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Letter from the Independent Director of

Forum Energy plc

in response to the mandatory cash offer under Rule 9 of the Code by Philex Petroleum Corporation

This document contains certain forward looking statements with respect to the financial condition, results of operations and business of Forum Energy or the Forum Energy Group and certain plans and objectives of the Board of Forum Energy. By their nature, forward looking statements involve risk and uncertainty and the factors described in the context of such forward looking statements in this document could cause actual results and developments to differ materially from those expressed in or implied by such forward looking statements. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this document. Except as required by the FSA, the London Stock Exchange, the AIM Rules or any other applicable law, Forum Energy assumes no obligation to update or correct the information contained in this document.

Noble, which is authorised and regulated in the United Kingdom by the FSA, is acting for Forum Energy and for no-one else in connection with the Offer and will not be responsible to anyone other than Forum Energy for providing the protections afforded to customers of Noble nor for providing advice in relation to the Offer or any other matter referred to in this document.

Contents

	<i>Page</i>
Letter from the Independent Director of Forum Energy	3
Appendix I – Additional information	11
Appendix II – Bases and sources of information	17
Appendix III – Definitions	18

Letter from the Independent Director of Forum Energy

Forum Energy plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 5411224)

Directors:

Alan Henderson (*Chairman and acting Chief Executive Officer*)*
Barry Stansfield (*Non-executive Director*)
Harry Wilson (*Non-executive Director*)
Graeme Thomson (*Non-executive Director*)

Registered office:

120 Bridge Road
Chertsey
KT16 8LA

* *Independent Director*

6 August 2008

Dear Forum Energy Shareholder and Forum Energy Optionholder,

Letter from the Independent Director of Forum Energy in response to the mandatory cash offer under Rule 9 of the Code by Philex Petroleum Corporation

1. INTRODUCTION

On 2 July 2008, PPC announced the acquisition of 4,004,000 Forum Energy Shares from a subsidiary of Sterling at a price of 48 pence per share, representing approximately 13.95 per cent. of the existing issued ordinary share capital of Forum Energy.

PPC is a company incorporated in the Philippines and is owned 51.0 per cent. by Philex Mining Corporation, a company listed on the Philippine Stock Exchange and 49.0 per cent. owned by Anatolian Property BV, a private company registered in the Netherlands. Amongst other assets, Philex Mining Corporation owns approximately 51.0 per cent. of FEC Resources Inc, a company which holds 8,550,200 Forum Energy Shares, representing approximately 29.8 per cent. of the existing issued ordinary share capital of Forum Energy. As a consequence of both PPC and FEC being under the common control of Philex Mining Corporation, PPC and FEC are presumed to be “acting in concert” for the purposes of the Code.

As a result of the Acquisition, the Concert Party now holds 12,554,200 Forum Energy Shares, representing approximately 43.7 per cent. of the existing issued ordinary share capital of Forum Energy and, as such, PPC is required to make a mandatory cash offer, in accordance with Rule 9 of the Code, for the entire issued and to be issued Forum Energy Shares (other than those Forum Energy Shares held or otherwise contracted to be acquired by the Concert Party) at a price of 48 pence per Forum Energy Share.

You should have now received the Offer Document from PPC which was posted to Forum Energy Shareholders on 30 July 2008 and sets out the terms and condition of the Offer. In the Offer Document, PPC stated that it is making the Offer solely because it is required to do so under the rules of the Code and that it has no current intentions regarding the future business of Forum Energy, no current strategic plans for Forum Energy and no current intentions regarding the redeployment of the fixed assets of Forum Energy.

As explained below, I am the only Forum Energy Director considered to be independent for the purposes of assessing the merits of the Offer.

Whilst I acknowledge that the Offer represents an opportunity for Forum Energy Shareholders to realise their investment in Forum Energy, in cash, at a premium of 95.9 per cent. to the Closing Price of 24.5 pence per Forum Energy Share on 1 July 2008 (being the last business day prior to the Announcement) and at a premium of 1.1 per cent. to the Closing Price of 47.5 pence per Forum Energy Share on 5 August 2008 (being the last business day prior to the publication of this document), having considered the Offer in conjunction

with Forum Energy's financial adviser, Noble, I consider that the Offer fails to recognise the potential value of Forum Energy if and to the extent that Forum Energy's GSEC101 licence is converted to a service contract. I believe that, as explained below, negotiations with the Department of Energy to convert the GSEC101 licence into a service contract have reached a critical stage.

Given these circumstances and taking into account the factors set out in paragraph 6 below, I am therefore not making any recommendation as to whether or not Forum Energy Shareholders or Optionholders should accept the Offer, but instead recommend that Forum Energy Shareholders and Optionholders should carefully consider their own individual circumstances (by reference to paragraph 6 of this letter, if appropriate) in determining whether or not they should accept the Offer. I do not currently intend to accept the Offer in respect of my own beneficial holding of 5,000 Forum Energy Shares, representing approximately 0.02 per cent. of the existing issued ordinary share capital of Forum Energy.

The purpose of this letter is to explain the background to, and reasons for, my opinion and to set out the factors you should consider in assessing whether or not to accept the Offer.

2. THE OFFER

The Offer, further details of which are set out in the Offer Document, is being made by PPC on the following basis:

For each Forum Energy Share 48 pence in cash

The Offer values the existing issued ordinary share capital of Forum Energy at approximately £13.8 million.

The Offer Price of 48 pence for every Forum Energy Share represents:

- a 95.9 per cent. premium to the Closing Price of 24.5 pence per Forum Energy Share on 1 July 2008, being the last business day prior to the Announcement; and
- a 1.1 per cent. premium to the Closing Price of 47.5 pence per Forum Energy Share on 5 August 2008, being the last business day prior to the publication of this document.

