

**Forent Energy Ltd.**  
(Formerly known as Forent Energy Inc.)

**Consolidated Financial Statements**

**Year Ended December 31, 2008 and Eleven Months ended December 31, 2007**

## Management's Report

Management, in accordance with Canadian general accepted accounting principles, has prepared the accompanying consolidated financial statements of Forent Energy Ltd. Management is responsible for the integrity of the financial information. Internal control systems are designed and maintained to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for financial reporting purposes.

PricewaterhouseCoopers were appointed by the Forent Energy Ltd. shareholders to express an opinion on the consolidated financial statements. Their examination included such tests and procedures, as they considered necessary, to provide reasonable assurance that the consolidated financial statements are presented fairly in accordance with Canadian generally accepted accounting principles.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board of Directors exercises the responsibility through the Audit Committee, with assistance from the Reserves Committee regarding the annual review of our petroleum and natural gas reserves. The Audit Committee meets regularly with management and the independent auditors to ensure that management's responsibilities are properly discharged, to review the consolidated financial statements and recommend that the consolidated financial statements be presented to the Board of Directors for approval. The audit committee also considers the independence of the external auditors, their fees and, for review by the Board of Directors and approval by the shareholders, their engagement or re-appointment. The external auditors have access to the Audit Committee without the presence of management.

*signed "Dennis Forgeron"*  
Dennis Forgeron  
President and Chief Executive Officer

*signed "Tom Lester"*  
Thomas E. Lester  
Chief Financial Officer

April 29, 2009

April 30, 2009

**Auditors' Report**

**To the Shareholders of  
Forent Energy Ltd.**

We have audited the consolidated balance sheets **Forent Energy Ltd.** as at December 31, 2008 and December 31, 2007 and the consolidated statements of operations and comprehensive loss and deficit and cash flows for the periods then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2008 and December 31, 2007 and the results of its operations and its cash flows for the periods then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

**Chartered Accountants  
Calgary, Alberta**

**FORENT ENERGY LTD.**  
**Consolidated Balance Sheets**  
**As at December 31, 2008 and 2007**

	2008 (\$)	2007 (\$)
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	1,983,525	1,480,716
Accounts receivable	1,389,359	1,981,801
Prepays and other assets	180,199	77,731
	<u>3,553,083</u>	<u>3,540,248</u>
Property, plant and equipment (note 5)	7,175,222	4,276,422
	<u>10,728,305</u>	<u>7,816,670</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	1,831,673	1,593,650
Shareholder loan	-	29,651
	<u>1,831,673</u>	<u>1,623,301</u>
Long-term debt (note 6)	-	500,000
Asset retirement obligation (note 7)	332,089	230,351
Future income taxes (note 8)	520,785	-
	<u>2,684,547</u>	<u>2,353,652</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 9b)	8,738,635	5,320,641
Warrants (note 9d)	326,446	182,716
Contributed surplus (note 9c)	645,910	160,274
Retained earnings (deficit)	(1,667,233)	(200,613)
	<u>8,043,758</u>	<u>5,463,018</u>
	<u>10,728,305</u>	<u>7,816,670</u>
Commitments (note 14)		
Subsequent event (note 15)		

See accompanying notes to the consolidated financial statements

**FORENT ENERGY LTD.**  
**Consolidated Statements of Operations and Comprehensive Loss and Deficit**  
**Year Ended December 31, 2008 and Eleven Months Ended December 31, 2007**

	Twelve months ended December 31, 2008 (\$)	Eleven months ended December 31, 2007 (\$)
<b>REVENUE</b>		
Oil and natural gas income	855,305	540,646
Royalties	(113,777)	(80,959)
Interest income	46,923	34,697
	<u>788,451</u>	<u>494,384</u>
<b>EXPENSES</b>		
Operating and production	338,711	214,365
General and administrative	981,795	459,356
Interest expense	65,057	44,253
Stock based compensation (note 9e)	441,196	180,968
Depletion, depreciation and accretion	296,105	152,290
	<u>2,122,864</u>	<u>1,051,232</u>
<b>LOSS BEFORE INCOME TAXES</b>	<b>(1,334,413)</b>	<b>(556,848)</b>
Future income tax reduction (expense)	(132,207)	28,092
<b>NET LOSS and COMPREHENSIVE LOSS</b>	<b>(1,466,620)</b>	<b>(528,756)</b>
<b>DEFICIT, BEGINNING OF PERIOD</b>	<b>(200,613)</b>	<b>328,143</b>
<b>DEFICIT, END OF PERIOD</b>	<b>(1,667,233)</b>	<b>(200,613)</b>
NET LOSS PER SHARE (note 9f) – basic and diluted	(\$0.03)	(\$0.03)

*See accompanying notes to the consolidated financial statements*

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**FORENT ENERGY LTD.**  
**Consolidated Statements of Cash Flows Year Ended December 31, 2008 and Eleven**  
**Months Ended December 31, 2007**

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	Twelve months ended December 31, 2008 (\$)	Eleven months ended December 31, 2007 (\$)
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING</b>		
Net loss	(1,466,620)	(528,756)
Add items not affecting cash		
Stock based compensation	441,196	180,968
Depletion, depreciation and accretion	296,105	152,290
Future income tax reduction	132,207	(28,092)
	<u>(597,112)</u>	<u>(223,590)</u>
Change in non-cash working capital	1,019,447	(703,633)
	<u>422,335</u>	<u>(927,223)</u>
<b>FINANCING</b>		
Issue of common shares and warrants	4,344,127	5,908,777
Share issue costs	(349,385)	(427,114)
Long-term debt	(500,000)	500,000
Shareholder loan	(29,651)	-
	<u>3,465,091</u>	<u>5,981,663</u>
<b>INVESTING</b>		
Acquisition of property, plant and equipment	(3,093,167)	(3,418,331)
Change in non-cash working capital	(291,450)	(155,393)
	<u>(3,384,617)</u>	<u>(3,573,724)</u>
<b>CASH INFLOW</b>	<b>502,809</b>	<b>1,480,716</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>1,480,716</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>1,983,525</b>	<b>1,480,716</b>
<b>CASH INTEREST PAID</b>	<b>30,542</b>	<b>44,253</b>

*See accompanying notes to the consolidated financial statements*

**FORENT ENERGY LTD.**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2008 and Eleven Months Ended December 31, 2007**

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**1. BASIS OF PRESENTATION**

Forent Energy Ltd. (the "Company" or "Corporation" or "Forent") is incorporated under the laws of the province of Alberta and is engaged in the exploration, development and production of petroleum and natural gas reserves in Nova Scotia and Western Canada.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses. Actual results could differ from these estimates.

