



**SHININGBANK**  
Energy Income Fund

June 7, 2007

Dear Shiningbank unitholder:

You are invited to attend a special meeting of unitholders of Shiningbank Energy Income Fund (“Shiningbank”) to consider a proposal to merge Shiningbank with PrimeWest Energy Trust (“PrimeWest”), to form what we believe will be one of the largest and best-positioned natural gas-focused trusts in Canada. The meeting will be held at the Metropolitan Conference Centre, 333 - 4<sup>th</sup> Avenue S.W., Calgary, Alberta at 9:00 a.m. (Calgary time) on Tuesday, July 10, 2007. **Even if you can attend the meeting, please complete the enclosed form of proxy or voting direction and submit it via the internet, by telephone or through the mail in the enclosed postage-paid envelope, as soon as possible to ensure your representation in the vote. For assistance, please contact our information agent, Georgeson, at 1-866-690-7477.**

The accompanying joint information circular of Shiningbank and PrimeWest contains the full details of the proposed transaction; in this letter we provide an overview of the merger and our rationale for combining two highly successful trusts. The new trust, which will retain the name PrimeWest Energy Trust, will be one of the largest natural gas-focused oil and gas trusts in Canada. The initial enterprise value will exceed Cdn\$4.5 billion and the combined entity will be managed by an experienced senior management team, which will include key personnel from both Shiningbank and PrimeWest.

The Boards of both entities have unanimously approved the merger, as it combines the best features of two successful trusts at a time when there is uncertainty in the royalty trust environment. Our investors are fully aware of the impact of last year’s weak gas markets and the proposed taxation of income trusts and we have moved quickly to maximize value for our unitholders. Shiningbank’s management and Board believe the merger will provide investors with a more powerful operating entity for the future while retaining the natural gas exposure and development upside of the Shiningbank properties. **We recommend that our investors vote to approve the merger.**

#### The process behind the merger

The transaction is a merger between two strong gas-focused trusts, and was announced following a thorough investigation of options to maximize value for Shiningbank unitholders. Our discussions with PrimeWest were lengthy and in-depth, including evaluating the business model of the combined entity and the operating synergies that could benefit all investors. During the process we engaged an independent financial advisor, National Bank Financial Inc., which has provided our Board with an opinion that the arrangement is fair, from a financial point of view, to Shiningbank securityholders. Based on that opinion, and Shiningbank’s own investigations, our Board has unanimously determined that the merger is in the best interests of both Shiningbank and our securityholders.

#### Specifics of the merger and vote

The merger of Shiningbank and PrimeWest will see all issued and outstanding Shiningbank trust units exchanged for trust units of PrimeWest. Shiningbank unitholders will receive 0.620 of a PrimeWest trust unit for each Shiningbank unit on a tax-deferred roll-over basis. PrimeWest’s current monthly distribution is \$0.25 per trust unit, which translates to a distribution increase of 3.3% for Shiningbank unitholders. Further information on PrimeWest’s historical distributions can be found on page 104 of the information circular.

The merger resolution must be approved by at least 66⅔% of the Shiningbank securities represented in person or by proxy at the Shiningbank meeting. The transaction must also be approved by at least 66⅔% of PrimeWest securities represented in person or by proxy at the PrimeWest meeting. The merger is also subject to stock exchange, court and regulatory approval and other conditions that are typical of such transactions.

To ensure uninterrupted distributions, the merger is expected to close on or about July 11, 2007 following the meetings, but no later than the anticipated record date for the first distribution from the combined entity. The following outlines the expected payment schedule of distributions during the merger transition.

	<u>Record Date</u>	<u>Payment Date</u>
Shiningbank unitholders . . . . .	June 30	July 15 (from Shiningbank)
PrimeWest unitholders . . . . .	June 22	July 13
Shiningbank and PrimeWest Unitholders . . . . .	July 20	August 15

**If you have a trust unit certificate evidencing your ownership of Shiningbank trust units, you must submit it along with a completed letter of transmittal in order to receive the PrimeWest trust units.** You are encouraged to do this as soon as possible to ensure that you receive the distribution to be paid on the PrimeWest trust units on August 15, 2007 in a timely manner. For further information see “Procedure for Exchange of Shiningbank Securities” on page 54 of the information circular and the accompanying letter of transmittal.

