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FORTUNE OIL PLC
(“Fortune Oil” or “the Company”)

Geology Study Doubles Estimated CBM Resource at Liulin

Further to the announcement issued on 22 January 2007 Fortune Oil is pleased to announce the results of a comprehensive geological study of Liulin CBM block commissioned by its subsidiary Fortune Liulin Gas. The study was undertaken by the Shanxi Coal Bureau, the governmental institute responsible for most of the coal geological analysis in Shanxi Province and which is rated A-class (the top category) by government authorities.

The study concludes that the Liulin block has estimated Gas In Place (“GIP”) of 40.5 billion cubic metres (1.4 trillion cubic feet). This is almost double the 23 billion cubic metres resource that was estimated in an earlier Chinese government study, and as initially informed to shareholders. The recent study analysed data from 124 coal coreholes and 13 CBM exploration wells in the area, of which 71 coal holes and 6 CBM wells were in the 200 square kilometre Liulin block, and many of which had been drilled since the earlier study. The analysis did not include the two CBM exploration wells recently drilled by Fortune Liulin Gas, the results of which are not yet available. The calculation of GIP used a CBM volumetric analysis that is standard in USA and China.

The average methane content found in the coal bed gases was 91%, based on 123 samples. The CO₂ content averaged 3.9% and, after treating for the necessary removal of CO₂ and water, the gas quality would meet pipeline natural gas requirements. The desorbed gas content of the main seams is typically between 10 and 14 cubic metres per tonne of coal, which is high although undersaturated relative to the isotherm.

The gas in place was estimated using the known thickness of the coal seams down to seam 10, which is at a depth of 500 metres to 1000 metres below ground. All these gas resources are therefore potentially accessible. The study confirms that the Liulin block contains a significant CBM resource, however there is not yet any calculation of producible reserves. Actual gas recovery will be subject to the in-situ coal permeability, ground conditions and local coal mining as well as the need to de-water and develop each main seam in turn.

Further announcements will be issued when more field results become available.

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