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**FAIRBORNE ENERGY LTD. COMPLETES \$36,006,500 FINANCING**

December 23, 2004  
Calgary, Alberta

Fairborne Energy Ltd. ("Fairborne") (TSX: FEL) is pleased to announce that it has closed its previously announced offering of 2,725,000 common shares at an issue price of \$11.50 per share and 322,000 flow-through common shares at an issue price of \$14.50 per share for total gross proceeds of \$36,006,500 through an underwriting syndicate co-led by Canaccord Capital Corporation and Sprott Securities Inc., and including GMP Securities Ltd. and FirstEnergy Capital Corp.

After giving effect to the offering, Fairborne has 49.2 million common shares issued and outstanding.

Proceeds of the offering will be used to expand Fairborne's capital budget to \$150 million in 2005 with the proceeds of the flow-through financing used to incur Canadian Exploration Expenses that will be renounced to subscribers effective on or before December 31, 2004.

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.

This press release shall not constitute an offering to sell or the solicitation of any offer to buy the securities in any jurisdiction. The common shares will not be and have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States, or to a U.S. person, absent registration, or an applicable exemption therefrom.

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*Forward Looking Statements - Certain information regarding Fairborne Energy Ltd. set forth in this document, including management's assessment of Fairborne Energy Ltd's future plans and operations, contains forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond Fairborne Energy Ltd.'s control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Fairborne Energy Ltd.'s actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Fairborne Energy Ltd. will derive therefrom.*