## The new entity

The merged entity will be one of the largest and best-positioned natural gas-focused trusts in Canada. Following completion of the merger, PrimeWest will have a largely operated, lower cost asset base primarily focused in West Central Alberta, Northeastern British Columbia, and the Williston Basin in the United States. The Reserve Life Index will be one of the highest in the oil and gas trust sector at 11.5 years. The combined entity will have a diverse and significantly larger development portfolio. This will provide the technical teams, which will be made up of professionals from both entities, with a large undeveloped land base and opportunities for identifying operating efficiencies and cost savings across the asset base.

Following the merger, PrimeWest will have:

- Proved plus probable reserves of approximately 280 million barrels of oil equivalent (excluding 2007 production and development, acquisition and disposition activities);
- Production of approximately 66,000 boe/day (based on first quarter 2007 production and before planned dispositions of approximately 4,000 boe/day of production) comprised of approximately 70% natural gas and 30% crude oil and natural gas liquids;
- Long Reserve Life Index of 11.5 years, based on year-end 2006 production and reserves;
- Development opportunities in excess of \$1.4 billion; and
- Approximately 1.1 million net acres of undeveloped land, one of the largest undeveloped land bases in the oil and gas trust sector.

This transaction directionally moves the merged entity towards a business model where future development capital spending and distributions are generally expected to be financed with funds flow from operations. The merged entity is also expected to have a stronger balance sheet, greater cash flow and, an important feature, greater liquidity and access to capital as PrimeWest is listed on both the New York Stock Exchange and the Toronto Stock Exchange. In the combined entity, we envision cost reductions for both operating and general and administrative expenses, as well as greater cost efficiencies in our capital programs. Overall, we believe that Shiningbank investors, and investors in PrimeWest, will benefit from a much larger entity with a lower cost structure, excellent assets and an exceptional undeveloped land base.

## Key personnel following merger approval

The combined trust will retain key personnel from both entities and will be led by PrimeWest's current President and Chief Executive Officer, Donald A. Garner, as well as its current Vice President, Finance and Chief Financial Officer, Doug Fraser, its current Vice President, Business Development, Ron Ambrozy and its current Vice President, Legal and General Counsel, Gord Haun, all of whom will continue in their current capacities. Notably, Gregory D. Moore (as Vice President, Operations), J. Lance Petersen (as Vice President, Land) and R. Bruce Thornhill (as Vice President, Geosciences) will join PrimeWest from Shiningbank and report to Tim Granger, the continuing Chief Operating Officer of PrimeWest. Three members of our Board of Directors, Robert B. Hodgins, Warren D. Steckley and myself, will join PrimeWest's Board of Directors. The other members of PrimeWest's Board of Directors will be Harold P. Milavsky (Chairman), Barry E. Emes, Harold N. Kvisle, Kent J. MacIntyre, W. Glen Russell and Peter Valentine.

## Your consideration of the merger

The information circular contains a detailed description of the merger and detailed information about both trusts. Please consider this material carefully and, if you require assistance, consult your financial, tax or other professional advisors or contact our information agent, Georgeson, at 1-866-690-7477. **Even if you can attend the meeting, please complete the enclosed form of proxy or voting direction and submit it via the internet, by telephone or through the mail in the enclosed postage-paid envelope as soon as possible to ensure your representation in the vote.**

**Shiningbank unitholders who are Canadian residents will generally realize a capital gain or capital loss for Canadian federal income tax purposes as a result of the arrangement. However, unitholders can obtain a tax-deferred roll-over by following the procedure for making a joint tax election described under the heading "Canadian Federal Income Tax Considerations" commencing on page 55 of the information circular. Unitholders are urged to consult their own advisors regarding the deadlines and procedure for making the election.**

## In closing

On behalf of the directors of Shiningbank, I would like to express our gratitude for the support of our unitholders for our decision to take the proposed merger forward. We would also like to thank our employees, who have worked very hard in assisting us with this task, for their support for the transaction. We are confident that the same high level of dedication will continue in the newly merged PrimeWest. We encourage you to support the proposal with a favourable vote in order to create what we believe will be a stronger trust. We look forward to seeing you at the meeting. In the meantime, if you have any questions please contact our information agent, Georgeson, toll-free at 1-866-690-7477.

Yours very truly,

(Signed) "*David M. Fitzpatrick*"

David M. Fitzpatrick, President and Chief Executive Officer  
Shiningbank Energy Ltd.