe/d, 77% natural gas, in a strategic expansion of our operations in the Ferrier/O'Chiese area in west-central Alberta. The transaction included a large land spread contiguous to our existing holdings which will enhance our development drilling program for at least two years. In 2007, we are planning to drill over 200 gross wells. The +90% success of our low risk drilling program continues to play an important role in maintaining the stability of our production.

Our average gas price in the first quarter was the highest in four years; six months later it was the lowest in four years.



to reduce distributions...The next day, investment house RBC Capital Markets upgrades Shiningbank to “outperform” the sector.

Gas price volatility

Gas prices were more volatile than usual in 2006. Our average gas price in the first quarter was the highest in four years; six months later it was the lowest in four years. We were able to capture the price spike for unitholders with a \$0.30 per unit distribution for four months beginning in December 2005. As a relatively warm winter unfolded in North America, unusually high levels of gas were left in storage causing prices to erode through the year. As a result, most trusts in the sector cut distributions. Ours were reduced to \$0.25 per unit beginning in April and to \$0.23 in August, a level unitholders had received for over two years prior to the price run-up. The gas price slide did not go unnoticed by the equity market and oil and gas trusts and companies saw a drop in the prices of units and shares. Then, just as we were on the cusp of the winter heating season with gas prices gathering strength, the Canadian trust sector found itself in very different circumstances.

Just as we completed a key acquisition and gas prices were gaining strength with the onset of the winter heating season, the trust sector found itself in very different circumstances.

The federal government's proposed tax on trusts

On October 31 the federal government surprised the country with a proposal to tax income funds and trusts. While still not law, the government plans to have the changes take effect January 2011, so for the next four years there will be no direct tax impact on our cash flow or on unitholders' distributions. Although the equity market has partially recovered, the government's announcement led to an immediate drop in the value of energy trusts with approximately \$20 billion destroyed in equity for TSX investors.

Today, four months after the announcement, we are not sure if the legislation will become law, and the new rules are now being reviewed by the Finance Committee of the House of Commons. (See page 30 for a discussion of the proposed changes and its impact on unitholders.)

One immediate impact was the termination of our acquisition of Rider Resources Ltd., which was to close in early December. At that time, there was no clear indication of what the government would permit in terms of acquisitions and mergers; in other words, just how much trusts would be allowed to grow in the four-year transition period. The economics also became less attractive with the decline in our unit price. On December 11, the Boards of both Shiningbank and Rider agreed the transaction was no longer in the best interest of investors of either entity. On December 15, the government did issue clarification indicating that over the next four years trusts will be able to double the enterprise value that existed on October 31.

Shiningbank's response to the tax issue

We believe that the proposed tax on trusts is ill-conceived and will do significant damage to the Canadian economy; it has already done significant damage to the reputation of Canadian capital markets considering the surprise element in the announcement. We are fully aware that our unitholders have been hurt with the fall in our unit price and that many people, both retired and actively working, rely on their own investment income to maintain their standard of living, or for future retirement.

The trust model was established in the oil and gas business 20 years ago and has proven to be economically sound for investors and the Canadian economy. Shiningbank was created in 1996 with a \$53 million public offering of Trust Units.

In January 2007, we announced a change in our distribution policy which will see 60-65% of our cash flow distributed to unitholders.

Today our production is six times higher and our reserve base has grown eight times. The Fund's value has grown to more than \$1.0 billion through efficient exploitation of gas-focused properties and the acquisition of assets. We have paid over \$900 million in distributions to our unitholders. Shiningbank has grown from only eight employees in 1996 to over 120 employees and consultants in 2006.

Shiningbank is a good example of a Canadian success story. As an income fund, our business plan requires that we distribute a large portion of cash flow to unitholders. Under that model, it has taken discipline and focus to deliver the outstanding investment returns and magnitude of growth that we have for our unitholders. Shiningbank's performance is in direct contrast with assertions by the federal government that trusts threaten Canada's long-term economic growth and limit the ability of Canadian capital intensive industries to invest, grow and compete.

New distribution policy

Closer to home, we responded quickly to protect the Fund's financial strength and flexibility. In January 2007, we announced a change in our distribution policy which will see 60-65% of our cash flow distributed to unitholders, down from our three-year average of 84% which was one of the highest in the oil and gas trust sector. Our payout ratio is now in line with the sector average.

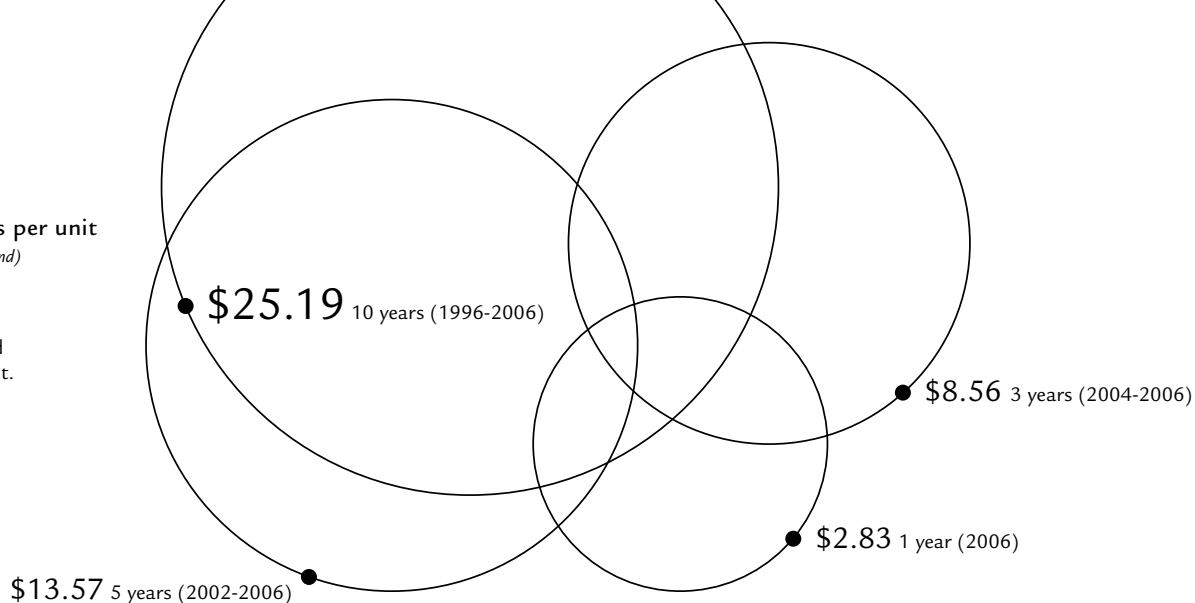
As a result, monthly distributions were reduced to \$0.15 per unit from \$0.23 per unit, beginning with the distribution payable February 15. This translates to a 14% cash-on-cash yield based on the closing price of our units on March 1, 2007.

The reduction resulted from two factors that, unfortunately, came together at the same time: an extended period of low gas prices, and a much higher cost of capital resulting from the decline in our unit price. As conservative financial managers, and considering the change in equity markets, the strategy behind the new policy is to fund substantially all of our capital program from cash flow. We will reinvest 35-40% of annual cash flow into our asset base. We anticipate this level of spending will allow us to maintain relatively stable production, while not being forced to increase bank debt, or issue new units.

With our high percentage of gas production, our distributions have always closely tracked gas prices, and we are encouraged by the strength in natural gas futures contracts for later this year. Management and the Board meet frequently to set our level of distribution, which we will continue to monitor against capital expenditures and cash flow.