(a) *Principles of Consolidation*

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries from the respective dates of acquisition of the subsidiary companies. Inter-company transactions and balances are eliminated upon consolidation.

(b) *Property, Plant and Equipment*

The Company accounts for petroleum and natural gas activities in accordance with the Canadian guideline on full cost accounting in the petroleum and natural gas industry, whereby all costs associated with the acquisition of and the exploration for and development of petroleum and natural gas reserves, whether productive or unproductive, are capitalized in one cost centre. Such costs include land acquisition costs, lease rentals on non-producing properties, drilling, equipping, processing facilities, geological and geophysical costs and overhead expenses directly related to exploration and development activities.

Gains and losses are not recognized upon the disposition of petroleum and natural gas properties unless crediting the proceeds against accumulated costs would result in a change in the depletion rate of 20% or more, in which case a gain or loss is recognized.

The costs of acquiring and evaluating unproved properties are initially excluded from the depletion calculation. These properties are assessed at least annually for impairment. When proved reserves are assigned or the property is considered to be impaired, the cost of the property or the amount of the impairment is added to the costs subject to depletion.

Depletion is calculated using the unit-of-production method based on estimated proved reserves before royalties, as determined by independent reserve evaluators. For purposes of this calculation, reserves and production of natural gas are converted into equivalent barrels of petroleum based on the relative energy equivalent of six thousand cubic feet of natural gas to one barrel of crude petroleum.

Petroleum and natural gas properties are evaluated at least annually to determine that the carrying amount is recoverable and does not exceed the fair value of the properties. The carrying amount is assessed to be recoverable when the sum of the undiscounted cash flows expected from the production of proved reserves and the lower of cost and market of unproved properties exceeds the carrying amount. An impairment loss is recognized to the extent that the carrying amount of property, plant and equipment exceeds the sum of the discounted cash flows expected from the production of proved and probable reserves and the lower of cost and market of unproved properties. The cash flows are estimated using expected future product prices and costs and are discounted using a risk-free interest rate.

Office furniture, equipment and other is depreciated on a declining balance basis over its estimated useful life at rates varying from 20% to 50%.

**FORENT ENERGY LTD.**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2008 and Eleven Months Ended December 31, 2007**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

(c) *Asset Retirement Obligations*

The Company recognizes the fair value of an asset retirement obligation ("ARO") associated with long-lived assets in the period in which it is put into use and when a reasonable estimate of fair value can be made. The fair value of the estimated ARO is recorded as a long-term liability with a corresponding increase in the carrying amount of the related asset. The capitalized amount is depleted on a unit-of-production basis over the life of the reserves. The liability amount is increased each reporting period due to the passage of time and the amount of this accretion is included in depletion, depreciation and accretion expense in the period. Revisions to the estimated timing of cash flow or to the original estimated undiscounted cost would also result in an increase or decrease to the ARO. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. Any difference between the actual costs incurred upon settlement of the ARO and the recorded liability is recognized as a gain or loss in the Company's earnings in the year in which the settlement occurs.

Determination of the original undiscounted costs is based on engineering estimates using current costs and technology in accordance with existing legislation and industry practice. The obligations recognized are statutory, contractual or legal obligations. The estimation of these costs can be affected by factors such as the number of wells drilled, well depth and area specific environmental legislation.

(d) *Future Income Taxes*

Future income taxes are accounted for based on the asset and liability method of tax allocation accounting. Under this method, future income tax assets or liabilities are recognized, at substantively recognized rates, for differences between the amount reported for financial statement purposes and their respective tax basis. The effect of a change in income tax rates on future income tax assets and liabilities is recognized in income in the period that the change occurs. A valuation allowance is recorded against any future income tax assets if it is more likely than not that the asset will not be realized.

(e) *Flow-Through Common Shares*

The Company has financed a portion of its exploration and development activities through the issue of flow-through shares. Under the terms of the flow-through share issues, the income tax attributes of the related expenditures are renounced to the subscribers. The foregone tax benefits to the Company are recorded through the future income tax asset or liability, at the time of renunciation and as a reduction in share capital.

(f) *Per Share Amounts*

The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. The treasury stock method assumes that proceeds received from the exercise of in-the-money securities are used to repurchase common shares at the average market price during the period. Basic per share amounts are computed by dividing net earnings or loss by the weighted average number of common shares outstanding for the year. Diluted per share amounts reflect the potential dilution that could occur if the securities or other contracts to issue common shares were exercised or converted to common shares. Anti-dilutive securities are not included in the calculation.

(g) *Stock-Based Compensation*

The Company uses the fair value method for valuing stock option grants. Compensation expense is based on the estimated fair value of the options at the time of the grant as determined using the Black-Scholes pricing model. Under this method, compensation cost attributable to all options granted is measured at fair value at the grant date and expensed on a straight-line basis over the vesting period with a corresponding increase to contributed surplus. Upon the exercise

**FORENT ENERGY LTD.**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2008 and Eleven Months Ended December 31, 2007**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

of the stock options, consideration received together with the amount previously recognized in contributed surplus is recorded as an increase to share capital. In the event that vested options expire, amounts previously recognized in contributed surplus and compensation expense associated with such stock options is not reversed. The Company has not incorporated an estimated forfeiture rate for stock options that will not vest, rather, the Company accounts for actual forfeitures as they occur.

(h) *Revenue Recognition*

Revenue associated with the sale of petroleum and natural gas production owned by the Company is recognized when ownership title passes from the Company to its customers. Revenue is presented gross of direct transportation costs.

(i) *Cash and Cash Equivalents*

Cash and cash equivalents include term deposits and investments with original maturities of three months or less.

(j) *Investments*

Investments are carried at fair value. Fair value is determined by multiplying the year end trading price of the investments by the number of common shares held as at period end. Any change in the fair value is recorded to earnings.

