

Forent Energy Ltd.
Management Discussion & Analysis
For the Three and Six Months Ended
June 30, 2009 and 2008

In accordance with National Instrument 51-102 *CONTINUOUS DISCLOSURE OBLIGATIONS*, the Company discloses that its auditors have not reviewed the unaudited financial Statements for the period ended June 30, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") has been prepared by management as of August 25, 2009 and reviewed and approved by the Board of Directors of Forent Energy Ltd. ("Forent" or the "Company"). The MD&A reviews the operational results of the Company with disclosure of oil and gas activities in accordance with Canadian Securities Regulators National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities ("NI 51-101") and a review of financial results of the Company based on generally accepted accounting principles in Canada ("GAAP"). Its focus is primarily a comparison of the operational and financial performance for the three and six months ended June 30, 2009 and 2008 and should be read in conjunction with the Company's June 30, 2009 unaudited interim financial statements and December 31, 2008 audited annual financial statements and notes thereto.

All financial measures presented in this MD&A are expressed in Canadian dollars unless otherwise indicated.

Forward Looking Information

Certain statements contained in this report, including statements that may contain words such as "anticipates," "can," "may," "expect," "believe or believes" and "will" and similar expressions are forward-looking statements. These statements may include, but are not limited to, future capital expenditures, future financial resources, future oil and gas well activity, outcome of specific events, and trends in the oil and gas industry. These statements are derived from certain assumptions and analyses made by the Company based on its experience and interpretation of historical trends, current conditions and expected future developments, and other factors that it believes are appropriate in the circumstances. These statements or predictions are subject to a number of known and unknown risks and uncertainties, which are discussed in the reports mentioned above and those risks could cause actual results to differ materially from the Company's expectations. Consequently, all of the forward-looking statements made in this report are qualified by these cautionary statements and there can be no assurance that actual results or developments anticipated by the Company will be realized, or that they will have the expected consequences or effects on the Company or its business or operations. The Company assumes no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

For the purpose of calculating unit costs, natural gas volumes have been converted to a barrel equivalent ("boe") using six thousand cubic feet equal to one barrel unless otherwise stated. A boe conversion ratio of 6:1 is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. This conversion conforms with national instrument NI 51-101. Boe's may be misleading, particularly if used in isolation.

The terms: funds from operations, funds from operations per share and operating netback are terms that do not have a standardized measuring prescribed by GAAP. Management believes that funds from operations, funds from operations per share and operating netback are useful supplemental measures as they demonstrate the Company's ability to generate the cash necessary to repay debt or fund future growth through capital investment. Investors are cautioned, however, that these measures should not be construed as an alternative to cash flow determined in accordance with GAAP as an indication of the Company's performance. Forent's method of calculating these measures may differ from other companies, and accordingly, may not be comparable to measures used by other companies. For these purposes, the Company defines funds from operations as cash provided by operations before changes in non-cash operating working capital and defines operating netback as revenue less royalties and operating expenses. The Company also presents funds from operations per share whereby amounts per

share are calculated using weighted average shares outstanding consistent with the calculation of earnings per share.

General Description of Business

Forent Energy Ltd. is a crude oil and natural gas exploration and development company with its headquarters located in Calgary, Alberta. The Company's strategy is to grow through focused exploration and drilling activities on two onshore blocks in Nova Scotia and by pursuing exploration and development opportunities in western Canada.

On December 18, 2008 Forent completed the acquisition of Seriatim Ventures Inc. ("Seriatim"), a capital pool company listed on the TSX Venture exchange, by means of a reverse takeover ("RTO"). The purpose of the acquisition was to acquire Seriatim's public listing to improve access to capital markets. The Common shares of Forent are listed for trading on the TSX Venture Exchange under the symbol "FEN".

Change of Corporate Name

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".

Financial Results – Second Quarter Information

Production

	Three Months Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
			(%)			(%)
Daily Production						
Natural gas (<i>mcf/d</i>)	374.55	313.59	19	367.38	272.64	35
Crude oil and NGLs (<i>bbls/d</i>)	2.67	2.47	8	1.84	2.81	(35)
Boe/d	65.10	54.74	19	63.07	48.25	31
	(%)	(%)	(%)	(%)	(%)	(%)
Production Mix						
Natural gas	96	95	1	97	94	3
Crude oil and NGLs	4	5	(20)	3	6	(50)
	100	100	--	100	100	--

Production volumes for the second quarter averaged 65.10 boe/d, an increase of 19% from the 54.74 boe/d recorded during the same period of 2008. Natural gas production increased 19% in the second quarter of 2009 to 374.55 mcf/d from 313.59 mcf/d in the second quarter of 2008. Crude oil and natural gas liquids ("NGLs") production increased by 8% to 2.67 bbls/d during the three months ended June 30, 2009 from 2.47 bbls/d in the same period of 2008.