Cumulative distributions per unit
(*\$ per unit, year end*)

Ten years of distributions have surpassed \$25.00 per unit.



Our fundamental strengths

At Shiningbank we are confident that long term, no matter what developments occur, there is an ongoing appetite for a cash yield by Canadian investors. We are also confident that Shiningbank will remain a profitable and attractive investment into the future. Shiningbank has a 10-year track record of top-ranked investment returns in our sector, and we attribute that to our discipline in adhering to the business fundamentals established when the Fund was formed.

Firstly, we have always had a natural gas focus, which today makes up 76% of our production and reserve base. In a short-term window, gas prices are always volatile; longer term, we believe gas provides upside for our unitholders. Concerns about adequate gas supply in North America continue to drive volatility in the markets, but also pricing strength.

We have a very experienced senior management group and a committed Board of Directors, which includes the founders of Shiningbank. Their combined insight is behind another business fundamental – our conservative fiscal policies, particularly when it comes to maintaining a strong balance sheet to ensure flexibility to act on opportunities as they arise.

Underlying the value of the Fund is our strong base of assets – long-life reserves with low rates of production decline, NGL-rich natural gas and outstanding development opportunities. Shiningbank has 552,000 net acres of undeveloped land and an inventory of low risk drilling prospects extending out for the next two years. That opportunity base is balanced by highly competitive finding and development costs with the drill bit; our three-year average is \$14.29/boe for proved plus probable reserves.

Our fundamentals will continue to be the base of our operations and, in fact, we see them being more important than ever as the trust sector moves through a period of flux and adaptation. We are intent on remaining competitive and proactive and delivering strong returns for our unitholders.

Shiningbank has a 10-year track record of top-ranked investment returns in our sector, which we attribute to the business fundamentals established when the Fund was formed and which are more important today than ever.

Momentum is continuing in 2007

We are continuing our focus on stability within the Fund, and creating value for unitholders. Production in 2007 is expected to increase about 10% from 2006 to average 25,500 to 26,000 boe/d. Natural gas is forecast to make up 76% of our volumes based on an average of 120 mmcf/d for the year. Most of the production increase will stem from the acquisition of Find last September, while we are planning to replace almost all of our naturally-occurring production declines through an active development drilling program.

The momentum in our drilling program is based on a capital budget of \$110 to \$120 million, slightly lower than in 2006, which will emphasize low risk, NGL-rich natural gas drilling locations in our inventory. We expect to drill 210 (85 net) low risk wells, predominantly in our Ferrier/O'Chiese area. With the lower payout ratio announced in January 2007, we are planning to fund substantially all of the 2007 capital program from cash flow as dictated by our more conservative distribution policy.

Continuing our focus

Shiningbank has prospered for 10 years delivering outstanding investment returns and substantial growth, despite many ups and downs in the industry. As we enter 2007, we have moved to preserve our financial flexibility and ultimately, the stability of our distributions over the long term.

We are committed to standing on our strengths. We will continue our focus on the fundamentals that have served our unitholders so well in the past. While we will have to work through the longer-term issues within the trust sector, we are continuing our focus on ensuring Shiningbank remains vibrant and profitable, and continues to be a superior investment.



David M. Fitzpatrick
President and Chief Executive Officer
March 1, 2007

keeping our unitholders informed

The management team is regularly on the road across the country meeting with unitholders. In the next pages, we look at some of the main topics on people's minds.

Gas marketing [Why are prices so volatile?](#)

Strength in our assets [Understand our assets, and you understand Shiningbank](#)

Development drilling [On the heels of our most active year to date](#)

Performance highlights [Our 2006 operational numbers](#)

Distribution information [Commonly asked questions](#)

The tax issue [What you should know about the government's plans](#)

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Shiningbank's employees and consultants [Our most valuable resource](#)

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gas marketing

why are prices so volatile?

At any moment, huge amounts of natural gas are speeding through a vast network of pipelines across North America. Meanwhile, gas sellers and buyers are intently watching computer screens and placing anonymous bids on the gas in that energy highway.

The sellers are mostly producers like Shiningbank; the buyers are residential and industrial utilities, gas-fired electricity plants, steel- or glass-makers requiring a large amount of processing heat, or companies producing plastics or anti-freeze where natural gas is used as a chemical building block.

On a normal day, both sellers and buyers are trying to catch one or two cents on the upside. On an abnormal day, the bids can move with alarming speed. A problem on a pipeline system, a hurricane like Katrina, or the forecast of a winter cold front closing in on New York can send gas prices soaring. On the other hand, a warm winter can send prices tumbling, as we saw over the past two winters. It all depends on the market's perception of there being enough gas supply to meet demand.

The storage factor

Gas is stored in hundreds of underground caverns in North America. When filled to capacity, these facilities hold enough gas to meet US demand for about seven weeks. Everyone in the gas business waits with anticipation for the weekly announcement of gas volumes in storage. Agencies in the US and Canada survey these facilities, and release an estimate of volumes still in storage.

A below average level of gas in storage will send prices higher as buyers lock into contracts to ensure their business can continue to operate at a reasonable cost. Early last winter, frigid temperatures and low volumes in storage sent December prices past \$12.50/mcf. But the winter turned warm across the continent, which resulted in record levels of gas being left in storage, and by autumn prices had dropped to the lowest point in four years.

The seasonal cycle

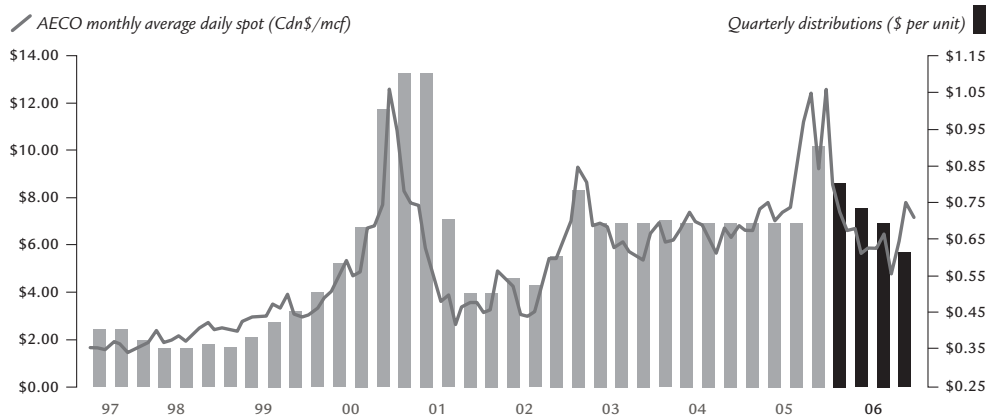
Gas prices peak in the winter due to demand for heating. The summer months can also see price strength if hot weather sparks demand for air-conditioning powered by electricity from gas-fired plants. The spring and fall are known as the shoulder seasons as heating or cooling demand falls off, but along with the summer, they are also known as the injection seasons when gas storage is refilled. This seasonal cycle leads to a zigzag pattern for gas prices, with the magnitude always dependent on the market's perception of adequate supply.

Demand/supply fundamentals

The US is the world's largest gas consumer, and forecasters agree that demand will continue to increase, partly because gas is the cleanest burning of the fossil fuels. Yet supply continues to erode. Many gas fields in North America are mature with new wells having smaller reserves, and production rates are declining faster than in the past. New production methods could squeeze more gas from reservoirs, but the volatility of prices makes it difficult to fund these longer-term projects.

