

29 March 2010

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

New Projects Update

West Zhuhai Terminal Expansion

The Board of the South China Petroleum Company joint venture (of which Fortune Oil owns 37 per cent) has approved the expansion of the West Zhuhai Oil Products Terminal which will double the terminal’s storage capacity. This will involve the construction of 5 new tanks with capacity of 220,000 cubic metres, after which the terminal will have 22 tanks and a capacity of 457,000 cubic metres.

The estimated cost of the project is RMB 120 million (£11.9 million) which will be financed using the joint venture internal resources and local bank loans. The expansion project will be subject to local government approvals and is expected to be completed in 2011.

Currently the terminal is primarily used by PetroChina, a 45 per cent shareholder in the joint venture, for diesel and gasoline storage and trans-shipment. The total throughput in 2009 was 2.2 million tonnes compared to 1.9 million tonnes in 2008, a year-on-year increase of 16 per cent. The new tanks will enable the joint venture to develop a broader customer base and a wider product base, including jet fuel and chemicals.

Dashiqiao Gas Pipeline

Fortune Gas Investment Holdings Limited, the holding company for Fortune Oil’s gas business, has acquired a 51 per cent controlling interest in the equity capital of Liaoning Zhengrun Gas Company Limited, which has the right to build a spur pipeline and distribute natural gas in Dashiqiao, Liaoning Province. The city is home to one of the largest magnesium industries in the world, with 570 industrial companies in the magnesite business. Currently the industry’s energy needs are met by coal and heavy fuel oil and the substitution by natural gas will significantly reduce pollution in the region.

Liaoning Zhengrun Gas Company Limited will source natural gas from a CNPC trunk pipeline currently under construction. The spur pipeline is expected to commence operation in 2011 and to supply 0.3 billion cubic metres of gas per year by 2015. Fortune Gas Investment Holdings will make an initial investment of RMB 13 million (£1.3 million) and will provide a shareholders loan to fund the majority of the RMB 40 million (£4.0 million) cost of the spur pipeline, gate station and initial connection pipelines.

Liulin Coal Bed Methane

The Company is pleased to confirm that, further to the announcement dated 25 March 2010, Arrow Energy International has paid a further US\$5.3 million (£3.6 million) to Fortune Green Energy. As a result the ownership in Fortune Liulin Gas Company Ltd, the foreign contractor in the Liulin Production Sharing Contract is now 65 per Fortune Green Energy and 35 per cent Arrow Energy International.

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