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For immediate release
February 27, 2004

FAIRBORNE ENERGY CLOSES FINANCING

Calgary, Alberta – Fairborne Energy Ltd. ("Fairborne") announces today that it has closed its previously announced private placement of 6,178,000 Subscription Receipts, at a price of \$6.65 each, for gross proceeds of \$41,083,700. The financing was completed on a private placement basis through an underwriting syndicate led by Peters & Co. Limited and including FirstEnergy Capital Corp., Sprott Securities Inc. and GMP Securities Ltd. Each Subscription Receipt entitles the holder to acquire one common share of Fairborne, without the payment of any additional consideration, upon closing of Fairborne's previously announced acquisition of oil and natural gas properties from BP Canada Energy Company (the "Acquisition"). Proceeds from the issuance of the Subscription Receipts have been deposited in escrow and will be released in connection with, and will be utilized to pay a portion of the purchase price, of the Acquisition. The Acquisition is expected to close by March 31, 2004 and is subject to customary conditions including regulatory approvals. If the Acquisition is not closed on or before May 31, 2004, the Subscription Receipts will be repurchased at the original price thereof plus accrued interest thereon.

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 set forth in this document, including management's assessment of Fairborne'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'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'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 will derive therefrom.