FORENT ENERGY

Management's Discussion and Analysis ("MD&A")

For the three months ended March 31, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Dated as of May 26, 2016

This Management's Discussion and Analysis ("MD&A") for Forent Energy Ltd. ("Forent" or the "Company") should be read in conjunction with the interim consolidated financial statements for the period ended March 31, 2016, as well as the audited consolidated financial statements and MD&A for the year ended December 31, 2015. The Company's principal activity is the acquisition of, exploration for and the development and production of petroleum and natural gas in Alberta, Canada. The Company's three core properties in south central Alberta; Twining, Provost, and Wayne generate the majority of Forent's production and revenue.

The following discussion and analysis is Management's assessment of Forent's historical, financial and operating results. The reader should be aware that historical results are not necessarily indicative of future performance.

CORPORATE SUMMARY

	Three months ended Mar 31		
	2016	2015	% Change
Financial *($'s, except as indicated, unaudited)*			
Petroleum and natural gas sales, net of royalties	314,128	503,071	-38%
Funds (out) flow[1]	(524,159)	(449,442)	-17%
per share, basic and diluted	(0.04)	(0.05)	20%
Net loss	(813,907)	(701,949)	-16%
per share, basic and diluted	(0.05)	(0.07)	29%
Capital expenditures	42,900	248,625	-83%
Net debt[2]	6,335,065	6,326,987	0%
Shares outstanding (millions)	14.93	9.43	58%
Operations			
Production			
Oil & Liquids (Bopd)	109	129	-16%
Gas (Mcfd)	457	542	-16%
BOEd (6 Mcf = 1 Bbl)	185	219	-16%
Product Prices			
Oil ($/Bbl)	31.33	40.29	-22%
Gas ($/Mcf)	1.73	3.06	-43%
$ BOE	$ 23.05	$ 31.47	-27%

(1) Funds flow from operations is a non-GAAP measure that represents the total of cash provided by operating activities, before adjusting for changes in non-cash working capital items and expenditures on decommissioning liabilities.

(2) Net debt is a non-GAAP measure which is the aggregate of bank indebtedness, accounts payable and accrued liabilities, less accounts receivables, deposits and prepaids.

READER ADVISORY

Forward-Looking Statements

In providing Forent Energy Ltd.'s shareholders and potential investors with information regarding Forent, including management's assessment of the future plans and operations of Forent, certain statements contained in this report constitute forward-looking statements or information (collectively "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "project", "could", "plan", "intend", "should", "believe", "outlook", "potential", "target" and similar words suggesting future events or future performance. In particular but without limiting the foregoing, this report contains forward-looking statements pertaining to the following: drilling plans and property developments planned for 2016 and beyond; funds flow and cash flow forecasts; the volume and product mix of Forent's oil and natural gas production; future oil and natural gas prices; future operational activities; future results from operations and operating metrics, including future production growth and other matters herein. In addition, statements relating to "reserves" are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and can be profitably produced in the future.

With respect to forward-looking statements contained in this report, Forent has made assumptions regarding, among other things: future capital expenditure levels; future oil and natural gas prices and differentials between light, medium and heavy oil prices; results from operations including future oil and natural gas production levels; future exchange rates and interest rates; Forent's ability to obtain equipment in a timely manner to carry out development activities; decline rates based on analogous information; its ability to market its oil and natural gas successfully to current and new customers; Forent's ability to obtain financing on acceptable terms; and Forent's ability to add production and reserves through its development and exploitation activities. Although Forent believes that the expectations reflected in the forward looking statements contained in this annual report, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on forward looking statements included in this annual report, as there can be no assurance that the plans or expectations upon which the forward looking statements are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause Forent's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, the following: the risks associated with the oil and gas industry; commodity prices; operational risks in exploration, development and production; delays or changes in plans; risks associated with the uncertainty of reserve estimates; the uncertainty of estimates and projections of production, costs and expenses; volatility in market prices for oil and natural gas; and general economic conditions in Canada, the U.S. and globally. The recovery and reserve estimates of Forent's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Readers are cautioned that this list of risk factors should not be construed as exhaustive. The forward-looking statements contained in this annual report speak only as of the date of this annual report. Except as required by applicable securities laws, Forent does not undertake any obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

Barrels of Oil Equivalent

Barrels of oil equivalents (boe) may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl (barrel) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, as the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indicated value.

