

16<sup>th</sup> December 2011



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

**Liquefied Natural Gas Business Developments**

*Fortune Oil (LSE: FTO.L) is a premium listed company admitted to trading on the Main Market of the London Stock Exchange focusing on oil, natural gas and resource supply operations and investments, primarily in China.*

Fortune Oil is pleased to announce two significant developments relating to the Company’s expanding natural gas business:

**Development of a Major Liquefied Natural Gas Business**

On 15<sup>th</sup> December 2011 Fortune Oil signed an agreement with the Xinyang City Government to build a liquefied natural gas (“LNG”) production plant in Xinyang. The plant will liquefy natural gas (300,000 cubic meters per day) supplied from the Xinyang Fortune Gas Co. Ltd gas pipeline and will be delivered to end-user storage tanks via specialised road tankers. This solution will enable natural gas to be supplied to end users that are not otherwise accessible by pipeline.

Fortune Oil will hold 100% equity interest in the plant and the total investment will be RMB 200 million (c.£20 million). The plant is expected to take two years to construct following the finalisation of regulatory approvals.

For Fortune Oil, this development represents a significant step forward in developing a fully integrated LNG business in China, broadening the Company’s unique technical expertise in linking upstream gas resources to downstream end-users. Fortune Oil has now developed a fully integrated LNG supply chain, linking LNG production to our downstream LNG bus and LNG ship refuelling businesses and ensuring maximum value is captured.

**Yangtze River Ship LNG Refuelling Project**

An agreement has been reached with Fortune Oil’s project partner, the China Chanjiang National Shipping Group, to install refuelling stations within their existing dock yards to refuel the first fleet of eighty ships which are currently under construction. Installation of refuelling facilities at our partners dock yards will enable Fortune Oil to optimise the refuelling station size in line with fuel demand and reduce refuelling station investment costs, since there will be minimal land costs associated with these stations.

The China Chanjiang National Shipping Group is one of the largest Shipping companies in the world with more than two thousand ships operating along the Yangtze River committed to converting some of its bigger ships into LNG dual fuel technology.

Fortune Oil has developed proprietary dual fuel LNG technology and hence has first mover advantage in the introduction of a fleet of LNG dual fuel ships and LNG refuelling stations along the Yangtze River. LNG fuelled ships provide significant local air quality benefits due to the significant reduction in emissions (NO<sub>x</sub>, SO<sub>x</sub> and particulate matter) compared to diesel or heavy fuel oil fuelled ships. Ship operators benefit from significant fuel cost savings as a result of converting ships to use LNG as it is a significantly cheaper fuel source than the conventional marine fuels such as diesel or heavy fuel oil. Each of the 5000DWt ships currently under construction will consume up to 30 tonnes of LNG per month.

This dual fuel LNG technology provides Fortune Oil the platform to partner with China not only along the Yangtze River but throughout China in its efforts to significantly reduce carbon dioxide emissions from the shipping sector. Our initial partnership with China Changjiang National Shipping Group provides first mover advantage in this strategically very important LNG downstream market and our efforts to deploy “clean fuel technology”

**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. We have secured commercially attractive investment opportunities in line with the rapid expansion of China’s energy market. The Xinyang LNG production facility is a major step for Fortune Oil strategy of developing an integrated LNG business and we continue to lead in the development of LNG as a fuel for the transportation sector. Together with our shipping partner we are making rapid progress in introducing one of the largest LNG fuelled shipping fleets in the world and the associated LNG refuelling infrastructure.”*

**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 18 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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