The Offer is conditional only upon valid acceptances being received by PPC in respect of such number of Forum Energy Shares to which the Offer relates as will (together with the Forum Energy Shares already held or acquired by the Concert Party) result in the Concert Party holding Forum Energy Shares carrying more than 50 per cent. of the voting rights of Forum Energy. In order to achieve this level of acceptances PPC only needs to acquire, whether under the Offer or through market purchases, a further 1,801,655 Forum Energy Shares, representing 6.3 per cent. of the existing issued ordinary share capital of Forum Energy. PPC has stated in the Offer Document that the first closing date of the Offer is 1.00 p.m. on 20 August 2008.

PPC has stated in the Offer Document that, if the Offer becomes or is declared unconditional in all respects and PPC has acquired or agreed to acquire 75 per cent. of the voting rights attached to Forum Energy Shares, PPC intends to procure the making of an application by Forum Energy for the cancellation of the trading of Forum Energy Shares on AIM in accordance with the AIM Rules. PPC has also stated in the Offer Document that, in such circumstances, Forum Energy would be re-registered as a private company under the relevant provisions of the 1985 Act.

In addition, PPC has stated in the Offer Document that, if PPC receives acceptances under the Offer of, and/or otherwise acquires, 90 per cent. or more in nominal value of the Forum Energy Shares to which the Offer relates, PPC intends to exercise its rights pursuant to the provisions of Chapter 3 of Part 28 of the 2006 Act to acquire compulsorily the remaining Forum Energy Shares in respect of which the Offer has not been accepted.

3. RESPONSIBILITY FOR CONSIDERING THE OFFER

Following consultation with Noble, and having taken into account a number of factors relating to actual and perceived conflicts of interest of the Forum Energy Directors, the Board has concluded that I am the only Forum Energy Director who can be considered to be independent for the purposes of assessing the merits of the Offer.

As a consequence, Barry Stansfield, Harry Wilson and Graeme Thomson have not participated in any Board recommendation in relation to the Offer. The reasons why each of these Forum Energy Directors are not considered to be independent are set out below.

- **Barry Stansfield (*Non-Executive Director*)**

Barry Stansfield is the chairman of FEC which is a member of the Concert Party. Consequently, all of the directors of FEC are deemed to be acting in concert with the other members of the Concert Party for the purposes of the Code.

- **Harry Wilson and Graeme Thomson (*Non-Executive Directors*)**

Harry Wilson and Graeme Thomson are deputy chairman and chief executive officer of Sterling respectively. The Forum Energy Shares the subject of the Acquisition were sold by a subsidiary of Sterling. Harry Wilson and Graeme Thomson have confirmed that they did not participate in the decision of either Sterling or such subsidiary to sell the Forum Energy Shares to PPC. However, because they are both directors of Sterling it was felt inappropriate that either of them should participate in any Board recommendation in relation to the Offer.

Forum Energy Shareholders and Optionholders should note that it was announced on 10 July 2008 that Harry Wilson and Graeme Thomson will be stepping down as non-executive directors of Forum Energy when the Offer becomes unconditional or lapses, as the case may be.

4. UPDATE ON FORUM ENERGY'S PRINCIPAL ASSET

Forum Energy is a UK-headquartered resources company focused on the development of oil and gas assets in the Philippines.

Forum Energy's principal asset is the GSEC101 licence, a 10,360 square kilometre offshore petroleum geophysical survey and exploration licence situated west of Palawan Island in the South China Sea. Forum Energy continues to concentrate on the conversion of the GSEC101 licence into a service contract, having completed the successful 3D seismic survey across the area in 2005. This resulted in the confirmation, in 2006, of 3.4 TCF gas-in-place with upside to 20 TCF. In May 2006, Forum Energy served notice upon the Department of Energy to convert the GSEC101 licence into a service contract.

Recognising the importance of local participation and to help progress the licence conversion, Forum Energy announced on 20 August 2007 that, subject to approval by the Department of Energy, it had farmed out a 30 per cent. equity interest in the GSEC101 licence to Monte Oro, a Filipino company. Dr. Walter W. Brown, who is the president of Monte Oro, is also the chairman of Philex Mining Corporation and, consequently, deemed to be a member of the Concert Party. This arrangement entitles Forum Energy to obtain the Filipino Participation Incentive Allowance, which is effectively a royalty of up to 7.5 per cent. of gross proceeds awarded to joint ventures which meet minimum levels of participation by Filipino companies. On 25 June 2008, the Company announced an amendment to the farm out agreement with Monte Oro whereby, instead of paying to Forum Energy US\$1.7 million (in respect of past costs and expenses incurred by Forum Energy) on the award of the service contract, Monte Oro paid to Forum Energy US\$1.7 million with immediate effect. As well as strengthening the Company's balance sheet, the participation of Monte Oro provides Forum Energy with a credible partner with significant local influence and expertise which I believe is proving key in the Company's endeavours to secure the service contract. Following the farm out, Forum Energy holds a 70 per cent. operational interest in the GSEC101 licence.

Conversion of the GSEC101 licence into a service contract will allow the Company to move to the next stage of asset evaluation (which cannot be done prior to the conversion into a service contract) by proving up current gas-in-place estimates through the drilling of an appraisal well.