(k) *Joint Operations*

The Company conducts a significant portion of its exploration, development and production activities jointly with others. These financial statements reflect only the Company's proportionate interest in such activities.

(l) *Measurement Uncertainty*

The amounts recorded for depletion and depreciation of property, plant and equipment, the provision for the asset retirement obligations and amounts used for the ceiling test calculations are based on estimates of reserves, production rates, royalties and future prices and costs. These estimates of reserves and related future cash flows are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be material.

**3. CHANGES IN ACCOUNTING POLICIES**

The Canadian Institute of Chartered Accountants ("CICA") issued four new accounting standards: "Capital Disclosures," "Financial Instruments – Disclosure" and "Financial Instruments – Presentation", "Going Concern", "Inventories". These standards became effective for the Company in the first quarter of 2008.

The capital disclosures standard establishes guidelines for the disclosure of information concerning the Company's capital and how it is managed. The standard requires disclosure of an entity's objectives, policies and processes for managing capital, including a description of what the Company considers capital and to indicate if the Company has complied with all capital requirements and the ramifications of non-compliance if applicable (see note 10).

"Financial Instruments – Disclosure" and "Financial Instruments – Presentation" replace "Financial Instruments – Disclosure and Presentation," revising and enhancing its disclosure requirements to provide additional information regarding the risks associated with both recognized and unrecognized financial instruments the Company is exposed to and how the entity manages those risks (see note 11).

**FORENT ENERGY LTD.**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2008 and Eleven Months Ended December 31, 2007**

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**3. CHANGE IN ACCOUNTING POLICIES (continued)**

Effective January 1, 2008, the Company adopted CICA Handbook Section 1400 "Going Concern" which requires management to make an assessment of an entity's ability to continue as a going concern. The Company has evaluated the impact of this new standard on its consolidated financial statements and determined that no additional disclosures are required at this time.

The new "Inventories" standard replaces the previous standard and requires the consistent grouping of like assets and the application of the first-in-first-out or weighted average cost formula methodology. Spare parts inventory are tangible assets with a useful life that extends beyond one year and are held for re-deployment rather than re-sale. As such, they have been included in property and equipment and are depreciated on a per unit of production basis.

Adoption of these standards has had no impact on the Company's net earnings or cash flow.

Effective 1 January 2008, the Company adopted CICA Handbook Section 1400, "General standards of Financial Statement Presentation". This section provides guidance related to management's assessment of the Company's ability to continue as a going concern. The additional requirement requires management to make an assessment of the Company's ability to continue as a going concern and to disclose any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.

The adoption of this standard had no impact on the Company's presentation of its financial position.

**Recent Accounting Pronouncements**

On January 1, 2009 the Company will be required to adopt the Canadian CICA Handbook Section 3064, "Intangible Assets". The new section establishes standards for the recognition, measurement, and disclosure of goodwill and intangible assets and replaces the existing Handbook Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". Intangible assets associated with the exploration and development of oil and gas assets are specifically excluded under the new standard. The Company is evaluating the implications but expects no material impact on the consolidated financial statements.

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, the AcSB confirmed in February 2008 that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP in 2011 for profit oriented Canadian publicly accountable enterprises. The Company will be required to report its results for interim and annual financial statements in accordance with IFRS beginning in fiscal year 2011. The Company is currently in the process of developing an implementation strategy to establish timelines and identify significant differences between Canadian GAAP and IFRS.

Although IFRS is principles-based and uses a conceptual framework similar to Canadian GAAP, there may be significant differences and choices in accounting policies, as well as increased disclosure requirements under IFRS. The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations. The Company is assessing the potential impact of this changeover and developing its plan accordingly. The Company will update its IFRS changeover plan to reflect new and amended accounting standards issued by the International Accounting Standards Board.

**FORENT ENERGY LTD.**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2008 and Eleven Months Ended December 31, 2007**

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**3. CHANGE IN ACCOUNTING POLICIES (continued)**

The International Accounting Standard Board issued an exposure draft on September 25, 2008, relating to certain amendments and exemptions to IFRS 1. One such exemption relating to full cost oil and gas accounting is expected to reduce the administrative burden in the transition from current Canadian Accounting Guideline 16 to IFRS 1. It is anticipated that this exposure draft will not result in an amended IFRS 1 standard until late 2009. The amendment may permit the Company to utilize current reserves in order to allocate the Company's full cost pool to the appropriate assets, with the requirement that a ceiling test, under IFRS, be conducted at the transition date.

**4. ACQUISITION OF SERIATIM VENTURES INC.**

Forent entered into an amalgamation agreement (the "Amalgamation Agreement") on October 15, 2008 to effect the acquisition of Seriatim Ventures Inc. ("Seriatim"), a capital pool company listed on the TSX Venture exchange, by means of a reverse takeover ("RTO"), as a vehicle to acquire a public listing. The Acquisition constituted a Qualifying Transaction as defined in the policies of the TSX Venture Exchange. The Qualifying Transaction was completed on December 18, 2008, with Forent Energy Inc., formerly Seriatim, acquiring all of the issued and outstanding shares of Forent Energy Ltd.

Pursuant to the terms of the Amalgamation Agreement dated October 15, 2008, Seriatim created a wholly-owned subsidiary (the "Subsidiary") and Forent and the Subsidiary amalgamated and continued as a new corporation ("Amalco"). Rather than receiving shares of Amalco, the shareholders of Forent instead received 5.5 common shares of Seriatim for each issued and outstanding Forent Energy Ltd. share owned. Immediately after completion of the acquisition, Seriatim consolidated all of its outstanding securities on a 2.7 for 1 basis and changed its name to "Forent Energy Inc."

The acquisition of the shares of Seriatim has been accounted for as a RTO transaction in accordance with EIC-10 of the CICA handbook. Under EIC-10 a RTO involving a non-operating public enterprise that does not meet the definition of a business, results in the RTO not constituting a business combination for accounting purposes. Therefore, the RTO of Seriatim has been recorded as a capital transaction in substance following the general principles described in CICA 1581.

