

Forent Energy Ltd.
Management Discussion & Analysis
For the Three and Nine Months Ended
September 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 September 30, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") has been prepared by management as of November 10, 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 nine months ended September 30, 2009 and 2008 and should be read in conjunction with the Company's September 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 an oil and gas exploration and production company with its headquarters in Calgary, Alberta and an office in Halifax, Nova Scotia. The Company's strategy is to increase cash flows by drilling oil prospects in western Canada which will provide the funds required to pursue exploration and development of the Company's two onshore blocks in Nova Scotia.

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".

Subsequent Event

Private Placement Closed on October 28, 2009

On October 28, 2009 the Company completed a brokered private placement for gross proceeds of \$3,206,610, approximately \$2,800,000 net of cash expenses. The private placement consisted of the issuance of 10,223,799 units (the "Units") of the Company at a price of \$0.15 per Unit, each Unit consisting of one common share and one half of a common share purchase warrant with each whole warrant being exercisable for one common share of the Company at a price of \$0.17 per share until April 28, 2011; and 9,841,411 flow through common shares at a price of \$0.17 per share. Fees associated with the private placement consisted of approximately \$80,000 in legal and regulatory expenses, along with agency fees of \$320,661 in cash and 2,006,521 broker warrants that were fair valued at \$149,695 and are exercisable for one common share at a price of \$0.17 per share until April 28, 2011.

The Company will apply the proceeds of this issue towards its western Canadian oil exploration and development program and for general working capital purposes.

Financial Results – Third Quarter Information

Production

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2009	2008	Change	2009	2008	Change
			(%)			(%)
Daily Production						
Natural gas (<i>mcf/d</i>)	368.25	170.33	116	367.67	237.29	55
Crude oil and NGLs (<i>bbls/d</i>)	2.50	1.68	48	2.06	2.42	(15)
Boe/d	63.88	30.07	112	63.34	41.97	51
	(%)	(%)	(%)	(%)	(%)	(%)
Production Mix						
Natural gas	96	94	2	97	94	3
Crude oil and NGLs	4	6	(33)	3	6	(50)
	100	100	--	100	100	--

Production volumes for the third quarter averaged 63.88 boe/d, an increase of 48% from the 30.07 boe/d recorded during the same period of 2008. Natural gas production increased 116% in the third quarter of 2009 to 368.25 mcf/d from 170.33 mcf/d in the third quarter of 2008. Crude oil and natural gas liquids ("NGLs") production increased by 48% to 2.50 bbls/d during the three months ended September 30, 2009 from 1.68 bbls/d in the same period of 2008.

Production volumes for the first nine months of 2009 increased 51% to average 63.34 boe/d compared to 41.97 boe/d in the corresponding period of 2008. The natural gas production increases in the three and nine month periods were primary attributed to successfully recompleting a well in the Ferrybank area in early 2009.

Pricing

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2009	2008	Change	2009	2008	Change
	(\$)	(\$)	(%)	(\$)	(\$)	(%)
Selling Prices						
Natural gas (<i>\$/mcf</i>)	2.55	8.91	(71)	3.80	9.18	(59)
Crude oil and NGLs (<i>\$/bbl</i>)	51.19	85.14	(40)	53.06	84.59	(37)
Total combined (<i>\$/boe</i>)	16.71	55.22	(70)	23.79	56.77	(58)

Average natural gas prices received by Forent decreased 71% in third quarter of 2009 to \$2.55/mcf from \$8.91/mcf achieved during the same period of 2008. Crude oil and NGLs prices also decreased significantly, from \$85.14/bbl recorded during the third quarter of 2008 to \$51.19/bbl in the same quarter of 2009, representing a 40% decline. Selling prices for the nine months ended September 30, 2009 averaged \$3.80/mcf for natural gas and \$53.06/bbl for crude oil and NGLs compared to \$9.18/mcf and \$84.59/bbl, respectively, during the same nine month period of 2008.