Production volumes for the first six months of 2009 increased 31% to average 63.07 boe/d compared to 48.25 boe/d in the corresponding period of 2008. The natural gas production increases in the three and six month periods were primarily attributed to successfully recompleting a well in the Ferrybank area during the second quarter of 2009 which resulted in significantly increased natural gas production for the Company.

Pricing

	Three Months Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
	(\$)	(\$)	(%)	(\$)	(\$)	(%)
Selling Prices						
Natural gas (<i>\$/mcf</i>)	3.70	10.02	(63)	4.44	9.26	(52)
Crude oil and NGLs (<i>\$/bbl</i>)	57.71	83.24	(31)	54.36	84.42	(36)
Total combined (<i>\$/boe</i>)	23.63	61.18	(61)	27.43	57.26	(52)

Average natural gas prices received by Forent decreased 63% in second quarter of 2009 to \$3.70/mcf from \$10.02/mcf achieved during the same period of 2008. Crude oil and NGLs prices also decreased significantly, from \$83.24/bbl recorded during the second quarter of 2008 to \$57.71/bbl in the second quarter of 2009, representing a 31% decline. Selling prices for the six months ended June 30, 2009 averaged \$4.44/mcf for natural gas and \$54.36/bbl for crude oil and NGLs compared to \$9.26/mcf and \$84.42/bbl, respectively, in the first half of 2008.

The decreases in Forent's selling prices reflected the significant decline in world energy prices that began in the middle of 2008 primarily due to weak global economic conditions which have continued throughout 2009.

Oil and Gas Revenue

	Three Months Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
	(\$)	(\$)	(%)	(\$)	(\$)	(%)
Natural gas revenue	125,980	286,021	(56)	295,067	457,084	(35)
Crude oil and NGLs revenue	14,024	18,728	(25)	18,101	42,971	(58)
Total oil and gas revenue	140,004	304,749	(54)	313,168	500,055	(37)

The Company's gross petroleum revenue for the second quarter of 2009 totaled \$140,004, a decrease of 54% from the \$304,749 recorded in the same period of 2008. During the six months ended June 30, 2009 and 2008 the Company's gross petroleum revenue decreased 37% to \$313,168 from \$500,055, respectively.

The significant decrease in oil and gas revenues is attributed to the large decrease in natural gas prices, as overall volumes increased during the periods. Natural gas revenue represented 96% and 97% of the Company's total sales in the three and six months ended June 30, 2009, respectively.

Royalty Expense

	Three Months Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
	(\$)	(\$)	(%)	(\$)	(\$)	(%)
Total royalties	14,964	46,158	(68)	32,551	73,785	(56)
As a % of oil and gas sales	11%	15%	(29)	10%	15%	(30)
\$/boe	2.53	9.27	(73)	2.85	8.45	(66)

For the three months ended June 30, 2009, royalty expense decreased 68% to \$14,964 from \$32,551 in the same period of 2008 due to a reduction in the Company's overall royalty rates, as a result of lower commodity prices. For the first half of 2009, royalty expense dropped 56% to \$32,551 from \$73,785 as a result of lower commodity prices coupled with a number of wells that received crown royalty adjustments related to prior periods that also contributed to the decrease in 2009 royalties.

Royalties as a percentage of production during the three and six months ended June 30, 2009 declined 73% and 66% respectively from the previous year, as a result of lower individual well production rates and changes in the Alberta royalty structure, effective January 1, 2009.

Operating Expenses

	Three Months Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
	(\$)	(\$)	(%)	(\$)	(\$)	(%)
Operating expenses	115,360	111,916	3	239,933	178,787	34
Operating expenses (\$/boe)	19.47	22.47	(13)	21.02	20.47	3

Operating expenses increased 3% to \$115,360 in second quarter of 2009 compared to \$111,916 in second quarter of 2008. The increase in operating expenses was primarily due to increased production volumes, which was partly offset by modest cost decreases at a number of wells. On a per boe basis, operating expenses decreased 13% to \$19.47 per boe in the three months ended June 30, 2009 from \$22.47 per boe in the same period of 2008, primarily as a result of the previously mentioned well work-overs.

