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

Liulin CBM Elevated to State Pilot Project

Fortune Oil is pleased to announce important developments concerning the Liulin coal bed methane ('CBM') block:

- Fortune Oil's Liulin CBM block has been designated a State Science and Technology Significant Project.
- China United Coal Bed Methane Corporation Ltd ('CUCBM') will use State funding to accelerate the exploration at Liulin while preserving all of Fortune Oil's rights in the Liulin block.
- Fortune Oil will benefit both from the accelerated development at Liulin and from preferential policies such as immediate rights to sell gas production from the block.
- All five of the Company's pilot production wells at Liulin now have gas desorption.

State Council Pilot Project

The Liulin CBM block has been designated a State Science and Technology Significant Project under a scheme administered by the State Council, the nation's chief administrative authority. This State Council scheme ('the Scheme') provides funding and preferential policies for selected projects in 16 key technology sectors, including coal bed methane. Of the many CBM blocks governed by CUCBM, the Liulin block has been selected as its key demonstration project for the Ordos Basin, a region encompassing north Shaanxi and west Shanxi provinces with one of the nation's largest resource of natural gas and coal seam gas. The Liulin project has been designated as "The Ordos Basin Permo-Carboniferous System Coal Bed Methane Exploration Development Pilot Project" (the 'Pilot Project') with the government support aimed at promoting CBM development in this basin.

Fortune Liulin Gas ('FLG'), a subsidiary of Fortune Oil PLC, has signed a Co-operation Agreement with CUCBM under its existing Production Sharing Contract ('PSC') detailing the implementation of the Pilot Project under the Scheme. The agreed aim of the Pilot Project is to expedite development of the block by employing advanced CBM technologies and utilising the scheme's preferential policies to accelerate the exploration and reserves certification process. All exploration activities by FLG and CUCBM will be agreed and managed jointly through the PSC Joint Management Committee. The Co-operation Agreement preserves all of FLG's rights in the Liulin block under the PSC.

Under the Scheme CUCBM will use funding from the Ministry of Finance and the expenditure by both CUCBM and FLG will be repaid out of gas production under the PSC cost recovery procedures. The initial plan by CUCBM is to fund the drilling of an additional 10 exploration wells. The combined Liulin drilling programme for 2009 will include additional isolated vertical wells to assist reserves

certification plus horizontal and multi-well vertical pilots to assess the best techniques for commercial production. It is planned to submit a reserves certification report for the northern section of the block by the end of 2009.

Under the agreement with CUCBM the Scheme's preferential policies will allow the sale of gas produced now by exploration wells in the Liulin block. This will significantly advance development of the Liulin block as, under normal regulations, gas sales from a PSC block are only allowed following both reserves certification and approval by central government of an Overall Development Program. These gas sales will be managed jointly by CUCBM and FLG. In accordance with the PSC procedures, the cashflow from gas sales will be used first to fund operating expenses and then to recover the exploration costs of both parties. The commencement of gas sales over the coming year will be subject to the development of surface infrastructure and local permitting.

Update on Existing Pilot Production Wells

The Company is pleased to announce that all five of FLG's isolated vertical pilot wells now have gas desorption, with positive casing pressure now also seen in EP2 and flares at all five wells. Gas flows from all wells continue to rise as the fluid levels fall following the fracturing of new seams late last year and the recent replacement of some of the pump rods. Data from these five pilot wells will be used for reserves certification of seams 3/4/5 and seams 8/9/10.

Fortune Liulin Gas Shareholding

FLG continues to issue cash calls to its shareholders to fund the ongoing exploration activities. Molopo Australia Limited ('Molopo') elected not to fund the most recent cash call due to its declared focus on assets in other regions. Under standard industry practice Molopo's interest in FLG was diluted from 40% to 34.34%, and Fortune Oil now holds a 65.66% equity interest in FLG through its wholly-owned subsidiary Fortune Green Energy Limited.

Mr. Qian Benyuan, Chairman of Fortune Oil, commented:

"It is a tremendous honour for Fortune Oil's Liulin CBM project to be elevated to the status of a State Pilot Project. The selection by State Council and CUCBM emphasise the importance of developing China's coal bed methane resource and the key role that the Liulin block will play as a centre for gas development in the Ordos Basin. The decision not only confirms Liulin's high potential as a resource base but also shows Fortune Oil's strong reputation in the CBM industry and our capabilities as a partner for this Pilot Project. We look forward to even closer co-operation with CUCBM and the commencement of gas sales to demonstrate the potential of the Ordos Basin."

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