The decrease in Forent's selling prices reflected the significant decline in world energy prices that began in the middle of 2008 which have largely continued throughout 2009.

Oil and Gas Revenue

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2009	2008	Change	2009	2008	Change
	(\$)	(\$)	(%)	(\$)	(\$)	(%)
Natural gas revenue	86,406	139,591	(38)	381,473	596,675	(36)
Crude oil and NGLs revenue	11,774	13,196	(11)	29,875	56,167	(47)
Total oil and gas revenue	98,180	152,787	(36)	411,348	652,842	(37)

The Company's gross petroleum revenue for the third quarter of 2009 totaled \$98,180, representing a decrease of 36% from the \$152,787 recorded in the same period of 2008. During the nine months ended September 30, 2009 and 2008 the Company's gross petroleum revenue decreased 37% to \$411,348 from \$652,842, respectively.

The significant decrease in oil and gas revenues is attributable to the large decrease in natural gas and NGL prices, which were only marginally offset by production volume increases during the periods. Natural gas revenue represented 96% and 97% of the Company's total sales in the three and nine months ended September 30, 2009, respectively.

Royalty Expense

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2009	2008	Change	2009	2008	Change
	(\$)	(\$)	(%)	(\$)	(\$)	(%)
Total royalties	25,113	26,449	(5)	57,664	100,234	(42)
As a % of oil and gas sales	26%	17%	48	14%	15%	(9)
\$/boe	4.27	9.56	(55)	3.33	8.72	(62)

For the three months ended September 30, 2009, royalty expense decreased 5% to \$25,113 from \$26,449 in the same period of 2008 due to a reduction in the Company's overall royalty rates, as a result of lower commodity prices, that more than offset the 112% increase in production volumes. For the first nine months of 2009, royalty expense dropped 42% to \$57,664 from \$100,234 as a result of lower commodity prices coupled with a number of wells that received crown royalty adjustments related to prior periods that further contributed to the decrease in 2009 royalties.

Royalties as a percentage of sales for the three months ended September 30, 2009 totaled 26% of oil and gas sales, which was a 48% increase over the 17% calculated for the same period of 2008. The increase in royalties as a percentage of sales is a result of the very low 2009 third quarter selling prices and the fact that changes in the overall Company royalties are not fully proportional with the decrease in selling prices.

Operating Expenses

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2009	2008	Change	2009	2008	Change
	(\$)	(\$)	(%)	(\$)	(\$)	(%)
Operating expenses	172,967	84,210	105	412,900	262,997	57
Operating expenses (\$/boe)	29.43	30.43	(3)	23.88	22.87	4

Operating expenses increased 105% to \$172,967 in third quarter of 2009 compared to \$84,210 in third 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, along with a number of prior period operation adjustments that were recorded in the third quarter of 2009. On a per boe basis, operating expenses decreased 3% to \$29.43 per boe in the three months ended September 30, 2009 from \$30.43 per boe in the same period of 2008, as a result of operating efficiencies gained in 2009 and increased production volumes from the Ferrybank area, which were partially offset by the aforementioned prior period operation adjustments.

During the nine months ended September 30, 2009, operating costs increased 57% to \$412,900 from \$262,997 in the same period of 2008, reflecting the year-over-year increase in production, the increased cost of work-overs and maintenance projects in 2009 and the prior period operation adjustments. On a per boe basis, operating expenses are expected to decrease into the future due to increases in production volumes and further optimization of existing Company wells and facilities.