Distributions track gas price trends, which makes gas marketing and risk management critical to the Fund's performance.

Distributions versus gas prices



New sources of supply are still years away. Unlike oil, which can easily be shipped around the world, natural gas must be super-cooled until it turns into a liquid, known as liquefied natural gas (LNG). This LNG requires specialized tankers and ports. Only a few ports are operating in the US and none yet in Canada. Even with dozens of ports planned, LNG imports will not have a material impact on supply for years. Pipelines from Alaska and Canada's north continue to be delayed in the regulatory process. Another potential supply source, coalbed methane, producing gas naturally contained in coal seams, is in the early stage of development in Canada. All of these supply hurdles bode well for gas pricing and Shiningbank's unitholders.

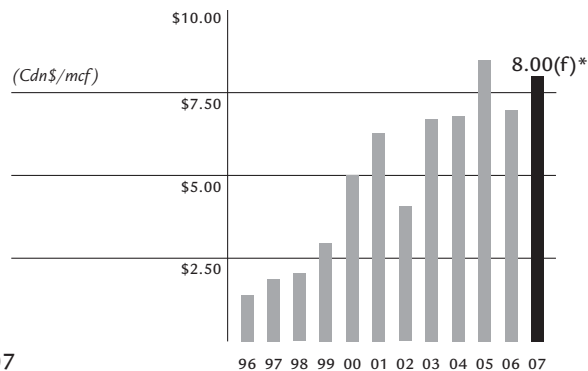
Managing risk for unitholders

At Shiningbank, gas markets are watched daily, weekends included. Our task is to bridge lows in the market, while ensuring our unitholders have some exposure to commodity price highs. We continually scan for market indicators, including weather forecasts, and ways to maximize pricing or to lock in volumes and prices through hedge contracts. We do not use hedge contracts to speculate, but rather to stabilize cash flow. Our policy is to hedge no more than 50% of any commodity, gas or oil, at any one time. This ensures unitholders have some exposure to pricing upside. We may also capture upside by hedging volumes from a newly acquired property. If a property acquisition was valued based on a price of \$6.00/mcf, and we can lock in the production at \$6.50/mcf, we can immediately improve the short-term economics of the purchase.

To catch pricing upside, about 75% of our volumes are sold under short-term contracts, some lasting a few days to several months, or are available to be locked into a longer-term hedge. The rest is sold through a mix of contracts covering different pipelines, geographic markets and over various time frames, all of which help spread the risk. This portfolio approach also ensures unitholders benefit from some exposure to commodity price upside in what is a volatile business, but one with a strong outlook for the future.

At the end of February, futures contracts for 2007 were trading over \$8.00/mcf; five years ago our gas price averaged \$4.32/mcf.

10-year gas prices & 2007 AECO futures forecast*



strength in our assets

understand our assets, and you understand Shiningbank

Shiningbank's past performance – and future – rests on the deep-rooted strength of our asset base. We started with a few properties in west-central Alberta near our namesake, Shiningbank Lake. Today our production is six times higher and our reserve base has grown eight times.

Shiningbank has always focused on being a low-risk energy investment, and the crux of our strategy has been to acquire quality properties with inherent characteristics that reduce our risk, or add upside for unitholders. Through acquisitions, we have built three core areas and control almost all of the assets. West-central Alberta is our operational core accounting for about half of our production, but it is also a growth engine with outstanding development opportunities.

Discipline

Our growth has been steady and strategic. Every step, every acquisition, is geared to managing costs while we build stability and longevity into our asset base. Acquisition markets move in cycles, but our strategy is to wait for attractive pricing on assets with characteristics we deem to be high quality. It requires discipline, but the quality of our assets is critical to the Fund's longevity.

Premium natural gas

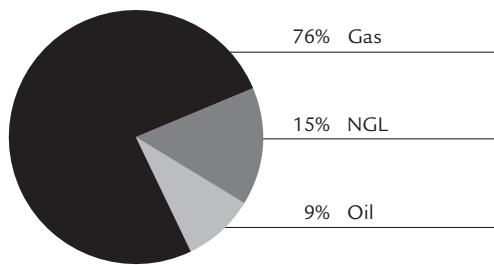
Shiningbank aggressively pursues natural gas. We have always had one of the highest percentages of natural gas in our sector, and today that stands at 76% of both production and reserves. We target NGL-rich gas, which is a particular advantage during low points in the gas price cycle. The NGL, such as butane or propane, is stripped out during processing and sold separately, which increases our netbacks. Our NGL prices were very strong in 2006 reaching a new high in the range of \$60/bbl, up about \$10 from the previous high.

Long-life reserves

Our asset base is built around long-life natural gas reserves. For the past 10 years, we have maintained our Reserve Life Index near the 10-year mark. Reserve Life Index is a measure of how long production can continue at its current rate. In other words, even with the steep rise in production over the years, our reserve base has kept pace to ensure a long production life for our assets.

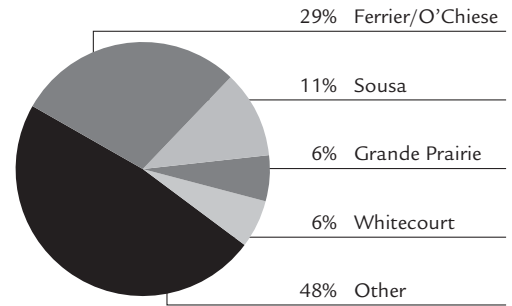
Asset control

We operate about 75% of our production. As operator, we control capital spending, the degree and pace of development drilling and the marketing of our volumes. We have operated many of our assets for years and have a depth of technical knowledge about the production history, geology and reservoir characteristics of our properties. We also have a long technical history with the processing and pipeline infrastructure necessary to get our products to market. This knowledge base is invaluable for maintaining stable production through low risk development.



Reserve base
(proved plus probable)

The high NGL content of the Fund's gas translates into premium pricing.



Major producing properties
(% total production)

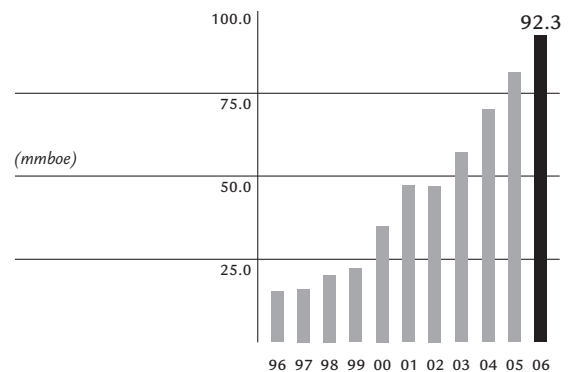
Production risk is reduced with volumes coming from a variety of properties.

Cost control comes into focus as we decide how a property is managed, and investigate ways to optimize facilities or the performance of individual wells or reservoirs. Operatorship also puts Shiningbank on the front line for monitoring the performance of our assets. Our dominance in west-central Alberta, a low cost area to begin with, has allowed us to reduce operating costs to well below the industry average of \$9.50/boe.

Drilling upside

Shiningbank has substantial opportunities for low-risk development. We have a large undeveloped land portfolio of 552,000 net acres, 97% in Alberta. With that land spread our development drilling inventory has been increased to where we can actively drill for at least the next two years. Our goal is to cost-effectively maintain stable

production. Our three-year average cost for reserve additions is \$14.29/boe, an attractive metric when measured against current acquisition costs which are about 50% higher. Our sharp focus on west-central Alberta has led to a depth of technical understanding and consistent drilling success exceeding 90%.



