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

Liulin Coal Bed Methane – Independent Evaluation

Fortune Oil is pleased to provide shareholders with the results of the independent resource evaluation of the Liulin coal bed methane (CBM) block in Shanxi Province conducted by petroleum consultants Netherland, Sewell & Associates, Inc. (NSAI). Further, the Company would like to update shareholders on the exploration activities of Fortune Liulin Gas Company Ltd (FLG) at Liulin.

Highlights

- NSAI values Fortune Oil’s 30 per cent share in the Liulin block at US\$ 184.7 million (as the present value sum of possible reserves and best estimates for unrisksed contingent and prospective gas resources), assuming China United Coal Bed Methane Corporation Ltd. (CUCBM) takes up their 50 per cent participation interest in the contract area.
- FLG has agreed with CUCBM to extend the exploration phase of the Production Sharing Contract (PSC) for a further two years.

Independent Resource Evaluation

Netherland, Sewell & Associates, Inc. was appointed to provide an independent Competent Persons Report for the Liulin Coal Bed Methane block in Shanxi province. NSAI has recently conducted CBM reserves reports for several other CBM operators in China. The estimates of reserves and resources were prepared in accordance with the most recent definitions and guidelines approved by the Society of Petroleum Engineers of USA.

Using the exploration data available up to 31 December 2007, NSAI issued its report on 28 March 2008 and appraised the total resource in the Liulin block in billion standard cubic feet (bcf) as follows:

Possible Gas Reserves:	29.7
Contingent Gas Resources:	86.8 (<i>Low estimate, 1C</i>)
	268.7 (<i>Best estimate, 2C</i>)
	630.5 (<i>High estimate, 3C</i>)
Prospective Gas Resources:	18.7 (<i>Low estimate</i>)
	57.9 (<i>Best estimate</i>)
	135.8 (<i>High estimate</i>)

NSAI has also estimated the value of these resources assuming full development of the Liulin block over the remaining contract life. The gas price parameters adopted by NSAI in its report were based on information provided by Fortune Oil. The compressed natural gas (CNG) price for wellhead CBM purchased by Fortune Oil in Shanxi Province is currently 1.2 RMB/m³ (4.7 US\$/MMBTU). NSAI has used

a forecast that this price will increase by 40 per cent at Liulin over the next five years to 1.7 RMB/m³ (6.6 US\$/MMBTU) in 2012, which is still below the price currently charged by Fortune Oil near Beijing. Fortune Oil believes that the price of domestic gas in China will increase as demand requires additional imports of pipeline and liquefied natural gas at international prices, but is not aware of any consensus on the forecasts for regional gas prices.

Assuming that CUCBM takes up their full 50 per cent participation interest in the contract area, NSAI estimates that the value of Fortune Oil's remaining 30 per cent share in the Liulin block is:

	<i>Present Value at 10% discount rate</i>
Possible Reserves	US\$ 22.0 million
<i>Unrisked</i> Contingent Resources (Best estimate)	US\$ 134.7 million
<i>Unrisked</i> Prospective Resources (Best estimate)	US\$ 28.0 million
Total of above for Fortune Oil share	US\$ 184.7 million

The NSAI report also states that there are sufficient core holes, exploration wells and pilot programmes to demonstrate that coal seams 3/4/5 and 8/9/10 are laterally continuous across large areas of the Liulin block, contain sufficient permeability and are of adequate volume to provide an attractive CBM target. In addition to the wells drilled recently by FLG there were two prior CBM pilot projects in and directly offsetting the Liulin block, both of which produced gas. Longer-term production pilot testing will be required to determine the technical justification for commercial development.

PSC Extension

FLG has agreed with CUCBM to extend the exploration phase of the Production Sharing Contract for a further two years from April 2008 and both parties are now awaiting formal approval from the Ministry of Commerce. The objective remains to have sufficient production data points to satisfy the PRC requirements for reserves certification, a process that has commenced through FLG engaging CUCBM to prepare the necessary documentation. An Overall Development Plan needs to be submitted to the government by CUCBM prior to commercial development and sales of gas.

Field Operations Update

A pilot production well FL-ED-1B has been drilled, awaiting fracture stimulation, and drilling of an additional pilot production well FL-EP-5 is likely to commence in April. New drilling was delayed in early 2008 because of the severe snow storms which hindered travel throughout north and central China, although field operations were able to continue. A new core hole FL-ED3 has also been planned.

FLG continues to dewater the pilot production wells FL-EP-1 and FL-EP-2 and the water levels continue to fall more rapidly after installation of larger pumps in December 2007. Production pilot well LW-L3, which had been drilled by Molopo

Australia Limited in 2000, was re-opened in early 2008 and a new pump installed for dewatering. All three wells are currently flaring the gas carried to the surface in the water, although these are not yet at commercial quantities. Each of these wells is an isolated vertical well to demonstrate a minimum production level under the Chinese reserves certification procedures. Further exploration and development work is likely to use multi-pilot vertical wells and/or horizontal wells rather than isolated vertical wells in order to dewater the gas reservoir more effectively and quickly.

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