



18 May 2009

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

**First Quarter 2009 Interim Management Statement**

Fortune Oil today announces its Interim Management Statement for the period 1 January 2009 to 18 May 2009.

1<sup>st</sup> Quarter 2009 Highlights

- Continuing strong growth in sales of natural gas, increasing 44 per cent year on year.
- Volume throughputs in oil sector operations are marginally higher than in Q1 2008.
- China’s economic recovery continues to be led by domestic demand.

China Economy

Fixed asset investments surged by 31 per cent in the first four months of 2009, compared to the same period last year, according to the National Bureau of Statistics. This investment was driven by the nation’s economic stimulus measures and strong growth in lending. The PRC government expects domestic demand growth to bring about an early recovery for China’s economy and the government target for GDP growth in 2009 remains at 8 per cent.

The global export markets remain weak, with China’s exports in April 2009 being 23 per cent lower than in April 2008. This continues to reduce demand for energy in China’s manufacturing sector. However, the demand for clean energy remains strong and the Company’s gas sales are on the whole still limited by infrastructure and supply availability rather than by demand.

Gas Distribution

Sales of natural gas continue to grow strongly: Q1 2009 sales were 117 million cubic metres, an increase of 44 per cent compared to Q1 2008.

This business continues to experience sustained growth, particularly for sales of pipeline gas to new users and compressed natural gas (“CNG”) for vehicles. Although sales to industrial users continue to be impacted by the manufacturing downturn, the gas operations have benefited from the diverse revenue base. Henan Fortune Green Energy Development Company commenced sales of liquefied natural gas (“LNG”) from its second LNG plant in February. We expect significant growth in the demand for LNG sourced from domestic gas resources and transported by road, although there is also increasing competition in this sector to meet that demand.

## Coal Bed Methane

Following the designation of the Liulin CBM block as a State Science and Technology Significant Project, CUCBM and Fortune Liulin Gas ("FLG") are planning how to expedite reserves certification at Liulin. Currently the parties intend to apply for reserves certification for a northern section of the block later this year and to drill a significant number of vertical wells in the southern section.

In the northern section of the block FLG has completed drilling of a new well which will soon be fracture stimulated along with two wells that were drilled by a previous operator. Four of the five other pilot production wells have produced gas at flows above the required threshold for certification.

## Oil Sector Operations

Bluesky's volume sales of jet fuel from Q1 2009 were 0.46 million tonnes, an 8 per cent increase over the same period in 2008. A portion of this increase was due to the opening of the Federal Express Asia-Pacific hub which commenced operations in early 2009. The level of accounts receivable at Bluesky has reduced since the end of 2008 because of the lower jet fuel price and because of successful efforts in collection of receivables.

Throughput of crude oil at the Maoming SPM in the first quarter was 2.4 million tonnes, an increase of 19 per cent over Q1 2008. The SPM was overhauled in April 2009 and no crude deliveries occurred during the maintenance period. The Maoming SPM has now been successfully re-commissioned and is operating smoothly, with five tankers delivering 1.2 million tonnes of crude in the 4 weeks since start-up. Utilisation of the West Zhuhai products terminal was lower in Q1 2009 than in Q1 2008 because of the absence of bonded products storage and smaller shipment sizes. Fortune Oil's wholly-owned trading business increased its sales three-fold in the first four months of 2009 compared to the same period in 2008, particularly through the import of fuel oil and base oil.

To date in 2009 there have been no lost time accidents at any of the Company's operations.

## Financial Position

The Group cash balance exceeds the outstanding Group bank loan balances and the Board envisages no difficulties in meeting both current loan repayment obligations and investment commitments.

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