Reserves have grown eight times over the past 10 years.

Proved plus probable reserves

development drilling on the heels of our most active year to date

Our low-risk development drilling has proven to be a cost-effective strategy for adding value for unitholders. Most of our drilling takes place in west-central Alberta at Ferrier/O'Chiese where we consistently drill with over 90% success. In 2007, the Fund is planning to drill 210 wells (85 net), targeting replacement of natural production declines.

Our strategy

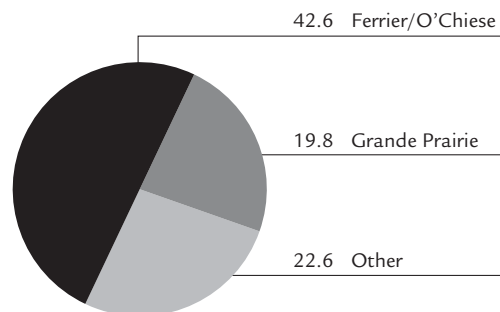
Our strategy is to invest in low risk wells to maintain production from our producing properties. In most cases, drilling also increases the value of a property by adding new reserves. Development drilling has become an increasingly important alternative to purchasing assets as we have seen extremely high acquisition prices over the past few years. With our competitive finding and development costs, it is now more economic to internally develop and drill prospects to replace production. It is a valuable option until we see a leveling out of the acquisition market.

Managing the risk

We manage risk through the types of prospects we drill. We do not explore, but rather engage in low-risk development. Most of our targets are infill wells where we drill within a well-known producing field. Drilling targets are sometimes step-out wells on the perimeter of a reservoir where seismic or geological data indicates we can extend the pool. In either case, the potential rewards undergo close scrutiny. We drill wells with the best chance of success, and with the highest potential returns. Some prospects fall outside of our economic risk profile, and these are farmed-out to other companies. They drill the well and if successful, we retain a percentage of the production and reserves, at no cost to the Fund.

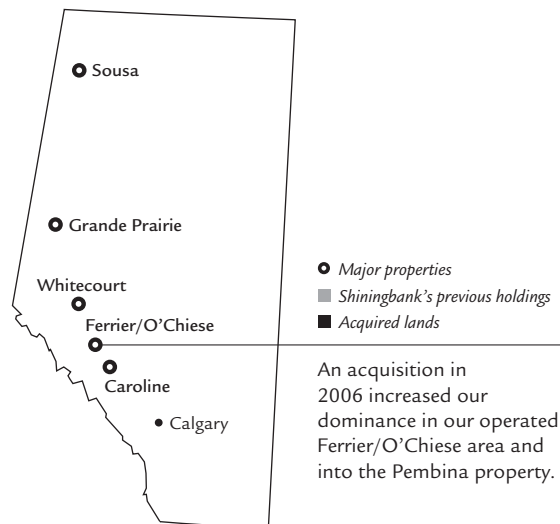
2006 drilling performance

- 94% drilling success in 2006 on 275 wells (106.3 net).
- 2006 drilling replaced 68% of our annual production with new reserves.
- 2006 net wells drilled –
Sousa 74.3
Ferrier/O'Chiese 10.1
Grande Prairie 7.5
Other 14.4.

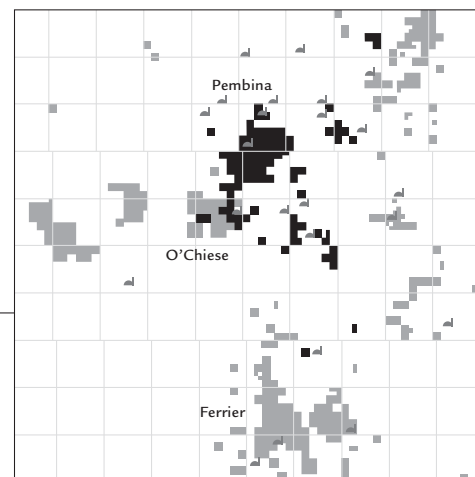


2007 net wells planned by area

Over half of the drilling program is dedicated to Ferrier/O'Chiese.



Ferrier/O'Chiese lands



Our properties

West-central Alberta – major producing area

In west-central Alberta we have created a stable, long-term production base – with tremendous development momentum. Shiningbank produces from 17 major properties (> 500 boe/d) and numerous smaller properties. The region has been our focus for its NGL-rich gas, multi-zone horizons and well established infrastructure which allows new production to be brought onstream quickly and economically.

Ferrier/O'Chiese – our centre of activity. The hub of development activity is at Ferrier/O'Chiese, our largest producing property accounting for one-third of total production. Our 100% drilling success and acquisitions have driven production from zero to over 9,000 boe/d over the past five years. Last September we increased our dominance at Ferrier/O'Chiese – and further into the adjacent Pembina property – through the acquisition of Find Energy Ltd.

The acquired assets are an exceptional fit with our development strategy. In addition to adding 4,900 boe/d, we gained 165,000 net acres of undeveloped land contiguous to our existing holdings and an attractive portfolio of low risk drilling opportunities. Also acquired was an 85%-owned gas plant which has taken our operated processing capacity to over 25 mmcf/d. We have since expanded our drilling program to include these new lands. In 2007, we expect to drill approximately 69 wells (42.6 net) in the area with the goal of sustaining production.

Grande Prairie – multi-zone, NGL-rich gas

Grande Prairie is located on the Peace River Arch, a well-developed area with year-round access where we are targeting NGL-rich gas and light oil. The area makes up about 10% of our production base. The geology is similar

to west-central Alberta, although development drilling is targeting deeper reservoirs in the range of 2,000 metres. The drilling risk is mitigated by multiple producing horizons, with some prospects able to produce from a half-dozen zones in a single wellbore. We have had good drilling success, but lack significant processing and pipeline infrastructure. Our plans call for the drilling of 30 wells (19.8 net) in 2007.

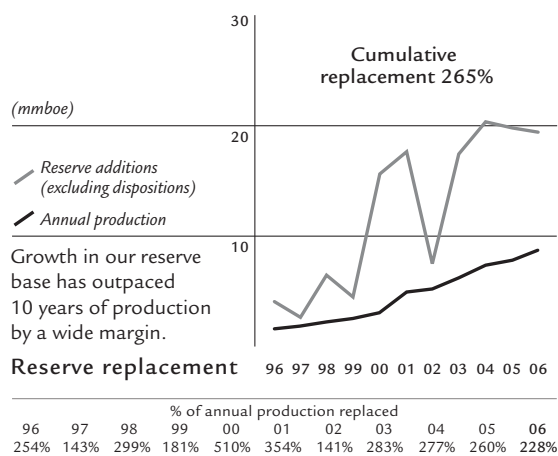
Sousa – our gas farming operation

Sousa is a large property with long-life reserves and an unusually low-risk drilling profile. The property covers an expansive 230,000 net acres with the producing gas horizon just below the surface at 250 metres. Sousa is basically a “gas farming” exploitation play, which contributes about 13% of Shiningbank's gas production. The property offers low royalties and very low operating costs, which translates to high netbacks.

In 2007 we are devoting our drilling budget to higher return prospects in west-central Alberta and the Peace River Arch, but we will likely return to Sousa in the following winter.

performance highlights

our 2006 operational numbers



Undeveloped land

Shiningbank has accumulated substantial undeveloped lands in recent years, which totaled 552,000 net acres at the end of 2006 and were one-third larger than at year-end 2005. The acquisition of Find in 2006 added 165,000 net acres of undeveloped lands at Ferrer/O'Chiese and expanded our position into the neighbouring Pembina property.