IFRS

The interim consolidated financial statements for the three months ended March 31, 2016 and comparative information have been prepared in Canadian dollars, except where another currency has been indicated, and in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. In Canada, public companies that prepare their financial statements using IFRS are also considered to be following generally accepted accounting principles ("GAAP").

NON-GAAP FINANCIAL MEASURES

Certain measures in this document do not have any standardized meaning as prescribed by GAAP and, therefore, are considered non-GAAP measures. Non-GAAP measures are commonly used in the oil and gas industry and by Forent to provide shareholders and potential investors with additional information regarding the Company's liquidity and its ability to generate funds to finance its operations.

Non-GAAP measures used in this report include the term "funds flow from operations" or "funds flow" which represents the total of cash provided by operating activities, before adjusting for changes in non-cash working capital items and expenditures on decommissioning liabilities. "Annualized funds flow from operations" equals four times the most recent quarterly "funds flow from operations". "Funds flow" per share is calculated using the weighted average shares outstanding consistent with the calculation of earnings per share. "Operating net back" separately presents royalty which is not shown on the face of the consolidated interim financial statements. In addition, the Company presents "working capital", "net debt" and "surplus", which is calculated as current liabilities less current assets.

Funds flow from operations is reconciled to cash flow from operating activities as follows:

	Three months ended Mar 31	
	2016	2015
Cash provided by (Used in) operating activities	$ (636,165)	$ (801,784)
Expenditures on abandonments and reclamation	-	-
Change in non-cash working capital	112,006	352,342
FUNDS (OUT) FLOW	$ (524,159)	$ (449,442)

Net debt (surplus) is reconciled to the balance sheet accounts as follows:

	As at	
	Mar 31, 2016	Dec 31, 2015
Current liabilities	$ 7,670,065	$ 7,321,582
Current assets	(1,335,000)	(1,488,514)
NET DEBT	$ 6,335,065	$ 5,833,068

These financial measures may not be comparable to similar measures presented by other companies and should not be considered as an alternative to, or more meaningful than, earnings (loss), cash flow from operating activities and other measures of financial performance as determined in accordance with IFRS as an indicator of performance, but we believe these measures are useful in providing relative performance and measuring change.

SELECTED QUARTERLY INFORMATION

	Three months ended							
	2016	2015				2014		
Cdn $ Thousands, except as indicated	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Oil & liquids production (bopd)	109	125	125	130	129	154	138	96
Natural gas production (mcfd)	457	575	509	543	542	580	499	458
Production (BOEd)	185	221	210	221	219	251	221	172
Oil $ per barrel	31.16	40.37	44.05	56.74	40.29	62.58	82.67	89.30
Oil and gas average price ($/BOE)	23.05	30.99	33.73	39.92	31.47	47.61	60.06	62.73
Total revenue	314	539	523	700	503	903	1,005	738
Operating and transport cost	398	492	493	426	463	676	485	356
$/BOE	23.51	24.11	25.45	21.30	23.36	29.20	23.04	22.67
General and administrative	313	386	274	433	368	377	275	285
Funds (out) flow *	(524)	(552)	(362)	(255)	(449)	(129)	111	(16)
per share (basic and diluted) *	(0.04)	(0.04)	(0.02)	(0.03)	(0.05)	(0.01)	0.01	-
Net loss	(814)	(2,874)	(737)	(718)	(702)	(328)	(38)	(140)
per share (basic and diluted)	(0.05)	(0.19)	(0.05)	(0.08)	(0.07)	(0.04)	-	(0.01)
Net capital expenditures	43	123	(105)	264	249	1,481	1,159	3,074
Total assets	21,013	21,344	22,596	23,409	23,532	23,738	22,537	21,239
Net debt (working capital) *	6,335	5,833	5,153	4,679	6,327	5,845	5,581	4,522

* See non-GAAP measures.

