

THE SECURITIES ACT

)

Order No. 3069

)

Section 20

)

September 28, 2000

SHININGBANK ENERGY INCOME FUND

WHEREAS:

(A) Shiningbank Energy Income Fund (the "Fund") has applied to The Manitoba Securities Commission (the "Commission") for an order pursuant to subsection 20(1) of *The Securities Act* (Manitoba) (the "Act") exempting from sections 6 and 37 of the Act the issuance from treasury of trust units ("Trust Units") of the Fund pursuant to the distribution reinvestment component of the Shiningbank Energy Income Fund Distribution Reinvestment and Optional Trust Unit Purchase Plan (the "Plan") and the issuance from treasury of Trust Units of the Fund pursuant to the optional cash payment component of the Plan.

(B) It has been represented to the Commission that:

1.0 The Applicant

1.1 The Fund is an unincorporated open-ended investment trust created under the laws of the Province of Alberta pursuant to a trust indenture dated May 16, 1996, as amended and restated most recently on August 3, 2000, between Montreal Trust Company of Canada and Shiningbank Energy Management Inc. (the "Manager"). The head and principal office of Shiningbank is located at 1310, 111-5th Avenue S.W., Calgary Alberta, T2P 3Y6.

1.2 The Fund's assets consist primarily of a royalty equal to 99% of the net cash flow generated by the petroleum and natural gas interests held by Shiningbank Energy Ltd. after certain costs, expenditures and deductions.

1.3 Each Trust Unit entitles the holder thereof to receive quarterly distributions of the holder's proportionate share of distributable income of the Fund, such distributable income being equal to the income that the Fund receives from Shiningbank Energy Ltd., plus interest income received or receivable by the Fund from Shiningbank Energy Ltd., any received Alberta Royalty Credit and other payments or distributions from Shiningbank Energy Ltd., less certain charges and cash expenses. The Fund makes quarterly distributions to unit holders of record on March 31, June 30, September 30 and December 31 of each year. Distributions are paid to unit holders within 15 days of the applicable record date.

1.4 The most recent prospectus of the Fund, dated August 3, 2000, was filed in all provinces of Canada. The Fund is subject to National Policy Statement No. 47 (Prompt Offering Qualification System) and the noted prospectus was filed pursuant to the terms thereof.

1.5 The Trust Units are listed on the Toronto Stock Exchange (the "TSE").

1.6 The Fund is current with all filings required to be made pursuant to the Act.

2.0 The Plan

2.1 Subject to receipt of all required regulatory approvals, the Fund intends to implement the Plan whereby unit holders may elect to reinvest the cash distributions from Trust Units in new Trust Units of the Fund or, at the discretion of the Manger, in Trust Units acquired through the facilities of the TSE. The Plan was approved by unitholders on May 9, 2000.

2.2 Participants do not pay any costs associated with the Plan, including the payment of brokerage commissions. Full investment of all funds is possible as fractional Trust Units are also credited to each participant's account. Statements of account are mailed to each participant in each calender quarter. If unit holders do not participate, cash distributions are paid in the usual manner.

2.3 The purpose of the Plan is to allow eligible holders of Trust Units to conveniently purchase additional Trust Units by reinvestment of their cash distributions. Unitholders who do not elect to participate in the Plan receive distributions in the normal course.

2.4 Registered holders of Trust Units are eligible to join the Plan at any time by completing an authorization form and sending it to Montreal Trust Company of Canada (the "Agent"). Once a holder of Trust Units has enrolled in the Plan, participation continues automatically unless terminated in accordance with the terms of the Plan. Termination of participation may be effected by written notice to the Agent. Participants in the Plan will receive annually, notice of their right to withdraw from participation in the Plan.

2.5 Under the terms of the Plan, holders of Trust Units may direct the Agent to reinvest cash distributions on all of the Trust Units registered in a particular name or manner for the acquisition of the new Trust Units, or at the discretion of the Manager, to acquire existing Trust Units through the facilities of the TSE at prevailing market rates.

2.6 Further payments may be made by any participant in the Plan by forwarding a cheque or money order to the Agent in Canadian dollars together with an optional cash payment form. Participants in the Plan may make optional payments of up to \$3,000 per quarterly period to purchase new Trust Units. The optional payment amount is based upon maximum optional payments of \$12,000 per year, and if the cash distribution dates of the Fund are changed to periods other than calender quarters, the maximum optional payment amount will be adjusted accordingly. There is no obligation to make an optional cash payment and the amount of permitted cash payments may vary from time to time. The number of Trust Units which may be issued in each fiscal year pursuant to optional cash payments is limited to not more than 2% of the number of issued and outstanding Trust Units. Once that limit is reached, optional cash payments will not be accepted until the next fiscal year and cash payments received for the current cash distribution date will be invested *pro rata*. Any excess funds will be returned to unit holders.

2.7 Cash distributions payable on the Trust Units registered in the Plan will be applied automatically on each cash distribution to the purchase of Trust Units either from treasury, or, at the discretion of the Manger, through the facilities of the TSE following the cash distribution date. The cost of such Trust Units to purchasers will be the prevailing market cost which will be the average cost of the Trust Units purchased. New Trust Units will also be acquired with the cash distributions from Trust Units held in a participant's account.

2.8 The issuance from treasury by the Fund of Trust Units pursuant to the Plan constitutes a trade in the course of a "primary distribution to the public" as defined in the Act which is subject to the requirements of sections 6 and 37 of the Act and for which no exemptions from such requirements are available.

(C) In the opinion of the Commission it would not be prejudicial to the public interest to grant the order requested.

IT IS ORDERED:

1. THAT trades in connection with the issuance of Trust Units from treasury by the Fund from time to time to holders of Trust Units pursuant to the distribution reinvestment component of the Plan be exempt from sections 6 and 37 of the Act.

2. THAT trades in connection with the issuance of Trust Units from treasury by the Fund from time to time to holders to Trust Units pursuant to the optional cash payment component of Plan be exempt from sections 6 and 37 of the Act.

3. THAT the fee for this order is \$1,000.00.

BY ORDER OF THE COMMISSION

Director