

**FAIRBORNE ENERGY TRUST ANNOUNCES UNDERWRITERS EXERCISE OF  
OVER-ALLOTMENT OPTION FOR DEBENTURE OFFERING**

**CALGARY, ALBERTA, October 27, 2006** (FEL.UN – TSX) - Fairborne Energy Trust ("**Fairborne**" or the "**Trust**") is pleased to announce that the syndicate of underwriters led by RBC Capital Markets and including Canaccord Capital Corporation, CIBC World Markets Inc., National Bank Financial Inc., Sprott Securities Inc. and FirstEnergy Capital Corp. have exercised the over-allotment option in full in connection with Fairborne's previously announced offering of convertible unsecured subordinated debentures (the "**Debentures**"). As a result, pursuant to the offering, including those Debentures issued pursuant to the over-allotment option, an aggregate of 100,000 Debentures at a price of \$1,000 per Debenture will be issued, representing gross proceeds of \$100,000,000.

The Debentures are being offered in all provinces of Canada through a short form prospectus. Closing of the offering is expected to occur on or about October 31, 2006, subject to satisfaction of customary conditions including receipt of all necessary regulatory approvals.

Net proceeds from the financing will be used to reduce outstanding indebtedness of the Trust, to fund exploration and development activities and for general corporate purposes.

Fairborne is an oil and gas trust. Trust units of the Trust are traded on the Toronto Stock Exchange under the symbol "FEL.UN".

*ADVISORY: This press release contains forward-looking statements. More particularly, this press release contains statements concerning the anticipated closing date of the offering and the anticipated use of the net proceeds of the offering. Although Fairborne believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them because Fairborne can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties.*

*The closing of the offering could be delayed if Fairborne is not able to obtain the necessary regulatory and stock exchange approvals on the timelines it has planned. The offering will not be completed at all if these approvals are not obtained or some other condition to the closing is not satisfied. Accordingly, there is a risk that the offering will not be completed within the anticipated time or at all.*

*The intended use of the net proceeds of the offering by Fairborne might change if the board of directors of Fairborne Energy Ltd., the administrator of Fairborne, determines that it would be in the best interests of Fairborne to deploy the proceeds for some other purpose.*

*The forward-looking statements contained in this press release are made as of the date hereof and Fairborne undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.*

**FOR FURTHER INFORMATION PLEASE CONTACT:**

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