New wells brought onto production during Q3 2014 increased average production rates which have been flat over the last five quarters with a slight dip in Q1 2016 resulting from well maintenance and the shut-in of the Ghost Pine natural gas field in February. Average oil and natural gas prices weakened somewhat in Q3 2014, then significantly in Q4 2014 and for most of 2015, and most notably in Q1 2016. Since Q1 2015, revenues have tracked oil price movements. Total operating and transportation costs and costs per BOE have been fairly consistent since January 2015.

The Company has had successive net losses from operations for the last eight quarters; however, the loss in Q4 2015 included an oil and gas asset impairment of $1.9 million.

Net debt increased in Q2 and Q3 2014 to fund the Twining drilling program. An equity financing and a corporate acquisition in Q2 2015 helped reduce net debt but continued operating funds outflow since then has resulted in an increase in net debt for the last three quarters.

RESULTS OF OPERATIONS

For the three months ended March 31, 2016, Forent's production averaged 185 boe/d consisting of 109 bopd of crude oil and 457 Mcfd of natural gas.

Oil & Gas Production

	Three months ended Mar 31		
	2016	2015	% Change
Oil & Liquids (Bopd)			
Twining	54	65	-17%
Provost	29	36	-19%
Wayne	23	26	-12%
Other	3	2	50%
Oil & Liquids (Bopd)	109	129	-16%
Gas (Mcfd)			
Ferrybank	128	131	-2%
Twining	80	81	-1%
Huxley	66	66	0%
Ghost Pine	58	134	-57%
Wayne	29	31	-6%
Provost	11	13	-15%
Other	85	86	-1%
Gas (Mcfd)	457	542	-16%
Total (BOEd)	185	219	-16%
Oil, percentage of total	59%	59%	

Forent's average oil and liquids sales in Q1 2016 decreased to 109 bopd compared with 129 bopd in Q1 2015 primarily due to natural declines. Gas production in Q1 2016 decreased slightly to 457 Mcfd compared with 540 Mcfd in Q1 2015 chiefly because of the shut-in during the quarter of the Ghost Pine field.

Product prices	Three months ended Mar 31		
	2016	2015	% Change
Oil ($/Bbl)	$ 31.33	$ 40.29	-22%
Natural Gas ($/Mcf)	$ 1.73	$ 3.06	-43%
NGL's ($/Bbl)	$ 22.24	$ 32.61	-32%
$/BOE - Company	$ 23.05	$ 31.47	-27%

Q1 2016 average natural gas prices were 43% lower than for Q1 2015 as natural gas inventories in North America remained far above the five year average resulting in downward price pressures. Natural gas prices have continued to decline into the second quarter. During the same period, average oil prices were 22% lower than for Q1 2015 but have increased subsequent to the end of the quarter as the benchmark Western Texas Intermediate price has increased by approximately 35% from USD $36.63 at the end of the quarter to approximately USD $49.00 at the time of this report.

Revenue from oil and gas production, before royalties	Three months ended Mar 31 2016	2015	% Change
Oil	$ 289,572	$ 432,962	-33%
Natural Gas	72,154	149,470	-52%
NGL's	11,008	18,195	-39%
Royalties and other	17,644	23,174	-24%
	$ 390,378	$ 623,801	-37%

Q1 2016 revenues of $390,000 were 37% lower than for Q1 2015 reflecting the significant decline of oil and natural gas prices between the comparative periods and a 16% reduction in oil and gas production.

