

October 27, 2004

Fairborne Provides Operation Update

Fairborne is pleased to provide an operational update of its third quarter activities. The Company has drilled a total of 23 gross (20.2 net) wells during the third quarter with a 100% success rate. Production averaged 8,800 boe/d for the quarter and current production is 10,200 to 10,400 boe/d. The Company's exploration discovery at Wild River commenced production on September 28 (originally anticipated to be September 7) and is currently producing at 14 MMcf/d of raw gas (5.4 MMcf/d sales net to Fairborne's 50% interest)

Operations Update

West Central Alberta and Deep Basin

Fairborne recently added 7,360 net acres (11.5 net sections) to its large acreage position of 83 gross sections (55 net sections) in the Columbia/Harlech area of west central Alberta. Four separate sweet gas plays have been developed by the Company utilizing approximately 2,000 sq km of 3D seismic data acquired during the second quarter of this year.

Since August of 2004, the Company has drilled eight wells at Columbia/Harlech. There is currently 5 MMcf/d (3.5 MMcf/d net to FEL) awaiting tie in and facilities construction. Completion operations are planned or currently underway on five of these wells. The Company has tested gas from three different formations and believes the gas trend, delineated by these first wells and with seismic mapping, extends over approximately 100 sections, with successful wells projected to recover 1.5 to 3.0 bcf per well bore on average. Fairborne is the operator of the majority of its acreage on the trend.

Drilling in the Columbia/Harlech area will continue through 2005 with up to three operated drilling rigs employed to extend and develop all four gas plays. Initial production from these recently drilled wells is expected to commence late in the fourth quarter.

The Company has participated (42% working interest) in the first well at Marlboro targeting a new pool in the Cadomin Formation at 3,000m. This well is cased and completion and production testing is underway. A second Marlboro Cadomin well operated by Fairborne (54% working interest) is planned to spud within two weeks. There is potential for an additional three Cadomin development wells in this area

The Company will drill three deep (4,000m) Nisku exploration wells in the Brazeau area during the fourth quarter. The first two wells are currently drilling ahead and the third well (60% working interest) will spud in November. A fourth well is planned to spud in the first quarter of 2005. The Company also will participate (35% working interest) in a deep Leduc (5,000m) test in the Pedley area of the deep basin scheduled to spud in the first quarter of 2005

Central Alberta

At Clive, the Company has drilled a total of 41 wells for coal bed methane (“CBM”) in the Edmonton Group (Horseshoe Canyon Formation). Currently, 10 of these are on production. Construction of the main gas pipeline has been completed for the first phase of CBM development with drilling and completions continuing through the end of the year and into 2005. The Company expects to have an additional 10 wells on by the end of October and a total of 40 CBM wells on production by the end of 2004. The Company plans to drill up to 100 CBM wells next year.

CBM wells at Clive exhibit production profiles of increasing rates over the first 30 to 60 days reaching stabilized rates between 100 to 275 mcf per day. The Company has received regulatory approval to start development on an additional 10 sections of land, bringing the total to 28 sections where holding applications have been approved.

At Haynes the Company has recently drilled two development wells and these are expected to begin production at a combined rate of 200 boe/d from both the Nisku and Leduc formations by the end of October.

At Westeros, three more sweet gas wells have been drilled and production tested. Pipeline and facilities construction is underway with production from these wells commencing in mid November at 2.5 MMcf per day net to Fairborne’s 50% interest.

Peace River Arch (“PRA”)

At Rycroft, the Company recently completed its gas plant expansion increasing plant capacity to 17 MMcf per day (8.5 MMcf per day net to FEL). This capacity will be restricted to approximately 13 MMcf per day until the operator of the sales gas pipeline increases the capacity of its sales meter system. This is scheduled for completion during the first quarter of 2005. Gas from two development wells drilled in the first half of 2004 has already been tied in and the Rycroft Plant is currently operating at approximately 13 MMcf per day (6.5 MMcf per day net to FEL).

The Company has drilled two successful development wells following the oil discovery, drilled in the first quarter of 2004, at Progress. A total of five to eight additional wells are currently planned to develop this pool with additional potential existing with the application of a water flood. The Company has committed to pipeline capacity on a new sour gas pipeline being constructed by a midstream company and is anticipating production start up in early 2005, upon the completion of this pipeline.

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