

1 September 2010



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

Acquisition of Natural Gas and Liquid Natural Gas Businesses

Fortune Oil is pleased to announce that it has entered into an agreement with Everthiving Investment Group (“Everthiving Investment”) to acquire 65% of the share capital of 3 of its subsidiaries. Everthiving Investment is a privately owned Chinese LNG and Natural Gas business.

The total consideration payable for all 3 subsidiaries is an estimated initial payment of RMB 104.6 million (£9.71 million) and deferred payment of RMB 50 million (£4.64 million). One of the subsidiaries made a net profit of RMB 23.1 million (£2.14 million) on turnover of RMB 40.1 million (£3.72 million) in its last financial year.

The acquisitions will be effected via a newly incorporated wholly-owned subsidiary, Fortune Gas Technology Co., Ltd, and will be funded from the Company’s existing resources.

These acquisitions represent a key development in the expansion of Fortune Oil’s natural gas business. Everthiving’s subsidiary businesses provide the Company with a broader portfolio of LNG refuelling facilities, increased LNG transportation capabilities with the addition of 50 LNG trucks and improved technical capabilities in natural gas processing.

Highlights

- Subscription for 65% of the shares of Beijing Everthiving Energy Technology Co., Ltd. (“Everthiving Energy Technology”), a company specialising in diesel oil to LNG “dual fuel” conversion technology, for an estimated initial payment of RMB 37.1 million (£3.44 million). The Company is targeting completion by 30 September 2010.
- Acquisition of 65% of Jinzhou Everthiving Logistics Co., Ltd. (“Everthiving Logistics”), a company specialising in the supply of LNG, for an estimated RMB 65 million (£6.04 million). The Company is targeting completion by 31 October 2010.
- Acquisition of 65% of Jilin Everthiving Carbon Dioxide Plastic Technology Co., Ltd (“Everthiving Plastics Technology”), a company specialising in natural gas processing, for an estimated RMB 2.5 million (£0.23 million). The Company is targeting completion by 31 March 2011.
- An additional deferred payment of RMB 50 million (£4.64 million) payable to Everthiving Investment upon certain material and long term milestones being met.

- Upon completion the Company will be entitled to 65% of the profits and capital of all 3 companies and will be entitled to appoint a majority of the board of directors and general managers.

Tee Kiam Poon, Chief Executive of Fortune Oil commented:

“We are extremely pleased to have been able to forge this new relationship with Everthiving Investment Group. These strategic acquisitions add to our portfolio of LNG and gas projects and, particularly in the conversion technologies, will move Fortune Oil up the technology ladder, enhance our competitive advantage, and develop our capabilities.”

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

“We are thrilled with these acquisitions. These transactions today underscore Fortune Oil’s commitment to partner with China in its unremitting effort to reduce carbon dioxide emissions along the Yangtze River. We take this partnership seriously and look forward to continuing to work with local governments in their efforts to tackle climate change by developing “clean energy” technology.”

In each case the acquisition is subject to relevant Chinese approvals, satisfactory due diligence by Fortune Oil and the parties entering into formal acquisition documents, including joint venture agreements formally setting out the parties obligations with respect to each subsidiary following completion. The level and type of Chinese approvals required will vary with each of the transactions although it is anticipated that only local approval and registration of the subscription and transfer of the relevant shares will be required.

Everthiving Energy Technology

Everthiving Energy Technology has, in cooperation with Beijing Hweigelin Energy Technology Co., Ltd., been granted the exclusive license to use proprietary and patented diesel engine oil-LNG “dual fuel” technology. It is currently planning to deploy this dual fuel technology in the Yangtze River marine diesel oil-LNG dual fuel retrofit project. The first trial retrofit of a Yangtze River boat has been submitted for approval and the refit project is expected to be carried out in the near future. This will be followed by dock and cruise trials of the dual fuel river boat.

The introduction of proprietary dual fuel LNG technology retrofitted to existing diesel engine powered vessels and the development of LNG refuelling stations along the Yangtze River will position Fortune Oil with a fully integrated LNG supply chain and ensure maximum value is captured. Through this acquisition, Fortune Oil will not only have the first mover advantage in China but also globally since this will be largest introduction of LNG fuelled ships in the world.

In addition, LNG vessels will have significant local air quality benefits due to the significant reduction in emissions resulting from the application of dual fuel technology. The vessel operator will benefit from significant fuel cost savings as a result of converting the vessel as LNG is typically cheaper than the conventional marine fuels such as diesel or heavy fuel oil. As a party to the United Nations

Framework Convention on Climate Change (UNFCCC) and its Kyoto Protocol, China's policy is to increase consumption of non-fossil-fuel energy. This acquisition is in line with China's position on fostering consumption of "clean energy."

