



21 JUNE 2006

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

AGM Announcement

At the Annual General Meeting today Fortune Oil will detail its vision of becoming a leading integrated gas company in China. Fortune Oil is already the only international company marketing natural gas in Shanxi Province, which has the largest reserves of coal and coal bed methane (“CBM”) in China.

CUCBM, the government partner in the PSC, has approved the transfer of the foreign contractor rights in the Liulin block CBM Production Sharing Contract (“PSC”) to Fortune Liulin Gas Company Limited. We regard final approval by the Ministry of Commerce as routine and should be completed very shortly. Acquiring control of the Liulin block, with a potential plateau production of 0.5 billion cubic metres per year, is a first step in developing a substantial upstream capability. We are building a professional CBM team and actively seeking other CBM opportunities in China.

As stated in the Company’s 2005 Annual Report, tariffs for the Bluesky aviation refuelling business have been adjusted from April 2006. These adjustments were implemented by the General Administration of Civil Aviation of China (“CAAC”) in order to bring tariffs in line with international levels. The effect of the new pricing regime, which reduces the average tariff by 10 per cent, is expected to be more than compensated in 2006 by the growth in volume sales.

Under Bluesky’s concession arrangements the Bluesky business normally procures domestic jet fuel at domestic jet fuel prices to supply domestic flights, and imports jet fuel at international prices to supply international flights. In 2005 the price of international jet fuel increased significantly above that of domestic jet fuel and in late 2005 China also began to import more jet fuel to supply domestic flights. As a result operating margins for the Bluesky business have fallen in the first half of 2006 compared to the same period last year. The Company believes that this is a temporary impact, particularly as the PRC government has a stated intention to bring domestic prices in line with international prices and the jet fuel price has already been increased twice in the past three months. In addition we expect compensation by the government in the form of VAT refund, as was already agreed by the government for the last quarter in 2005.

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