A number of developments have recently taken place which give the Board increasing confidence that the GSEC101 licence will now be converted into a service contract. On 30 June 2008, the Tri-Partite Agreement between China National Offshore Oil Corporation, the Vietnam Oil and Gas Corporation and the Philippine National Oil Company lapsed. Since that time, various meetings have taken place between the Department

of Energy and Forum's representatives regarding the work programme to be implemented following the formal signing of the service contract. On 4 August 2008, Forum Energy was notified in writing by the Department of Energy that the service contract to be entered into under the GSEC101 licence is in its final draft and that it is planned that formal signing of the service contract will take place in the third week of August 2008.

5. FINANCIAL POSITION AND STRATEGY

Current cash position

Forum Energy continues to support itself using the cash resources from the placing undertaken at the time of the Company's admission to AIM in August 2005 (as at 31 December 2007, the Company had net cash of US\$2.3 million) and the proceeds from the farm out of a 30 per cent. interest in GSEC101 to Monte Oro, which provided Forum Energy with a cash payment of US\$1.7 million in June 2008. In addition, Forum Energy has managed to underpin its mid-term financial future through the divesting (subject to approval by the Department of Energy) of its coal assets in Central Cebu, Philippines for US\$3.5 million. The Company should, furthermore, be in a position to support itself with production from the Galoc field (due to come on-stream in the third quarter of 2008) and the continued optimisation of the non-core assets within the Company's portfolio.

The Board of Forum Energy believes that the Company has sufficient funding to pursue its strategy in the short term. As is usual for smaller resource companies, the Company may have to consider ways to fund its mid-term needs (in particular in relation to funding the entire work programme of the service contract) and this may involve the Company issuing further equity, taking on debt or farming out part of its interest in the service contract.

Strategy

The Board of Forum Energy intends to continue to execute its current strategy of progressing the development of GSEC101. This will involve continuing to work closely with Monte Oro. The Board also intends to optimise the Company's non-core assets within its asset portfolio.

As I stated above, if the GSEC101 licence is converted to a service contract then Forum Energy will be able to start developing the asset and associated infrastructure, at which point there could be significant uplift in the value of Forum Energy.

6. FACTORS FOR CONSIDERATION BY FORUM SHAREHOLDERS AND OPTIONHOLDERS IN EVALUATING THE OFFER

Introduction

Under the Code, as Forum Energy's only Independent Director for the purposes of the Offer, I am required to circulate my advice on the Offer to the Forum Energy Shareholders and Optionholders. Paragraph 3 above sets out the reasons why I am deemed to be the only Independent Director of Forum Energy for the purposes of considering the Offer.

I welcome the Acquisition by PPC because I consider that equity participation by a local Filipino company in Forum Energy is important in accelerating the development of Forum Energy's projects in the Philippines. However, whilst I welcome the investment in Forum Energy by PPC, Forum Energy Shareholders and Optionholders should be aware that the Concert Party may exert a significant influence over the Company. Therefore, Forum Energy Shareholders and Optionholders are encouraged to consider a number of issues set out below when evaluating whether or not to accept the Offer and the proposals put forward to Optionholders respectively.

Your decision as to whether to accept the Offer will depend on your individual circumstances. If you are in any doubt as to the action you should take, you should consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if you are outside the United Kingdom, an appropriately authorised independent financial adviser, without delay.

Financial position

I believe the Company has sufficient cash resources to allow it to execute its current strategy.

Conversion of the GSEC101 licence into a service contract

On 4 August 2008, Forum Energy was notified in writing by the Department of Energy that the service contract to be entered into under the GSEC101 licence is in its final draft and that it is planned that formal signing of the service contract will take place in the third week of August 2008. However, the exact timing of the formal signing of the service contract is not within the control of the Forum Energy Board and rests with the Government of the Philippines.

If the GSEC101 licence is converted into a service contract then there could be significant uplift in the value of Forum Energy, although there can be no guarantee that this value will accrue to Forum Energy Shareholders and Optionholders to whom the Offer is being made.

However, if the GSEC101 licence is not converted into a service contract, the Offer Price is likely to represent a significant premium to the prevailing share price of Forum Energy prior to the making of the Offer (as explained below under "Share price performance").

Exploration and technical risks

There are exploration and technical risks involved in investing in the search for hydrocarbons. There can be no assurance that expenditures made on future exploration or development activities by the Company will result in discoveries of hydrocarbons that are commercially or economically feasible.

Economic and political conditions

There are numerous factors which may affect the success of the Company's business which are beyond the Company's control including local, national and international economic and political conditions. In particular, the political situation in the Philippines and the Government of the Philippines' policy towards inward investors such as Forum Energy may become less stable and/or predictable and thereby reduce the attractiveness of investment in the country for resource projects. The Board, having exercised all reasonable care to ensure that such is the case, believes that Forum Energy has the full benefit of the GSEC101 licence. However, the licence is subject to the laws of the Republic of the Philippines and the Company's ability to secure the award of the service contract on acceptable terms is ultimately subject to the discretion of the applicable governmental authorities.

Share price performance

The Offer represents an opportunity for Forum Energy Shareholders to realise their investment in Forum Energy for cash at a price of 48 pence per Forum Energy Share. This represents a premium of 95.9 per cent. to the Closing Price on 1 July 2008 (being the last business day prior to the Announcement) and a premium of 1.1 per cent. to the Closing Price on 5 August 2008 (being the last business day prior to the publication of this document). The price of a Forum Energy Share has been trading at a discount to the Offer Price since June 2007.

