

09 March 2009

FORUM ENERGY plc (“Forum” or the “Company”)

Final results

Forum, the UK incorporated majority Filipino held Oil and Gas Exploration and Production Company with a focus on the Philippines, today announces its Audited Results for the year ended 31 December 2008.

HIGHLIGHTS

OPERATIONAL HIGHLIGHTS

- Agreed Work Programme with the Philippine Department of Energy (DOE) for GSEC101, Forum’s principal asset, and continued to finalise conversion of this licence to a full Service Contract;
- Finalised farm-out of a 30% interest in GSEC101 to a local partner Monte Oro Resources & Energy, Inc. (Monte Oro) in which Forum benefited from an immediate cash payment of US\$1.7million, securing Monte Oro’s involvement and thereby qualifying the Joint Venture for the Filipino Participation Incentive Allowance (FPIA) which entitles the Company to 7.5% of gross revenues, prior to sharing revenues with the government;
- Galoc production commencement;
- Closing of the sale of Central Cebu Coal Operating Contract 132 (COC132) for \$3.5million;
- Initiated Work Programme on Coal Operating Contract 131 (COC131) to further define reserves and enable conversion to full production licence;
- Signed Gas Sale and Purchase Agreement (GSPA) on the development of the Libertad Gas Field in Cebu; and
- Initiated programme to review multiple international opportunities in view of Company’s enhanced status through Philex Mining Corporation’s investment.

FINANCIAL AND CORPORATE HIGHLIGHTS

- Working capital of US\$3.9 million as of 31 December 2008 (US\$6.4 million – 2007).
- Shareholders’ equity of US\$45 million as of 31 December 2008 (US\$49 million - 2007).
- Revenues of US\$0.7 million in 2008 (US\$0.9 million – 2007).
- Board re-structured and enhanced with appointment of Walter Brown as CEO; and
- Fixed overhead costs substantially reduced going forward.

Walter Brown, Chief Executive Officer of Forum, commented:

“Forum Energy made significant progress in 2008 and has been strengthened by the majority shareholding of Philex Mining Corporation who holds 61.44% (directly and indirectly) of the shares in Forum Energy and who brings significant Filipino involvement to the Company as well as the security of a large balance sheet. We look forward to further progress in 2009 with the whole of Forum’s promising portfolio including GSEC101, Forum’s principal asset”

About Forum

The Company’s principal asset is a 70% interest in GSEC101, an offshore petroleum licence situated west of Palawan Island in the South China Sea. In 2006, results from a 248-square kilometre 3D seismic survey over the licence area indicated 3.4TCF gas-in-place (GIP)

In 2008 Philex Mining Corporation, a company listed on the Philippine Stock Exchange, acquired an effective 61.44% controlling stake (held directly and indirectly) in the Company through a tender offer for all shares at 48 pence per share, which expired in September 2008.

The Company’s shares are traded on the Alternative Investment Market (AIM) of the London Stock Exchange under the symbol FEP.

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CHIEF EXECUTIVE'S STATEMENT

Dear Shareholder,

Forum Energy made significant progress in 2008 and has been strengthened by the majority shareholding of Philex Mining Corporation which holds 61.44% (directly and indirectly) of the shares in Forum Energy and which brings significant Filipino involvement to the Company as well as the security of a large balance sheet which is available to assist Forum Energy in the development of its projects.

GSEC101

It is considered that the interest of Philex in Forum, signifies the importance of GSEC101, which is possibly the most prospective hydrocarbon exploration / development prospect in the Philippines at this current point in time. Whilst the licence is still in an exploration phase. Philex and Forum remain committed to its conversion to a full Service Contract and in this respect are pleased that the future Work Programme and structure of the project has now been agreed with the DOE.

The GSEC101 Joint Venture now involves Monte Oro (subject to final DOE approval). Monte Oro holds a 30% interest which qualifies the JV to the Filipino participation incentive allowance (FPIA) equating to 7.5% of any gross revenue prior to sharing revenues with the government. Forum received an addition \$1.7million in June 2008 in recognition of partial back costs.

Forum looks forward to disclosing further updates on GSEC101s development throughout 2009.

Coal

Your company also received DOE approval on the Central Cebu sale which resulted in a \$3.5million cash injection into Forum Coal Cebu Corporation in Q4 2008. In addition Forum, commenced a thorough exploration programme of the highly promising COC131 project in Southern Cebu which the company will either monetize or develop, depending on the results of the Work Programme.

Galoc

Production from the Galoc development in which Forum has a nominal working interest (2.27%) commenced last year but had been temporarily halted between 16th December 2008 and 25th February 2009 due to technical problems. Production is now back online and Forum will therefore anticipate receiving revenues from the project by H2 2009 assuming no further delays. A second phase of development which would provide substantial upside especially when oil prices recover from their recent lows, is set to move forward this year. Forum remain committed to supporting this additional development.