General and Administrative ("G&A") Expenses

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2009	2008	Change	2009	2008	Change
	(\$)	(\$)	(%)	(\$)	(\$)	(%)
Gross expenses	236,152	210,743	12	845,278	643,082	31
Overhead recoveries	(27,633)	(20,407)	35	(119,217)	(60,174)	98
Total G&A expense	208,519	190,336	10	726,061	582,908	25
\$/boe	35.48	11.01	222	41.99	50.69	(17)

During the third quarter ended 2009, general and administrative expenses increased 10% to \$208,519 from \$190,336 in the same period of 2008. During the nine months ended September 30, 2009, general and administrative expenses increased 25% to \$726,061 from \$582,908 in the same period of 2008. The significant increase in general and administrative expenses between the 2008 and 2009 nine month periods is a result of increased professional fees and salaries primarily due to the greater costs associated with being a public company, as a result of Forent's reverse take-over of Seriatim Ventures Inc. on December 18, 2008.

The overhead recoveries from partners, related to Forent operated projects, increased to \$27,633 and \$119,217 in the three and nine months ended September 30, 2009, respectively, compared to \$20,407 and \$60,174 in the same periods of 2008, respectively. The increase was the result of the Company operating additional 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 212% to \$89,330 in the third 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 the fourth quarter of 2008 being expensed in 2009. The total amount of options outstanding at September 30, 2009 is 7,774,443 with a weighted average exercise price of \$0.47 and life of 3.51 years.

Interest Income and Expense

Interest and other income during the three and nine months ended September 30, 2009 totaled \$6,123 and \$12,618, respectively, compared to \$14,299 and \$41,636 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 \$26,869 in the third quarter of 2009, versus \$14,004 in the same period of 2008, with the increase being attributed to part 12.6 taxes on cumulative eligible exploration expenditures renounced and remaining to be incurred. Interest expenses totaled \$51,801 during the nine months ended September 30, 2009 as compared to \$61,219 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, which was offset by the interest charges related 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 September 30,			Nine Months Ended September 30,		
	2009	2008	Change	2009	2008	Change
	(\$/boe)	(\$/boe)	(%)	(\$/boe)	(\$/boe)	(%)
Sales price	16.71	55.22	(70)	23.79	56.77	(58)
Royalties	(4.27)	(9.56)	(55)	(3.33)	(8.72)	(62)
Operating	(29.43)	(30.43)	(3)	(23.88)	(22.87)	4
Operating netback	(16.99)	15.23	(212)	(3.42)	25.18	(114)
G&A (net of non-cash items)	(35.48)	(11.01)	222	(41.99)	(50.69)	(17)
Interest and other (net of non-cash items)	(2.30)	(8.53)	(73)	(1.07)	(1.73)	(38)
Corporate netback (loss)	(54.77)	(4.31)	1,170	(46.48)	(27.24)	71

During the third quarter of 2009 the Company's operating netback declined 212% to negative \$16.99/boe from \$15.23/boe recorded in same period of 2008. During the nine months ended September 30, 2009 the operating netback declined 114% to negative \$3.42/boe from \$25.18/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 and partially offset by the per boe reduction in royalties.

On a corporate netback basis, the deficit in netback funds flow increased 1,170% to negative \$54.77/boe in the third quarter 2009, from a negative netback of \$4.31/boe in the third quarter of 2008. During the first nine months of 2009 the Company's corporate netback deficit increased 71% to a deficit of \$46.48/boe from a deficit of \$27.24/boe in the same period of 2008. The corporate netback deficits in the three and nine month periods was a result of the reduced operating netbacks along with the increased general and administrative costs resulting from the additional 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 September 30,			Nine Months Ended September 30,		
	2009	2008	Change	2009	2008	Change
	(\$)	(\$)	(%)	(\$)	(\$)	(%)
DD&A provision	211,328	43,030	391	604,686	140,446	331
DD&A provision (\$/boe)	35.96	15.55	131	34.97	12.21	186

The DD&A provision increased 391% to \$211,328 in the third quarter of 2009, as compared to \$43,030 in the same period of 2008. During the nine months ended September 30, 2009 the DD&A provision increased 331% to \$604,686 from \$140,446 during 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 and economic 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 131% to \$35.96/boe from \$15.55/boe in the three months ended periods September 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 September 30, 2008 to assess the valuation of the petroleum and natural gas properties within the financial statements and determined that the amount does not exceed its fair value.