Controlling shareholder

PPC, together with the Concert Party, currently owns approximately 43.7 per cent. of the existing issued ordinary share capital of Forum Energy, giving it significant influence over the future strategic direction of the Company. Whilst I welcome PPC as a strategic shareholder, the Concert Party currently has the capability to exercise effective control over Forum Energy and, if it obtains a sufficient number of valid acceptances under the Offer (or otherwise makes further market purchases) to take its interest in Forum Energy Shares to over 50 per cent., then PPC will have actual control over Forum Energy. In order to achieve this level of acceptances PPC needs to acquire, whether under the Offer or through market purchases, a further 1,801,655 Forum Energy shares, representing 6.3 per cent. of the existing issued ordinary share capital of Forum Energy.

Loss of Code protections

Forum Energy Shareholders and Optionholders should be aware of certain protections that Forum Energy Shareholders will not possess if PPC, together with the Concert Party, acquires over 50 per cent. of the voting rights in Forum Energy Shares. PPC will hold sufficient voting rights to ensure the approval or rejection, if it so wishes, of ordinary resolutions of Forum Energy including, for example, to determine the appointment and removal of executive and non-executive directors of the Company. In addition, should further overseas directors be appointed to the Board such that the place of central management and control of the Company is not deemed by the Panel to be based in the United Kingdom, the Channel Islands or the Isle of Man, then the Code will cease to apply to the Company, removing the protections afforded to Forum Energy Shareholders under the Code.

Even if Forum Energy is still deemed by the Panel to be resident in the United Kingdom, in the circumstances where PPC, together with the Concert Party, holds over 50 per cent. of the voting rights in Forum Energy, PPC may increase its aggregate shareholding in Forum Energy without restriction and without incurring a further obligation under Rule 9 of the Code to make another offer for the remaining Forum Energy Shares it does not then own or control.

Loss of AIM quotation

If PPC, through the Concert Party, acquires Forum Energy Shares representing 75 per cent. or more of the existing issued ordinary share capital of Forum Energy, it could have the ability to pass the necessary resolutions to cancel Forum Energy's AIM quotation. This is in line with PPC's intentions as set out in the Offer Document. Forum Energy Shareholders who have not assented to the Offer at that time would then be left with shares in an unquoted company with significantly reduced liquidity and marketability and with a dominant shareholder.

Even in the event that PPC, through the Concert Party, acquires Forum Energy Shares representing less than 75 per cent. but more than 50 per cent. of the existing issued ordinary share capital of Forum Energy, there is still a risk that Forum Energy will cease to satisfy the requirements of the London Stock Exchange for its shares to remain suitable for trading on AIM if, for example, the Company's nominated adviser ceased to be satisfied that Forum Energy, given the location of its actual or *de facto* controlling shareholder, would be able to maintain sufficient systems, procedures and controls in order to comply with the AIM Rules.

Compulsory acquisition

If PPC, through the Concert Party, receives acceptances of the Offer in respect of, and/or otherwise acquires, 90 per cent. or more of the Forum Energy Shares to which the Offer relates and in the case where the Forum Energy Shares to which the Offer relates are voting shares, not less than 90 per cent. of the voting rights carried by those Forum Energy Shares, PPC stated in its Offer Document that it intends to exercise its rights pursuant to the provisions of Chapter 3 of Part 28 of the 2006 Act to acquire compulsorily the remaining Forum Energy Shares in respect of which the Offer has not been accepted.

Liquidity of Forum Energy Shares

The presence of a controlling shareholder, as in the case of PPC together with the Concert Party, and assuming the Company remains a publicly listed company, could lead to a lack of a liquid market in Forum Energy Shares which could determine a lower value for your Forum Energy Shares should you wish to sell them in the future.

Management and employees

On 25 June 2008, Forum Energy announced the resignation, with immediate effect, of Russell Harvey as Chief Executive Officer of the Company and I have assumed the position of acting Chief Executive Officer until a suitable new Chief Executive Officer is appointed.

On 10 July 2008, Forum Energy announced the resignations of Harry Wilson and Graeme Thomson as directors of Forum Energy. These resignations will take effect upon the Offer becoming or being declared unconditional or otherwise lapsing or being withdrawn.

Following the Offer becoming unconditional or lapsing, then the Board will consist of myself and Barry Stansfield, both of us non-executive directors. Forum Energy will be required to appoint suitable individuals to augment the Board to ensure the proper operation of the Company and the execution of the Board's strategy.

PPC has not stated its intentions with regards to making any appointments to the Board. However, Forum Energy Shareholders and Optionholders should note that, should the Offer become or be declared unconditional, then PPC will have the ability to appoint new individuals to Forum Energy's board of directors. Even without the Offer becoming or being unconditional, PPC would have a strong, if not determining, influence over any such appointments.

I believe that the factors set out above are those to which considerable weight should be given by Forum Energy Shareholders and the Optionholders in determining their own intentions in respect of the Offer. There may be other factors relevant to your personal circumstances which you need to consider. If a Forum Energy Shareholder is in doubt about the Offer or the action which he should take, he should consult his own independent financial adviser duly authorised under the Financial Services and Markets Act 2000.

7. ADVICE TO FORUM ENERGY SHAREHOLDERS AND OPTIONHOLDERS

Notwithstanding my intentions in relation to my own shareholding as described in paragraph 9 below, I do not believe it is appropriate to provide Forum Shareholders and Optionholders with a definitive recommendation at this time. In evaluating what action to take you should carefully review, in addition to your own individual investment requirements and objectives, the considerations for acceptance or rejection of the Offer summarised below.