The fair value of the net assets acquired is as follows:

	(\$)
Cash	781,422
Other receivables	5,600
Current liabilities	(5,000)
Net assets acquired	782,022

The consolidated financial statements under an RTO are deemed to be a continuation of the legal subsidiary (Forent Energy Ltd.) and comparative figures are that of Forent Energy Ltd. The results of operations of the parent (Forent Energy Inc. formerly Seriatim Ventures Inc.) are reflected from the date of the acquisition of December 18, 2008. On March 1, 2009, subsequent to the year ended December 31, 2008, Forent Energy Inc. amalgamated with Forent Energy Ltd. and retained the corporate name of Forent Energy Ltd.

**FORENT ENERGY LTD.**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2008 and Eleven Months Ended December 31, 2007**

**5. PROPERTY, PLANT & EQUIPMENT**

	Cost	Accumulated Depletion and Depreciation	Net Book Value
	\$	\$	\$
<b>December 31, 2008</b>			
Petroleum and natural gas properties and equipment	7,686,194	557,970	7,128,224
Other	82,383	35,385	46,998
	<b>7,768,577</b>	<b>593,355</b>	<b>7,175,222</b>
<b>December 31, 2007</b>			
Petroleum and natural gas properties and equipment	4,547,275	292,965	4,254,310
Other	35,487	13,375	22,112
	<b>4,582,762</b>	<b>306,340</b>	<b>4,276,422</b>

As of December 31, 2008, the cost of petroleum and natural gas properties includes \$1.2 million (December 31, 2007 - \$0.1) relating to costs of unproved properties which have been excluded from costs subject to depletion and depreciation. Future development costs on proved undeveloped reserves of \$2.0 million (December 31, 2007 - \$3.3 million) are included in the depletion calculation.

The Corporation performed an impairment (ceiling) test review at December 31, to assess the recoverable value of the petroleum and natural gas properties and determine that it does not exceed its fair value. A write down was not required for the year ended December 31, 2008. The expected future prices of petroleum and natural gas are based on December 31, 2008 commodity price forecasts of the Corporation's independent reserve evaluators. The benchmark prices used in the ceiling test are as follows:

Year	US\$ Exchange Rate	AECO Gas (\$/MMBtu )	Edmonton Par Crude Oil (\$/bbl)	WTI Crude Oil (US\$/bbl)
2009	0.80	6.82	65.35	53.73
2010	0.85	7.56	72.78	63.41
2011	0.85	7.84	79.95	69.53
2012	0.90	8.38	86.57	79.59
2013	0.95	9.20	94.97	92.01
2014	0.95	9.41	96.89	93.85
2015	0.95	9.62	98.85	95.72
2016	0.95	9.83	100.84	97.64
2017	0.95	10.05	102.88	99.59
2018	0.95	10.27	104.96	101.58
2019	0.95	10.50	107.08	103.61

**FORENT ENERGY LTD.**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2008 and Eleven Months Ended December 31, 2007**

Thereafter                      0.95                      2.0%+                      2.0%+                      2.0%+

**6. LONG-TERM DEBT**

In November 2008 the Company repaid a promissory note of \$500,000 thereby extinguishing the debt and removing the related gross overriding royalty obligations. The Long-term debt was established on February 12, 2007 and was to mature on January 22, 2010. The note had interest at 10% per annum with the interest payable monthly. In addition, the Company was obligated to and has provided a gross overriding royalty equal to 7.5% on the sales proceeds relating to a reactivated well and a 5% gross overriding royalty on a well drilled in 2007. Under the terms of the note, the Company was required to meet certain financial and other reporting requirements, which have been discharged. The note was secured by a general security agreement constituting a first ranking security interest in all personal property and real property of the Company, as well as, a debenture in the amount of \$1,000,000. In addition a personal guarantee from an officer who is also a director of the Company in the amount of \$500,000 was given.

**7. ASSET RETIREMENT OBLIGATION**

The future asset retirement obligations result from net ownership interests in petroleum and natural gas assets, including wellsites, gathering systems and processing facilities. As at December 31, 2008, the Company has estimated the total undiscounted asset retirement obligation as \$648,360 (December 31, 2007 - \$429,063) to be incurred over the next 40 years. The Company used a credit adjusted risk free rate of 7.5% (December 31, 2007 – 7.5%) and an estimated inflation rate of 2.5% (December 31, 2007 – 2.5%) to calculate the present value of the asset retirement obligation.

The changes to the asset retirement obligation for the period are as follows:

	<b>December 31, 2008</b>	December 31, 2007
	(\$)	(\$)
Asset retirement obligation, beginning of period	<b>230,351</b>	123,919
Additions	<b>55,011</b>	116,618
Revision in cost estimate	<b>37,637</b>	(18,496)
Accretion	<b>9,090</b>	8,310
Asset retirement obligation, end of period	<b>332,089</b>	230,351

**FORENT ENERGY LTD.**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2008 and Eleven Months Ended December 31, 2007**

**8. FUTURE INCOME TAX**

The provision for income taxes differs from the amount obtained by applying the combined federal and provincial income tax rate to the loss before income taxes and relates to the following items:

	<b>December 31, 2008</b>	December 31, 2007
	(\$)	(\$)
Statutory tax rate	<b>29.5%</b>	16.1%
Expected income tax reduction	<b>(393,652)</b>	(89,653)
Stock-based compensation	<b>130,153</b>	29,136
Other non-deductible expenses	<b>5,310</b>	-
Rate adjustment	<b>475,368</b>	5,282
Change in valuation allowance	<b>(69,123)</b>	35,539
Other	<b>(15,849)</b>	(8,396)
Future income tax expense (reduction)	<b>132,207</b>	(28,092)

Components of the net future income tax asset are as follows:

	<b>December 31, 2008</b>	December 31, 2007
	(\$)	(\$)
Property, plant and equipment	<b>(1,229,380)</b>	(72,640)
Asset retirement obligations	<b>100,955</b>	32,249
Share issue costs	<b>128,393</b>	33,584
Non-capital costs	<b>482,418</b>	75,930
Valuation allowance	-	(69,123)
Other	<b>(3,171)</b>	-
Future income tax liability	<b>(520,785)</b>	-

As at December 31, 2008, the Company had approximately \$5.2 million (2007 - \$4.5) of tax balances available for deduction against future taxable income.

**FORENT ENERGY LTD.**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2008 and Eleven Months Ended December 31, 2007**

**9. SHARE CAPITAL**

(a) *Authorized*

Unlimited number of voting Class A common shares

Unlimited number of preferred shares, of which none have been issued.