Income Taxes

The Company recorded a future income tax reduction of \$168,905 in the third quarter of 2009 as compared to the expense of \$465,237 in the same period of 2008. The future income tax in the first nine months of 2009 was a reduction of \$451,544 as compared to an expense of \$350,343 incurred in the same period of 2008. 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 September 30, 2009, the Company had approximately \$3.1 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 September 30,			Nine Months Ended September 30,		
	2009	2008	Change	2009	2008	Change
	(\$)	(\$)	(%)	(\$)	(\$)	(%)
Cash flow (used in) from operating activities (per GAAP)	(114,511)	151,781	(175)	(990,331)	378,910	(361)
Change in non-cash working capital	(214,654)	(299,694)	(28)	165,871	(691,790)	(124)
Funds from (used in) operations	(329,165)	(147,913)	123	(824,460)	(312,880)	164

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2009	2008	Change	2009	2008	Change
	(\$)	(\$)	(%)	(\$)	(\$)	(%)
Funds from (used in) operations	(329,165)	(147,913)	123	(824,460)	(312,880)	164
Per share – basic and diluted	(0.01)	-	-	(0.02)	(0.01)	100

Funds used in operations was \$329,165 (\$0.01 per basic and diluted share) for the three months ended September 30, 2009 versus funds used in operations of \$147,913 (\$nil per basic and diluted share) in the comparable period of 2008. For the first nine months of 2009, the funds used in operations increased to \$824,460 (\$0.02 per basic and diluted share) from \$312,880 (\$0.01 per basic and diluted share) used in the same period of the prior year. The increases in the three and nine 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 September 30,			Nine Months Ended September 30,		
	2009	2008	Change	2009	2008	Change
	(\$)	(\$)	(%)	(\$)	(\$)	(%)
Net loss	(460,918)	(684,856)	(33)	(1,267,952)	(877,110)	45
Per share – basic and diluted	(0.01)	(0.01)	-	(0.03)	(0.02)	50

During the third quarter of 2009, the Company recorded a net loss of \$460,918 (\$0.01 per basic and diluted share) versus a net loss of \$684,856 (\$0.01 per basic and diluted share) in the same period a year ago. In the nine month period ended September 30, 2009, the Company incurred a net loss of \$1,267,952 (\$0.03 per basic and diluted share) as compared to the net loss of \$877,110 (\$0.02 per basic and diluted share) recorded in the corresponding period of 2008. The decrease in the loss from the third quarter 2009 as compared to the third quarter of 2008 is due to the significant income tax expense recorded in the third quarter of 2008, which was only partially offset by the higher depletion rate and operating loss in the third quarter of 2009. The increase of the loss in the nine months ended September 2009 as compared to the same period of 2008 is largely a result of the increased depletion expense of the Company's petroleum assets, higher levels of stock based compensation and significantly lower selling prices of natural gas in 2009 compared to 2008.

Capital Expenditures

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2009	2008	Change	2009	2008	Change
	(\$)	(\$)	(%)	(\$)	(\$)	(%)
Land	14,348	3,950	263	82,612	7,586	989
Geological and geophysical	57,000	571,491	(90)	235,066	846,360	(72)
Drilling and completions	181,246	673,532	(73)	278,433	795,264	(65)
Facilities and equipment	24,288	10,400	134	59,550	109,966	(46)
Property acquisitions	-	-	-	1,000	-	-
Property dispositions	(8,765)	-	-	(19,480)	-	-
Capitalized G&A and other	-	45,378	-100	605	46,411	(99)
Total capital expenditures (net)	268,117	1,304,751	(79)	637,786	1,805,587	(65)

During the third quarter of 2009, the Company decreased its net capital spending by 79% to \$268,117 as compared to \$1,304,751 expended in the same quarter of 2008. The 2009 third quarter expenditures consisted of \$14,348 spent on exploratory land leases, \$57,000 expended on geological and geophysical activities analyzing and interpreting the geological data on the Alton and Beech Hill Blocks of Nova Scotia, \$181,246 expended on a partner operated drilling operation in the Roxanna area, \$24,288 in facility upgrades and \$8,765 was raised from the sale of a standing well.