Considerations for accepting the Offer

- If the GSEC101 licence is not converted into a service contract, the Offer Price is likely to represent a significant premium to the prevailing share price of Forum Energy prior to the making of the Offer.
- The Offer represents an opportunity for Forum Energy Shareholders to realise their investment in Forum Energy for cash at a price of 48 pence per Forum Energy Share. This represents a premium of 95.9 per cent. to the Closing Price on 1 July 2008 (being the last business day prior to the Announcement).
- With 43.7 per cent. of the voting rights of Forum Energy, I regard PPC as already in a position to exercise *de facto* control over the Company and PPC's future plans for the Company cannot be certain.
- If the Offer becomes unconditional, PPC will hold a majority of the voting rights of Forum Energy and will also be free to increase its shareholding without making a further offer for the Company. This will give PPC significant influence over the future strategic direction of the Company and may adversely affect the liquidity and marketability of Forum Energy Shares. It may also lead to the loss of certain Code protections and the loss of the Company's AIM quotation.

Considerations for not accepting the Offer

- If the GSEC101 licence is converted into a service contract there could be a significant uplift in the value of Forum Energy, although there can be no guarantee that this value will accrue to Forum Energy Shareholders to whom the Offer is being made. Negotiations with the Department of Energy to convert the GSEC101 licence into a service contract have reached a critical stage. On 4 August 2008, Forum Energy was notified in writing by the Department of Energy that the service contract to be entered into under the GSEC101 licence is in its final draft and that it is planned that formal signing of the service contract will take place in the third week of August 2008.
- The Board of Forum Energy believes that the Company has sufficient funding to pursue its strategy in the short term but, as stated earlier, may have to consider ways to fund its mid-term needs.

- Acceptance of the Offer would not allow Forum Energy Shareholders to participate in any potential future rise in the share price of the Company.

8. FORUM SHARE INCENTIVE SCHEMES

The Offer extends to any Forum Energy Shares which are unconditionally allotted or issued fully paid (or credited as fully paid) prior to the date on which the Offer closes (or such earlier date as PPC may, subject to the Code, determine) including any such shares allotted or issued pursuant to the exercise of options under the Forum Energy Share Option Plan and the LTIP.

9. OPINION OF THE INDEPENDENT DIRECTOR

I do not believe that the Offer fully takes account of the potential value of Forum Energy but recognise that there are inherent uncertainties attached to this potential. I also recognise that the Offer represents a significant premium to the Closing Price of a Forum Energy Share on the business day prior to the Announcement which could be attractive to many Forum Energy Shareholders.

After consulting with Noble, Forum Energy's financial adviser, and in recognition of the factors set out in paragraph 6 above, I do not believe that it is appropriate to provide Forum Energy Shareholders and Optionholders with a definitive recommendation at this time. Accordingly, I, who have been so advised by Noble, suggest that Forum Energy Shareholders and Optionholders should carefully consider their own individual circumstances in determining whether or not they should accept the Offer or the proposals put forward to Optionholders respectively. In providing advice to me, as Forum Energy's only Independent Director, Noble has taken into account my commercial assessments.

I do not currently intend to accept the Offer in respect of my own beneficial holding of 5,000 Forum Energy Shares, representing approximately 0.02 per cent. of the existing issued ordinary share capital of Forum Energy.

10. ACTION TO BE TAKEN TO ACCEPT THE OFFER OR NOT TO ACCEPT THE OFFER

Your attention is drawn to the procedure for accepting the Offer, which is set out in paragraph 11 of Part 1 of the Offer Document.

Forum Energy Shareholders are not, however, obliged to accept the Offer. If you wish to remain a Shareholder of Forum Energy, you should not return the Form of Acceptance accompanying the Offer Document, make an electronic acceptance or take any other action.

If you are in any doubt about the Offer or the action you should take, you are recommended immediately to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, if you are in the United Kingdom or, if you are taking advice from a territory outside the United Kingdom, from another appropriately qualified independent financial adviser.

Yours faithfully

Alan Henderson

*Chairman, acting Chief Executive Officer
and Independent Director*

Appendix I

Additional information

1 RESPONSIBILITY

- 1.1 The Forum Energy Directors, whose names are set out in paragraph 2.1 below, accept responsibility for the information contained in this document (other than the opinions of the Independent Director relating to the Offer for which only the Independent Director accepts responsibility as set out below) save that the only responsibility they accept in respect of information contained in this document relating to PPC and the Concert Party, which has been compiled from published sources, is to ensure that it has been correctly and fairly reproduced and presented. Subject as aforesaid, to the best of the knowledge and belief of the Forum Energy Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Independent Director accepts responsibility for the opinions of the Independent Director relating to the Offer contained in this document. To the best of the knowledge and belief of the Independent Director (who has taken all reasonable care to ensure that such is the case), the information contained in this document for which he is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 FORUM DIRECTORS

- 2.1 The Forum Energy Directors and their respective roles are:

<i>Name</i>	<i>Roles</i>
Alan Henderson	<i>Chairman and acting Chief Executive Officer*</i>
Barry Stansfield	<i>Non-executive Director</i>
Henry Wilson	<i>Non-executive Director (see note below)</i>
Graeme Thomson	<i>Non-executive Director (see note below)</i>

**Independent Director*

Note:

On 10 July 2008, Forum Energy announced the resignations of Harry Wilson and Graeme Thomson as directors of Forum Energy. These resignations will take effect upon the Offer becoming or being declared unconditional in all respects or otherwise lapsing or being withdrawn.

- 2.2 The registered office of Forum Energy and the business address of all of the Forum Energy Directors is 120 Bridge Road, Chertsey, Surrey KT16 8LA.

