



1 AUGUST 2006

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

The Company is pleased to announce that the Ministry of Commerce has approved the transfer of the foreign contractor rights in the Liulin block Production Sharing Contract (“PSC”) for coal bed methane (“CBM”) to Fortune Liulin Gas Company Limited and the PSC exploration period has been extended for a further two years.

Fortune Liulin Gas Company Limited is to be owned 60 per cent by Fortune Oil and 40 per cent by Molopo Australia Limited. All central government approvals are now in place for Fortune Oil to begin a drilling programme so as to commercialise the gas reserves in the Liulin block. The expenditure commitment for the Company over the next year is US\$2.5 million which will be funded from existing cash resources.

The Liulin block is one of the best geologically proven CBM blocks in China with a potential plateau production of 0.5 billion cubic metres per year. Fortune Oil is building a professional CBM team and actively seeking other CBM opportunities in China.

This is an important and exciting step in the Company’s path to becoming a leading independent integrated gas company in China; and development of such CBM resources will have significant safety, environmental and economic benefits for China.

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