As at 30 June 2010, the gross assets of Everthiving Energy Technology were RMB 21.06 million (£1.95 million). Everthiving Energy Technology has not commenced trading and all development costs to date have been capitalized.

Everthiving Logistics

Everthiving Logistics owns and operates 50 LNG transport vehicles (20 tonne load) including the repair and maintenance organization, power recovery system including manufacturing, and operating divisions. Everthiving Logistics together with Jinzhou Everthiving Natural Gas Sale Co., Ltd, a 90% owned subsidiary of Everthiving Logistics, owns the distribution rights to 42 million cubic metres/day of natural gas.

The Company's directors believe that the integration of Everthiving Logistics together with Fortune Oil's existing gas businesses will result in the formation of an efficient, reliable and safe supply of LNG to meet current and future customer needs. The expansion of our LNG transportation fleet to a total of 80 vehicles will significantly strengthen Fortune Oil's LNG supply chain and enable Fortune to expand and optimize its LNG customer network.

As at 30 June 2010, the gross assets of Everthiving Logistics were RMB 150 million (£13.9 million). In the 12 months to December 31, 2009 Everthiving Logistics made a net profit of RMB 23.1 million (£2.14 million) on turnover of RMB 40.1 million (£3.72 million).

Everthiving Plastics Technology

Everthiving Plastics Technology is a newly incorporated entity which will specialize in natural gas processing. It intends to utilize the natural gas of the Jilin Qianguo region, which contains a high level of carbon dioxide, as raw material to produce LNG and carbon dioxide-based plastics. It uses patented processing technology, developed by Chang Chun Institute of Applied Chemistry Chinese Academy of Science, will be applied to produce an estimated 50,000 tons of carbon dioxide-based biodegradable plastic and 180 million cubic metres of natural gas per year as LNG in the first phase of the project, and the target annual production of the whole project is 150,000 tons of carbon dioxide-based biodegradable plastic.

Rising consumer, scientific and political concern over existing petroleum based plastics has triggered an intense global search for alternative biodegradable plastics. Carbon dioxide-based biodegradable polymers address these concerns and are being targeted at a number of food packaging and coatings markets. Fortune will acquire the rights to Chinese developed technology and one of the world's first manufacturing plants to produce biodegradable plastics to supply this rapidly expanding market.

Everthiving Investment has invested RMB 3,720,000 (£0.345 million) to initiate this project. The project has not made any sales to date and all costs relating to development have been capitalized.

Consideration

The initial acquisition price, payable in cash, will be 65% of the net asset value for each entity as at the base dates set out below:

- Everthriving Energy Technology – 31 July 2010
- Everthriving Logistics – 30 September 2010
- Everthriving Plastics Technology – 31 March 2011

Based on unaudited figures for Everthriving Energy Technology, the consideration is estimated to be RMB 37.1 million (£3.44 million). On the basis of forecasts figures for Everthriving Logistics and Everthriving Plastics Technology, the combined consideration is estimated to be RMB 67.5 million (£6.27 million).

In addition to the net asset payments a further payment of RMB 50 million (£ 4.64 million) is payable, 50% in cash and 50% in cash or ordinary shares in a Fortune Group company identified to be listed at that time, but not in the Company's shares. The additional payment of RMB 50 million (£ 4.64 million) is payable upon Everthriving Energy Technology meeting certain material and long term milestones including but not limited to refitting 500 vessels with marine diesel oil-LNG dual fuel technology and constructing six LNG refuelling stations along the Yangtze River.

The maximum net asset payment for each transaction is 65% of the target's registered capital such that the maximum initial combined consideration is RMB 108.6 million (£10.1 million).

Fortune Oil has paid a deposit of HKD 11.50 million (£0.95 million) to Everthriving Investment that will convert as part of the initial consideration for the subscription of shares in Everthriving Energy Technology.

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Note to Editors

Everthriving Investment

Everthriving Investment is a privately owned Chinese LNG and Natural Gas business. Its investment focus is on the natural gas chemical industry, the supply of liquefied natural gas, and the development and application of marine diesel oil-LNG dual fuel technology.

Fortune Oil

Fortune Oil invests in and manages oil and gas supply and infrastructure projects in China. Fortune Oil is quoted on the official list of the London Stock Exchange and has its headquarters in Hong Kong