Royalty	Three months ended Mar 31 2016	2015	% Change
Crown	$ 3,170	$ 7,761	-59%
Freehold	73,080	112,969	-35%
Royalties	$ 76,250	$ 120,730	-37%
per BOE	$ 4.50	$ 6.09	-26%
Royalties as a percentage of revenue	19.5%	19.4%	

Royalty expense dropped during Q1 2016 compared with the same periods of 2015 as revenues were down in the quarter. Royalties as a percentage of revenue remained within the expected 19%-20% range.

Operating	Three months ended Mar 31 2016	2015	% Change
Operating and transportation cost	$ 398,174	$ 463,133	-14%
per BOE	$ 23.51	$ 23.36	1%

Total operating costs per BOE for Q1 2016 were almost the same as Q1 2015 as production volumes and related costs have remained essentially flat over the two years. Actual costs were down 14% between the two periods as some cost cutting initiatives start to yield results.

Summary of operating netback	Three months ended Mar 31		
	2016	2015	% Change
Oil	$ 289,572	$ 432,962	-33%
Natural Gas	72,154	149,470	-52%
NGL's	11,008	18,195	-39%
Royalties and other	17,644	23,174	-24%
Total oil, gas, liquids & other revenue	390,378	623,801	-37%
Royalties	(76,250)	(120,730)	37%
Oil and gas revenue, net of royalties	314,128	503,071	-38%
Operating expenses	(398,174)	(463,133)	14%
Operating netback	$ (84,046)	$ 39,938	-310%
$/BOE			
Total oil, gas, liquids & other revenue	$ 23.05	$ 31.47	-27%
Royalties	$ (4.50)	$ (6.09)	26%
Operating expenses	$ (23.51)	$ (23.36)	-1%
Operating netback	$ (4.96)	$ 2.02	-346%

For the quarter, average production was 16% lower than the prior year period combined with a 27% drop in commodity prices resulting in an overall reduction in revenue of 38%. The ensuing operating netback for the quarter of negative $4.96 per BOE compared with positive $2.02 per BOE in the prior year period reflects the drop in realized prices and production rates offset partially by a reduction in royalties.

General and administrative	Three months ended Mar 31		
	2016	2015	% Change
Salaries & benefits	$ 221,885	$ 293,320	-24%
Office	90,253	95,178	-5%
Corporate	44,676	55,062	-19%
Gross expenses	356,814	443,560	-20%
Recovered from third parties	(25,686)	(27,985)	8%
Capitalized	(18,000)	(47,711)	62%
Net Overhead	$ 313,128	$ 367,864	-15%
per BOE	$ 18.49	$ 18.56	0%

Gross expenses for the quarter decreased 20% compared with the prior year period as the prior year period also included a severance charge related to a staff reduction. Also, $36,000 in salary for the quarter was re-classed to "costs associated with potential acquisitions" reflecting the significant corporate effort in that regard and partially offsetting the addition of two staff members in June 2015 who are focused on acquisitions. Net overhead costs for the quarter were reduced by 15% compared with the prior year period as the reduction in gross expenses were partially offset by a lower charge to capitalized overhead than in the prior year period.

Finance expense, except per BOE	Three months ended Mar 31		
	2016	2015	% Change
Bank loan - interest	$ 70,724	$ 70,951	0%
Bank loan - fees	3,375	2,625	29%
Accretion of decommissioning liability	16,842	21,045	-20%
Finance expense	$ 90,941	$ 94,621	-4%
per BOE	$ 5.37	$ 4.77	13%

Finance expenses for the quarter were consistent with the prior year period.

Depletion and depreciation	Three months ended Mar 31		
	2016	2015	% Change
Depletion and depreciation expense	$ 240,614	$ 279,176	-14%
per BOE	$ 14.21	$ 14.08	1%

Depletion charges are calculated on a unit of production basis. The charge per unit is based on the total development costs of a cash-generating-unit ("CGU") divided by total proved and probable reserves of a CGU.

