

28 March 2011

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

Expansion of gas supply in Liaoning Province

Highlights

- Acquiring 51% of spur pipeline serving ceramics industrial park for RMB10.55 million (£1 million)
- 30 year pipeline concession
- Ceramics requires large energy input with natural gas consumption expected to reach 200 million cubic metres per annum
- Strong partnership forged with Liaoning Provincial government which will lead to other concessions being granted to supply natural gas

Transaction Summary

Fortune Oil, a company listed on the London Stock Exchange Main Market focusing on oil, natural gas and resource supply operations and investments in China, is pleased to announce that it has contracted to acquire 51% of Liaoning Jingrun Natural Gas Limited (“LJNGL”) for an initial cash consideration of RMB10.55 million (£1 million). LJNGL has been granted a 30 year concession to build and operate a spur pipeline supplying natural gas to serve the ceramics industrial park located in the county of Jianping, Liaoning Province. The Company expects the branch pipeline to be completed in 2012 and supply up to 200 million cubic meters of natural gas per annum (expected to reach full capacity in 2013). The Company has secured contracts for the supply of up to 200 million cubic meters of natural gas with China National Petroleum Corporation (“CNPC”). Additional funding required by LJNGL will be obtained via local banks or from Fortune Oil through shareholder loan(s).

The acquisition, which is subject to local authority registration and approval, expands the Company’s natural gas operations in Liaoning Province. Specifically, on 10 February 2011, the Company announced that it had entered into a joint venture agreement to supply LNG to up to 6,000 public transit buses in Liaoning Province exclusively using the LNG stations operated by Fortune Liaoning. LJNGL will be renamed Liaoning Jianping Fortune Gas Co. Ltd. following completion of the acquisition.

In addition to the initial consideration a further payment may be made by Fortune if over the five years following the completion of the acquisition it receives per annum dividends exceeding 20% of the initial payment. The payment will be the excess over the 20% subject to a maximum of RMB 7 million (£662,000).

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

“We are delighted to add to our portfolio of natural gas businesses in Liaoning Province through this 51% acquisition of the spur pipeline to supply the ceramics industry. This is a long term concession that will secure customers with natural gas and reduce the use of more polluting energy sources.”

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Background on Fortune Oil

Fortune Oil is a leading independent energy company engaged in the investment and operations of oil and natural gas supply projects in China. With over 17 years of operating history in China, Fortune Oil has acquired a unique portfolio of high quality oil and natural gas projects across the country and has formed a strong partnership with domestic and international market leaders. Fortune Oil recently started an expansion outside China securing resource projects. Fortune Oil has a Premium Listing on the London Stock Exchange with its operational headquarters in Hong Kong.