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For Immediate Release – February 9, 2004

Fairborne Energy Ltd. Enters Into Agreements to Purchase \$116 Million of Oil and Gas Assets and For Debt and Equity Financing

Fairborne Energy Ltd. is pleased to announce that it has entered into a purchase and sale agreement with BP Canada Energy Company to acquire operated oil, natural gas and natural gas liquids (“NGL”) assets located in the West Pembina/Brazeau area of west central Alberta for a total consideration of \$116 million subject to certain closing adjustments. The assets currently produce approximately 3,600 barrels of oil equivalent (“BOE”) per day, consisting of 465 barrels per day of crude oil, 425 barrels per day of NGL and 16.3 Mmcf per day of natural gas and consist of total proven and probable reserves of 6.4 million BOE based on a report effective January 1, 2004 prepared by Sproule Associates Limited in accordance with SEC guidelines. The acquisition also includes 1) 96,600 net acres of undeveloped land in west central Alberta; 2) significant working interest in the West Pembina Sour Gas Processing Plant; and 3) field compression, sour gas gathering infrastructure and a central oil battery. The acquisition is expected to close by March 31, 2004 and is subject to customary conditions including regulatory approvals.

Funding for this acquisition will be obtained through a combination of equity and debt financing. Fairborne has entered into a commitment letter with its bankers to increase its available bank lines to \$85 million. In addition, Fairborne has entered into a bought deal agreement with an underwriting syndicate led by Peters & Co. Limited and including FirstEnergy Capital Corp., Sprott Securities Inc. and GMP Securities Ltd. to issue, on a private placement basis, 6,178,000 Subscription Receipts, at a price of \$6.65 each, for gross proceeds of \$41,083,700. Each Subscription Receipt will entitle the holder to acquire one common share of Fairborne, without the payment of any additional consideration, upon closing of the acquisition. Closing of the financing is anticipated to occur on or about February 27, 2004 and is subject to regulatory approval. Proceeds from the issuance of the Subscription Receipts will be placed in escrow and released upon closing of the acquisition. If the acquisition is not closed on or before May 31, 2004, the Subscription Receipts will be repurchased at the original price plus accrued interest.

Fairborne President and CEO Richard Walls stated “This acquisition adds another key area of focus for the company and increases our inventory of production and exploration opportunities. Fairborne presently has no debt and this acquisition adds value to shareholders with prudent use of leverage. With Fairborne’s present production of 5,300 BOE per day, this acquisition results in Fairborne meeting a production level of over 9,000 BOE per day in less than two years from commencement of operations.”

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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This news release shall not constitute an offer to sell or the solicitation of an offer to buy the Subscription Receipts or the common shares in any jurisdiction. Such securities have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States, or to a U.S. person, absent registration, or an applicable exemption therefrom.

Forward Looking Statements - Certain information regarding Fairborne Energy Ltd. set forth in this document, including management's assessment of Fairborne Energy Ltd's future plans and operations, contains forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond Fairborne Energy Ltd.'s control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, geological and engineering risks, imprecision of reserve estimates, environmental risks, competition from other producers, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Fairborne Energy Ltd.'s actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Fairborne Energy Ltd. will derive therefrom.