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Calgary, Alberta, October 7, 2009

**FAIRBORNE ENERGY LTD. ANNOUNCES CLOSING OF
BOUGHT DEAL FINANCING**

Fairborne Energy Ltd. ("Fairborne" or the "Company") (TSX: FEL) is pleased to announce that it has closed its previously announced bought deal share financing for aggregate gross proceeds of approximately \$69.5 million. The underwriting syndicate has exercised their full over-allotment option resulting in the issuance by Fairborne of an aggregate of 11,649,000 common shares at an issue price of \$4.25 per share and 3,780,000 common shares issued on a flow-through basis at an issue price of \$5.30 per share (the "Offering"). The syndicate of underwriters was co-led by Cormark Securities Inc. and RBC Capital Markets and included FirstEnergy Capital Corp., CIBC World Markets Inc. and National Bank Financial Inc. The offering was completed by way of a short form prospectus.

Proceeds of the Offering will be initially used to reduce debt and fund a portion of the Company's ongoing capital program with the proceeds from the issuance of the flow-through common shares used to incur eligible Canadian exploration expenditures that will be renounced to subscribers effective on or before December 31, 2009.

The securities offered have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale will be unlawful.

An updated corporate presentation is available on Fairborne's website.

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Reader Advisory:

This news release contains certain forward-looking statements, which include the use of proceeds from the Offering and 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.