

PRESS RELEASE

**FAIRBORNE ENERGY ANNOUNCES
\$20,000,000 FLOW-THROUGH FINANCING**

July 15, 2004
Calgary, Alberta

Fairborne Energy Ltd. ("Fairborne") is pleased to announce that it has entered into a financing agreement with a syndicate of underwriters, led by Peters & Co. Limited and including Sprott Securities Inc., FirstEnergy Capital Corp., GMP Securities Ltd. and Canaccord Capital Corporation. Fairborne has agreed to issue and sell on a "bought deal" basis, 1,600,000 flow-through common shares of Fairborne at an issue price of \$12.50 each, resulting in gross proceeds of \$20,000,000. Proceeds of the offering will be used to incur Canadian exploration expenses on the exploration of Fairborne's oil and natural gas properties and will be renounced to subscribers effective on or before December 31, 2004. The offering is subject to normal regulatory approvals, including approval of the Toronto Stock Exchange. The flow-through common shares will be offered in each of the provinces of British Columbia, Alberta and Ontario by way of a short form prospectus. Closing is expected to occur on or about August 10, 2004.

Fairborne also announces that it has increased its 2004 capital expenditure program from \$80 million to \$100 million.

For further information, please contact:

Richard A. Walls
President and Chief Executive Officer
Tel.: (403) 290-7754 Fax.: (403) 290-7751
rwalls@fairborne-energy.com

Robert A. Maitland
Vice President, Finance and Chief Financial
Officer
Tel.: (403) 290-7755 Fax.: (403) 290-7751
rmaitland@fairborne-energy.com