3 DISCLOSURE OF INTERESTS AND DEALINGS

- 3.1 In this paragraph 3:

3.1.1 “**acting in concert**” has the meaning set out in the Code;

3.1.2 “**arrangement**” includes any indemnity or option arrangements and any agreement or understanding, formal or informal, of whatever nature, relating to the relevant securities of PPC or to the relevant securities of Forum Energy which may be an inducement to deal or refrain from dealing;

3.1.3 “**associate**” of any company has the meaning set out in the Code and includes (without limitation):

- (a) its parent companies, subsidiaries and associated companies and companies of which any such companies are associated companies (“**related companies**”);

- (b) connected advisers and persons controlling, controlled by or under the same control of any such connected advisers;
 - (c) its directors and the directors of any related company (together in each case with their close relatives and related trusts);
 - (d) its pension funds or the pension funds of any related company;
 - (e) an investment company, unit trust or other person whose investments an associate (as otherwise defined in sub-paragraph 3.1.3) manages on a discretionary basis, in respect of the relevant investment accounts;
 - (f) an employee benefit trust of the company or any related company; and
 - (g) a company having a material trading arrangement with Forum Energy.
- 3.1.4 references to a **“bank”** do not include a bank whose sole relationship with Forum Energy or a related company is the provision of normal commercial banking services;
- 3.1.5 a **“connected adviser”** means, in relation to any person, the organisation which is advising the person in relation to the Offer and, if that person is Forum Energy, the corporate broker to Forum Energy (other than any corporate broker which is unable to act in connection with the offer because of a conflict of interest);
- 3.1.6 **“dealing”** or **“dealt”** includes the following:
- (a) the acquisition or disposal of relevant securities;
 - (b) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;
 - (c) subscribing or agreeing to subscribe for relevant securities;
 - (d) the exercise or conversion, whether in respect of new or existing relevant securities, of any relevant securities carrying conversion or subscription rights;
 - (e) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;
 - (f) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
 - (g) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
- 3.1.7 **“derivative”** includes any financial product whose value, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;
- 3.1.8 **“disclosure period”** means the period commencing on 2 July 2007 (being the date 12 months prior to the commencement of the Offer Period) and ending on 5 August 2008 (being the latest practicable date prior to the posting of this document);
- 3.1.9 **“relevant securities of PPC”** means PPC Shares and securities convertible into, or rights to subscribe for, options (including traded options) in respect thereof and derivatives referenced thereto;

- 3.1.10 “**relevant securities of Forum Energy**” means Forum Energy Shares and securities convertible into, or rights to subscribe for, options (including traded options) in respect thereof and derivatives referenced thereto;
- 3.1.11 ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status and “**control**” means a holding, or aggregate holding, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holding gives *de facto* control; and
- 3.1.12 a person is treated as having an “**interest in securities**” if he has long economic exposure, whether absolute or conditional, to changes in the price of those securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person is treated as “interested” in securities if:
- (a) he owns them;
 - (b) he has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
 - (c) by virtue of any agreement to purchase, option or derivative, he;
 - (i) has the right or option to acquire them or call for their delivery; or
 - (ii) is under an obligation to take delivery of them,
 whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
 - (d) he is a party to any derivative:
 - (i) whose value is determined by reference to their price; and
 - (ii) which results, or may result, in his having a long position in them.

Interests and dealings in Forum Energy Shares

3.2 As at the last day of the Disclosure Period, the interests of the Forum Energy Directors and their immediate families, related trusts and connected persons, all of which are beneficial unless otherwise stated, in relevant securities of Forum Energy were (with the exception of options in respect of Forum Energy Shares which are set out in paragraph 3.3 below) as follows:

<i>Name</i>	<i>Number of Forum Energy Shares</i>
Alan Henderson	5,000
Barry Stansfield	Nil
Henry Wilson	50,000
Graeme Thomson	10,000

- 3.3 As at the last day of the Disclosure Period, the following options in respect of Forum Energy Shares had been granted to the following Forum Energy Directors for nil consideration and remained outstanding under the Forum Energy Share Option Plan:

<i>Name</i>	<i>Number of Forum Energy Shares under option</i>	<i>Date of grant</i>	<i>Exercise price (£)</i>	<i>Exercise period</i>
Alan Henderson	24,000	1.08.05	1.12	1.08.06 – 1.08.15
Alan Henderson	24,000	1.08.05	1.12	1.08.07 – 1.08.15
Alan Henderson	24,000	1.08.05	1.12	1.08.08 – 1.08.15
Alan Henderson	50,000	6.12.06	0.735	6.12.07 – 6.12.16
Alan Henderson	50,000	6.12.06	0.735	6.12.08 – 6.12.16
Alan Henderson	50,000	6.12.06	0.735	6.12.09 – 6.12.16
Alan Henderson	50,000	27.11.07	0.31	27.11.08 – 27.11.17
Barry Stansfield	18,000	1.08.05	1.12	1.08.06 – 1.08.15
Barry Stansfield	18,000	1.08.05	1.12	1.08.07 – 1.08.15
Barry Stansfield	18,000	1.08.05	1.12	1.08.08 – 1.08.15
Barry Stansfield	8,334	6.12.06	0.735	6.12.07 – 6.12.16
Barry Stansfield	8,333	6.12.06	0.735	6.12.08 – 6.12.16
Barry Stansfield	8,333	6.12.06	0.735	6.12.09 – 6.12.16
Barry Stansfield	30,000	27.11.07	0.31	27.11.08 – 27.11.17
Henry Wilson	18,000	1.08.05	1.12	1.08.06 – 1.08.15
Henry Wilson	18,000	1.08.05	1.12	1.08.07 – 1.08.15
Henry Wilson	18,000	1.08.05	1.12	1.08.08 – 1.08.15
Henry Wilson	8,334	6.12.06	0.735	6.12.07 – 6.12.16
Henry Wilson	8,333	6.12.06	0.735	6.12.08 – 6.12.16
Henry Wilson	8,333	6.12.06	0.735	6.12.09 – 6.12.16
Henry Wilson	30,000	27.11.07	0.31	27.11.08 – 27.11.17
Graeme Thomson	18,000	1.08.05	1.12	1.08.06 – 1.08.15
Graeme Thomson	18,000	1.08.05	1.12	1.08.07 – 1.08.15
Graeme Thomson	18,000	1.08.05	1.12	1.08.08 – 1.08.15
Graeme Thomson	8,334	6.12.06	0.735	6.12.07 – 6.12.16
Graeme Thomson	8,333	6.12.06	0.735	6.12.08 – 6.12.16
Graeme Thomson	8,333	6.12.06	0.735	6.12.09 – 6.12.16
Graeme Thomson	30,000	27.11.07	0.31	27.11.08 – 27.11.17

