



PRESS RELEASE

FAIRBORNE ENERGY MAKES STRATEGIC LAND AND FACILITIES ACQUISITION ON GROWING WILRICH GAS PLAY

Fairborne Energy Ltd. ("Fairborne" or the "Company") (TSX:FEL) is pleased to announce that it has entered into an agreement to purchase a significant land position with producing assets and facilities (the "Assets") in the Company's core Marlboro/Pine Creek area. The acquisition will have an effective date of July 1, 2010 and is expected to close on or about September 9, 2010 for a cash purchase price, at closing, of approximately \$71.5 million, subject to closing adjustments. The completion of the transaction is subject to customary regulatory approvals and other conditions. The acquisition will be funded through Fairborne's existing credit facility.

Transaction Highlights:

The Assets to be acquired by Fairborne doubles the Company's position in a significant new gas play and exploration trend in the Company's core Marlboro/Pine Creek area of West Central Alberta.

The acquisition has the following assets and attributes:

- 167 gross sections (91.4 net sections) of land, which includes 71.8 net sections of undeveloped Wilrich rights;
- Significant development opportunities on the Assets with an identified inventory of more than 200 potential Wilrich horizontal locations on the acquired lands;
- Over 30 potential gross Notikewin/Falher horizontal locations;
- Significant number of vertical locations with multi zone potential;
- More than 100 workover locations in various reservoirs identified in existing well bores;
- Strategic infrastructure including over 150 km of operated pipelines and a 55.1% working interest in a 14 MMcf/d (licensed to 42 MMcf/d) gas plant;
- Reserves estimated by GLJ Petroleum Consultants Ltd., effective as of June 30, 2010, of 2.7 MMboe total proved and 5.1 MMboe total proved plus probable; and
- Current production of approximately 980 boe/d of mature, shallow decline production (83% gas).

Since drilling and completing its first Wilrich horizontal well in the Deep Basin in 2009, the Company has successfully drilled and completed a total of seven Wilrich horizontal wells (100% success rate). The average 30-day Initial Production Rate of these wells has been 4 MMcf/d of gas and average sales volumes of 50 bbls/d of Natural Gas Liquids. The addition of these horizontal wells has brought the total current Marlboro area sales gas volumes to 28.6 MMcf/d (20.1 MMcf/d net). During this same period, the Company has been

able to increase its land position from seven net sections initially to over 140 net sections post-acquisition. With the majority of Cretaceous rights in the area now being held by industry and unavailable for lease, this acquisition allows the Company to double its landholdings. Recent land sale activity along this trend has averaged between \$1,500 to \$2,500 per hectare. Including the Assets acquired in the acquisition, the Company now has a Wilrich drilling inventory in excess of 350 gross locations.

With the continued success of the Wilrich play and the expanded horizontal drilling program targeting the Wilrich, this acquisition represents the strategic use of the Company's balance sheet contemplated in the focused strategy that has allowed Fairborne to grow production from 13,000 boe/d at the end of 2009 to the current level in excess of 15,000 boe/d.

Upon closing of the acquisition, Fairborne expects net debt to be approximately \$200 million, on a current borrowing base of \$285 million. The current borrowing base was determined on proved producing production and reserves as at December 31, 2009. Fairborne would expect the borrowing base to increase as result of year to date operational success and the addition of the Assets.

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Forward-Looking Statements

Certain information set forth in this press release, contain forward-looking statements including management's assessment of future plans and operations, the expected closing date and effective date of the acquisition, drilling inventory, expected net debt at closing and expected increase in the borrowing base under the Company's credit facility. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Fairborne's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, delays resulting from or the inability to obtain required regulatory approvals, inability to retain and delays in retaining drilling rigs and other services, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions and ability to access sufficient capital from internal and external sources. The closing date of the acquisition could be affected by a failure or delay in meeting the conditions to closing including required regulatory approvals. Estimated net debt at closing may be affected by changes in commodity prices, production levels, operating costs and other expenses from those assumed. The foregoing list is not exhaustive. Additional information on these and other risks that could affect Fairborne's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com), or at Fairborne's website (www.fairborne-energy.com). Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The actual results, performance or achievement of Fairborne could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Fairborne will derive therefrom. Fairborne disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

Barrels of Oil Equivalency

Natural gas volumes are converted to barrels of oil equivalent (boe) on the basis of 6,000 cubic feet (mcf) of gas for 1 barrel (bbl) of oil. The term "barrels of oil equivalent" may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf to 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Effect of Aggregation

The estimates of reserves for individual properties may not reflect the same confidence level as estimates of reserves for all properties, due to the effects of aggregation.