

For Immediate Release – January 19, 2004

Fairborne Updates Production Levels and Drilling Activity

Fairborne Energy Ltd. is pleased to announce production volumes increased during 2003 by 90 percent and the Company is entering into the most active quarter in its history. The Company currently has four drilling and three service rigs in operation and plans to drill 40 to 50 wells during the quarter. Fairborne's 2004 capital budget has been increased to \$50 million, with expenditures of approximately \$20 million during the first quarter. During 2003, Fairborne drilled 30 (25.1 net) wells resulting in 6 (5.0 net) oil wells, 20 (17.0 net) natural gas wells and 4 (3.1 net) wells were abandoned. Fairborne operated 90% of these wells with a success rate of 87 percent. The Company also operated 59 work-overs and re-completions focused mainly in the Clive and Wood River areas.

Fairborne entered 2003 producing 2,800 barrels of oil equivalent (BOE) per day (42% natural gas) and exited the year at 5,300 BOE per day (60% natural gas). The production growth is the result of a combination of drilling and work-over success and the purchase of Pivotal Energy Ltd. effective July 2, 2003. The Company has approximately 900 BOE per day of production awaiting tie-in, of which 400 BOE per day is scheduled in the next 30 days. David L. Summers, Fairborne's Chief Operating Officer, stated, "This level of production is consistent with Fairborne's plan to exit 2003 between 5,200 and 5,500 BOE per day and the 60 percent weighting on natural gas production reflects the Company's increasing natural gas focus."

Central Alberta Area:

Since purchasing the Clive and Wood River assets in May, 2002, Fairborne has had an active drilling and re-completion program and this area remains a core focus for the Company. In 2004 the Company will increase its focus on natural gas at Clive, in particular with the development of Coal Bed Methane (CBM). In the later portion of 2003, Fairborne drilled and completed two CBM wells in the Horseshoe Canyon coals and these wells are currently producing gas with no water, a characteristic of these coals. Based on these results, Fairborne plans to drill an additional 19 wells to confirm the CBM resource on the Company's land holdings in the Clive area (26,000 acres). In addition the Company has applied for regulatory approval to drill up to 8 wells per section on a portion of these lands.

At Westerose, Fairborne drilled a Basal Quartz gas well in 2003. The well has tested gas in two zones and will be placed on production early in 2004. Three Basal Quartz development wells and one shallow well are being licensed for drilling in the first quarter of 2004. In addition, Fairborne has accumulated a significant land position (12,800 net acres) on a deep gas play in this area. Technical analysis has been completed and eight deeper critical sour wells are being licensed for drilling in 2004 after area consultations and regulatory approvals are complete.

Peace River Arch Area:

Since Fairborne purchased Pivotal in mid 2003, production in this area has doubled from 700 BOE per day to 1,400 BOE per day through a combination of drilling, work-overs and facility enhancements. At Gordondale, Fairborne is in the initial development of a pool discovered in 2003. At present the Company has 8 wells (averaging about 65% working interest) that will be able to produce about 500 BOE per day, net to Fairborne. These wells contain sour gas and production will likely be delayed until the middle of 2004 as regulatory requirements are fulfilled and pipeline and processing facilities are completed. Once regulatory approval is obtained, a number of development wells will be drilled. Drilling also continues in sweet gas zones in this area, with three wells drilled in the last quarter and three to six wells planned for the first quarter of 2004.

Bassett Lake Area:

Basset Lake is a winter access area, located in northwestern Alberta, where five wells were drilled in the winter of 2002/03 (four cased gas wells and one dry hole). The 2003/04 winter drilling program commenced in late December and Fairborne plans to drill between 15 and 20 wells. Facilities and pipelines are being installed concurrently with a view to placing new production on-stream by April 2004.

Other Exploration:

Four large gas potential, deeper plays are being developed at Wild River, Gold Creek, Chambers and South Obed. The Fairborne operated Wild River well commenced drilling in December and will reach a total depth of approximately 4,000 meters in February. Fairborne has farmed out a portion of this well, but retains a 50% working interest. The wells at Chambers and Gold Creek should be spudded in the first quarter of 2004. At Obed, further seismic is required before a well is drilled. In addition to these deeper wells, two Nisku oil tests (targeting new pools identified on 3D seismic) are planned at Wood River in the first quarter of 2004.

Richard A. Walls, President and Chief Executive Officer of Fairborne stated “We are pleased with our progress in 2003 and the growth in both production and reserves. The first quarter of 2004 will be the busiest quarter in the Company’s history and with no long term debt and a clean balance sheet, this program can be expanded with additional development or acquisitions during 2004.”

Fairborne is a crude oil and natural gas exploration, development and production company headquartered in Calgary, Alberta, Canada. Its common shares trade on the Toronto Stock Exchange under the symbol “FEL”.

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