

THE SECURITIES ACT

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Order No. 4840

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Section 20(1)

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July 27, 2005

SHININGBANK ENERGY INCOME FUND AND BLIZZARD ENERGY INC.

WHEREAS:

(A) Application has been made by Shiningbank Energy Income Fund (the "**Fund**") to The Manitoba Securities Commission (the "Commission") for an order under section 20(1) of The Securities Act, R.S.M. 1988, c. S50 (the "**Act**") exempting from the dealer registration requirement and the prospectus requirement certain trades in securities to be made in connection with a proposed plan of arrangement (the "**Arrangement**") under the Business Corporations Act (Alberta) (the "**ABCA**") involving the Fund, Shiningbank Energy Ltd. ("**Shiningbank**"), Blizzard Energy Inc. ("**Blizzard**"), Zenas Energy Corp. ("**Zenas**"), Zenas Finance Corp. ("**Zenas Finance**"), the securityholders of Blizzard and the securityholders of Zenas Finance that is proposed to be completed according to the terms and conditions of an arrangement agreement entered into among the Fund, Shiningbank and Blizzard dated June 6, 2005 and amended and restated June 27, 2005 (the "**Arrangement Agreement**").

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

1.1 The Fund is an unincorporated open-ended investment trust that was created under the laws of the Province of Alberta. The Fund is governed by an amended and restated trust indenture dated March 7, 2003 between Shiningbank and Computershare Trust Company of Canada, as trustee (the "**Trust Indenture**"). The mandate of the Fund is to generate monthly distributions to its unitholders by focusing on low cost operations and the active development of its property base. The Fund's principal office is located in Calgary, Alberta. The Fund is managed by Shiningbank.

1.2 A maximum of 300,000,000 Trust Units are authorized for issuance pursuant to the Trust Indenture. The Trust Units represent equal and undivided beneficial interests in the Fund. All Trust Units share equally in all distributions from the Fund and all Trust Units carry equal voting rights at meetings of unitholders. No conversion or pre-emptive rights are attached to the Trust Units. The Trust Units trade on the Toronto Stock Exchange (the "**TSX**") under the symbol "SHN.UN".

1.3 The Fund is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland.

1.4 Shiningbank is a wholly-owned subsidiary of Shiningbank Holdings Corporation (which corporation is an entity that has no business other than holding the shares of Shiningbank), and an indirect wholly-owned subsidiary of the Fund. The head, registered and principal office of Shiningbank are located in Calgary, Alberta. Shiningbank is in the business of acquiring,

developing, exploiting, owning and disposing of oil and natural gas properties, providing certain administrative services to the Fund and acting as general partner of Shiningbank Limited Partnership, which partnership is in the business of acquiring, developing, exploiting, owning and disposing of oil and natural gas properties. Pursuant to an administrative services agreement, Shiningbank provides certain management, advisory and administrative services in connection with the royalties of the Fund, the Fund, the Trust Units of the Fund and any entity of the Fund administered by Shiningbank.

1.5 Blizzard is an oil and gas company that was initially incorporated as 1022973 Alberta Ltd. under the ABCA on December 19, 2002. By Certificate of Amendment dated February 27, 2003, 1022973 Alberta Ltd. changed its name to Blizzard Energy Inc. On December 12, 2003, Blizzard amalgamated with Blizzard Acquisition Corp., a wholly-owned subsidiary of Blizzard pursuant to the ABCA. The amalgamated corporation continued under the name Blizzard Energy Inc. On December 16, 2003, Blizzard filed Articles of Amendment to change the rights, privileges, restrictions and conditions attached to its common shares and its class A common shares. Its principal office is located in Calgary, Alberta. Its authorized capital consists of an unlimited number of common shares and preferred shares, 2,500,000 series A warrants and 2,000,000 series B warrants, of which the common shares trade on the TSX under the symbol "BZZ".

1.6 Blizzard is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec.

1.7 To the knowledge of the management of Shiningbank, neither the Fund nor Blizzard is in default of the requirements under the Act.