(b) *Issued and Outstanding*

As at	December 31, 2008		December 31, 2007	
	Shares	Amount	Shares	Amount
	(#)	(\$)	(#)	(\$)
<b>Common shares</b>				
Balance, beginning of period	20,288,700	5,320,641	100	1,000
Stock split	-	-	14,999,900	-
Issued pursuant to private placement	-	-	2,235,000	2,235,000
Issued pursuant to flow-through share offering	3,048,700	3,418,375	3,053,700	3,511,755
Shares cancelled pursuant to reverse takeover	(23,337,400)	-		
Issued pursuant to reverse takeover, net of Seriatim shares issued	47,539,146	-		-
Issued pursuant to reverse takeover, to Seriatim	2,333,330	782,017		
Share issue costs	-	(290,757)	-	(427,114)
Tax effect of flow-through share renounced	-	(491,641)	-	-
Balance, end of period	49,872,476	8,738,635	20,288,700	5,320,641

On December 18, 2008 the Company completed an acquisition in the form of a reverse takeover ("RTO") of Seriatim Ventures Inc. ("Seriatim"), as described in note 4. Pursuant to the RTO the shareholders of Forent received 5.5 common shares of Seriatim for each issued and outstanding Forent share owned and then immediately following the RTO all outstanding securities were consolidated on a 2.7 for 1 basis. The effective share transactions resulted in 23,337,400 common shares being cancelled and replaced with 47,539,146 Forent common shares issued to existing Forent shareholders and 2,333,330 common shares issued to Seriatim shareholders. The purchase allocation of Seriatim consisted of \$782,017 of fair valued assets and liabilities, being primarily cash. Share issue costs of \$142,425 were incurred on the transaction.

**FORENT ENERGY LTD.**  
**Notes to Consolidated Financial Statements**  
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**9. SHARE CAPITAL (continued)**

On August 19, 2008, the Company completed a private placement whereby the Company issued 3,048,700 flow-through units at a price of \$1.15 per unit for total gross proceeds of \$3,506,005. Each unit consisted of one common share to be issued on a flow-through basis, one-tenth of a common share purchase warrant and one liquidity warrant to convert into one tenth of a common share should the company not become a public company by year end (Forent became a public entity on December 18, 2008 and none of the liquidity warrants were exercised). Each whole common share purchase warrant may be exercised to acquire one common share of the Company at a price of \$1.10 for a period of 12 months from the date of the listing of the Company on a recognized Canadian stock exchange. The common shares issued on August 19, 2008, included a price protection provision that required the Company to equalize the number of shares issued upon the Company issuing new shares on or before to December 31, 2008, if the new share issuance price was below \$1.10 for each regular common share and \$1.15 per flow-through share (no shares were issued subsequent to the August 19, 2008 financing). In addition, the purchasers of the common shares were granted a right of first refusal to purchase their pro rata share (based on its percentage of outstanding common shares of the Company, calculated on a post-investment, as-converted and voting basis) of any equity securities offered by the Company on the same price and terms and conditions as the Company offers such securities to others, at any time prior to December 31, 2009.

In connection with the offering on August 19, 2008, the agents received a 5% cash commission and broker warrants equaling 5% of the transaction value for a total of 175,300 warrants. These warrants are exercisable at \$1.00 to purchase Forent common shares for a period of 12 months from the date of the listing of the Company on a recognized Canadian stock exchange.

On September 17, 2007, the Company completed a private placement totaling 2,235,000 common shares at a price of \$1.00 per common share for gross proceeds of \$2,235,000 and 3,053,700 flow-through common shares at a price of \$1.15 for gross proceeds of \$3,511,755.

On May 31, 2007, Forent Energy Ltd. conducted a 150,000 to 1 stock split whereas the shareholders of record on May 31, 2007 received 150,000 new shares for every common share held.

(c) *Contributed Surplus*

	<b>December 31, 2008</b>	December 31, 2007
	(\$)	(\$)
Balance – beginning of year	<b>160,274</b>	-
Stock-based compensation expense	<b>441,196</b>	160,274
Issuance of options pursuant to reverse takeover	<b>44,440</b>	-
Contributed surplus, end of period	<b>645,910</b>	160,274

**FORENT ENERGY LTD.**  
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**9. SHARE CAPITAL (continued)**

(d) *Share Purchase Warrants*

As at	December 31, 2008			December 31, 2007		
	Shares	Amount	Weighted Average Exercise Price	Shares	Amount	Weighted Average Exercise Price
	(#)	(\$)	(\$)	(#)	(\$)	(\$)
<b>Warrants</b>						
Balance – beginning of period	4,122,650	182,716	1.68	-	-	-
Issue of warrants	304,870	87,630	1.10	108,400	20,694	1.00
Broker warrants	175,300	56,100	1.00	284,250	162,022	1.00
Issuance of performance warrants				3,730,000	-	1.75
Cancellation of performance warrants	(3,730,000)	-	1.75	-	-	-
Cancellation of warrants pursuant to reverse takeover	(872,820)	-	1.03	-	-	-
Issuance of replacement warrants pursuant to reverse takeover	1,777,956	-	0.51	-	-	-
Balance – end of period	1,777,956	326,446	0.51	4,122,650	182,716	1.68

In connection with the reverse takeover on December 18, 2008, the Company cancelled a total of 872,820 warrants, consisting of 413,270 share purchase warrants and 459,550 broker warrants and issued 1,777,956 replacement share purchase warrants based on the same exchange ratio (5.5 for 1) as applied to the Company's common shares and the exercise or conversion prices of all such convertible securities were amended accordingly. All other terms (i.e. vesting provisions, expiry dates, etc.) remain identical to the terms originally granted by Forent. Immediately after completion of the Acquisition, the Corporation consolidated all of its outstanding securities on a 2.7 for 1 basis.

On October 7, 2008, the Company cancelled 3,730,000 performance warrants at an exercise price of \$1.75 (to November 30, 2008, after which the exercise price was to increase to \$2.25) under the performance warrant compensation plan and replaced the plan with the issuance of a reduce number of Company stock options. Prior to the conversion to stock options, 780,000 performance warrants were cancelled, resulting in a net outstanding number of 2,950,000 performance warrants, which were converted on a 2:1 ratio into 1,475,000 Company stock options.

