

24 FEBRUARY 2006



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

**Trading Update and New Acquisition**

Trading Update

Upon entering a close period ahead of its Annual Results, Fortune Oil is pleased to announce that underlying operations for the six months ended 31 December 2005 have been in line with expectations as announced with the Interim Results in September 2005.

In the China natural gas business the Company has been able to meet the surging gas demand this winter. Throughput at the Tongzhou CNG station has exceeded expectations, averaging 180,000 cubic metres per day in January.

Acquisition

Fortune Oil has agreed to acquire the shares held by and the outstanding shareholder loans owing to the Vitol Group of companies in respect of South China Terminals Ltd, a joint venture with Vitol that holds the interest in the West Zhuhai Oil Products Terminal, and in respect of Zhanjiang Fu Duo Gas Company Ltd, a subsidiary of Fortune Oil. The agreed total consideration is US\$5.7 (£3.3) million payable in cash. This will increase the effective shareholding by the Company in the West Zhuhai Oil Products Terminal from 18.5% to 37% and in the Fu Duo LPG business from 57.5% to 80%.

The principal impact will be that the Company has a more influential role in the operations and the future of the West Zhuhai terminal, in which PetroChina is the principal joint venture partner. This is one of the most important terminals used by PetroChina for import and distribution of gasoline and diesel in south China and we anticipate continuing growth in its utilisation rate. In 2004, the net profit for the West Zhuhai terminal was £2.2 million while Fu Duo had a net profit of £75,000. The combined gross assets of South China Terminals Ltd and Zhanjiang Fu Duo Gas Company at end December 2004 was £7.8 million.

The effective date for the transaction has been agreed to be 31 December 2005. However, since this is a transaction with a related party, the agreement is subject to approval by the Company's shareholders and, given the transaction's relatively small size, shareholder approval will not be sought until the AGM on 21 June 2006. A further announcement on this will follow in due course.

New Appointment

The Company is pleased to announce that Mr. Tian Jun has been appointed as Chief Operating Officer for the Company's China operations. Mr. Tian Jun received a degree from Beijing University and a PhD in Economics from the University of London, after which he worked in the City of London. He has been with the Fortune Oil Group of companies for seven years, acting as General Manager of Maoming King Ming Petroleum Company and Deputy General Manager of South China Bluesky Aviation Oil Company. Mr. Tian Jun's appointment will strengthen the corporate management team and enhance our China operations, with an initial focus on the natural gas business.

The Group's annual results will be announced in late April 2006. A presentation of the results will be held at our AGM on Wednesday 21 June 2006 at the Oriental Club, Stratford House, Stratford Place, London W1C 1ES.

**ENQUIRIES:**

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