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**FORTUNE OIL PLC**  
**("Fortune Oil" or "the Company")**

**Liulin Coal Bed Methane Reserves Report**

Fortune Oil is pleased to announce the results of an independent resource evaluation of the Liulin coal bed methane ("CBM") block in Shanxi Province by petroleum consultants Netherland, Sewell & Associates, Inc. ("NSAI"). This is an update of the initial evaluation conducted by NSAI in March 2008. In addition the Company provides an update on the field appraisal activities in the Liulin CBM block.

***Highlights***

- NSAI has upgraded the gas resource estimate in the Liulin block, almost tripling the possible reserves to 84.8 bcf (compared with 29.7 bcf previously) and accrediting 1.4 bcf of probable reserves, using the field data to 30 June 2009.
- NSAI estimates the value of Fortune Oil's 31 per cent net share in the Liulin block to be US\$193 million (£121 million), as the present value sum of probable and possible reserves and best estimates for unrisksed contingent and prospective gas resources, assuming China United Coal Bed Methane Corporation Ltd. ("CUCBM") takes up their 50 per cent participation interest in the contract area.
- Application for reserves certification for the northern section of the block will commence in October.
- CUCBM has spudded the first of 2 lateral wells in the northern section of the block and will drill a further 17 vertical wells by end 2009 under the State Pilot Project in co-operation with the Company's subsidiary, Fortune Liulin Gas Limited ("FLG").
- The Liulin area continues to benefit from significant state-funded infrastructure investments, including both road and rail links, which should assist the development of local and regional markets for Liulin gas.

***Independent Resource Evaluation***

NSAI was appointed to provide an update to the independent Competent Persons Report for the Liulin Coal Bed Methane block in Shanxi Province that they completed in March 2008. The estimates of reserves and resources were prepared in accordance with the most recent definitions and guidelines approved by the Society of Petroleum Engineers (SPE) of USA.

Using the field data available up to 30 June 2009, NSAI has appraised the reserves and resource in the Liulin block attributable to FLG in billion standard cubic feet (bcf) on an unrisksed basis as follows:

	2009 NSAI Report	2008 NSAI Report
	bcf	bcf
<b>Probable Reserves</b>	1.4	-
<b>Possible Gas Reserves:</b>	84.8	29.7
<b>Contingent Gas Resources:</b>		
<i>Low estimate, 1C</i>	81.7	86.8
<i>Best estimate 2C</i>	241.2	268.7
<i>High estimate 3C</i>	559.8	630.5
<b>Prospective Gas Resources:</b>		
<i>Low estimate</i>	19.3	18.7
<i>Best estimate</i>	54.2	57.9
<i>High estimate</i>	124.6	135.8

NSAI has also estimated the value of these resources assuming full development of the Liulin block over the remaining contract life. The gas price parameters adopted by NSAI in its report were based on information provided by Fortune Oil and are the same as those assumed in the 2008 report.

The compressed natural gas (CNG) price for wellhead CBM purchased by Fortune Oil in Shanxi Province is currently 1.2 RMB/m<sup>3</sup> (5 US\$/MMBTU). NSAI has used a forecast that this price will increase by 30 per cent at Liulin to 1.6 RMB/ m<sup>3</sup> (6.6 US\$/MMBTU) in 2012, which is still below the price currently charged by Fortune Oil for CNG near Beijing. Fortune Oil believes that the price of domestic gas in China will increase as the government has already stated this intent so as to encourage development of domestic supplies and to facilitate import of more expensive pipeline gas and liquefied natural gas at international prices.

Currently Fortune Oil has an 85 per cent interest in Fortune Green Energy Limited, which has a 73.9 per cent controlling shareholding in FLG. FLG has at least a 50 per cent interest in the Liulin contract area. Should CUCBM take up its full 50 per cent participation rights in Liulin, Fortune Oil's interest in Liulin will be 31.4 per cent under the existing shareholder structure. NSAI estimates that the value of Fortune Oil's 31.4 per cent share (2008: 30 per cent) share in the Liulin block as follows:

	2009 NSAI Report (31.4% share)	2008 NSAI Report (30.0% share)
<i>Present Value at 10% discount rate</i>	US\$ million	US\$ million
<b>Probable Reserves</b>	1.4	0.0
<b>Possible Reserves</b>	48.0	22.0
<b>Unrisked Contingent Resources (Best estimate)</b>	123.7	134.7
<b>Unrisked Prospective Resources (Best estimate)</b>	20.2	28.0
<b>Total</b>	<b>193.3</b>	<b>184.7</b>

### ***Field and Certification Developments***

Application for reserves certification will commence this month with the Reserves Committee of the Ministry of Land and Resources. This will cover a target area in the northern section based on the successful production flows from four of FLG's pilot wells.

CUCBM spudded the first of two lateral wells in September 2009 close to FLG's EP5 well in the northern section of the block. CUCBM will also drill 15 vertical pilot production wells and 2 perimeter data wells in the south east corner of the block. The current CUCBM plan for 2010 is to drill 30 additional wells that will expedite reserves certification for the remainder of the block and will complement the vertical cluster pattern now being drilled by FLG in the south. Fortune Oil's appraisal commitments will be funded from existing cash resources and, under the agreements between FLG and CUCBM, both parties will be able to recover exploration costs from gas sales.

Meanwhile, the Liulin area continues to benefit from significant state-funded infrastructure investment including a motorway linking the Liulin block directly to major cities such as Beijing and also a high speed rail link to Beijing that should open in late 2010. It is expected that this supporting infrastructure will help stimulate the development of local and regional gas markets and facilitate the transportation of gas to these markets.

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