In connection with the private placement on August 19, 2008, the Company issued 304,870 common share purchase warrants and 304,870 liquidity warrant to be converted into one tenth of a common share should the company not become a public company by year end. As the Company became a public entity prior to December 31, 2008, none of the liquidity warrants were exercisable. The common share purchase warrants may be exercised to acquire one common share of the Company at a price of \$1.10 for a period of 12 months from the date of listing the Company on a recognized Canadian stock exchange. The fair value of \$87,630 assigned to

**FORENT ENERGY LTD.**  
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**9. SHARE CAPITAL (continued)**

these warrants was calculated using the Black-Scholes option pricing model with the following assumptions: dividends 0%, expected volatility 80%, risk-free interest rate 2.67% and an expected maturity date of 1 year.

In connection with the August 19, 2008 private placement, the agents received a 5% cash commission and broker warrants equaling 5% of the transaction value for a total of 175,300 warrants. These warrants are exercisable at \$1.00 to purchase Forent common shares for a period of 12 months from the date of the listing of the Company on a recognized Canadian stock exchange. The fair value of \$56,100 assigned to these warrants was calculated using the Black-Scholes option pricing model with the following assumptions: dividends 0%, expected volatility 80%, risk-free interest rate 2.67% and an expected maturity date of 1 year.

On October 17, 2007 the Company issued 108,000 common share purchase warrants to early close investors whereby each whole warrant may be exercised to acquire one common share of the Company at a price of \$1.00 until August 31, 2012. The fair value for warrants granted was determined to be \$20,694 as estimated by the Black-Scholes option pricing model using the following assumptions: dividend yield 0%; expected volatility 85%; risk-free interest rate 4.35%; and an expected life of 4.87 years.

In conjunction with the private placement on September 17, 2007, the agents were issued broker warrants to purchase 284,250 common shares of the Company at a price of \$1.00 per common share until August 10, 2010. The fair value assigned to these warrants was calculated using the Black-Scholes option pricing model with the following assumptions: dividends 0%, expected volatility 85%, risk-free interest rate 4.35% and an expected maturity date of 3 years. The fair value was determined to be \$162,022 and this was charged to costs of the share issue.

On October 17, 2007 the Company issued 3,730,000 performance warrants to employees and directors, whereby each warrant could be exercised to acquire one common share of the Company at a price of \$1.25 per share (if exercised prior to May 31, 2008), \$1.75 per share (if exercised after May 31, 2008 and prior to November 30, 2008) or \$2.25 per share (if exercised after November 30, 2008 and prior to the Expiry Date). These warrants were to expire on November 30, 2012 and had a number of vesting provisions. These performance warrants had an estimated value of \$nil. The fair value was estimated using the Black-Scholes option pricing model using the following assumptions: dividend yield 0%; expected volatility 0%; risk-free interest rate 4.35%; and an expected life of 5 years.

(e) *Stock options*

The Company maintains an employee stock option plan under which the Board of Directors, or a committee appointed for such a purpose, may from time to time grant to employees, officers, directors or, consultants of the Company, options to acquire common shares in such numbers, for such terms, and at such exercise prices, as may be determined by the Board of Directors or such committees.

The stock option plan provides that the maximum number of common shares in the capital of the Company that may be reserved for issuance for all purposes under the stock option plan is equal to 20% of the total issued and outstanding common shares as of December 18, 2008 or 9,974,495 common shares. The maximum number of common shares which may be reserved for issuance to any one optionee pursuant to share options may not exceed 5% of the common shares outstanding at the time of grant.

Options granted under the plan generally have a 5 year term and vest as determined by the Board of Directors. The exercise price of each option equals the market value of the Company's common shares at the date of grant.

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**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2008 and Eleven Months Ended December 31, 2007**

**9. SHARE CAPITAL (continued)**

	December 31, 2008		December 31, 2007	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
	(#)	(\$)	(#)	(\$)
Outstanding, beginning of period	1,880,000	1.00	-	-
Expired	(10,000)	1.00		
Cancelled	(1,870,000)	1.00		
Granted			1,880,000	1.00
Granted pursuant to re-pricing of options	3,809,260	0.49		
Granted pursuant to warrants conversion to stock option	3,004,630	0.49		
Granted pursuant to reverse takeover	256,664	0.54		
Outstanding, end of period	7,070,554	0.49	1,880,000	1.00

As at December 31, 2008, the weighted average remaining life of the options outstanding was 3.93 years (December 31, 2007 – 4.90 years).

As at December 31, 2008, 3,797,714 options were exercisable between \$0.49 and \$0.54 per share with a weighted average exercise price of \$0.49 per share (December 31, 2007 – \$1.00 per share).

In 2008 the Company issued 3,809,260 stock options to certain employees, directors and consultants, as a result of the cancellation of 1,870,000 existing stock options, due to the reverse take-over of Seriatim Ventures Inc. Pursuant to the share exchange ratio under the RTO (5.5:1) and the subsequent 2.7:1 consolidation, the original 1,870,000 stock options were converted into new options on the basis of 2.037 new options for each existing option, with a commensurate adjustment to the exercise price. The stock options have a life of 5 years and one third vested on the date of grant and one third of the total options shall vest on each of the first and second anniversary dates from the original option grant date of October 17, 2007.

In October 2008 the Company issued 1,475,000 stock options to certain employees, directors and consultants, which were converted to 3,004,630 at year end as a result of the Seriatim reverse take-over, as a result of the cancellation of performance warrants originally granted in 2007. The stock options have a life of 5 years and one third vested on the date of grant and one third of the total options shall vest on each of the first and second anniversary dates from the original option grant date of October 7, 2008.

In connection with the reverse take-over the company issued 256,664 stock options. The issuance included 183,332 stock options to consultants of Seriatim at an exercise price of \$0.54 that expire on the first anniversary date of the RTO (December 18, 2009); 50,000 stock options to a board member of Seriatim that joined the Forent board at an exercise price of \$0.54 that expire on December 27, 2011, and 23,332 stock options to two registered charities, at an exercise price of \$0.54 that expire on December 27, 2016. All of the aforementioned options shall vest fully at the time of grant.

