18 November 2010

FORTUNE OIL PLC
("Fortune Oil" or the "Company")

Third Quarter 2010 Interim Management Statement

Fortune Oil is pleased to announce its Interim Management Statement for the period 30 June 2010 to date.

In addition, today Fortune Oil launches its new corporate strategy focusing on global resources to increase shareholder value.

Powerful Strategy – Global Resources

Fortune Oil will actively pursue overseas investment opportunities to capitalize on the demand for energy and resources in China. This will enable the Company to further diversify its revenue base and significantly increase its growth potential. Specifically, Fortune Oil will focus on high growth commodities such as oil, gas, coal, iron ore, copper and other metals, in countries which are close to China and with abundant reserves. Initially, Fortune Oil will form strategic alliances with key market participants to obtain the necessary expertise and trading links with a view to securing its own position in these markets.

For additional details kindly refer to our website www.fortune-oil.com and in our announcement issued today.

Highlights

- Natural Gas Sales volume up 29% (vs. Q3 2009) with 15,413 new connections.
- Completed drilling 50 vertical wells at CBM Liulin Block and on schedule to submit Overall Development Plan (ODP) in 2011.
- Successfully completed the 1st trial cruise of Yangtze River vessel using dual-fuel technology (LNG/Diesel Fuel).
- Jet fuel sales up 10% vs. 2009.
- Maoming SPM and West Zhuhai Terminal throughput volume up 9% and 17%, respectively (vs. 2009).
- Margins in Q3 2010 have remained broadly stable across most business segments.
- Significant funding capacity for new projects backed by Fortune Oil's net cash position and draw down of the remaining US$40 million.

MARCO-ECONOMIC OUTLOOK

China Economy

China's gross domestic product rose 9.6% from a year on year earlier in the third quarter, slowing from 10.3% growth in the second quarter as the government withdrew stimulus, increased interest rates and took measures to cool sectors such as the property market.

Recently the World Bank forecast China's 2011 growth rate at 8.7% suggesting a more flexible exchange rate mechanism may allow for more policy options such as further interest rate increases which would assist containing mounting inflation.

The underlying theme of China's economic agenda is to transform itself from a resource and export-driven external growth model to an internal growth model integrating innovation, technological advancement and efficiency. China's ability to re-balance its economic growth model is key not only for China but also for the world economy as it reduces financial and economic risks including contentious policy responses.

OPERATIONAL OVERVIEW

Liulin CBM Operations

Through Q3 2010, Fortune Oil and its Chinese government partner China United Coal Bed Methane Corporation ("CUCBM") have met their drilling targets for the CBM Liulin Block, having completed 50 vertical wells with more than 50% having achieved a gas flow rate that is certifiable as commercial by Chinese National Reserve Certification.

Fortune Oil and CUCBM are working to establish an on-the-field pipeline gathering network which will connect the entire CBM Liulin Block to a Compressed Natural Gas (CNG) facility to facilitate initial gas sales starting Q3 2011.

With the northern CBM Liulin Block certified by China Ministry of Land and Resources (MLR) for commercial production, Fortune Oil and CUCBM are in the process of preparing the southern CBM Liulin Block for similar MLR certification which is expected to be in place in 2011. In addition, Fortune Oil and CUCBM are targeting that an Overall Development Plan ("ODP") will be submitted to the China National Development Resource Council (NDRC) for approval in 2011.

Natural Gas Distribution Operations

Gas sales volume in Q3 2010 were 440 million cubic meters representing an increase of 29% to Q3 2009. For the nine months to the end of Q3 2010, connection fees were received from 15,413 new customers which surpasses the total number of new connections achieved in 2009 (15,243).

Liaoning Zhengrun Gas Company Limited, the 51% subsidiary acquired earlier this year, expects to complete its pipeline at Dashiqiao in 2011. As a 1st phase it has put in place a LNG storage terminal to supply CNG/LNG to industrial customers in that area. A gas sales agreement is expected to be signed shortly between Liaoning Zhengrun and various industrial customers in the local economic zone.

Fundamental imbalances between supply and demand of natural gas remain in China. For example in 2010, based on industry forecasts, China's demand for natural gas will outstrip supply by approximately 500 million cubic meters. Accordingly to achieve further significant growth, Fortune Oil is in the process of re-balancing its core natural gas business to match the demand for natural gas within specific customer and geographies in China.

Yangtze River Vessel - Everthriving Energy Technology

On 3rd November 2010, Everthriving Energy Technology successfully completed the 1st trial cruise of a Yangtze River vessel using dual fuel technology (capable of switching between LNG and diesel). We are in the process of securing contracts with shipyards to refit similar river vessels and obtain regulatory approvals to commence construction of LNG filling stations at appropriate points along heavily trafficked shipping routes using the Yangtze River.

To further integrate the natural gas business, Fortune Oil continues to explore investment opportunities to construct multiple CNG/LNG stations that will supply CNG/LNG to other transport vehicles (e.g. public transit buses, trucks, etc) not limited to river vessels.

Oil Sector Operations

Bluesky jet fuel sales in Q3 2010 were 0.58 million tonnes representing an increase of 6% over the same period in 2009. For the nine months, Bluesky jet fuel sales are 1.67 million tonnes representing an increase of 10% over the same period in 2009. Fortune Oil, with its partners, has ensured that Bluesky has taken specific steps to mitigate financial and operational risk. This has resulted in the average period for accounts receivable outstanding being reduced from a high of 42 days to 27 days. In addition, the average borrowing cost was reduced by 42% to 2.8% p.a.

The Maoming SPM volume throughput in Q3 2010 was 2.5 million tonnes of crude oil representing an increase of 9% from the same period in 2009. For the nine months to end Q3 2010, Maoming SPM has met its budgeted throughput volume.

For the nine months, West Zhuhai Terminal’s volume throughput increased by 17% to 1,897million tonnes over the same period in 2009. For the nine months, approximately 93% of the volume and revenue is generated by China National Petroleum Corporation. The plan to double the terminal’s storage capacity in 2011 remains on schedule.

Trading Business

In Q3 2010, the Trading business continues to extend its product offering to specific oils and petrochemicals businesses in China. Specifically, Fortune Oil has entered into a one year contract to buy/sell base oils (approximately 4.5m tonnes per month) on a back-to-back basis from GS Caltex (buy) and Shell Tongyi (sell).

To generate additional risk-free revenue for the trading business, Fortune Oil commenced documenting trade related transactions in Chinese Renminbi (RMB), rather than US Dollars, to take advantage of the market arbitrage available in Hong Kong to convert RMB at a preferential off-shore rate compared to the on-shore rate in China.

FINANCIAL PERFORMANCE

Strong Financial Position

On 14 October 2010 Fortune Oil PRC Holdings Limited, a wholly-owned subsidiary of Fortune Oil, issued a draw-down notice for the remaining US$40 million from the Standard Chartered Bank facility. The proceeds are ear-marked for potential acquisitions, capital expenditure and working capital.

As at 18 November 2010, the Group cash balance exceeds the outstanding Group bank loan balances and the Board of Fortune Oil envisages no difficulties in meeting both current loan repayment obligations and investment commitments.

For further details:

Fortune Oil PLC

Tee Kiam Poon	Tel:	00 852 2583 3125
Premal Shah	Tel:	00 852 2583 3120

Pelham Bell Pottinger

Archie Berens / Zoe Sanders	Tel:	020 7861 3112