Production

Our production has averaged 18% annual growth over the past 10 years. Eleven percent production growth was recorded last year with the increase mainly due to the Find acquisition, which added roughly 4,900 boe/d beginning in early September. Successful drilling added approximately 3,700 boe/d and replaced 68% of our entire 2006 production. Natural gas made up 77% of total production averaging 106.8 mmcf/d. Volumes of oil and NGL were basically flat with 2005 at 5,395 bbl/d. Production in 2007 is being forecast to average 25,500 to 26,000 boe/d, with natural gas expected to be 76% of that volume.

Netbacks

Shiningbank's investment returns are directly linked to the profitability of our properties or, in industry terms, operating netbacks. Netbacks take into account the price we receive for production, minus expenses associated with

production and pipeline costs to deliver it to a selling point (royalties, operating and transportation costs). In 2006, the decline in gas prices lowered our netbacks by 21% on a boe basis to \$29.53.

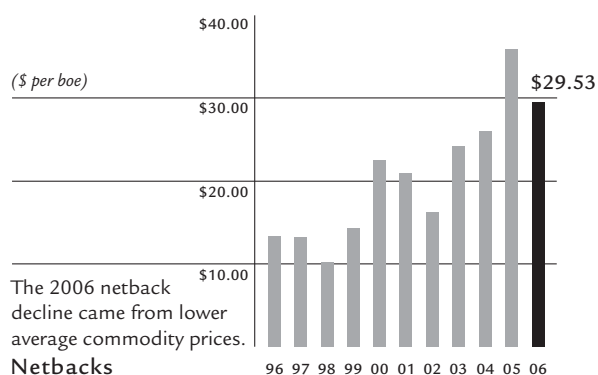
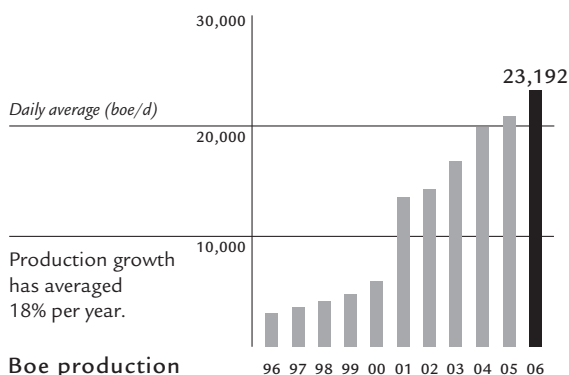
Reserve replacement

Reserve replacement is a measure of our ability to replace annual production with new reserves every year. Last year we replaced 228% of our 2006 production with new reserves. Since inception, we have replaced 265% of our total production. Over the past 10 years, acquisitions and development have added 134 mmboe in proved plus probable reserves. By contrast, our production has totaled 51 mmboe.

Acquisition and development costs

In 2006, our development activities added proved plus probable reserves at a cost of \$22.87/boe. Our three-year average is \$14.29/boe.

Our main acquisition in 2006 was the purchase of Find which closed on September 6. We added 16 mmboe in proved plus probable reserves at a cost of \$25.87/boe. In addition, we completed a number of minor property acquisitions during the year for \$38 million. These combined activities equate to an acquisition cost of \$33.01/boe for proved plus probable reserves. Our three-year acquisition costs averaged \$21.86/boe.



Costs per Boe of Proved plus Probable Reserves

	2006	2005	2004	Three-year average
Acquisition costs	\$ 33.01	\$ 23.74	\$ 11.16	\$ 21.86
Development costs ¹	\$ 22.87	\$ 11.10	\$ 9.80	\$ 14.29
Total acquisition and development costs	\$ 29.99	\$ 19.36	\$ 10.81	\$ 19.59
Operating netback	\$ 29.53	\$ 35.86	\$ 25.96	\$ 30.48
Recycle ratio	1.0	1.9	2.4	1.6
Reserve replacement	228%	260%	277%	254%

¹The Fund spent approximately \$44 million at Sousa in 2006 to drill 78 wells (74.3 net) with a 97% success rate. Approximately 4.5 mmcf/d of initial gas deliverability was added and existing proved non-producing and probable reserves were re-categorized as proved producing at year-end. As a result, only minor proved non-producing were added from the drilling program. The economics of this program remain very positive although, as no material reserves were added, the development costs per boe of reserves distort the Fund's overall results.

Reserve Reconciliation

	Reserves (Company Interest) ¹			
	Oil (mdbl)	Natural Gas (bcf)	NGL (mdbl)	Oil Equivalent (mboe)
Total Proved Plus Probable				
December 31, 2005	7,451	373.5	11,857	81,558
Acquisitions	743	62.8	2,368	13,571
Dispositions	-	-	-	-
Extensions	165	14.6	402	3,004
Discoveries	805	10.4	200	2,741
Technical revisions and economic factors	(441)	3.1	(166)	(97)
Production	(852)	(39.0)	(1,117)	(8,465)
December 31, 2006	7,870	425.4	13,544	92,311

¹ Company interest includes working interest plus royalty interests attributable to the Fund.

distribution information

commonly asked questions

Distribution schedule

Payment

Distributions are paid monthly on the 15th of the month. The amount of each distribution is determined by the Board prior to being announced by press release in the middle of the month prior to the payment. Distributions are paid in Canadian funds directly to registered unitholders, or to the broker holding the units of non-registered unitholders.

Record date

Distributions are paid to all unitholders of record on the last day of the month, which is known as the “record date”. All purchases of units must be registered by the record date in order for unitholders to qualify for the current distribution.

Ex-distribution date

The ex-distribution date is the cut-off date by which all new purchases must be completed in order to have time to register before the record date. Any purchase made on or after the “ex-date” will not qualify for the next distribution. The ex-distribution date is typically two business days before the last business day of the month.

Taxes

The following tax information is not specific to individual circumstances and unitholders should consult with a tax specialist.

Canada

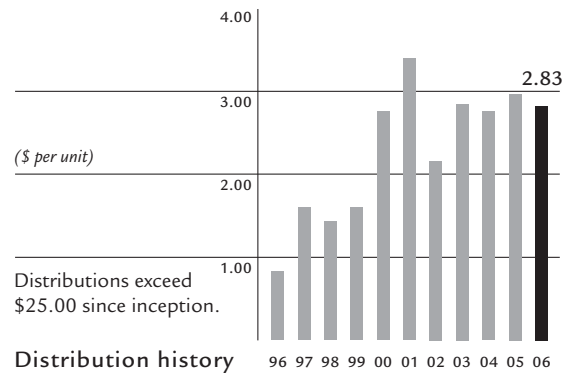
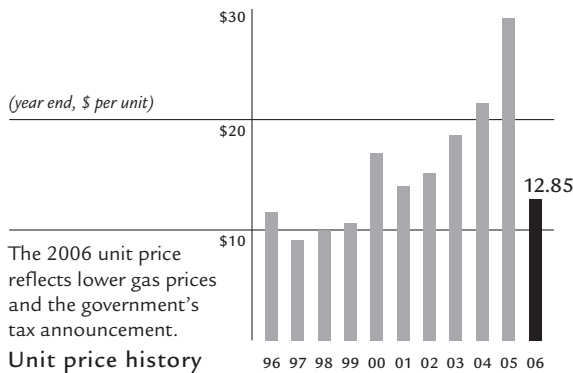
For Canadian tax purposes a portion of each distribution is taxable as “other income” while the remainder is “deferred” as a return of capital. The return of capital portion is used to adjust the investor’s cost base when units are sold to assist in determining capital gains or losses. Taxability figures are calculated annually and are announced mid-February each year. The 2006 distributions are 85.06% taxable and 14.94% deferred.

