



NEWS RELEASE

FAIRBORNE ENERGY TRUST AND FAIRQUEST ENERGY LIMITED JOINTLY ANNOUNCE COMPLETION OF PLAN OF ARRANGEMENT

CALGARY, ALBERTA, June 4, 2007 – Fairborne Energy Trust ("Fairborne") and Fairquest Energy Limited ("Fairquest") announced today the successful completion of the acquisition by Fairborne of all of the outstanding common shares of Fairquest pursuant to a plan of arrangement (the "Arrangement").

Pursuant to the Arrangement, the previous shareholders of Fairquest are entitled to receive, for each outstanding common share of Fairquest held by them, 0.39 of a trust unit of Fairborne. After giving effect to the Arrangement, Fairborne has approximately 65.3 million trust units outstanding and approximately 3.2 million exchangeable shares outstanding (which are currently convertible into an aggregate of approximately 4.0 million trust units, subject to further adjustment for subsequent distributions by Fairborne).

Letters of transmittal have been forwarded to shareholders of Fairquest to be utilized in order to exchange their common shares of Fairquest for trust units of Fairborne and to receive future distributions on such trust units.

Upon issuance of a Bulletin of the Toronto Stock Exchange (the "TSX") confirming receipt by the TSX of all necessary documents in connection with the closing of the Arrangement and related matters, the common shares of Fairquest will be de-listed from the TSX.

Current production from the combined entity is in line with previously reported levels of 13,000 – 13,500 BOE/d. Fairborne expects its second half 2007 capital program to be in the \$50 to \$55 million range resulting in the drilling of 43 gross wells (29 net). Following the acquisition Fairborne Energy Trust is approaching \$1 billion in enterprise value.

The Trust plans to continue to manage its business so that its combined distributions and capital expenditures are approximately equal to its cash flow. The Trust's net debt upon completion of the transaction is approximately \$165 million, before convertible debentures, on a new borrowing base of \$220 million.

Strategically, the combination further strengthens Fairborne's position as a leading, sustainable natural gas focused trust. The transaction maintains Fairborne's focused production base, simplifies its operating structure and consolidates its working interest in its major growth properties.

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Barrels of oil equivalent ("BOE") may be misleading, particularly if used in isolation. A BOE conversion ratio has been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel and is based on an energy equivalent conversion method application at the burner tip and does not represent an economic value equivalency at the wellhead.

*Forward Looking Statements - Certain information regarding Fairborne, Fairborne Energy Ltd. and Fairquest (the "**Companies**") set forth in this news release, including management's assessment of the Companies' future plans and operations, the effect of the Transaction on the Companies and on securityholders of Fairborne and Fairquest, wells to be drilled, capital expenditures and the level of capital expenditures and distributions as compared to cash flow contain 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 the Companies' control, including the impact of general economic conditions, industry conditions, risks associated with oil and gas exploration, development, exploitation, production marketing and transportation, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, the lack of availability of qualified personnel or management, stock market volatility, inability to retain drilling rigs and other services, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources, economic or industry condition changes. The Companies' actual results, performance or achievements 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 the Companies will derive therefrom. Additional information on these and other factors that could affect the Companies' results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com), at Fairborne's website (www.fairbornetrust.com) or Fairquest's website (www.fairquestenergy.com). Furthermore, the forward-looking statements contained in this news release are made as of the date of this news release, and none of the Companies undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities law.*