During the six months ended June 30, 2009, operating costs increased 34% to \$239,933 from \$178,787 in the same period of 2008, reflecting the year-over-year increase in production and the increased cost of work-overs and maintenance projects in 2009. On a per boe basis, operating expenses are expected to decrease in the future due to increases in production achieved from the wells that were worked over and further optimization of existing Company wells and facilities.

General and Administrative ("G&A") Expenses

	Three Months Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
	(\$)	(\$)	(%)	(\$)	(\$)	(%)
Gross expenses	273,267	274,913	(1)	609,126	432,339	41
Overhead recoveries	(41,591)	(20,197)	106	(91,584)	(39,767)	130
Total G&A expense	231,676	254,716	(9)	517,542	392,572	32
\$/boe	39.11	22.31	75	45.34	44.95	1

During the second quarter ended 2009, general and administrative expenses decreased 9% to \$231,676 from \$254,716 in the same period of 2008. In the six months ended June 30, 2009, general and administrative expenses increased 32% to \$517,542 from \$392,572 in the same period of 2008. The significant increase in general and administrative expenses between the six month periods is a result of increased professional fees and office expenses commensurate with the increased exploration activities in Nova Scotia. In addition, Forent became a publicly listed company in late 2008 which increased its corporate overhead costs, related to the listing and reporting requirements of a public company with many of these costs being incurred within the first quarter of 2009.

The overhead recoveries from partners, related to Forent operated projects, increased to \$41,591 and \$91,584 in the three and six months ended June 30, 2009, respectively, compared to \$20,197 and 39,767, respectively compared to the same periods of 2008. The increase was the result of the Company operating more properties and a number of joint venture capital projects that occurred during the first quarter of 2009. Overhead recoveries from partners are earned primarily on the Huxley wells and gas plant that the Company operates and on operated capital projects.

Stock Based Compensation

Stock-based compensation expense increased 265% to \$104,556 in the second quarter of 2009 from \$28,676 in 2008 due to 765,000 stock options being issued in the second quarter of 2009 and the cost associated with options issued in late 2008 being amortized in the first six months of 2009. The total amount of options outstanding at June 30, 2009 is 7,774,443 with a weighted average exercise price of \$0.47 and life of 3.77 years.

Interest Income and Expense

Interest and other income during the three and six months ended June 30, 2009 totaled \$4,693 and \$6,495, respectively, compared to \$11,161 and \$27,337 earned in the same periods of 2008, respectively. The decrease was attributed to a reduction in term deposits between the periods, combined with a considerable decrease in interest rates on short-term deposits in 2009 as compared to 2008.

Interest expenses totaled \$18,191 in the second quarter of 2009, versus \$34,772 in the same period of 2008. Interest expenses totaled \$24,932 during the six months ended June 30, 2009 as compared to \$47,215 in the same period of 2008. The reduction in the expense was primarily due to the Company's long term debt being paid off in late 2008. The 2009 interest charges relate to part 12.6 taxes associated with utilization of the "look back rule" in renouncing flow through expenditures to investors.

Operating Netbacks

	Three Months Ended June 30,,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
	(\$/boe)	(\$/boe)	(%)	(\$/boe)	(\$/boe)	(%)
Sales price	23.63	61.18	(61)	27.43	57.26	(52)
Royalties	(2.53)	(9.27)	(73)	(2.85)	(8.45)	(66)
Operating	(19.47)	(22.47)	(13)	(21.02)	(20.47)	3
Operating netback	1.63	29.44	(94)	3.56	28.34	(87)
G&A (net of non-cash items)	(39.11)	(22.31)	75	(45.34)	(44.95)	1
Interest and other (net of non-cash items)	(2.28)	(4.74)	(52)	(1.62)	(2.28)	(29)
Corporate netback (loss)	(39.76)	2.39	(1,763)	(43.40)	(18.89)	130

During the second quarter of 2009 the Company's operating netback declined 94% to \$1.63/boe from \$29.44/boe recorded in same period of 2008. During the six months ended June 30, 2009 the operating netback declined 87% to \$3.56/boe from \$28.34/boe recorded in same period of 2008. The decrease was attributed to the significant decrease in the selling price per boe of natural gas during the periods, combined with the increase in general and administrative costs.

