

**PRESS RELEASE**

**FAIRBORNE ENERGY LTD. COMPLETES FLOW-THROUGH FINANCING**

August 10, 2004  
Calgary, Alberta

Fairborne Energy Ltd. ("Fairborne") (TSX: FEL) is pleased to announce that it has closed its previously announced offering of 1,600,000 flow-through common shares at \$12.50 per share through an underwriting syndicate led by Peters & Co. Limited and including Sprott Securities Inc., FirstEnergy Capital Corp., GMP Securities Ltd. and Canaccord Capital Corporation for total gross proceeds of \$20,000,000.

After giving effect to the offering, Fairborne has 46.1 million common shares issued and outstanding.

Proceeds of the offering will be used to incur Canadian exploration expenses in connection with exploration activities on Fairborne's oil and natural gas properties and will be renounced to subscribers effective on or before December 31, 2004. Fairborne has identified numerous opportunities to expand its 2004 capital budget and will use the proceeds from this issue for that purpose. Fairborne's 2004 capital budget has been increased from \$80 million to \$100 million including drilling over 100 wells.

Fairborne is a publicly traded company with its head office in Calgary and is engaged in the business of acquiring crude oil and natural gas properties and exploring for, developing and producing crude oil and natural gas in Western Canada.

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