



Pivotal Energy Ltd. and Fairborne Energy Ltd. Agree to Merge

CALGARY, May 5, 2003 – Pivotal Energy Ltd. ("Pivotal") (PVX – TSX) and Fairborne Energy Ltd. ("Fairborne") announced today that they have executed an Arrangement Agreement pursuant to which the business and operations of the two companies will be merged to create a new public entity called Fairborne Energy Ltd. Pivotal shareholders will receive 0.485 of a Fairborne common share for each one Pivotal common share held. At closing, Fairborne will have 30.3 million common shares outstanding (35.0 million common shares on a diluted basis), of which former Pivotal shareholders will own 34.7% (32.4% diluted) and former Fairborne shareholders will own the other 65.3% (67.6% diluted).

The senior management team of Fairborne consists of Richard A. Walls - President and CEO, David L. Summers - Vice President, Operations and COO Robert A. Maitland, Vice President, Finance and CFO, Steven R. VanSickle - Vice President, Exploration and Business Development. James E. Young - Vice President Exploration and David E.T. Pyke - Vice President Land & Contracts, both of Pivotal, will be joining Fairborne's management team. The Board of Directors of Fairborne consists of Gary F. Aitken, Michael E.J. Phelps, David L. Summers, Richard A. Walls and Rodney D. Wimer.

The merged company will have the advantage of a significant production base and strong financial resources giving the company the ability to aggressively pursue existing drilling opportunities on the Pivotal and Fairborne properties as well as new drilling and property acquisition opportunities. Current production of the two companies totals 4,950 boe/d (15.3 mmcf/d of natural gas and 2,410 bbls/d of crude oil and NGLs). The merged company's total established reserves (as at January 1, 2003 as evaluated by Gilbert Laustsen Jung Associates Ltd.) are estimated to be 28.2 bcf of natural gas and 6.4 mmbbls of crude oil and NGLs. Pro forma net debt is approximately \$12 million.

The proposed transaction has the unanimous support of the board of directors of each of Pivotal and Fairborne. The Pivotal board of directors has received an opinion from its financial advisor, FirstEnergy Capital Corp., that the transaction is fair, from a financial point of view, to the Pivotal shareholders. The Fairborne board of directors has received an opinion from its financial advisor, Peters & Co. Limited, that the transaction is fair, from a financial point of view, to the Fairborne shareholders. Directors and officers of Pivotal owning approximately 17.2% of the Pivotal common shares have entered into lock-up agreements pursuant to which they have agreed to vote in favour of the transaction. Directors and officers of Fairborne owning approximately 24.9% of the Fairborne common shares have entered into lock-up agreements pursuant to which they have agreed to vote in favour of the transaction.

The transaction is subject to the approval of the shareholders of both Pivotal and Fairborne (at the 66²/₃% level) at meetings of each company's shareholders expected to be held in early July. Regulatory and court approval will also be required and the transaction is expected to close by July 15, 2003.

Pivotal and Fairborne have agreed to cease any discussions with other parties, not to solicit competing proposals and to give notice to the other of any unsolicited competing merger or acquisition proposals that may be received prior to closing. Each party has the right to receive notice of competing transactions and has the opportunity to provide a superior transaction. Each company has agreed to pay to the other a \$600,000 non-completion fee if the transaction is not completed in certain circumstances.

Pivotal is a Calgary-based public oil and gas company with 21.7 million common shares outstanding (23.4 million common shares on a diluted basis). Current daily production is approximately 1,950 boe/d consisting of 660 bbls of oil and NGLs and 7.8 mmcf of natural gas and net debt is presently \$11.5 million.

Fairborne is a Calgary-based private oil and gas company founded in 2002 by the former management team of Pan East Petroleum Corp., a public company and more recently, of Canadian Midstream Services Ltd., a private company. Fairborne has 19.8 million common shares outstanding (23.7 million common shares on a diluted basis). Current daily production is approximately 3,000 boe/d consisting of 1,750 bbls of oil and NGLs and 7.5 mmcf of natural gas.

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