United States

For US tax purposes a portion of each distribution is recognized as a “qualified dividend” with the remainder being considered “tax deferred” and a return of capital. The deferred portion is used to reduce the cost base of the units for calculating capital gains or losses when the units are sold. Taxability figures are calculated annually and are announced late-February of each year. The 2006 distributions are 79.84% taxable and 20.16% deferred.

Non-resident withholding tax

Non-residents of Canada will have a non-refundable Canadian government withholding tax applied to all distributions paid. The withholding tax rate is typically 15% for residents of the US and most European and Commonwealth countries. If your country of residence does not have a tax treaty with Canada the percentage of tax withheld will vary.



Calculating total return

Total return is calculated using both cash distributions and any increase (or decrease) in the unit price. There is a simple formula for calculating annual return:

Take the unit price at year-end 2006 and subtract the unit price at year-end 2005;

Add amount of 2006 distributions, divide by the 2006 year-end price to generate the total return for the year.

Unit price as at	
December 31, 2006	\$ 12.85
December 31, 2005	29.15
	(16.30)
Add 2006 distributions	2.83
	\$ (13.47)
Divide by \$29.15	(46%)

Distribution Reinvestment Plan

Our Distribution Reinvestment Plan is only available to Canadian investors at this time. The DRIP allows investors to automatically have their monthly distributions applied to the purchase of additional units or to make supplemental contributions of up to \$1,000 per month. There is no discount on the unit price, but all associated fees are covered by the plan. To enrol in the DRIP registered investors should contact Computershare, and non-registered investors should contact their broker.

Who to contact

Questions regarding your units or investment account
Administrative questions concerning your units or investment account should be directed to the manager of your investment. If you are a registered unitholder, you should contact Computershare Trust Company of Canada directly. If you are a non-registered unitholder you must contact your broker.

Computershare
Toll Free: 800-564-6253

Questions relating to Shiningbank Energy Income Fund
If you have general questions about Shiningbank or would like to receive regular mailings, contact Investor Relations or visit our website at www.shiningbank.com.

Email: irinfo@shiningbank.com
Direct: 403-218-7335
Toll Free: 866-268-7477

the tax issue

behind the government's intention to tax trusts

On October 31, 2006, the federal government announced its intention to tax royalty trusts and income funds. The government is proposing that starting in 2011, trusts will be required to pay federal tax of 31.5% prior to issuing distributions. When distributions are in the hands of unitholders, a second level of tax will be paid at various rates and over different periods of time depending on where units are held. For many unitholders, this "double taxation" will result in a higher overall tax level than is paid under today's trust structure.

The impact on unitholders

If the government's proposal becomes law in its current form, there will be no tax changes until January 2011. This discussion is to help investors decipher the complex issues.

Federal tax will lower distributions

Shiningbank will be required to pay federal tax prior to issuing distributions. The proposed tax rate is 31.5%; hence, we anticipate a one-third decrease in distributions beginning in 2011.

Regular investment accounts

Taxable Canadian residents who hold their units in a regular investment account will receive lower monthly distributions, but will see no change on an after-tax basis. A partial tax credit will take into account the tax paid by the trust.

Retirement accounts

Hardest hit will be unitholders holding their trust units in tax-deferred accounts like RRSPs, RRIFs or pension plans. When money is withdrawn, unitholders will not be eligible for the partial tax credit. For many people, this will be retirement income. Shiningbank will initially pay 31.5% tax; unitholders will then pay a second layer of tax depending on their income level at the time. Canada's minimum marginal tax rate is presently 39%.

Non-residents of Canada

Non-residents are now subject to a withholding tax depending on their country of residence, which will still be in effect. The withholding tax rate is typically 15% for residents of the US and most European and Commonwealth countries. This will remain intact, and investors will not be eligible for the partial tax credit.

Trust sector response

Just days after the government's announcement, Shiningbank joined with 30 other oil and gas trusts to form the Coalition of Canadian Energy Trusts (CCET), which also includes most of the energy-related trusts such as those in the drilling or pipeline business. The coalition represents more than 20% of Canada's oil and gas production.

The coalition moved quickly to send a delegation to Ottawa in an attempt to open a dialogue and consultation process. Since then, CCET has prepared a comprehensive report on the oil and gas trust sector and its views on the tax proposals (available at www.canadianenergytrusts.ca).

Our goal: a robust industry

There is passionate resolve within the oil and gas trust sector, and one shared by the Board and management at Shiningbank: we are intent on maintaining a robust oil and gas trust sector. As a whole, trusts have invested more than \$15 billion in oil and gas projects over the past five years, mostly to arrest natural declines and maintain production on mature properties.

Many of the assets held by trusts today were actually sold by corporations which found them unworthy of their attention. Investors in oil and gas corporations expect rewards to come from a continuous rise in the stock price, which needs to be fueled by large-scale production growth. Indeed, the intermediate-sized oil and gas sector essentially disappeared in the late 1980s as companies moved to bigger rewards in international exploration. It was clear that Canadian opportunities were not lucrative enough to out-perform these foreign plays. Oil and gas trusts, and their investors, who tend to look for stability over the long term, stepped into those shares as the companies were converted into trusts. The trust model has proven to be ideal for sustaining production and harvesting hydrocarbons from the mature assets in Western Canada.

The oil and gas trust sector has proven to be well managed and sustainable – proof being the high returns which have been embraced by investors. The economic contribution is substantial through employment and re-investment in producing fields which translates to the life blood of many rural communities. Trusts have repatriated about \$10 billion in assets from foreign control over the past 10 years. Innovation and technology are always at the forefront. Members of the sector are important players in groundbreaking techniques to capture carbon dioxide and inject it into spent oil and gas reservoirs with the potential to substantially reduce Canada's greenhouse gases. All of this is endangered by the federal proposals.

Please check our website at www.shiningbankenergy.com for updates on the tax issue and links to other sites such as the Canadian Coalition of Energy Trusts at www.canadianenergytrusts.ca. To voice your opinion, and for more information, please visit the website for the Canadian Association of Income Trust Investors, a grassroots organization of unitholders, at www.caiti.info.

Who said there was tax leakage?

The proposed changes centre on “tax leakage” – a claim by the government that it is losing substantial revenue. This claim has yet to be substantiated and, in fact, they have made no effort to support their contention with facts.

As detailed in the CCET report, there is no tax leakage from oil and gas trusts. In fact, research shows the complete opposite – tax revenue from oil and gas trusts is higher than that from oil and gas corporations. The difference is that with trusts, the tax is paid by unitholders on their distributions. With corporations, the tax is paid by the corporate entity. Even so, historically oil and gas corporations have paid minimal tax. The industry requires huge amounts of capital for exploration and development and many corporations invest 100% or more of their cash flow each year. Those expenditures generate tax pools which corporations use to reduce taxes. Trusts on the other hand, while still heavy capital spenders, do not spend all of their cash flow to generate tax pools. Instead, the majority of their cash flow goes out to unitholders, generating tax deductions in the trust but causing taxes for unitholders.

The CCET report shows that trusts account for 16% of revenue from publicly-traded oil and gas entities, but generate roughly 30% of tax revenue collected. Trusts are generating about double the tax of corporations.