- 3.4 As at the last day of the Disclosure Period, the interests of any associated company of Forum Energy, any pension fund of Forum Energy or any of its associated companies or any employee benefit trust of Forum Energy or its associated companies in relevant securities of Forum Energy were as follows:

<i>Name</i>	<i>Number of Forum Energy Shares</i>
Forum Energy plc Employee Benefit Trust*	727,358
FEC Resources Inc.	8,550,200
Philex Mining Corporation	12,554,200

Notes:

Forum Energy plc Employee Benefit Trust holds options over Forum Energy Shares in order to satisfy awards made to participants under the LTIP. None of the Forum Energy Directors are participants in the LTIP.

Philex Mining Corporation owns approximately 51 per cent. of FEC and 51 per cent. of PPC and, as a result, has an interest in the aggregate number of Forum Energy Shares held by both FEC and PPC.

General

- 3.5 As at the last day of the Disclosure Period, save as disclosed in this document, neither Forum Energy, nor any of the Forum Energy Directors, nor any member of their immediate families, related trusts or

(so far as the Forum Energy Directors are aware) connected persons had an interest or right to subscribe for relevant securities of Forum Energy or any relevant securities of PPC (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, nor had any of the foregoing dealt in any relevant securities of Forum Energy or any relevant securities of PPC from the commencement of the Offer Period until the last day of the Disclosure Period.

- 3.6 As at the last day of the Disclosure Period, save as disclosed in this document, no related company of Forum Energy, no pension fund of Forum Energy or of any of its related companies, no employee benefit trust of Forum Energy or of any of its related companies, no connected adviser to Forum Energy or of any of its related companies or to any person acting in concert with Forum Energy, no person controlling, controlled by or under the same control as any such connected adviser (except for an exempt principal trader or an exempt fund manager) and no person who has an arrangement with Forum Energy or any person who is an associate of Forum Energy had an interest in or right to subscribe for any relevant securities of Forum Energy (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, nor had any of the foregoing dealt in any relevant securities of Forum Energy from the commencement of the Offer Period until the last day of the Disclosure Period.
- 3.7 As at the last day of the Disclosure Period, save as disclosed in this document, neither Forum Energy nor any person acting in concert with Forum Energy has borrowed or lent any relevant securities of Forum Energy.
- 3.8 As at the last day of the Disclosure Period, save as disclosed in this document, there were no arrangements between Forum Energy or any associate of Forum Energy and any other person.
- 3.9 Save as disclosed in this document, Forum Energy has not redeemed or purchased any Forum Energy Shares or any securities convertible into, rights to subscribe for or options in respect of, or derivatives referenced to Forum Energy Shares during the Disclosure Period.

4 DIRECTORS' LETTERS OF APPOINTMENT

- 4.1 Set out below are the principal terms of the letters of appointment of each of the Forum Energy Directors:

<i>Name</i>	<i>Date of appointment</i>	<i>Notice period</i>	<i>Fees</i>
Alan Henderson	18 May 2005	Two months' written notice by either party	£55,000
Barry Stansfield	18 May 2005	Two months' written notice by either party	£24,200
Henry Wilson	18 May 2005	Two months' written notice by either party	£22,000
Graeme Thomson	18 May 2005	Two months' written notice by either party	£25,300

In addition, each Forum Energy Director is entitled to charge £500 per day where they are required to commit in excess of four days per calendar month.

- 4.2 Save as disclosed above, none of the agreements set out in paragraph 4.1 above has been entered into or amended during the six months prior to the date of this document.
- 4.3 Save as disclosed above, there are no contracts of service or other letters of appointment between the directors of Forum Energy and Forum Energy or any of its subsidiaries.

5 MATERIAL CONTRACTS

No contracts have been entered into by any company in the Forum Energy Group, not being contracts entered into in the ordinary course of business, which are, or may be material, during the period beginning two years before the commencement of the Offer Period.

6 NO MATERIAL CHANGE

There has been no material change in the financial or trading position of Forum Energy since 31 December 2007 (the date to which the latest published audited accounts of Forum Energy were prepared).

7 GENERAL

- 7.1 Save as disclosed in this document, no proposal exists in connection with the Offer for any payment or other benefit to be made or given by PPC or any person acting in concert with PPC for the purposes of the Offer to any Forum Energy Director as compensation for loss of office or as consideration for, or in connection with, his retirement from office.
- 7.2 Noble has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.