SC40

We have already made significant progress on this block with a development arrangement with DESCO, a well established drilling company in the Philippines, to develop the Libertad Gas Field in Cebu. Under the arrangement we anticipate power production from this proven resource to begin within the year. We also look forward to further developments on this proven block before the end of the year.

Financial Results and Key Financial Indicators

Revenue has declined from \$876,000 in 2007 to \$706,000 in the current year largely as a result of the decrease in oil prices which the industry as a whole has been affected by. However despite the decrease in world wide oil prices your Board considers the performance of the Group's producing assets to be inline with their expectations. The Board will continue to seek to maximize the Revenue streams for the Group.

Forum recorded a gross loss of US\$0.3 million for the 12 months ended 31 December 2008 compared to US\$0.1 million for the previous year; due to the decrease in oil prices during 2008. Total administrative expenses increased to US\$4.4 million compared to US\$3.1 million in the previous year. The increase was primarily attributable to direct costs in relation to the mandatory offer and changes in key management during the year. The Board will continue to monitor the Group's expenses in order to ensure value for money is always obtained for services provided to the Group.

Financial income of US\$0.3 million shows an increase from US\$0.1 million in the previous year due to unrealised gains on a Philippines peso-based long term creditor, compared to a loss of \$0.6 million in 2007. The unrealised loss on the Philippines based long term creditor in 2007 is the reason behind financial expenses decreasing to nil from US\$0.6 million in 2007.

There were no significant tax charges or provisions for the period due to the emphasis upon investment activities during 2008, generating a loss after tax of US\$4.3 million (2007: US\$3.9 million). Overall there have been a significant number of changes in the year which have resulted in a loss after minority interest of US\$0.152 per share (2007: US\$0.122).

Cash Flow and Capital Expenditure

The Company's working capital has decreased to US\$3.9 million from US\$6.4 million. This is primarily due to increase in cash based administrative expenses in relation to the mandatory offer and changes in key management during the year. The additional cash based administrative costs were partially offset by the cash inflow of US\$1.7 million from the 30% disposal of a participating interest in GSEC101 and the US\$0.5 million issue of equity during the year.

Balance Sheet and Financing

The Group has no long-term debt, with the exception of a liability it has recognised to FEI, which will become payable as and when the cost recovery commences from production in SC40.

The minority interest represents the minority shareholder in FEI (33.33%) and reflects its net share in the recognised losses or profits for the period.

Outlook for 2009

Through the involvement of Philex Mining Corporation, we believe Forum is much better positioned to take the fullest advantage of both its own portfolio as well as to capitalise on additional opportunities in the sector both within the Philippines and Internationally. In 2009, we expect to see positive developments on all assets and I will ensure shareholders are kept informed as we move forward.

Summary

We take this opportunity to thank our shareholders, our staff and the board of directors, employees and consultants for their valuable assistance in our endeavors to add value to your investment in our Company.

You have our commitment to continue to exert our best efforts not only to safeguard your investment but to enhance its value.

Walter W. Brown

Chief Executive Officer

9 March 2009

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Year ended 31 December 2008 US\$'000	Year ended 31 December 2007 US\$'000
Continuing operations			
Revenue		706	876
Cost of sales		(1,017)	(1,013)
Gross loss		(311)	(137)
Other administrative expenses		(4,030)	(2,135)
Impairment of deferred and abortive project costs		-	(84)
Share-based payments expense		(334)	(843)
Total administrative expenses		(4,364)	(3,062)
Loss from operations		(4,675)	(3,199)
Financial income		306	137
Financial expense		-	(609)
Loss on ordinary activities before taxation		(4,369)	(3,671)
Tax expense		(68)	(39)
Loss from continued operations		(4,437)	(3,710)
Discontinued operations			
Profit/(loss) from discontinued operations (net of tax)		90	(180)
Loss for the year		(4,347)	(3,890)
Attributable to:			
Equity holders of the parent		(4,425)	(3,503)
Minority interest		78	(387)
		(4,347)	(3,890)
Loss per ordinary share (US\$) attributable to equity holders of the parent			
Basic and diluted	3	(0.152)	(0.122)
Loss per ordinary share (US\$) on continued operations			
Basic and diluted	3	(0.155)	(0.116)

CONSOLIDATED BALANCE SHEET
At 31 December 2008

	2008	2007
	US\$'000	US\$'000
Non-current assets		
Intangible assets	40,606	41,900
Property, plant and equipment	3,784	4,101
Other financial assets	8	25
Total non-current assets	44,398	46,026
Current assets		
Inventories	77	117
Trade and other receivables	275	364
Advances to associate companies	3,165	3,848
Cash and cash equivalents	2,574	2,319
Total current assets	6,091	6,648
Non-current assets held for sale	991	901
Total assets	51,480	53,575
Liabilities:		
Current liabilities		
Trade payables	235	283
Advances from associate companies	2,011	-
Total current liabilities	2,246	283
Non-current liabilities		
Other payables	3,841	4,374
Total liabilities	(6,087)	(4,657)
Total net assets	45,393	48,918
Capital and reserves attributable to equity holders of the Company		
Called up share capital	5,443	5,197
Share premium account	48,938	48,696
Share option reserve	157	1,667
Retained losses	(10,708)	(8,127)
	43,830	47,433
Minority interest	1,563	1,485
Total equity	45,393	48,918