What we know now

In early March 2007, four months after the government's announcement, we are still waiting for the government to pass its proposed legislation. Partial draft legislation was published in late December. Under pressure from the trust sector and political parties, the House of Commons Finance Committee decided in January to review the government's decision to tax income trusts. The committee has heard witnesses to examine the validity of the government's financial reasons for its decision. A report calling for changes to the legislation has been tabled.

corporate governance
protecting your interests, our ultimate goal



Arne R. Nielsen
Chairman



Edward W. Best
Director

Independence of the Board

Shiningbank's Board of Directors is made up of six independent directors, four of whom have served since the Fund's inception, and the President and CEO. The independent directors are unrelated, as defined by the Canadian Securities Administrators, an organization of national securities commissions.

The Board has ultimate responsibility for overseeing corporate governance. At Shiningbank we believe corporate governance is integral to protection of unitholders' interests and ensuring all of our business dealings are built on trust and confidence, including reporting to regulatory bodies and all interactions with unitholders and the investment community. We believe that integrity and professionalism are fundamental to executing those responsibilities.

Workings of the Board

Shiningbank's Board meets as a whole at least eight times a year to review financial results, major acquisitions, the Fund's distribution policy, operations and its strategic direction. The independent directors routinely meet without management present to discuss specific issues or strategies. Shiningbank's Board may be small in number, but it is extremely effective due to the frequent and open dialogue with management and each director's in-depth knowledge of the Fund based on years of service.

Financial reporting

Shiningbank practices full disclosure and compliance with all securities' regulations. The financial statements are prepared internally, evaluated by independent auditors, and then by the Board's Audit Committee prior to presentation to the Board for approval.

Environment, health & safety

High standards of environmental performance, and health and safety are integral to the Fund's present and future performance. Shiningbank's operations are based on best practices which are built around extensive policies, procedures and training for our contractors and employees in the field. These activities are supported by sound planning, design and implementation of drilling activities and other development programs. This commitment to the welfare of our workers, contractors and the public can be seen in an excellent safety record through the years.



Richard W. Clark
Director



D. Grant Gunderson
Director



Robert B. Hodgins
Director



Warren D. Steckley
Director

Board committees

The Board has established four committees, all made up of only independent directors. Each committee is charged with reviewing specific aspects of the Fund’s operations and making recommendations to the Board. Each director, and each committee as a whole, has the option of retaining independent counsel or advisors in carrying out their duties.

Audit Committee

The Audit Committee is responsible for:

- approving the Fund’s quarterly and year-end financial statements and MD&A;
- maintaining direct communication with external auditors and assessing their performance;
- ensuring management maintains effective systems of internal controls; and
- reviewing policies and business practices such as insurance, accounting and information systems.

Members: Bob Hodgins (Chair), Ted Best, Grant Gunderson, Arne Nielsen and Warren Steckley

Compensation Committee

The Compensation Committee is responsible for:

- developing executive compensation policies, practices and overall philosophy;
- evaluating corporate and individual officer performance; and
- recommending compensation for directors, officers and the overall level and type of compensation for staff.

Members: Ted Best (Chair), Richard Clark, Bob Hodgins and Warren Steckley

Corporate Governance Committee

The Corporate Governance Committee is responsible for:

- identifying individuals qualified to become new Board members;
- reporting to the Board on corporate governance issues, principles and guidelines; and
- reviewing procedures to ensure the Board is functioning independently of management.

Members: Richard Clark (Chair), Grant Gunderson, Bob Hodgins and Arne Nielsen

Environment, Health, Safety and Reserve Committee

The Environment, Health, Safety and Reserve Committee is responsible for:

- overseeing guidelines and policies for environment, health and safety matters;
- reviewing annual reserve reports and meeting with the consulting engineering firm; and
- evaluating the qualifications and independence of the consulting engineering firm.

Members: Warren Steckley (Chair), Ted Best, Richard Clark and Grant Gunderson

five-year review

Financial

(\$ thousands, except per Trust Unit amounts)	2006	2005	2004	2003	2002
				<i>Restated</i>	<i>Restated</i>
Oil and natural gas sales ¹	\$ 400,796	\$ 419,663	\$ 307,514	\$ 247,207	\$ 142,661
Royalties	(74,230)	(88,078)	(63,930)	(53,628)	(26,470)
Transportation costs ¹	(5,898)	(5,304)	(5,550)	(5,050)	-
Operating costs	(70,687)	(53,045)	(48,692)	(40,536)	(31,583)
Operating netbacks	249,981	273,236	189,342	147,993	84,608
General and administrative	13,290	10,244	6,681	4,649	4,143
Management fees	-	-	-	-	1,939
Interest on long term debt	15,722	8,423	6,159	6,103	5,109
Internalization of management contract	-	-	818	608	4,509
Other	224	1,805	806	595	665
Funds flow from operations	220,745	252,764	174,878	136,038	68,243
Depreciation, depletion and accretion	189,595	142,370	118,547	78,853	63,627
Internalization of management contract	449	1,309	2,693	5,381	6,475
Trust Unit incentive compensation	3,836	2,506	1,263	572	-
Gain on sale of other assets	-	(920)	(232)	-	-
Net earnings before income taxes	26,865	107,499	52,607	51,232	(1,859)
Future income tax recovery	(38,902)	(6,737)	(86,199)	(12,722)	(14,457)
Net earnings after income taxes	\$ 65,767	\$ 114,236	\$ 138,806	\$ 63,954	\$ 12,598
Funds flow from operations	\$ 220,745	\$ 252,764	\$ 174,878	\$ 136,038	\$ 68,243
Capital expenditures	(131,373)	(81,772)	(56,339)	(22,931)	(11,867)
Asset retirement expenditures	(2,314)	(1,497)	(684)	(218)	(385)
Working capital adjustments	125,153	12,771	28,505	9,398	13,616
Distributions to unitholders	\$ 212,211	\$ 182,266	\$ 146,360	\$ 122,287	\$ 69,607
Distributions per Trust Unit	\$ 2.83	\$ 2.97	\$ 2.76	\$ 2.85	\$ 2.16
Long term debt	\$ 430,328	\$ 199,129	\$ 182,147	\$ 121,691	\$ 115,283
Unitholders' equity	\$ 948,849	\$ 736,992	\$ 515,944	\$ 364,215	\$ 264,887
Total assets	\$1,649,012	\$1,169,580	\$ 826,797	\$ 614,149	\$ 507,824
Trust Units outstanding at year end	85,899	68,186	54,141	44,343	33,194
Average Trust Units outstanding during year	74,193	59,711	52,209	41,595	31,677

¹ 2003 - 2006 oil and natural gas sales and average prices are stated before transportation costs.