1.8 Zenas was incorporated under the ABCA on June 28, 2005, as a wholly-owned subsidiary of Blizzard, under the name "Zenas Energy Corp.". Zenas has not carried on any active business since incorporation and does not currently have any subsidiaries. The head office of Zenas will be located in Calgary, Alberta. Its authorized capital consists of an unlimited number of common shares and an unlimited number of preferred shares, of which one common share has been issued to Blizzard to facilitate Zenas' organization.

1.9 Zenas is not a reporting issuer and is not listed on any stock exchange. Application has been made to, and conditional approval has been obtained from, the TSX to list the Zenas common shares on the TSX.

1.10 Zenas Finance is a Canadian-controlled private corporation incorporated pursuant to the provisions of the ABCA for the purpose of participating in the Arrangement. The head and principal office of Zenas Finance is located in Calgary, Alberta. There is currently one issued and outstanding Zenas Finance common share which was issued to its sole director. It is expected that Zenas Finance will complete the Zenas Private Placement (as detailed in the Information Circular defined below) and issue the Zenas Finance Common shares prior to the effective date of the Arrangement. Upon the Arrangement becoming effective, the Zenas Finance common shares will be exchanged for Zenas Common Shares.

1.11 Zenas Finance is not a reporting issuer and is not listed on any stock exchange.

1.12 The Fund, Shiningbank and Blizzard entered an arrangement agreement dated June 6, 2005 and amended and restated on June 27, 2005.

1.13 The Arrangement involves a number of steps, including the following, which will be deemed to occur sequentially (capitalized terms not otherwise defined herein have the meanings ascribed to them in the Plan of Arrangement):

(a) the Blizzard Shares, Blizzard Options and Blizzard Warrants held by Dissenting Securityholders who have exercised Dissent Rights which remain valid immediately prior to the Effective Time shall, as of the Effective Time, be deemed to have been transferred to Blizzard (free of any claims) and be cancelled and cease to be outstanding, and as of the Effective Time, such Dissenting Securityholders shall cease to have any rights as securityholders of Blizzard other than the right to be paid the fair value of their Blizzard Shares, Blizzard Options or Blizzard Warrant, as the case may be;

(b) each issued and outstanding Blizzard Share held by a Non-Resident shall be transferred to Zenas in exchange for one-sixth (1/6th) of a Zenas Common Share and the right to receive (i) 0.0777 of a Trust Unit and (ii) a cash payment of \$0.4097 for each Blizzard Share held by a Non-Resident Blizzard Shareholder;

(c) the Blizzard New Common Shares and the Blizzard Preferred A Shares shall be created as new classes of shares of Blizzard and each Blizzard Share held by a Blizzard Shareholder that is a Resident shall be exchanged pursuant to a reorganization of the capital of Blizzard for one (1) Blizzard New Common Share and one (1) Blizzard Preferred A Share and the stated capital of each:

(i) Blizzard Preferred A Share shall be set at the paid-up capital of each Blizzard Share exchanged less the Blizzard New Common Share Stated Value; and

(ii) Blizzard New Common Share shall initially be set at approximately \$0.25 per share with the precise amount to be determined immediately prior to the Effective Time (the "**Blizzard New Common Share Stated Value**");

(d) each issued and outstanding Blizzard Preferred A Share shall be transferred to Shiningbank in exchange for 0.0777 of a Trust Unit and a cash payment of \$0.4097 for each Blizzard Preferred A Share held by a Blizzard Shareholder;

(e) Shiningbank shall issue one (1.0) Note to the Fund with respect to the Trust Units required to be issued pursuant to (d) above in a principal amount equal to the Shiningbank Trust Unit Weighted Average Trading Price multiplied by the number of such Trust Units;

(f) Zenas shall deliver to each Non-Resident described in (b) above, (i) 0.0777 of a Trust Unit and (ii) a cash payment of \$0.4097;

(g) all unexercised Blizzard Options and Blizzard Warrants (other than Blizzard Options and Blizzard Warrants held by Dissenting Optionholders or Dissenting Warrantholders, respectively) shall be cancelled for no consideration;

