

22 July 2008



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

Gas Business Developments

High Capacity Tianjin Pipeline

Fortune Oil is pleased to announce that government approval has been received for its Tianjin Tianhui Natural Gas Limited joint venture to construct a high capacity gas pipeline from Xiao-Bian-Zhuang to the Jinghai Industrial Park in Tianjin. Tianjin Tianhui Natural Gas Limited is owned 50 per cent by a Fortune Oil subsidiary (“Fuhua”) and 50 per cent by the Tianjin city government.

The cost of the pipeline will be RMB 70 million (£5.1 million), of which Fortune Oil’s net share is 40 per cent (£2.04 million). The pipeline construction will be funded through local bank debt and loans from the joint venture shareholders using their existing resources.

Construction is expected to be completed by the end of 2008. The pipeline will be 26 kilometres in length and will have a maximum capacity of 1.5 billion cubic metres per year. The pipeline is expected to supply 400 million cubic metres of gas per year by 2012, mainly to industrial users, and the joint venture will receive income as a tariff based on the gas throughput.

This is the largest pipeline project invested to date by a Fortune Oil Group company and is a significant step towards Fortune Oil’s goal of supplying 1 billion cubic metres per year of gas by 2012.

Qufu City Gas Integration

Fortune Oil’s city gas company at Qufu new city in Shandong Province was recently connected to the trunk gas pipeline which connects the Shaanjing and West-East pipelines. A pipeline link has also been constructed from the Qufu new city to Fortune Oil’s gas company in Qufu old city, replacing the need to supply gas as LNG or CNG by road and thereby reducing the cost of supply. In addition a CNG station has been constructed in Qufu to supply natural gas to power 100 new buses, which will help to reduce vehicle pollution in this ancient city, the birthplace of Confucius.

Fortune Oil has also recently acquired 100 per cent of the equity of the city gas company at Sishui, close to Qufu, at a cost of RMB 3.5 million (£0.3 million). Sishui currently has a small reticulation network with 2,000 connected customers. However, the Sishui gas operations have significant growth potential, being a city with a population of 110,000 and factories which could be converted to use gas. The city gas company, renamed as Sishui Fortune Gas Company Limited, will be supplied initially via the new CNG station at Qufu.

Xinyang Fortune Gas Company

Further to the announcement made by Fortune Oil on 31st March 2008 regarding the acquisition of Xinyang city gas company, government approval has now been received for the Company to remit the foreign exchange necessary to complete the acquisition.

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