On a corporate netback basis, the deficit in netback funds flow increased 1,763% to \$39.76/boe in the second quarter 2009, from a positive netback of \$2.39/boe in the second quarter of 2008. During the first half of 2009 the Company's corporate netback deficit increased 130% to a deficit of \$43.40/boe from a deficit of \$18.89/boe in the same period of 2008. The corporate netback deficits increase in both periods was a result of the reduced operating netback along with the increased general and administrative costs resulting from increased corporate expenses of being a public company and the general increase in the scope of the company's activities.

Depletion, Depreciation and Accretion ("DD&A")

	Three Months Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
	(\$)	(\$)	(%)	(\$)	(\$)	(%)
DD&A provision	205,729	55,522	271	393,358	97,416	304
DD&A provision (\$/boe)	34.73	11.15	211	34.46	11.15	209

The DD&A provision increased 271% to \$205,729 in the second quarter of 2009, as compared to \$55,522 in the same period of 2008. During the six months ended June 30, 2009 the DD&A provision increased 304% to \$393,358 from \$97,416 in the same period of 2008. The significant increase was a result of increased production combined with a reduction in proved reserve volumes. The proved reserve reduction was a result of technical revisions calculated by the Company's independent reserve evaluators at December 31, 2008 that were largely attributable to lower forecasted petroleum prices. On a per boe basis, the DD&A provision increased 211% to \$34.73/boe from \$11.15/boe in the three months ended periods June 30, 2009 and 2008, respectively. The per boe DD&A increase was a result of to the aforementioned decrease in the proven resource base used to calculate the depletion rate of proved reserve.

The Corporation performed an impairment (ceiling) test review at June 30, 2008 to assess the recoverable value of the petroleum and natural gas properties and determined that it does not exceed its fair value.

Income Taxes

The Company recorded a future income tax reduction in the second quarters of 2009 and 2008 of \$133,448 and \$63,951, respectively. The future income tax reduction in the first half of 2009 and 2008 was \$282,639 and \$114,894, respectively. The changes in this non-cash item are due to the anticipated future tax effect of the periods' activities after reconciling recorded net assets with the Company's tax pool assets at the end of each period.

As at June 30, 2009, the Company had approximately \$2.5 million in tax pools available to shelter taxable income in future years. The decrease in tax pools from the \$5.2 million available at December 31, 2008 was as a result of the Company renouncing \$3.5 million of exploration and development costs to flow-through share subscribers in the first quarter of 2009.

Funds from Operations

	Three Months Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
	(\$)	(\$)	(%)	(\$)	(\$)	(%)
Cash flow (used in) from operating activities (per GAAP)	(270,804)	328,792	(182)	(875,820)	227,129	(486)
Change in non-cash working capital	35,310	(460,444)	(108)	380,525	(392,096)	(197)
Funds from (used in) operations	(235,494)	(131,652)	79	(495,295)	(164,967)	200

The Company determines funds from operations as cash provided from operations before changes in non-cash operating working capital.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
	(\$)	(\$)	(%)	(\$)	(\$)	(%)
Funds from (used in) operations	(235,494)	(131,652)	79	(495,295)	(164,967)	200
Per share – basic and diluted	-	-	-	(0.01)	-	-

Funds used in operations was \$235,494 (\$nil per basic and diluted share) for the three months ended June 30, 2009 versus funds used in operations of \$131,652 (\$nil per basic and diluted share) in the comparable period of 2008. For the first half of 2009, the funds used in operations increased to \$495,295 (\$0.01 per basic and diluted share) from \$164,967 million (\$nil per basic and diluted share) in the prior year. The increases in the three and six month periods use of funds in operations were primarily attributable to lower commodity prices and increased general and administration costs recorded in the periods relative to the prior year.

Net Loss

	Three Months Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
	(\$)	(\$)	(%)	(\$)	(\$)	(%)
Net loss	(412,331)	(151,899)	171	(807,034)	(192,254)	320
Per share – basic and diluted	(0.01)	(0.01)	-	(0.02)	-	-

During the second quarter of 2009, the Company recorded a net loss of \$412,331 (\$0.01 per basic and diluted share) versus a net loss of \$151,899 (\$0.01 per basic and diluted share) in the same period a year ago. In the six month period ended June 30, 2009, the Company incurred a net loss of \$807,034 (\$0.02 per basic and diluted share) as compared to the net loss of \$192,254 (\$nil per basic and diluted share) recorded in the corresponding period of 2008. The increase of the loss in the 2009 periods as compared to the corresponding periods in 2008 is largely a result of the non-cash expense items consisting of depletion of the Company's petroleum assets and higher levels of stock based compensation, along with the cash related item of lower selling prices for natural gas.

