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Calgary, Alberta, May 7, 2008

**FAIRBORNE ENERGY LTD. ANNOUNCES UNDERWRITTEN PRIVATE PLACEMENT
FINANCING**

Fairborne Energy Ltd. ("Fairborne" or the "Company") (TSX: FEL) is pleased to announce that it has entered into an agreement with a syndicate of underwriters led by Cormark Securities Inc. and RBC Capital Markets and including Canaccord Capital Corporation, National Bank Financial Inc., FirstEnergy Capital Corp., CIBC World Markets Inc. and Dundee Securities Corp. (collectively, the "Underwriters"), pursuant to which the Underwriters and the Company have agreed to the issuance of 2,000,000 common shares issued on a flow through basis ("Flow-Through Common Shares") by way of an underwritten private placement at an issue price of \$12.35 per Flow-Through Common Share for aggregate gross proceeds of \$24.7 million (the "Offer").

Fairborne has also granted the Underwriters an option (the "Over-Allotment Option") to increase the size of the Offer by an additional 300,000 Flow-Through Common Shares, for additional gross proceeds of approximately \$3.7 million. The Over-Allotment Option is exercisable in whole or in part until closing of the Offering.

Proceeds of the Offering will be used to fund Fairborne's exploration and development program and for working capital purposes. Fairborne will agree to incur Canadian Exploration Expenses in the amount of the proceeds raised through the Offering to be renounced to the subscribers for the Flow-Through Common Shares effective on or before December 31, 2008.

The Offering is scheduled to close on or about May 28, 2008 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the Toronto Stock Exchange.

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Reader Advisory:

This news release contains certain forward-looking statements, which include: (i) timing of the offering (ii) use of proceeds from the Offer, and; (iii) timing of renunciation of flow through expense. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. All such forward-looking statements involve substantial known and unknown risks and uncertainties, certain of which are beyond Fairborne's control. Such risks and uncertainties include, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, 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, the impact of general economic conditions in Canada and the United States, industry conditions, changes in laws and regulations (including the adoption of new environmental laws and regulations) and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. Fairborne's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits, including the amount of proceeds, that Fairborne will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive. All subsequent forward-looking statements, whether written or oral, attributable to Fairborne or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and Fairborne does not 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 required by applicable securities laws.