



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

Further progress in Liulin Gas

Fortune Oil (LSE: FTO.L) focuses on oil, natural gas and resource supply operations and investments primarily in China. Fortune Oil is listed on the Main Market of the London Stock Exchange.

Fortune Oil is pleased to announce two significant developments relating to the Liulin Coal Bed Methane (CBM) business:

Dart Energy increases Equity Stake in Liulin

On 22nd December 2011 Dart Energy exercised its option to increase its equity stake in Fortune Liulin Gas Ltd (FLG) from 45% to 50% for a cash consideration of US\$ 4 million.

This cash inflow will be used to fund part of the ongoing work program on Liulin during 2012. Dart Energy’s involvement with the Liulin CBM business began in December 2009 when Arrow Energy International, the former owner of Dart Energy acquired a 3.7% stake in FLG which was subsequently increased to 35% in March 2010.

The Liulin CBM project is one of the most advanced CBM projects in China using advanced drilling technologies needed to commercialize China’s CBM. Liulin CBM is also a designated “State Pilot Project”. Hence further development of this project and commercialization of the gas production is an important step towards achieving “modus operandi” for Fortune’s CBM business in China.

The Liulin CBM business represents a significant step for Fortune Oil towards developing an integrated gas business across the gas value chain. Our gas operations span from unconventional CBM, LNG production to downstream gas distribution and supply.

The partnership with Dart Energy strengthens the company’s position as an integrated gas business by combining Fortune Oil’s downstream gas distribution and operations capability with Dart Energy’s technical capability and CBM expertise. Dart Energy also contributes their most advanced drilling technologies to China. This unique combination provides a powerful platform to grow Fortune’s CBM business and explore further natural gas opportunities in China

First gas sale in 2012 and Overall Development Plan (ODP) submission

Fortune Oil continues to make significant progress at its Liulin CBM operations and the project remains on track for first gas sales in 2012

- Contractors have been selected to progress the construction of the Gas Gathering System. A Chinese design institute has been appointed jointly by FLG and China United Coal Bed Methane Corporation (CUCBM) to prepare all the necessary documentation for submission of the Overall Development Plan (ODP)

- FLG has completed three more horizontal wells and good progress has been made in dewatering. The initial vertical sections have been drilled and completed to up to the radius bend for the two more horizontal wells and the in-seam drilling for these wells is expected to be completed in Q1 2012
- The focus of the drilling program is initially to produce 100,000 cubic meters of gas per day (33 million cubic meters per annum) from the Northern section of the block as part of a Gas Sale Agreement (“GSA”)
- China United Shanxi CBM Company Ltd has opened a new compressed natural gas refuelling station in Changzhi. It has also commenced construction of the wholesale Compressed Natural Gas station at the Liulin CBM block, which will collect, compress and dispatch gas from the Liulin Gas Gathering System.

Mr. Tee Kiam Poon, Chief Executive of Fortune Oil, commented:

“We are extremely pleased with the progress we have made in 2011 as we continue to expand across all of our core businesses, oil and natural gas including our CBM business.

The partnership with Dart represents a transformational step for our gas business and is bringing us a step closer to our aspiration of becoming a leading integrated gas operator in China. Our focus is to accelerate the development of Liulin to position the Company as a significant developer of unconventional gas, in line with China’s resource strategy.

Liulin is our flagship project, offering the prospect of additional reserve certifications, first gas sales and potentially first ODP application and approval. This should pave the way for large scale development and commercial sales in 2012 and beyond and more importantly revenue generation for the Company.”

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 20 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 is listed on the Main Market of the London Stock Exchange with its operational headquarters in Hong Kong.

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