

**PRESS RELEASE**

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**NOT FOR DISTRIBUTION IN THE UNITED STATES OR OVER UNITED STATES  
WIRE SERVICES****FAIRBORNE ENERGY TRUST ANNOUNCES \$87.5 MILLION PUBLIC OFFERING OF  
CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES**

Calgary, October 5, 2006 – Fairborne Energy Trust (the “Trust”) (TSX: FEL.UN) announced today that it has reached an agreement with a 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., to issue to the public on a bought deal basis, subject to regulatory approval, Convertible Unsecured Subordinated Debentures (the “Debentures”) for \$1,000 per Debenture (the “Issue Price”) for gross proceeds of \$87,500,000 (the “Offering”). Fairborne has also granted the underwriters an option to purchase up to an additional \$12,500,000 aggregate principal amount of Debentures at the Issue Price (plus accrued interest from closing of the Offering), to cover over-allotment, if any. The option is exercisable in whole or in part for a period of up to 30 days following closing of the Offering. The net proceeds of the Offering will be used to reduce outstanding indebtedness of the Trust, to fund exploration and development activities and for general corporate purposes.

The Debentures will bear interest at a rate of 6.50% per annum, payable semi-annually in arrears on December 31 and June 30 of each year commencing June 30, 2007. The Debentures will mature on December 31, 2011.

The Debentures will be convertible at any time at the option of the holders into trust units of Fairborne at a conversion price of \$13.50 per Trust Unit.

Fairborne will file a preliminary short form prospectus relating to the issuance of the Debentures with securities commissions and other similar regulatory authorities in each of the provinces of Canada. Closing of the offering is expected to take place on or about October 31, 2006, subject to satisfaction of customary conditions including receipt of all necessary regulatory approvals.

This news release shall not constitute an offer to sell, or the solicitation of an offer to buy, any securities in any jurisdiction. The Debentures being offered have not been and will not be registered under the U.S. Securities Act of 1933 and state securities laws. Accordingly, the Debentures may not be offered or sold to, or for the account or benefit of, any U.S. person except pursuant to applicable exemptions from registration.

Fairborne Energy Trust is a conventional oil and gas income trust that was formed through the corporate reorganization of Fairborne Energy Ltd., completed on June 1, 2005. Trust units of Fairborne are traded on the Toronto Stock Exchange under the symbol FEL.UN. Exchangeable shares of Fairborne Energy Ltd. trade on the Toronto Stock Exchange under the symbol FXL.

For further information contact:

**Fairborne Energy Trust**

Steven R. VanSickle  
President and CEO  
Tel.: (403) 290-7759 Fax.: (403) 290-7724  
[svansickle@fairbornetrust.com](mailto:svansickle@fairbornetrust.com)  
[www.fairbornetrust.com](http://www.fairbornetrust.com)

Aaron G. Grandberg  
Vice President, Finance and CFO  
Tel.: (403) 290-3217 Fax.: (403) 290-7724  
[agrandberg@fairbornetrust.com](mailto:agrandberg@fairbornetrust.com)  
[www.fairbornetrust.com](http://www.fairbornetrust.com)

*ADVISORY: This press release contains forward-looking statements. More particularly, this press release contains statements concerning the anticipated filing of the short form prospectus, closing date of the offering and the anticipated use of the net proceeds of the offering. Although the Trust believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them because the Trust 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 the Trust 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 the Trust might change if the board of directors of Fairborne Energy Ltd., the administrator of the Trust, determines that it would be in the best interests of the Trust 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 the Trust 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.*