The carrying value of long-term assets is reviewed quarterly for indicators that the carrying value of an asset or CGU may not be recoverable. If indicators of impairment exist, the recoverable amount of the asset or CGU is estimated. If the carrying value of the asset or CGU exceeds the recoverable amount, the asset or CGU is written down with an impairment recognized in earnings. Key judgments include estimates about recoverable reserves (see Note 6 in the audited consolidated financial statements of the Company for the year ended December 31, 2015 – Significant accounting estimates and assumptions), forecast benchmark commodity prices, royalties, operating costs and discount rates. There were no indicators of impairment noted for Q1 2016.

Capital additions	Three months ended Mar 31		
	2016	2015	% Change
Geological and geophysical	$ 9,836	$ 30,950	-68%
Asset acquisition (disposition) (1)	(49,942)	-	
Decommissioning obligation	83,006	217,675	-62%
Total	$ 42,900	$ 248,625	-83%

(1) The Company disposed of an interest in an unused pipeline segment during the quarter.

Capital additions for the quarter resulted from capitalized overhead and changes to the Company's decommissioning obligation partially offset by an asset disposition. Capitalized overhead is 100% of the geological and geophysical category above.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2016, Forent had net debt of $6.3 million compared with net debt of $5.8 million at the beginning of the year.

Forent has a $7.0 million production loan facility with a Canadian financial institution, payable on demand and subject to an annual review by the lender by the end of July 2016.

At March 31, 2016, the Company had drawn $6.8 million of the loan facility (Q1 2015 – $6.7 million). The Company is required to maintain certain covenants with the financial institution and is in compliance with those covenants as at March 31, 2016. The financial covenant is: adjusted working capital (being current assets plus unused bank line) divided by current liabilities less bank loans and derivatives, must be greater than 1. The loan facility is charged interest at prime plus 1.6% per annum. The Company has no outstanding letters of credit at March 31, 2016 (Q1 2015 – nil).

To facilitate the management of its capital structure, the Company prepares expenditure and operating forecasts and budgets that are updated as necessary depending on a number of factors that impact the Company's liquidity including drilling success, commodity prices, and other industry conditions and the Company's funds flow from operations (see "Non-GAAP Measures"). These budgets are reviewed by the Board of Directors. The Company makes adjustments to capital spending in light of changes in economic conditions and risk characteristics of the underlying assets.

As of May 26, 2016, Forent had 14,932,660 common shares outstanding and 1,344,916 options outstanding to purchase 1,344,916 additional common shares.

The continued exploration and development of the Company's properties is, in part, dependent upon the maintenance of the Company's credit facility and/or its ability to arrange additional equity financing. In addition, as a consequence of the significant decline in commodity prices the Company's revenues, cash flow and earnings have been materially reduced, despite steady production levels.

The Company's subsidiary has an obligation to spend $870,000 in qualifying development and exploration expenditures by December 31, 2016.

There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company or at all.

See note 1, Going Concern, in the notes to the consolidated interim financial statements for the three months ended March 31, 2016.

SUBSEQUENT EVENTS

On May 19, 2016, Perisson Petroleum Corporation ("Perisson") (CSE: POG) and Forent Energy Inc. announced the closing of the previously announced acquisition of certain producing oil and gas assets in the Twining area of Alberta (the "Acquisition"). The Acquisition consists of approximately 200 boe/d, which is comprised of 70% oil and 30% liquids rich gas with associated facilities (the "Assets").

The Acquisition was made by Forent who acquired the property on behalf of Perisson pursuant to a trust agreement between Forent and Perisson. Forent will act as operator of the Assets until the completion of the amalgamation of Forent and Perisson, as previously announced on March 7, 2016.

On May 24, 2016, the Company received a $500,000 refund of the deposit related to the acquired property.

BUSINESS RISK

The Company is engaged in the exploration, development, production and acquisition of crude oil and natural gas. Forent's business is inherently risky and there is no assurance that hydrocarbon reserves will be discovered and economically produced.

