

Final Results

2 May 2008

Forum, the UK-based oil and gas exploration and production company with a focus on the Philippines, today announces its audited results for the year ended 31 December 2007.

HIGHLIGHTS

Operational highlights:

- Continued the process of conversion of GSEC101 to a service contract.
- Conditionally farmed out a 30% interest* in GSEC101 to a local partner Monte Oro Resources & Energy, Inc. ("Monte Oro") to take advantage of the Filipino Participation Incentive Allowance ("FPIA") and expedite conversion to a service contract.
- Farmed out interest in the West Linepacan oil discovery for a carry through development, concluding rationalization of assets purchased in 2006.
- On schedule for Galoc Field first production in Q2 2008 with potential for second phase development.
- Sale of Central Cebu Coal Operating Contract ("COC132") for US\$3.5 million (subject to Government approval).
- Initiated plans to divest remaining Southern Cebu property in line with the strategy to re-focus the Company on its core-business.

*Subject to certain conditions, Forum still retains 100% interest in GSEC101.

Financial and corporate highlights

- Working capital of US\$6.4 million as of 31 December 2007 (US\$5.2 million – reported for 2006).
- Shareholders' equity of US\$49 million as of 31 December 2007 (US\$52 million – 2006).
- Revenues of US\$0.9 million in 2007 (US\$0.5 million – 2006).
- Loss of US\$3.9 million in 2007 (US\$3.4 million – 2006).
- Existing cash resources anticipated to be adequate for the foreseeable future.

Alan Henderson, Non-executive Chairman of Forum, commented:

"The Company has managed to underpin its near-term financial future and expects to be in a position to support itself with the production from the Galoc Field due to come on-stream in the first half of 2008.

Our working capital position as at 31 December 2007 is stronger than in 2006 due to the optimization of the Company's portfolio by current management. This has been achieved without the dilution of existing shareholders.

The Company is now well placed to focus on the conversion of GSEC101 to a service contract, which



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should occur once the tri-partite agreement between China, Vietnam and the Philippines lapses in June of this year.

We look forward to significant developments as we move through 2008 and in turn to deliver value to our shareholders”

About Forum

Forum was established in April 2005 alongside £14.4 million in financing and is focused exclusively on the development of its oil and gas assets in the Philippines. The Company’s principal asset is a 100% 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) with upside to 20TCF. The Company initiated the process of converting the licence to a service contract and continues to pursue this objective.

The Company’s shares are traded on the London AIM market under the symbol ‘FEP’.

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Chairman's Statement

I am pleased to report that the Company continues to exploit its strategic focus on the Philippines, and in particular the Sampaguita gas discovery on GSEC101. Whilst it has been a challenging time for the Company in progressing the conversion of GSEC101 to a full service contract, I am pleased to say the Company's financial position is solid and the future looks positive.

Forum continues to concentrate on the conversion of GSEC101 to a full service contract having completed the successful 3D seismic shoot across the area in 2005 which resulted in the confirmation of 3.4TCF gas in place with upside to 20TCF in 2006.

Whilst the process of conversion has taken some time, the Company is informed, and believes, that a positive outcome will be reached in a relatively short timeframe. Potential delays may have been caused by the tri-partite agreement between China, Vietnam and the Philippines. This lapses in June and should finally pave the way to the conversion of the licence.

The Company continues to support itself using initial resources derived from its financings in 2005 and has managed to underpin its near-term financial future through the divesting of COC132 for US\$3.5million (subject to government approval). The Company should furthermore be in a position to support itself with production from the Galoc Field coming on-stream in the first half of this year and with oil trading at over US\$110/bbl the project is expected to outperform the Company's previous estimates further strengthening the financial position.

2008 Economic and Political Outlook for the Philippines

In 2007, the Philippines experienced a 7.3% growth in gross domestic product (GDP), the highest in thirty years. This was attributed to the remarkable performance of agriculture and industry sectors and an increase in infrastructure investments and government spending.

2007 was also notable for being a period of low inflation standing at a rate of 2.8%, which was the lowest in two decades and comparable to the economies of developed countries. This decrease has consequently lowered interest rates, the lowest in 21 years, and has brought down the cost of money for borrowers.

The country remains politically stable after the mid-term elections last May 2007, which was considered more peaceful than the national elections held in 2004. despite a series of political challenges that has faced the current administration. More opposition senators were elected during the elections, however, the president's allies remain in control of the House of Representatives.