Capital Expenditures

Capital expenditures made during the three and six months ended June 30, 2009 and 2008 are summarized in the following table and do not include non-cash transactions:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
	(\$)	(\$)	(%)	(\$)	(\$)	(%)
Land	(546)	1,168	(147)	68,264	3,636	1,777
Geological and geophysical	86,048	210,565	(59)	178,066	274,869	(35)
Drilling and completions	34,127	60,424	(44)	97,187	121,732	(20)
Facilities and equipment	261	105,002	(100)	35,262	99,566	(65)
Property acquisitions	-	-	-	1,000	-	-
Property dispositions	(10,715)	-	-	(10,715)	-	-
Capitalized G&A and other	605	1,033	(41)	605	1,033	(41)
Total capital expenditures (net)	109,780	378,192	(71)	369,669	500,836	(26)

During the second quarter of 2009, the Company decreased its net capital spending by 71% to \$109,780 as compared to \$378,192 expended in the same quarter of 2008. The 2009 second quarter expenditures consisted of \$86,048 expended on geological and geophysical activities analyzing and interpreting the geological data on the Alton and Beech Hill Blocks of Nova Scotia, \$34,127 that was spent on partner operated completion projects for a number low working interest wells and \$10,715 was received from the sale of a standing well.

Liquidity and Capital Resources

	Three Months Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
	(\$)	(\$)	(%)	(\$)	(\$)	(%)
Working capital, beginning of period,	1,201,720	1,760,988	(32)	1,721,410	1,916,947	(10)
Funds used in operations	(235,494)	(131,652)	79	(495,295)	(164,967)	200
Capital expenditures (net)	(109,780)	(378,192)	(71)	(369,669)	(500,836)	(26)
Working capital, end of period	856,446	1,251,144	(32)	856,446	1,251,144	(32)

Forent opened the second quarter of 2009 with a working capital surplus of \$1,201,720. Changes in the quarter's working capital involved funds used in operations of \$235,494 and net capital expenditures \$109,780, thereby leaving the Company with a working capital surplus of \$856,440 at June 30, 2009.

The Company has budgeted, based on commitments given to the government of Nova Scotia, approximately \$4.4 million in the years 2009 to 2011 for exploration and development on the Alton and Beech Hill Blocks in the province. As of August 25, 2009, approximately \$0.4 million of this commitment has been fulfilled. Additional capital expenditures may be made in Alberta if funds are available to develop low risk, cash generating oil projects in the province. The Company intends to raise new capital or utilize other alternative means to meet the stated commitments; however, there is no certainty that the financing activities will be successful. At present the Company is pursuing capital on several fronts, including securing joint venture or farm-in partners for Nova Scotia, considering merger opportunities, and seeking funds from both private equity partners and public markets.

Pursuant to the flow-through common share issuance completed on August 19, 2008, the Company renounced a total of \$3.5 million of exploration expenditures in the first quarter of 2009. As at June 30, 2009, Forent had incurred \$2.5 million of the exploration expenditures eligible for renouncement with \$1.0 million remaining to be spent by December 31, 2009. The company intends to satisfy the remaining flow-through share obligations in 2009 with the combination of its positive working capital and raising additional funds through capital markets or by establishing joint venture arrangements with other parties.

Related Party Transactions

The Company enters into various transactions with related parties from time to time. These transactions are entered into under the normal course of operations and are measured at the exchange amount that approximates the fair market value of the services. During the three and six months ended June 30, 2009 the Company had the following related party transactions.

The Company incurred \$30,000 and \$60,000 of administrative costs from a company controlled by the majority shareholder during the three and six months ended June 30, 2009, respectively. As at June 30, 2009, there was an outstanding balance of \$10,000 to the related company.

During the three and six months ended June 30, 2009, the Company incurred \$134,174 and \$268,624, respectively, of gross operating costs relating to pipeline and facility rental fees from a Company controlled by the majority shareholder. As at June 30, 2009, there was a gross outstanding balance of \$89,358 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% working interest. As such, 80% 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 June 30, 2009, there was an outstanding balance of \$20,255 due the related company.