(h) the Zenas Conveyance shall become effective and Zenas shall deliver the Zenas Note in satisfaction of the purchase price contemplated by the Zenas Conveyance;

(i) each Blizzard New Common Share (other than Blizzard New Common Shares held by Zenas) shall be transferred to Zenas in exchange for one-sixth (1/6th) of a Zenas Common Share;

(j) the one (1.0) Zenas Common Share held by Blizzard shall be cancelled in consideration for a payment of \$1.00;

(k) each Blizzard New Common Share shall be transferred by Zenas to Shiningbank in exchange for the Share Note;

(l) that portion of the Zenas Note equal to the principal amount of the Share Note shall be transferred by Blizzard to Zenas in exchange for the Share Note held by Zenas and the Zenas Note shall be reduced by the amount of the Share Note;

(m) Zenas shall settle any remaining unpaid principal amount of the Zenas Note by delivering to Blizzard payment in cash and shall pay in cash under the Zenas Conveyance, if any;

(n) Zenas shall issue one (1.0) Zenas Arrangement Warrant to each holder of a Zenas Common Share; and

(o) each Zenas Finco Common Share, if any, shall be transferred to Zenas in exchange for one (1.0) Zenas Common Share.

1.14 The Arrangement will be effected by way of a plan of arrangement pursuant to section 193 of the ABCA. The Arrangement will require (i) approval by not less than two-thirds of the votes cast by the securityholders of Blizzard (present in person or represented by proxy) at the Meeting (voting together as a single class) and a majority of the shareholders of Blizzard other than certain directors and officers, and thereafter, (ii) approval of the Court of Queen's Bench of Alberta.

1.15 An information circular dated June 28, 2005 ("**Information Circular**") containing prospectus level disclosure on each of Blizzard, the Fund and Zenas and particulars of the Arrangement has been sent to Blizzard securityholders.

1.16 Post Arrangement: (i) shareholders of Blizzard (including holders of Blizzard Options and Blizzard Warrants who exercised their Blizzard Options and Blizzard Warrants prior to the Effective Date) will own Trust Units, cash, Zenas Common Shares and Zenas Arrangement Warrants; (ii) Shiningbank will own all of the issued and outstanding Blizzard Shares; (iii) the Fund will be the holder of the Note; (iv) Blizzard will be the holder of the Share Note; (v) all

Blizzard Options and Blizzard Warrants that have not been exercised will have been cancelled; and (vi) Blizzard will become an indirect wholly-owned subsidiary of Shiningbank.

1.17 The Arrangement will result in Blizzard becoming an indirect wholly-owned subsidiary of the Fund (which will retain certain of Blizzard's natural gas assets not conveyed to Zenas under the Arrangement), the creation of Zenas as a junior oil and natural gas exploration and development company which will, pursuant to a conveyance agreement, own certain of Blizzard's producing assets and undeveloped lands.

1.18 Opinions from Orion Securities Inc. and Waterous Securities Inc., both dated June 28, 2005 relating to the fairness of the Arrangement to Blizzard shareholders were obtained and are attached to the Information Circular. In addition, the board of directors of Blizzard determined that the Arrangement is fair to Blizzard securityholders and is in the best interest of Blizzard and the Blizzard securityholders.

1.19 There are trades, potential trades and transactions involving Trust Units, Blizzard Shares, Blizzard Warrants, Blizzard Options, Zenas Common Shares and Zenas Arrangement Warrants which will occur pursuant to the Arrangement (collectively, such trades, potential trades and transactions are referred to herein as the "**Trades**"). While a portion of these Trades fits within existing statutory registration and prospectus exemptions provided for in the Act, a number of Trades do not or may not because of the technical requirements of the exemptions and the precise mechanics of the various issuances and exchanges.

(C) The Commission is satisfied in the circumstances of this particular case that it would not be prejudicial to the public to grant the relief requested;

IT IS ORDERED:

1. THAT pursuant to section 20(1) of the Act, the Trades are exempt from sections 6 and 37 of the Act; and

2. THAT the fee for this order shall be \$1000.00.

BY ORDER OF THE COMMISSION.

Chair