For 2008 the Philippine economy is projected by the government to grow at 6.3%, while the World Bank has forecast a rate of 5.9% and the Asian Development Bank 6.0%. This continued growth is driven by a broad-based expansion in the services sector and strong increase in aggregate demand. On the monetary front, inflation is forecast at 3-5%, influenced by slowing growth in domestic liquidity and a strong Philippine peso. The peso is expected to remain strong in 2008, supported by the sustained rise

in inflows of remittances from Overseas Filipino Workers and growth in foreign investments in many industries.

The Philippines has taken various measures to further develop its indigenous resources and assure energy security. The government aims to achieve energy self-sufficiency of 60 percent by the year 2014. It is currently promoting the development and expansion of renewable energy sources such as geothermal, bio-fuels and hydroelectricity through various tax and investment incentives. In line with this initiative, the Department of Energy organized the Philippine Energy Summit in January 2008 to discuss alternatives given the increasing oil price, which was then above US\$100 per barrel and is now significantly higher.

In summary, Philippine macroeconomic fundamentals have been showing strength as evidenced by higher than expected 2007 growth, low interest rates and a strong peso. With the improving economic situation and the opening of more opportunities, Forum continues to remain optimistic and is correctly positioned to implement its plans in the Philippines in 2008 and beyond.

Outlook for 2008

I am optimistic that the conversion of GSEC101 to a service contract will be successfully achieved this year, allowing the Company to move rapidly to realise value. In the meantime the Company is in a strengthened financial position following the divesting of its Central Cebu coal asset (subject to Government approval) and will further strengthen itself through Galoc revenues and continued optimization of its non-core assets within the portfolio.

I would like to thank management for their continued perseverance and their determination in the pursuit of the ultimate goal of shareholder value.

Alan B Henderson
Chairman

Chief Executive's Review

The Company continued to make progress during the year and has positioned itself with the necessary cash to take advantage of its major asset GSEC101. Cash will be bolstered with the sale of coal properties in Central Cebu for US\$3.5 million (funds currently held in escrow to be released upon Department of Energy approval of the sale) and the near term expectation of production from the Galoc field in the 2nd quarter of 2008. This combined with continued cost control and fit for purpose organization has resulted in funding forecast to be sufficient for the foreseeable future with the current work programs.

The Company is also in the process of exiting the coal business with the sale of its remaining property in Southern Cebu and is in discussion with interested parties. This is anticipated to be concluded in 2008.

With the farming out of its interest in the West Linepacan oil discovery for a 2.275% interest carried through development, the Company has completed the rationalization of the assets acquired in 2006 from Basic Petroleum and Minerals Inc. with carries in all major first phase developments.

The Galoc development in particular (Forum 2.28% carried interest in first phase) remains on schedule with well results above prognosis and the operator is studying the potential for a second phase of development which would provide substantial upside and could be funded from projected cashflow.

The conversion of the GSEC101 licence to a pre-agreed service contract has however been the major focus during the year. This has taken longer than anticipated due to local politics coupled with the geographical location of the licence being surrounded by the area encompassing the tripartite seismic agreement between the Philippines, China and Vietnam. The forthcoming expiry of this agreement should pave the way for the final resolution and conversion to a service contract to which the Company is legally entitled.

Recognising the importance of local participation and to help progress the contract conversion, Forum conditionally farmed out a 30% equity in GSEC101 to Monte Oro Resources & Energy, Inc, a Filipino company whose shareholders include a number of notable and successful businessmen. This has the benefit of providing the joint venture with the Filipino Participation Incentive Allowance ("FPIA"), which equates to 15% of any gross revenue and will provide Forum with back costs of US\$1.5 million following contract conversion. The farm out is also conditional on performance targets which if not met would require the equity to revert to Forum.

Having taken the above action the Company continues to press its case for early conversion of the contract and has identified a number of interested parties as potential farminees once the contract is signed. It is anticipated that the next phase of work on the licence will involve both additional seismic and a number of wells and the Company is well positioned to obtain the necessary finance through a carry given the magnitude of the opportunity.

With respect to the remaining asset, Service Contract 40, the Company continues to keep this under

review for a potential farm out of the offshore portion where a number of prospects have been identified. The recent drilling on an adjacent block with negative results has however downgraded this opportunity.

Discussions continue with interested parties on the Libertad field development and potential offtake of gas and capitalization of this resource. Until a satisfactory conclusion is reached project investment will be deferred.

The Company continues to review the onshore portion of the SC40 licence including the Maya oil discovery for further potential and is evaluating a number of opportunities to realise value from both its rig and ancillary equipment, which is in demand given the state of the service market, further bolstering its cash position.