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Year ended 31 December 2008 US\$'000	Year ended 31 December 2007 US\$'000
Cash flows from operating activities		
Loss before taxation	(4,279)	(3,851)
Adjustments for:		
Depreciation	458	645
Impairment	-	84
Loss on sale of property, plant and equipment	-	2
Share-based payment expense	334	843
Exchange (gain)/loss	(285)	609
Loss on financial assets	17	15
Interest income	(21)	(137)
Share of operating (profit)/loss of associate	(90)	180
	413	2,241
Cash flows from operating activities before changes in working capital and provisions	(3,866)	(1,610)
Decrease/(increase) in trade and other receivables	22	(88)
Decrease in inventories	40	37
Decrease in trade and other payables	(33)	(617)
	29	(668)
Cash generated from operations	(3,837)	(2,278)
Income taxes paid	(2)	(37)
Net cash flows from operating activities	(3,839)	(2,315)
Investing activities		
Interest received	21	137
Purchase of property, plant and equipment	(141)	(109)
Sale of property, plant and equipment	-	45
Purchase of intangible assets	(406)	(489)
Disposal of intangible assets	1,700	-
Repaid/(advanced) from/to associated companies	2,694	(689)
Net cash from/(used in) investing activities	3,868	(1,105)
Financing activities		
Issue of Ordinary Share capital	488	-
Net cash from financing activities	488	-

Net increase/(decrease) in cash and cash equivalents	517	(3,420)
Cash and cash equivalents at beginning of the year	2,319	5,739
Foreign exchange movements on cash and cash equivalents	(262)	-
Cash and cash equivalents at end of the year	2,574	2,319

ABRIDGED NOTES

1. BASIS OF PREPARATION

The group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS's and IFRIC Interpretations) issued by the International Accounting Standards Board (IASB) as endorsed for use in the EU and those parts of the Companies Act 1985 and 2006 that are applicable to companies that prepare their financial statements under IFRS.

The financial information for the years ended 31 December 2008 and 31 December 2007 does not constitute the company's statutory financial statements but is extracted from the audited accounts for those years. The 31 December 2007 accounts have been delivered to the Registrar of Companies. The 31 December 2008 accounts will be delivered to Companies House within the statutory filing deadline. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

2 SEGMENT ANALYSIS

The Group operates in one business segment, the exploration for and production of oil and gas. The Group has interests in one geographical segment being the Philippines.

3 LOSS PER SHARE

Earnings per Ordinary Share have been calculated using the weighted average number of shares in issue during the relevant financial periods. The weighted average number of equity shares in issue for the period is 29,167,761 (2007: 28,703,695).

Losses for the Group attributable to the equity holders of the Company for the year are US\$4,425,000 (2007: US\$3,503,000).

Losses for the Group attributable to the equity holders of the Company for the year on continued operations are US\$ 4,515,000 (2007: US\$3,683,000).

Profits for the Group attributable to the equity holders of the Company for the year on discontinued operations are US\$90,000 (2007: US\$180,000 loss) and therefore the earnings / loss per share on discontinued operations is US\$0.003 per share (2007:

US\$0.006 loss per share).

The effect of the share options in issue under the Share Option Plan is anti-dilutive.

4 POST BALANCE SHEET EVENTS

On 22 January 2009 the Company announced an exploration drilling program to be carried out on COC 131 in southern Cebu. Under the terms of the drilling contract, 12 holes for a total 2,000 meters will be completed in the first half of 2009 using up to 3 drill rigs. The objective will be to block out coal reserves that will be subject to a mining plan relative to the conversion of COC 131 from an Exploration COC to a Development and Production COC. Whilst the intention is to ultimately divest the COC131 asset, a formal decision will be taken once results of the drilling programme and updated reserve estimate has been completed.

On 29 January 2009 Forum signed a Gas Sale and Purchase Agreement (GSPA) with Desco, Inc., a leading provider of petroleum and geothermal products and services in the Philippines, for the development of the Libertad gas field for power generation. Under the GSPA Desco will install within 2009, 1.0 to 1.5 MW power generating units in Bogo, northern Cebu using GE Jenbacher gas engines. Forum will sell the gas to Desco at an agreed rate of US\$1.50 per million BTU (British Thermal Units) for the first 0.70 billion cubic feet of gas (BCF) extracted and utilized, and US\$1.60 per million BTU for any gas produced beyond 0.70 BCF.

Production from the Galoc field recommenced on 25 February 2009 following operational difficulties which suspended production on 16 December 2008.