



## NEWS RELEASE

### FAIRBORNE ENERGY LTD. PROVIDES OPERATIONAL UPDATE

CALGARY, ALBERTA, January 22, 2008 – (TSX - FEL) - Fairborne Energy Ltd. ("Fairborne" or the "Company") today provides an operational update on production, recent drilling and 2008 planned activities.

#### **Conversion to a Corporation**

The Company completed its conversion from a Trust to a Corporation on December 19, 2007 with the overwhelming support of our unitholders who voted 98.2% in favour of the conversion. The Company has now begun the ramp up in activity to achieve our objective of aggressively growing the Company using internally generated drilling opportunities to be supplemented with acquisitions, when and where appropriate.

#### **Production Update**

Production for the fourth quarter of 2007 is expected to average approximately 13,000 boe per day compared to 12,921 boe per day in the third quarter of 2007 and 10,623 boe per day in the fourth quarter of 2006. At the end of 2007, production was approximately 13,300 boe per day.

#### **Drilling Update**

With the conversion to a Corporation taking place near the end of the quarter, the majority of the fourth quarter of 2007 was spent operating under the Trust structure and the Company spent approximately \$16 million on development activity. The Company currently has three operated drilling rigs working with two in the Harlech area, one in the Brazeau Belly River Unit and is participating in one non-operated well in the Deep Basin. In addition, completion operations are underway on two wells in Harlech, one well on the Peace River Arch and one well in the Deep Basin. The Company plans to have five operated drilling rigs working through to spring breakup.

#### **2008 Capital Investment Program**

Fairborne has established its 2008 capital investment program of \$140 million which is equivalent to 2008 estimated cash flow. Approximately 74 percent will be directed toward drilling and completions and includes the drilling of between 80 to 85 net wells. The Company will spend approximately \$60 million of capital prior to spring breakup.

#### **Activity Update for First Quarter 2008**

The upcoming first quarter 2008 drilling program will focus on development drilling at three of Fairborne's main production areas. At Harlech the Company plans to drill 7.0 (4.0 net) wells during the quarter with the main focus being development locations for the Viking Formation. We are also drilling a deeper exploration well on the west side of the property to test a number of seismically defined features with the deepest being at 3,650 m in the Mississippian aged Elkton Formation. In the Marlboro area, the Company will drill 4.0 (1.5 net) wells following up on a number of successful wells drilled in 2007 and using a recently purchased 103 sq km 3D seismic survey. The Company also plans to drill 4.0 (3.5 net) development wells in the Brazeau Belly River Unit where the Company currently produces 650 bbls per day of 45 degree gravity sweet oil. During the fourth quarter of 2007 the Company purchased an additional 12.4% working interest in the Fairborne operated unit bringing our total interest to 87.7%.

Fairborne also plans to spud a deep (4,800 m) exploratory well at Peppers at the end of January (43.8 % WI). This is a follow up to the 16-16 Peppers well (35% WI) which recently successfully tested an upper Devonian reservoir on a restricted multi point test with rates ranging from three to five million cubic feet per day of natural gas at a surface flowing pressures ranging from 3,300 psi to 3,700 psi (20% total acid gas). After evaluation of this test data, the Company and its partners will review the tie in and production options for the 16-16 well.

Fairborne currently has approximately 33% of its first quarter natural gas production hedged at a minimum price of \$8.54 Cdn/Mcf. For the calendar year 2008, 14.5% of forecasted natural gas production is hedged at an average price of \$8.22 Cdn/Mcf.

The Company is also pleased to present its most recent corporate presentation available on the website at [www.fairborne-energy.com](http://www.fairborne-energy.com)

Fairborne Energy Ltd. is a Calgary Alberta based oil and natural gas company. Common shares of Fairborne are listed on the Toronto Stock Exchange under the symbol FEL.

**FOR FURTHER INFORMATION PLEASE CONTACT:**

**FAIRBORNE ENERGY LTD.**

**Steven R. VanSickle**, President and Chief Executive Officer

Telephone: (403) 290-7759  
Fax: (403) 290-3216  
[svansickle@fairborne-energy.com](mailto:svansickle@fairborne-energy.com)  
[www.fairborne-energy.com](http://www.fairborne-energy.com)

**Aaron G. Grandberg**, Chief Financial Officer

Telephone: (403) 290-3217  
Fax: (403) 290-3216  
[agrandberg@fairborne-energy.com](mailto:agrandberg@fairborne-energy.com)  
[www.fairborne-energy.com](http://www.fairborne-energy.com)

*Certain information set forth in this document, contains forward-looking statements including management's assessment of future plans and operations of Fairborne Energy Ltd. ("Fairborne"), the inventory of drilling prospects and potential drilling locations, drilling plans and the costs thereof, expenditures pursuant to the capital program and the results therefrom, and drilling rigs to be utilized and the timing thereof. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Fairborne's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, delays resulting from or the inability to obtain required regulatory approvals, inability to retain and delays in retaining drilling rigs and other services, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions and ability to access sufficient capital from internal and external sources. The foregoing list is not exhaustive. Additional information on these and other risks that could affect Fairborne's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)), or at Fairborne's website ([www.fairborne-energy.com](http://www.fairborne-energy.com)). Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The actual results, performance or achievement of Fairborne could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the 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. Fairborne disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. BOE disclosure may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf to 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Fairborne is a growth oriented, oil and natural gas company operating exclusively in western Canada. Fairborne's shares are publicly traded on the Toronto Stock Exchange under the trading symbol "FEL".*