In summary your Company has reduced its near-term liabilities, increased its cash availability and has sufficient resources to stay the course until the GSEC101 service contract is signed. Having accomplished this, 2008 will be a year of exploring other opportunities to maximize shareholder value.

Financial Results

Forum recorded a gross loss of US\$0.1 million for the 12 months ended 31 December 2007, compared to gross profit of US\$0.2 million for the previous year. The increased contribution of US\$0.9 million from Nido and Matinloc field production was more than offset by US\$1.0 million cost of sales, up from US\$0.3 million in 2006. This was due to higher depletion charges of US\$0.6 million compared to US\$0.1 million for the previous year reflecting a more rapid rate of charging development costs than was previously employed. After lower administrative expenses of US\$2.1 million (2006 – US\$2.9 million) and share-based payments of US\$0.8 million (2006 – US\$0.8 million), the loss from operations was US\$3.2 million compared to US\$4.4 million for 2006. Administrative expenses will continue to be maintained at a level commensurate with the Group's level of activities.

Financial income of US\$0.1 million shows a substantial decrease from US\$1.1 million for the previous year principally due to lower interest income of US\$0.1 million (2006 - US\$0.3 million) and to the impact of an unrealized exchange loss of US\$0.6 million on a Philippines peso-based long-term creditor compared to a gain of US\$0.7 million for 2006.

There were no significant tax charges or provisions for the period due to the emphasis upon investment activities during 2007 generating a loss after tax of US\$3.9 million (2006 – US\$3.4 million). Overall these results are in line with the budgeted expenditures for the Company and resulted in a loss after minority interest of US\$0.122 per share (2006 – US\$0.115).

Cash Flow and Capital Expenditure

During the period, the Company spent US\$0.7 million, compared to US\$3.2 million for the previous year, on the ongoing development and maintenance of its coal operating contracts, held through associates and has spent US\$0.5 million on oil and gas exploration work (2006 – US\$3.0 million). At 31 December 2007, the Group had a working capital balance of US\$6.4 million compared to US\$5.2 million reported at 31 December 2006 before US\$3.2 million reclassification of advances to associates.

The increase in working capital is principally due to the divesting of COC132 for US\$3.5 million pursuant to an SPA signed on 26 November 2007.

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 is adjusted for its net share in the recognised losses for the period.

Summary and Outlook for 2008

The net effect of the developments during 2007 has allowed the Company to utilise its existing resources to maximum effect. It has underpinned its financial position by the cash proceeds of US\$3.5 million from the divesting of COC132 as part of the Company's plan to concentrate efforts on GSEC101.

The Company continues to implement stringent cost control and this, coupled with the forthcoming Galoc production due to commence in the second quarter of this year, should allow the Company to pursue its objectives to create shareholder value without the need for any dilutive external financing arrangements through continuing to internally generate working capital.

Forum looks forward to positive developments with GSEC101 and to generate value for the Company's shareholders.

Russell S Harvey
Chief Executive Officer

Consolidated income statement

For the year ended 31 December 2007

		Year ended 31 December 2007	Year ended 31 December 2006
	Note	US\$'000	US\$'000
Continuing Operations			
Revenue		876	544
Cost of sales		(1,013)	(340)
		-----	-----
Gross (loss)/profit		(137)	204
Other administrative expenses		(2,135)	(2,925)
Permanent impairment of deferred charges and abortive project costs		(84)	(922)
Share based payments		(834)	(789)
		-----	-----
Total administrative expenses		(3,062)	(4,636)
		-----	-----
Loss from operations		(3,199)	(4,432)
Financial Income		137	1,066
Financial Expense		(609)	(2)
		-----	-----
Loss on ordinary activities before taxation		(3,671)	(3,368)
Taxation		(39)	(7)
		-----	-----
Loss from continued operations		(3,710)	(3,375)
Discontinued operations			
Loss from discontinued operations		(180)	(68)
		-----	-----
Loss for the year		(3,890)	(3,443)
Attributable to:			
Equity Holders of the Parent		(3,503)	(3,258)
Minority Interest		(387)	(185)
		-----	-----
		(3,890)	(3,443)
		-----	-----
Loss per Ordinary Share (US\$)			
Basic and diluted	3	(0.122)	(0.115)
		=====	=====