Operations

	2006	2005	2004	2003	2002
Daily production					
Oil (<i>bbl/d</i>)	2,335	2,346	2,381	2,023	2,054
Natural gas (<i>mmcf/d</i>)	106.8	93.2	86.6	74.9	64.2
Natural gas liquids (<i>bbl/d</i>)	3,060	3,003	3,125	2,252	1,454
Oil equivalent (<i>boe/d</i>)	23,192	20,876	19,933	16,759	14,214
Natural gas percentage of total production	77%	74%	72%	74%	75%
Average sales price (after hedging)¹					
Oil (<i>\$/bbl</i>)	\$ 64.39	\$ 61.78	\$ 43.14	\$ 37.95	\$ 36.31
Natural gas (<i>\$/mcf</i>)	\$ 7.26	\$ 9.13	\$ 7.06	\$ 7.00	\$ 4.32
Natural gas liquids (<i>\$/bbl</i>)	\$ 55.77	\$ 50.42	\$ 40.24	\$ 33.65	\$ 26.59
Oil equivalent (<i>boe/d</i>)	\$ 47.29	\$ 54.96	\$ 42.14	\$ 40.42	\$ 27.50
Proved plus probable reserves – company interest²					
Oil and natural gas liquids (<i>mbl</i>)	21,414	19,308	18,783	15,236	11,893
Natural gas (<i>bcf</i>)	425.4	373.5	307.6	253.0	210.0
Oil equivalent (<i>mboe</i>)	92,311	81,558	70,052	57,395	46,890

¹ 2003-2006 oil and natural gas sales and average prices are stated before transportation costs.

² Company interest includes working interest plus royalty interests attributable to the Fund.

Trading History

	2006	2005	2004	2003	2002
High	\$ 29.52	\$ 30.99	\$ 23.98	\$ 18.99	\$ 15.95
Low	\$ 12.51	\$ 22.00	\$ 16.51	\$ 14.80	\$ 10.00
Close	\$ 12.85	\$ 29.15	\$ 21.49	\$ 18.64	\$ 15.15
Volume (<i>millions of units</i>)	124.9	53.0	44.0	37.3	25.0

our employees and consultants
our most valuable resource

Mark Adams	Greg Dedora	Bev Henkel	Joanne McDiarmid	Terry Robichaud
Laura Allegro	Bill DeGroot	Kari Herman	Darren McGinn	Kimberly Rogers
Haya Amer	Dennis DeGroot	Jeannette Hibbert	Jim McIntosh	Greg Ross
Linda Beaton	Bryan Denesiuk	Lori Hill	Shirley McKinnon	Dave Russell
Chad Beauliua	Olga Deriabina	Paul House	Gord McLean	Luc Sabourin
Bill Beckett	Dan Desmond	Brandy Huber	Harold McLean	Eldon Samson
Susan Belcher	Murray Desrosiers	Bill Hughes	Rob McPhee	Kurt Sandboe
Brad Benesch	Andy Dezaeyer	Andrea Huitema	Dan Mears	Sandy Schille
Cody Bennett	Judy Donaldson	Jacky Hyde	Gerald Mezzo	Irving Scott
Cassandra Bergland	Robyn Dowhaluk	Rob Ilsley	Rob Miller	Angela Shewchuk
Al Bessel	Bert Duperron	Jodi Ireland	Dwayne Mindus	Laura Silbernagel
Dennis Betts	Rob (Buck) Dyck	Lyle Johnston	Greg Moore	Malcolm Sills
Anna Blahun	Richard Erick	Paul Johnston	Ben Morris	Rhea Skogen
Jason Bosma	Don Feduschak	Susan Jones	Gord Mugleston	Darrell Spink
Irvin Bouck	Joanne Feeny	Tara Kaupp	Phyllis Mussel	Brad Stack
Robert Bougie	Dave Fitzpatrick	Jerry Keeler	Dianne Nesbitt	Lindsey Stang
Lindsay Boyce	Al Frederick	Sonia Kelly	Joe Ollenberger	Terry Stasiuk
Shelli Brink	Jim Fry	Doug Kidd	Brian Ontko	George Sudar
Irene Britton	Trevor Ford	Les Kingdon	Darrel Orton	Dorsey Sunderland
Judy Britton	Bruce Gawalko	Jack Klassen	Alice Ostertag	Dave Sych
Allan Brown	Randy Gerber	Jim Knauft	Camille Owen	Ceara Thompson
Cliff Brown	Don Geherman	Wilf Knitter	Roger Palmer	Bruce Thornhill
Dean Burghardt	Bruce Gibson	Tom Kokotailo	Miruna Palosanu	Kelly Tubbs
Kellie Carlson	Andy Gilbreath	Mike Kopp	Fadia Paré	Brian Tucker
Murray Carstairs	Ian Gillies	Ken Koury	Juliette Paul	Bob Tupper
Debbie Carver	Alan Glessing	Darcy Lamoureaux	Kim Pedersen	Earl Vardy
Monique Cesario	Brad Granley	Larry Lancot	Dan Petch	Vanessa Venos
S. Ken Chalmers	Richelle Gravestock	Gary Larnus	Lance Petersen	Ed Wall
Jenny Chan	Mark Gray	Cindy Lychak	Linda Philibert	Guy Westlin
Anneliese Chronik	Indy Grewal	Jeff MacBeath	Hugo Potts	Dan Williams
James Cockney	Murray Groves	George Mahan	Paul Prociuk	Donna Wilson
Sandi Cole	Ayaz Gulamhussein	Stacy Mahan	Terry Prokopy	Bill Wogsberg
Kim Colman	Trevor Hans	Ian Martinot	Garry Randal	Pat Wolton
Mark Copithorne	Candice Harris	Kathy Matheson	Lynn Redington	Cory Yee
Linda Craig	Terry Hart	Joe McAvoy	Gordon Reich	Mike Yuhar
Kirby Crowell	Eugene Hausauer	Jim McBeth	Bruce Richert	Christopher Zruna
Janet Davies	Margaret Heineremann	Debbie McBride	Dennis Richert	George Zawartka

corporate information

how to contact us

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David M. Fitzpatrick

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Edward W. Best

Director

Richard W. Clark

Director

D. Grant Gunderson

Director

Robert B. Hodgins

Director

Warren D. Steckley

Director

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President and Chief Executive Officer

Bruce K. Gibson

Chief Financial Officer

Gregory D. Moore

Chief Operating Officer

J. Lance Petersen

Vice President, Land

R. Bruce Thornhill

Vice President, Geology

Daniel B. Williams

Vice President, Acquisitions and Divestments

Alan G. Glessing

Vice President, Administration and Controller

Murray J. Desrosiers

Corporate Secretary and General Counsel

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Debbie Carver

Investor Relations Coordinator

Trustee

Computershare Trust

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Paddock Lindstrom & Associates Ltd.

Calgary, Alberta

Legal Counsel

Gowling Lafleur Henderson LLP

Calgary, Alberta

Stock Exchange Listing

Symbol: SHN.UN

Toronto Stock Exchange

Notice of Meeting

The Annual and Special Meeting of the unitholders of Shiningbank Energy Income Fund will be held on Tuesday, May 15, 2007 at the Calgary Petroleum Club, 319 – 5 Avenue S.W., Calgary, Alberta, Canada beginning at 3:00 p.m. MDT. Investors are invited to attend the meeting. All unitholders are encouraged to complete their Proxy or Voting Information Form and submit their voting instructions, as directed by the applicable form, in a timely manner to ensure that their Trust Units are represented at the meeting.

Abbreviations

bbl *barrels of oil or natural gas liquids*

bcf *billion cubic feet of natural gas*

boe *barrels of oil equivalent
(6,000 cubic feet of natural gas
is equivalent to one barrel of oil)*

/d *per day*

mboe *thousand barrels of oil equivalent*

mcf *thousand cubic feet of natural gas*

mmcf *million cubic feet of natural gas*

NGL *natural gas liquids*

AECO *Alberta benchmark gas price*

A Note About BOEs

The term boe may be misleading, particularly if used in isolation.

A boe conversion ratio of 6 mcf to 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.

www.shiningbank.com



The Fund is named after Shiningbank Lake, which is close to one of the first properties acquired by the Fund.