8 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the documents listed below may be inspected at the offices of Osborne Clarke, One London Wall, London EC2Y 5EB during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) throughout the period during which the Offer remains open for acceptance:

- 8.1 a copy of this document;
- 8.2 the memorandum and articles of association of Forum Energy;
- 8.3 the audited consolidated accounts of Forum Energy for the two financial periods ended 31 December 2006 and 31 December 2007;
- 8.4 the Forum Energy Directors' letters of appointment referred to in paragraph 4 above; and
- 8.5 the written consent referred to in sub-paragraph 7.2 above.

6 August 2008

Appendix II

Bases and sources of information

1 GENERAL

- 1.1 Unless otherwise stated, the financial and other information relating to Forum Energy is derived from Forum Energy's annual report and accounts for the financial period ended 31 December 2007 and other information made publicly available by Forum Energy.
- 1.2 Information relating to PPC and the Concert Party and the directors of PPC is derived from:
 - 1.2.1 the Offer Document; and
 - 1.2.2 PPC's offer announcement released on 2 July 2008.
- 1.3 Values stated throughout the document have been subjected to rounding and are given to the stated number of decimal places.
- 1.4 Unless otherwise stated, references to share prices are to Closing Prices for the relevant date(s) and are sourced from the AIM Appendix of the Daily Official List.
- 1.5 References to the existing issued ordinary share capital of Forum Energy are to the 28,711,709 Forum Energy Shares in issue as at 5 August 2008 (being the latest practicable date prior to the posting of this document).

Appendix III

Definitions

The following terms have the following meanings in this document unless the context otherwise requires:

“1985 Act”	the Companies Act 1985 (as amended)
“2006 Act”	the Companies Act 2006
“Acquisition”	the acquisition of 4,004,000 Forum Energy Shares by PPC from Sterling Northwest Africa Holdings Limited on 1 July 2008, as described in this document
“Announcement”	the announcement by PPC of the Acquisition on 2 July 2008
“AIM”	AIM, the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange from time to time
“Board” or “Board of Forum Energy”	the board of directors of Forum Energy
“business day”	a day (not being a Saturday, a Sunday or a public holiday) on which clearing banks in the City of London are open for normal business
“Closing Price”	the closing middle market quotation of a share as derived from the AIM Appendix of the Daily Official List
“Code”	The City Code on Takeovers and Mergers
“Concert Party”	PPC and those parties deemed to be acting in concert with it, details of which are set out in the Offer Document
“Daily Official List”	the Daily Official List of the London Stock Exchange
“Department of Energy”	Republic of the Philippines Department of Energy
“Directors” or “Forum Energy Directors”	the directors of Forum Energy at the date of this document
“FEC”	FEC Resources Inc.
“Forum Energy” or “Company”	Forum Energy plc, a company incorporated in England and Wales under Company number 5411224
“Forum Energy Group” or the “Group”	Forum Energy and its existing subsidiary undertakings
“Forum Energy Share Incentive Schemes”	together, the Forum Energy Share Option Plan and the LTIP
“Forum Energy Shares”	the existing unconditionally allotted or issued and fully paid (or credited as fully paid) ordinary shares of 10 pence each in the capital of the Forum Energy
“Forum Energy Shareholders”	holders of Forum Energy Shares
“Forum Energy Share Option Plan”	the Forum Energy Share Option Plan adopted by the Company on 27 July 2005

“Forum Energy Optionholders” or “Optionholders”	holders of shares allotted or issued pursuant to the exercise of options under the Forum Share Incentive Schemes
“FSA”	the UK Financial Services Authority
“Independent Director”	Alan Henderson
“London Stock Exchange”	London Stock Exchange plc
“LTIP”	the Forum Energy Long Term Incentive Plan
“Monte Oro”	Monte Oro Resources & Energy, Inc
“Noble”	Noble & Company Limited, Forum Energy’s financial adviser and nominated adviser and broker
“Offer”	the mandatory cash offer made by PPC to acquire the entire issued and to be issued ordinary share capital of Forum Energy not already owned or otherwise contracted to be acquired by PPC or any of its associates at 48 pence per Forum Energy Share, the terms and condition of which are set out in the Offer Document
“Offer Document”	the document containing the Offer dated 30 July 2008
“Offer Period”	the period commencing on (and including) 2 July 2008, being the date on which the Acquisition was announced
“Offer Price”	48 pence in cash for every Forum Energy Share
“Panel”	the Panel on Takeovers and Mergers
“PPC”	PPC Petroleum Corporation, a company incorporated in the Philippines pursuant to the Corporation Code
“Philex Mining Corporation”	PPC Mining Corporation, a company incorporated in the Philippines and listed on the Philippine Stock Exchange under company symbol PX
“Sterling”	Sterling Energy plc
“TCF”	trillion cubic feet
“Tri-Partite Agreement”	the Joint Marine Seismic Undertaking in the South China Sea between Vietnam Oil and Gas Corporation (PETRO Vietnam), Philippine National Oil Company (PNOC) and China National Offshore Oil Corporation (CNOOC) to conduct seismic exploration in an area west of Palawan, Philippines
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“US”, “USA” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to its jurisdiction
“£”	UK pounds sterling (and references to “pence” shall be constructed accordingly), the lawful currency of the UK
“US\$” or “\$”	US dollars, the lawful currency of the United States

Save where otherwise stated, for the purpose of this document, “subsidiary”, “subsidiary undertaking”, “associated undertaking” and “undertaking” shall be construed in accordance with the 1985 Act (but for this purpose ignoring paragraph 20(1)(b) of Schedule 4A of the 1985 Act).

In this document, the singular includes the plural and *vice versa*, unless the context otherwise requires.

