

14 June 2011



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

Fortune Oil Increases Investment in Armenian Iron Ore Mines

Fortune Oil (LSE: FTO.L) is a premium listed company admitted to trading on the Main Market of the London Stock Exchange focusing on oil, natural gas and resource supply operations and investments, primarily in China.

Fortune Oil announced on 12 January 2011 that it had taken a 35% equity interest in Bounty Resource Armenia Limited (“BRAL”), a company which controls three iron ore mines in Armenia, for US\$24 million and that Fortune Oil had the option to increase this holding to 50% for an additional investment of US\$16 million.

Fortune Oil is pleased to announce that it has successfully amended the option agreement to allow it to increase its equity interest from 35% to 65% for the same original consideration of US\$16 million.

Prior to exercising the option, Fortune Oil’s effective equity interest in the three Armenian mines is 33% which after option exercise increases to 51%. The option exercise consideration of US\$16 million will be financed from the Company’s existing cash reserves.

Upon option exercise, Fortune Oil will own 65% of BRAL for a total investment of US\$40 million. The proceeds will be applied towards mine preparation, mining the ore and processing it to maximize the iron ore concentrate (66% iron). The option expires on 7 October 2011. The acquisition is being effected through Giant Global Development Limited, a wholly-owned subsidiary of Fortune Oil.

The licences to the three Armenian mines are owned by the renamed Fortune Resources Armenia LLC (previously Nagin LLC a locally incorporated entity) which in turn is a 72% subsidiary of Caspian Bounty Steel Limited (CBSL), an 83.3% subsidiary of BRAL. Fortune Oil owns the remaining 16.7% of CBSL. In addition, BRAL has a pre-existing inter-company loan due from BIHL of US\$6 million.

Armenian Iron Ore Mine Investment - Progress Update

Further to the announcement on 21 February 2011 that Fortune Oil had signed a Strategic Alliance with seven leading Chinese and international organizations to develop the new resources business, the Company can provide the following update:

1. Fortune Oil has engaged SRK Consulting to complete the reserve certification for the Hrazdan iron ore mine from Russian standards to international standards (JORC, Australasia Joint Ore Reserves Committee) which is expected to be completed in Q4 2011. The JORC resource certification is a significant milestone to progressing the development and value of the project.
2. Fortune Oil has engaged Sinosteel Engineering & Equipment Co Ltd (Sinosteel MECC) along with Sinosteel Maashan Institute of Mining Research to undertake preliminary flow sheet, pilot plant test run and establish initial process design.

3. Fortune Oil has engaged ProMet Engineers as our process and engineering supervision consultant overseeing the project implementation up to plant commissioning.

4. Fortune Oil's operations in Armenia have been established with key staff in place.

5. Fortune Oil has engaged an Armenian drilling contractor (Vahan EHA LLC), under the supervision of SRK Consulting, to obtain samples for metallurgical testing, hydrological study and EIA (Environmental Impact Assessment).

Mr. Tee Kiam Poon, Chief Executive of Fortune Oil, commented:

“Today's agreement is further evidence of Fortune Oil's commitment towards creating a profitable and sustainable resource business capable of delivering long-term shareholder value. This agreement enables us to exercise a greater level of control over the development process in Armenia. With our staff on the ground and the work starting on the mine design and development plan we are better able to set the timetable for production and initial cash flow. We are excited about the potential of the resource business to materially contribute to earnings.”

Background on Fortune Oil

Fortune Oil is a leading independent energy company engaged in the investment and operations of oil and natural gas supply projects in China. With over 17 years of operating history in China, Fortune Oil has acquired a unique portfolio of high quality oil and natural gas projects across the country and has formed a strong partnership with domestic and international market leaders. Fortune Oil recently started an expansion outside China securing resource projects. Fortune Oil is listed on the Main Market of the London Stock Exchange with its operational headquarters in Hong Kong.

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