**FORENT ENERGY LTD.**  
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**9. SHARE CAPITAL (continued)**

Exercise Price	Number Outstanding (#)	Weighted Average Remaining Life (years)	Number of Options Exercisable (#)
As at December 31, 2008			
\$0.49	6,813,890	4.07	3,541,050
\$0.54	256,664	2.02	256,664
	<b>7,070,554</b>	<b>3.93</b>	<b>3,797,714</b>

The Company accounts for its stock-based compensation plan using the fair value method. Under this method, a compensation cost is charged over the vesting period for stock options and share purchase warrants granted to employees, officers, directors and other service providers. The Company has not incorporated an estimated forfeiture rate for stock options that will not vest, rather the Company accounts for actual forfeitures as they occur.

During the year ended December 31, 2008 the Company calculated the fair value of the stock options granted using the Black-Scholes option pricing model at the date of grant. The weighted average fair market value of the stock options and the assumptions used in their determination for options issued in 2008 were as follows: ranging \$0.12 to \$0.37; risk-free interest rate: 2.60% to 2.90%; volatility: 80%; and expected life: 1 to 10 years.

In 2007, the Company calculated the fair value of the stock options granted using the Black-Scholes option pricing model at the date of grant. The weighted average fair market value of the stock options and the assumptions used in their determination for options issued in 2007 were as follows: weighted average fair value per stock option: \$0.196; risk-free interest rate: 4.35%; volatility: 1%; and expected life: 5 years.

(f) *Per share amounts*

Basic per share amounts have been calculated using the weighted average number of common shares outstanding during the year, retroactively adjusted for the share split and consolidation in 2008. The treasury stock method has been used for the calculation of diluted loss per share. Under this method, it is assumed that proceeds on the exercise of stock options and warrants are used by the Company to repurchase Company shares at the average market price. During the period, the average price of the Company shares was \$0.49.

In calculating the net loss per diluted share, options and warrants totaling 8,848,521 (2007 - 6,494,472 adjusted for share split and consolidation) were excluded from the dilution calculation, as they were anti-dilutive.

**FORENT ENERGY LTD.**  
**Notes to Consolidated Financial Statements**  
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**10. CAPITAL MANAGEMENT**

The primary capital management objective of the Company is to ensure adequate working capital is available to sufficiently fund both the board-approved business development plans (i.e. oil and gas exploration and development), and the working capital requirements of each annual operating cycle, while also seeking to minimize the risk-adjusted cost of capital.

Capital is raised and retained for the purposes of funding oil and natural gas exploration and development and funding corporate overhead costs, subject to the availability of financing on acceptable terms. The Company determines the amount of capital to be raised and retained based on the scope of its planned exploration and development activities and management's assessment of the expected availability of acceptably priced capital in future periods. In 2008, Forent increased its capital through an equity offering and a reverse takeover of a publicly traded company to enhance access to capital in the public equity markets, in order to maximize the probability of raising sufficient capital to continue the development of the Alton Block and initiate development of the Beech Hill Block, both of which are in Nova Scotia. Raising capital through subsequent equity offerings is not a certainty, as it is dependent on the availability of funds in the capital markets.

The Company defines capital as shareholders' equity, plus debt less working capital. The Company's current optimal capital structure is more than 90% shareholder equity, with no more than 10% debt outstanding. Management believes that such a capital structure is suitable in light of our capital management objectives and is commensurate with our development stage operations in Nova Scotia.

As the Company's major assets, development stage Nova Scotia oil and gas properties without production, require significant additional expenditures to be adequately funded and as the Company is not yet achieving sufficient net cash inflows from its Alberta oil and gas operations to fund such expenditures, management of externally financed working capital is, by necessity, a major function of our capital management program. The primary source of working capital is equity financing obtained through the sale of common and flow-through shares and share purchase warrants and the exercise of warrants and options. In the normal course of business, the Company receives trade credit that is supplementary to equity financings. In any case, the Company does not consider significant debt to be a sustainable source of capital. The Company has borrowed in the past in order to fund development infrastructure for its Alberta properties and while it might do so in the future, it is unlikely to significantly increase debt until such time as its cash flow from operations can support such an increase.

The Company's capital management plan seeks to ensure adequate resources are available to fund its activities through the next twelve months, on a rolling basis. A significant measure used in assessing capital adequacy is thus the expected number of days of operations that can be funded from current working capital. Capital levels are deemed sufficient if they can fund the following twelve months exploration program and fund a portion of corporate overhead expenses. In cases where it appears that there will be insufficient capital to fund future development, additional funds are raised or the capital program adjusted. As of December 31, 2008, Forent had adequate capital to complete its minimum business development plans for the following twelve month period. Additional capital raised will primarily be invested in oil and gas exploration and development activities.

Financing, and thus capital spending on exploration, will generally be limited to the extent that capital is available on acceptable terms. The acceptability of financing terms is generally determined by reference to the prevailing market price of our shares.

**FORENT ENERGY LTD.**  
**Notes to Consolidated Financial Statements**  
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**11. FINANCIAL INSTRUMENTS**

(a) *Fair values*

The fair values of accounts receivable, accounts payable and accrued liabilities approximate their carrying value due to the relatively short-term maturity of these financial instruments.

The fair value of the long-term debt and shareholder loan approximates its carrying value.

(b) *Credit risk*

Virtually all of the Company's accounts receivable are with companies in the petroleum and natural gas industry in Canada and are subject to normal industry credit risks. The Company generally extends unsecured credit to these companies and therefore, the collection of accounts receivable may be affected by changes in economic or other conditions. Management believes the risk is mitigated by the size and reputation of the companies to which they extend credit. The Company's maximum credit risk exposure is limited to the carrying value of its accounts receivable.

(c) *Commodity price risk*

The nature of the Company's operations results in exposure to fluctuations in commodity prices. Management continuously monitors commodity prices and may initiate instruments to manage exposure to these risks when it deems necessary. There were no commodity price risk contracts outstanding during the year ended December 31, 2008 or the eleven month ended December 31, 2007.

(d) *Interest Rate Risk*

The Company manages its exposure to interest rate risk by entering into fixed rate loan agreements wherever possible.