Consolidated balance sheet as at 31 December 2007

		2007	2006
		US\$'000	US\$'000
			As Restated
Non-Current Assets			
Intangible assets		41,900	43,264
Property, plant and equipment		4,101	2,675
Financial assets		25	40
Investments in Associated companies		-	1,081
		-----	-----
Total Non-Current Assets		46,026	47,060
Current Assets			
Inventories		117	154
Trade and other receivables		364	276
Advances to associate companies		3,848	3,159
Cash and cash equivalents		2,319	5,739
		-----	-----
Total Current Assets		6,648	9,328
Non-current assets held for sale		901	-
		-----	-----
Total Assets		53,575	56,388
Liabilities:			
Current Liabilities			
Trade and other payables		283	1,036
Non-Current Liabilities			
Other payables		4,374	3,501
		-----	-----
Total Liabilities		(4,657)	(4,537)
		-----	-----
Total Net Assets		48,918	51,851
		=====	=====



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Capital and reserves attributable to equity holders of the company			
Called up share capital		5,197	5,182
Share premium account		48,696	48,597
Share option and EBT reserve		1,667	824
Retained losses		(8,127)	(4,624)
		-----	-----
		47,433	49,979
Minority Interest		1,485	1,872
		-----	-----
Total Equity		48,918	51,851
		=====	=====

Consolidated Cash flow statements for the year ended 31 December 2007

	Year ended 31 December 2007	Year ended 31 December 2006
	US\$'000	US\$'000
Operating activities		
Loss before taxation	(3,851)	(3,436)
Adjustments for:		
Depreciation	645	129
Impairment	84	922
Loss on sale of property, plant and equipment	2	-
Share based payments	843	789
Exchange loss/(gain)	609	(736)
Loss on financial assets	15	-
Interest expense	-	2
Interest income	(137)	(330)
Share of operating loss of Associate	180	68
	-----	-----
	2,241	844
	-----	-----
Operating loss before changes in working capital	(1,610)	(2,592)
(Increase)/decrease in trade and other receivables	(88)	1,495
Decrease/(increase) in inventories	37	(49)
(Decrease)/increase in trade and other payables	(617)	2,839
	-----	-----
	(668)	4,285
	-----	-----
Cash outflows from operating activities	(2,278)	1,693
Taxes paid	(37)	(7)
Net cashflows from operating activities	(2,315)	1,686
Investing activities		
Interest income	137	330
Acquisition of subsidiary (net of cash acquired)	-	(2,364)
Purchase of property, plant and equipment	(109)	(54)
Sale of property, plant and equipment	45	-
Purchase of intangible assets	(489)	(3,880)
Investment in associated undertakings	-	(149)
Purchase of available for sale financial assets	-	(40)
Advances to associated companies	(689)	(3,159)

Cash flows from investing activities		(1,105)	(9,316)
Financing activities			
Interest expense		-	(2)
Cash flows from financing activities		-	(2)

Decrease in cash		(3,420)	(7,632)
Cash and cash equivalents at beginning of the year		5,739	12,635
Foreign exchange movements		-	736

Cash and cash equivalents at end of the year		2,319	5,739
		=====	=====

ABRIDGED NOTES

1. BASIS OF PREPARATION

The financial information for the years ended 31 December 2007 and 31 December 2006 does not constitute the Group's statutory financial statements but is extracted from the Group's audited financial statements for those years. The auditors have reported on those accounts; their reports were unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under Section 237 (2) or (3) of the Companies Act 1985.

The Group's has agreed the sale of Central Cebu Coal operating contract 132 (subject to government approval) and intends to sell its remaining operating contract 131. Therefore 'Advances to associate companies' have been reclassified as current assets in the comparative figures.

2. SEGMENT ANALYSIS

The Group operates in one business segment, the exploration for and production of oil, gas and coal. 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 28,703,695 (2006: 28,208,736).

Losses for the Group attributable to the equity holders of the Company for the year are US\$3,503,000 (2006: US\$3,258,000).

The effect of the share options in issue under the Share Option Plan is anti-dilutive. Options issued under the Long Term Incentive Plan have not been included in the calculation of diluted EPS because their exercise is contingent on the satisfaction of certain criteria which had not been met at the end of the year..

4. POST BALANCE SHEET EVENTS

Granby Oil and Gas has successfully closed the project financing for its share of the US\$100 million needed to develop the Galoc Oil field and has received all the necessary co-ventures approvals. Forum has a 2.28% carried interest in the Galoc field.

First oil production from the field is expected in the second quarter of 2008, at an initial rate of 15,000 barrels per day, and the development is expected to recover up to 16 million barrels.