PRESS RELEASE

DRILLING AND ACTIVITY UPDATE

CALGARY, ALBERTA, January 18, 2012 - Fairborne Energy Ltd. ("Fairborne" or the "Company") is pleased to provide the following update.

Highlights

- 2011 exit production of 16,700 boe/d
- Record Wilrich well brought on production in December with 30 day average production rate of 1,700 boe/d (10 mmcf/d plus liquids)
- Successful Cardium horizontal exploration well at the south end of the Greater Harlech area which flowed at 500 boe/d (2.3 mmcf/d and 126 bbls/d of total liquids - of which 60% is condensate) on production test has had an initial 30 day average production rate of 330 boe/d with similar liquid yields
- Repayment, in cash, of the $100 million principal amount of Fairborne's previously outstanding convertible debentures and accrued interest, which matured on December 31, 2011, using Fairborne's existing bank credit facilities

Production

With the successful completion and tie-in of the Company's most recent horizontal Wilrich well (60% WI) plus one vertical well at Harlech recently completed and tied in, Fairborne achieved 2011 exit production of 16,700 boe/d (within the Company's previous exit guidance of 16,500 to 17,000 boe/d).

In the first quarter of 2011 Fairborne divested of assets producing approximately 1,800 boe/d and post the divestment closing, the Company's production was approximately 14,000 boe/d. Achieving a 2011 exit rate of 16,700 boe/d illustrates the growth potential of the Company's asset base and the strong economics of both the Wilrich and Cardium plays currently targeted by the Company.

Marlboro Area – Wilrich Success Continues

Fairborne drilled the first horizontal Wilrich well in western Canada in March of 2009 and, since then has successfully drilled and completed a total of 19 wells (13.9 net) in the Marlboro/Pine Creek area of the deep basin.

Fairborne's latest Wilrich well (60% WI), which was successfully drilled to a total depth of 4,173 meters, with a horizontal length of 1,200 meters, was fracture stimulated over 12 intervals. This well showed extremely strong test rates on initial flowback, was shut in after eight hours on test and tied in. The well has now been on production since mid December and has been flowing at a restricted rate of 10 mmcf/d plus liquids since coming on stream.

This well represents the strongest initial Wilrich production rate to date and further solidifies the Wilrich at Marlboro as one of the premier natural gas plays in western Canada. Fairborne's type

curve for the Wilrich is for a 30 day initial production rate of 4.2 mmcf/d and the following chart highlights the recent successes as measured by 30 day average initial production rates:

Well	30 day IP rates
4-2-56-20W5	9.2 mmcf/d
16-18-56-19W5	5.9 mmcf/d
16-20-55-19W5	5.0 mmcf/d
1-17-56-19W5	10.0 mmcf/d

Fairborne has also increased its Wilrich land position by 20 percent through a combination of crown landsales and a recent farmin to a total of 39 gross sections (25 net) and includes an undrilled inventory of 59 gross wells at two wells per section and 98 gross wells at three wells per section.

Greater Harlech Area - Cardium

During the fourth quarter of 2011 Fairborne drilled a horizontal Cardium well at Harlech located at 2-15-44-15W5. The well reached a measured depth of 3,955 meters and was completed with an 11 stage, 30 tonne per stage fracture treatment. This well was tied-in and commenced production in early December. The well is performing as expected and has a 30 day average initial production rate of 330 boe/d (including 55 barrels per million cubic feet of condensate and NGL's).

Fairborne's Cardium land base is approximately 65,000 net acres (102 net sections) and represents a horizontal Cardium inventory in excess of 300 estimated net locations.

The Company anticipates that, like the Wilrich at Marlboro, continued refinement of fracture stimulation treatments and completion fluids will result in enhanced flow results. Drilling and completion costs are also expected to decline as more Cardium wells are drilled. Plans for the first quarter of 2012 include the drilling of another Cardium horizontal well to continue to de-risk this condensate rich resource play.

Fairborne currently has four operated and one non-operated rigs active, with one at Harlech, three at Marlboro and one at Sinclair, Manitoba.

Fairborne is a crude oil and natural gas exploration, development and production company headquartered in Calgary, Alberta, Canada. Fairborne's common shares trade on the Toronto Stock Exchange under the symbol "FEL".

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Forward-Looking Statements

Certain information set forth in this press release contain forward-looking statements including management's assessment of future drilling plans, the effect of continued refinement of fracture stimulation treatments and completion fluids in Cardium wells and the expectation that drilling and completion costs of Cardium wells will decline as more are drilled. 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), or at Fairborne's website (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 there from. 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.

Barrels of Oil Equivalency

Natural gas volumes are converted to barrels of oil equivalent (boe) on the basis of 6,000 cubic feet (mcf) of gas for 1 barrel (bbl) of oil. The term "barrels of oil equivalent" 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. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Flow Test Results and Initial Production Rates

A pressure transient analysis or well-test interpretation has not been carried out and thus certain of the test results provided herein should be considered to be preliminary until such analysis or interpretation has been done. Test results and initial production rates disclosed herein may not necessarily be indicative of long-term performance or of ultimate recovery.