Liquidity and Capital Resources

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2009	2008	Change	2009	2008	Change
	(\$)	(\$)	(%)	(\$)	(\$)	(%)
Working capital, beginning of period,	856,446	1,251,144	(32)	1,721,410	1,916,947	(10)
Funds used in operations	(329,165)	(147,913)	123	(824,460)	(312,880)	164
Issue of capital stock (net)	-	3,310,704	(100)	-	3,310,704	(100)
Capital expenditures (net)	(268,117)	(1,304,751)	(79)	(637,786)	(1,805,587)	(65)
Working capital, end of period	259,164	3,109,184	(92)	259,164	3,109,184	(92)

Forent opened the third quarter of 2009 with a working capital surplus of \$856,446. Changes in the quarter's working capital involved funds used in operations of \$329,165 and net capital expenditures \$268,117, thereby leaving the Company with a working capital surplus of \$259,164 at September 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. The Company intends to raise new capital or utilize other alternative means to meet the stated commitments; however, there is no certainty that additional 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 September 30, 2009, Forent had incurred \$2.7 million of the exploration expenditures eligible for renouncement with \$0.8 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 by the additional funds that were raised through the private placement subsequent to the quarter ended September 30, 2009. The Company will continue to assess future capital markets equity transactions, merger opportunities and

establishing joint venture arrangements with other parties to fund further exploration and development.

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 nine months ended September 30, 2009 the Company had the following related party transactions:

The Company incurred \$30,000 and \$90,000 (2008 - \$30,000 and \$90,000) of administrative costs from a company controlled by the majority shareholder during the three and nine months ended September 30, 2009, respectively. As at September 30, 2009, there was an outstanding balance of \$20,000 (2008 - \$10,000) to the related company.

During the three and nine months ended September 30, 2009, the Company incurred \$125,637 and \$394,261 (2008 - \$91,978 and \$229,491), respectively, of gross operating costs relating to pipeline and facility rental fees from a company controlled by the majority shareholder. As at September 30, 2009, there was a gross outstanding balance of \$171,123 (2008 - \$93,970) 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, approximately 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 September 30, 2009, there was an outstanding balance of \$20,144 (2008 - \$18,546) due the related company.

During the three and nine months ended September 30, 2009 the Company incurred \$7,070 and \$30,501 (2008 - \$16,130 and \$22,691), respectively, for legal services with a law firm of which a board member is a partner. As at September 30, 2009, there was an outstanding balance due the related party of \$6,733 (2008 - \$99,333).

During the three and nine months ended September 30, 2009 a company that an officer and director has an interest in, was paid a total of \$60,000 and \$90,000 (2008 - \$16,626 and \$16,626), respectively for the provision of administrative services. As at September 30, 2009, there was an outstanding balance of \$10,000 (2008 - \$10,000) due the related party.

Off Balance Sheet Transactions

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

Subsequent to the period ended September 30, 2009 the Company entered into a fixed price contract to predetermine the selling price of a portion of its fourth quarter 2009 natural gas production, as part of its risk management program. The following table summarizes the fixed price contract:

Product	Term	Daily Notional Volume	Fixed Price (\$/GJ)
			(\$CAD/GJ)
Natural Gas	October 1 to December 31, 2009	200 GJ/d	\$4.57

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 September 30, 2009 the Company has incurred approximately \$2.7 million of qualifying expenditures, with approximately \$0.8 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 currently in the process of developing an implementation strategy to establish timelines and identify significant differences between Canadian GAAP and IFRS.

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 September 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 nine month periods ended September 30, 2009.

CORPORATE INFORMATION

DIRECTORS

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

**Member Audit Committee*

OFFICERS

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

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