During the three and six months ended June 30, 2009 the Company incurred \$nil and \$23,431, respectively, for legal services from a law firm of which a board member is a partner. As at June 30, 2009, there was an outstanding balance due the related party of \$7,702.

During the three and six months ended June 30, 2009 a company that an officer and director has an interest in was paid a total of \$30,000 and \$60,000, respectively for the provision of administrative services. As at June 30, 2009, there was an outstanding balance of \$10,000 due the related party.

Off Balance Sheet Transactions

Forent was not involved in any off balance sheet transactions during the three or six month ended periods of June 30, 2009.

Contractual Obligations

The commitment made by Forent on the Beech Hill Block was to expend a minimum of \$2,070,000 over a three year period, beginning May 1, 2008, in a Work Program consisting of the initiation and interpretation of geological, geophysical, geomagnetic and geochemical data and culminating in an exploration and well testing program within the boundaries of the Block.

In addition the Company committed to expend a minimum of \$2,350,000 on the Alton Block over a three year period, beginning February 3, 2009, in a Work Program consisting of further acquisition and interpretation of geological, geophysical, geomagnetic and geochemical data as well as, the drilling of additional wells within the boundaries of the Block.

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 June 30, 2009 the Company has incurred approximately \$2.5 million of qualifying expenditures, with approximately \$1.0 million remaining to be spent by December 31, 2009.

Risks and Uncertainties

The Company is exposed to a number of risks and uncertainties inherent in exploring for, developing and producing crude oil and natural gas. These risks and uncertainties include but are not limited to, the following:

- risk of finding and producing reserves economically;
- uncertainty associated with obtaining drilling licenses and other consents and approvals;
- production risk associated with sour hydrocarbons;
- marketing reserves at acceptable prices;
- cost of capital risk associated with securing the needed capital to carry out the Company's operations;
- risk of fluctuating foreign currency exchange rates;
- risk of governmental policies, social instability or other political, economic or diplomatic developments in its operations;
- market risks associated with investing the Company's cash reserves in interest bearing depository instruments; and
- environmental risks related to its oil and gas properties.

Many of the previously mentioned risks are beyond the Company's control, and it is impossible to ensure that any exploration drilling program will result in commercial operations. The company does not currently utilize derivative instruments to hedge its commodity price, foreign currency exchange or interest rate risks.

Forent strives to minimize and manage these risks in a number of ways including:

- Employing qualified professional technical staff;
- Communicating openly with members of the public regarding its activities;
- Concentrating in a limited number of areas;
- Utilizing the latest technology for finding and developing reserves;
- Constructing high-quality, environmentally sensitive, safe production facilities; and
- Maximizing operational control of drilling and producing operations;

Accounting Policies

On January 1, 2009 the Company adopted 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 financial statements.

Future Accounting Policy Changes

In February 2008 the CICA Accounting Standards Board ("AcSB") confirmed 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, with comparative information for the previous fiscal year. 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.

Disclosure Controls and Procedures

Forent has disclosure controls and procedures to ensure that information required to be disclosed by the Company is assembled and communicated to management. The Company's CEO and CFO have concluded based on their evaluation as of June 30, 2009, that disclosure controls and procedures are effective to provide reasonable assurance that material information related to Forent is made known to them by others within the entity. Despite the CEO and CFO certifying that the Company's disclosure controls and procedures are effective to provide a reasonable level of assurance, they are not able to conclude that the disclosure controls and procedures are capable of preventing all frauds and errors. Regardless of how well conceived or managed, a control system is incapable of providing absolute assurance to prevent all errors and fraud, as only reasonable assurance that the objectives of a control system can be obtained.

Internal Controls over Financial Reporting

There were no changes in internal controls and procedures for the Company during the three and six month periods ended June 30, 2009.

CORPORATE INFORMATION

DIRECTORS

Dennis Forgeron
Thomas E. Lester*
Douglas Porter*
Scott Reeves
Wayne Rousch*
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

Forent Energy Ltd.
Suite 400, 333 – 11th Ave SW
Calgary, Alberta, Canada T2R 1L9

Telephone: (403) 262-9444
Facsimile: (403) 262-4651

LEGAL COUNSEL

TingleMerrett LLP

BANKERS

National Bank of Canada

AUDITORS

PricewaterhouseCoopers LLP

EVALUATION ENGINEERS

Sproule Associates Limited
Calgary, Alberta

www.forentenergy.com