**12. SUPPLEMENTARY CASH FLOW INFORMATION**

The following table details the components of non-cash working capital:

	<b>2008</b>	2007
	(\$)	(\$)
Provided by (used in)		
Accounts receivable and other assets	<b>489,974</b>	(788,104)
Accounts payable and accrued liabilities	<b>208,372</b>	(70,922)
	<b>698,346</b>	(859,026)
Operating	<b>1,019,447</b>	(703,633)
Financing	<b>(29,651)</b>	-
Investing	<b>(291,450)</b>	(155,393)
	<b>698,346</b>	(859,026)

**FORENT ENERGY LTD.**  
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**13. RELATED PARTY TRANSACTIONS**

The Company enters into various transactions with related parties. These transactions are entered into in the normal course of business and are measured at the exchange amount established and agreed to by the parties. During the year ended December 31, 2008, the Company had the following related party transactions.

During the year ended December 31, 2008, the Company incurred \$120,000 (2007 - \$165,000??) of administrative costs from a company controlled by the majority shareholder. As at December 31, 2008, there was an outstanding balance of \$10,000 (2007 - \$10,000) to the related company.

During the year ended December 31, 2008, the Company incurred \$444,225 (2007 - \$406,654) of gross operating costs relating to pipeline and facility rental fees from a Company controlled by the majority shareholder. As at December 31, 2008, there was a gross outstanding balance of \$93,970 (2007 - 106,530) owed to the related company. The pipeline and facility rental fees and outstanding balance have been incurred on facilities that the Company operates with an average 20.1% working interest. As such, 79.9% of the gross operating costs and outstanding balances are directly attributed to the Company's joint venture partners, consisting primarily of large and well funded petroleum producers.

A company that the majority shareholder has an interest in has a working interest in some of the wells that the Company operates. As at December 31, 2008, there was an outstanding balance of \$18,546 (2007 - \$6,108 receivable) due the related company.

During the year ended December 31, 2008 the Company incurred \$127,364 for legal services to a law firm of which a board member is a partner. As at December 31, 2008, there was an outstanding balance of \$99,333 due the related party.

During the year ended December 31, 2008 a company that an officer and director has an interest in was paid a total of \$56,595 for the provision of administrative services. As at December 31, 2008, there was an outstanding balance of \$10,000 due the related party.

**14. COMMITMENTS**

(a) *Flow-through share obligations*

In connection with the September 17, 2007 private placement of flow-through shares the Company is obligated to incur \$3,511,755 in exploration expenditures by December 31, 2008. As at December 31, 2008 Forent has incurred the full amount of qualifying expenditures of \$3,511,755.

On August 19, 2008, the Company issued flow-through shares requiring that \$3,506,005 in qualifying exploration expenditures be expending by December 31, 2009. As at December 31, 2008 the Company has incurred approximately \$2.2 million of qualifying expenditures, with approximately \$1.3 million remaining to be spent by December 31, 2009.

(b) *Exploration agreement*

During 2008, the Company entered into an exploration agreement with the government of Nova Scotia for the Beech Hill Block committing to \$2,070,000 of exploration expenditures by April 30, 2011 in accordance to the following schedule.

**FORENT ENERGY LTD.**  
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**14. COMMITMENTS (continued)**

	(\$)
2009	420,000
2010	550,000
2011	1,100,000
	2,070,000

(c) *Operating leases*

The Company is committed to operating leases for office space in accordance with the following schedule.

	(\$)
2009	200,374
2010	206,583
2011	122,273
	529,230

**15. SUBSEQUENT EVENTS**

(a) *Earning commitment achieved*

In early February the Company announced that it had fulfilled the earning commitments of the farm-in agreement with EOG Resources Canada Inc. ("EOG") and another Major Canadian Energy Company on the Alton Block in Nova Scotia and at that time agreed to take over ownership and operatorship of the Block.

(b) *Alton Block commitment*

On February 12, 2009 Forent received approval from the Minister of Energy for the province of Nova Scotia, the Hon. Barry Barnet, for the renewal and extension of the Company's exploration agreement for the Alton Block, to February 3, 2012. As part of this three year renewal the Company has made the following spending commitments.

	(\$)
2010	350,000
2011	750,000
2012	1,250,000
	2,350,000

(c) *Change of corporate name*

Pursuant to a short form amalgamation with its wholly-owned subsidiary, Forent Energy Ltd, on March 1, 2009, the Company changed its name from Forent Energy Inc. to Forent Energy Ltd. There was no consolidation of capital and effective March 4, 2009 the common shares of the Company commenced trading on the TSX Venture Exchange under the name Forent Energy Ltd. There was no change in the Company's trading symbol, which remains 'FEN'.

## **CORPORATE INFORMATION**

### **DIRECTORS**

Dennis Forgeron  
David Campbell\*  
Thomas E. Lester\*  
Scott Reeves  
Jonathan Schroeder\*  
Ian Shook

*\*Member Audit Committee*

### **OFFICERS**

Dennis Forgeron, President & CEO  
Thomas E. Lester, Chief Financial Officer  
Ian Shook, Vice President Exploration  
Scott Reeves, Corporate Secretary

### **EXECUTIVE OFFICE**

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### **LEGAL COUNSEL**

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### **BANKERS**

National Bank of Canada

### **AUDITORS**

PricewaterhouseCoopers LLP

### **EVALUATION ENGINEERS**

Sproule Associates Limited  
Calgary, Alberta

[www.forentenergy.com](http://www.forentenergy.com)

**Abbreviations**

bbls	barrels
bbls/d	barrels per day
bcf	billion cubic feet
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
GJ	gigajoules
mbbbls	thousand barrels
mboes	thousand barrels of oil equivalent
mcf	thousand cubic feet
mcf/d	thousand cubic feet per day
mcfe	thousand cubic feet equivalent
mmbbbls	million barrels
mmbtu	million British thermal units
mmcf	million cubic feet
mmcf/d	million cubic feet per day
2-D	two dimensional
3-D	three dimensional

**Conversion of Units**

1.0 acre	=	0.40 hectares
2.5 acres	=	1.0 hectare
1.0 bbl	=	0.159 cubic metres
6.29 bbls	=	1.0 cubic metre
1.0 foot	=	0.3048 metres
3.281 feet	=	1.0 metre
1.0 mcf	=	28.2 cubic metres
0.035 mcf	=	1.0 cubic metre
1.0 mile	=	1.61 kilometres
0.62 miles	=	1.0 kilometre

Natural gas is equated to oil on the basis of 6 mcf : 1 bbl