

----- Forwarded message from "paul wallace" <pfallace@msn.com> -----
Date: Thu, 19 Oct 2017 22:57:00 +0000
Subject: Re: FEC / FEP shares
To:

Hi

I am told that the ban was on Chinese entities being involved in Philippine properties as much as anything else

In confidence I understand that if the order is lifted a Chinese group is interested in SC 40 because currently they cant get involved due to the wording of the order

Take care Paul

From:
Sent: 18 October 2017 04:33
To: paul wallace
Subject: Re: FEC / FEP shares

The moratorium has nothing to do with service contracts such as SC40.
The moratorium is strictly the south China Sea.
SC57's hold up was originally related to the EO556 and then withheld due to the nine dash line dispute.
When the president signs SC57, it will already mean China has signed off on SC72.
What is the expense for FEC 2016 and projected 2017?

On 10/18/2017 at 11:22 AM, "paul wallace" <pfallace@msn.com> wrote:

SC57 isn't in the disputed area ie 9 dash line

If the order is rescinded then Chinese can farm in to properties like SC 40 but as I understand it not SC72

I can't take any more cost savings and I have tried

Paul

On 18 Oct 2017, at 15:01, wrote:

Paul,
SC57 is on the Presidents desk and ready to be approved which means the moratorium will be lifted.

The president, Cursi/DOE and Caytano/DFA are all saying the moratorium will be lifted this year.

We don't want any further dilution and would like to know you've lessened the cost to operate as a holding company.

Selling stock now knowing we are this close can't be in the best interest of FEC.

It shouldn't cost \$200k to keep us listed inactive on the pink sheets.

Regards,

On 10/18/2017 at 3:02 AM, "paul wallace" <pfwallace@msn.com> wrote:

Hi

I am told SC72 will continue to be an issue because it is in disputed area. Issues include who will receive the tax China or Philippines.

We have looked at all other funding options . Best solution seems to be sell less and defer sale until needed.

The independent director is very alive to the issues and we intend to respect his views.

Kind regards Paul

On 17 Oct 2017, at 16:36, wrote:

Paul,

CNOOC's 51% farm-in interest in SC57 dates back to 2008 and was put on hold due to EO556.

SC57 is on the Presidents desk and waiting for approval - some are speculating it will be signed after meeting with Trump November 12th by lifting the moratorium and SC72 will soon follow.

http://www.lawphil.net/executive/execord/eo2006/eo_556_2006.html

<http://www.philstar.com/business/2017/09/28/1743265/philippines-china-set-joint-exploration-palawan-field>

In regard to funding FEC, is there any consideration raising funds through a debenture rather than selling any more of our 8% holding in FEP?

On 10/6/2017 at 3:13 PM, "paul wallace" <pfwallace@msn.com> wrote:
Hi

No plans to issue new shares of FEC

The SC57 deal was signed back in 2016 but recently received Presidential approval. More importantly this property is in the disputed area

Talk soon Paul

On 6 Oct 2017, at 12:45, wrote:

Paul,

Should FEC be ready to sell some shares to pay for upcoming expenses through the stock exchange.

The volume was only 832,000 but that's because we're still pink slip - it nearly went to 2 cents.

It looks like there's gonna be an announcement coming this year giving CNOOC the 51% Operator of SC57.

Lifting the moratorium will soon follow and SC72 will be alive once more.

Regards,