Financial risks associated with the petroleum industry include fluctuations in commodity prices, interest rates and currency exchange rates. Operational risks include competition, environmental factors, reservoir performance uncertainties, a complex regulatory environment and safety concerns.

The Company minimizes its business risks by focusing on a select group of properties. This enables Forent to have more control over the timing, direction and costs related to exploration and development opportunities. The geological focus is on areas in which the prospects are well understood by Management. Technological tools are regularly used to reduce risk and increase the probability of success. The Company closely follows all government regulations and has an up-to-date emergency response plan that has been communicated to all field operations by Management. Forent also carries insurance coverage to protect itself against potential losses.

The Company requires sufficient working capital to undertake the development of its oil & gas properties. Forent makes adjustments to capital requirements in light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, as it is required, Forent may issue new shares or buy back shares, and the Company may increase its debt or sell assets.

The Company is exposed to commodity price and market risk for its principal products of petroleum and natural gas. Commodity prices are influenced by a wide variety of factors of which most are beyond the control of Forent. To manage this risk, the Company has entered, from time to time, into a number of fixed price sales contracts in relation to natural gas prices and has entered into financial instrument agreements to protect against fluctuations in the price of oil.

Finally, the Company employs an experienced staff of petroleum and natural gas professionals to further minimize the business risk.

Please refer to note 7 – Financial Instruments and Risk Management in the notes to the interim consolidated financial statements for the period ended March 31, 2016.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Company has committed to future minimum payments under an operating base lease covering office facilities, expiring August 31, 2017, as follows:

Commitments as at March 31, 2016		
2016	$	133,516
2017		125,835
	$	259,351

The Company's subsidiary has an obligation to spend $870,000 in qualifying development and exploration expenditures by December 31, 2016.

OFF BALANCE SHEET ARRANGEMENTS

Forent does not currently utilize any off balance sheet arrangements with unconsolidated entities to enhance liquidity and capital resource positions or for any other purpose.

RELATED PARTY TRANSACTIONS

The Company enters into various transactions with related parties from time to time.

The following transactions were entered into under the normal course of operations and were measured at the amount of consideration established and agreed to by the related parties recorded at the exchange amount.

During the three month March 31, 2016 and 2015, the Company incurred $56,000 and $75,000, respectively, of operating costs relating to compressor rental fees from a company controlled by a board member. Forent also incurred $Nil in Q1 2016 and $1,000 in Q1 2015 for legal services with a law firm of which a board member was a partner.

CRITICAL ACCOUNTING ESTIMATES

Forent's financial statements have been prepared in accordance with IFRS. The significant accounting policies used by Forent are disclosed in Note 4 to the Financial Statements of the Company's annual report for the year ended December 31, 2015. Certain accounting policies require that Management make appropriate estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses.

Forent's Management reviews its estimates regularly. The emergence of new information and changed circumstances may result in actual results or changes to estimated amounts that differ materially from current estimates.

Estimates and assumptions

Information about significant areas of estimation uncertainty in applying accounting policies having significant effect on the amounts recognized in the interim consolidated financial statements for the three months ended March 31, 2016 are included in the following annual notes to the audited consolidated financial statements for the year ended December 31, 2015:

- Note 7 – valuation of financial instruments;
- Notes 9 & 10 – valuation of exploration and evaluation assets and property and equipment;
- Note 11 – corporate acquisitions;
- Note 12 – measurement of decommissioning provision;
- Note 13 – measurement of share-based compensation; and
- Note 17 – taxes.

Significant accounting policies

During the three months ended March 31, 2016, the Company has not adopted any new or revised standards. A description of standards and interpretations that will be adopted by the Company in future periods in disclosed in note 3 of the annual financial statements for the year ended December 31, 2015. The accounting policies followed in the interim consolidated financial statements are consistent with those of the previous year.

Interim Consolidated Financial Statements

For the three months ended March 31, 2016

CONSOLIDATED BALANCE SHEET

(Cdn $, unaudited)	Note	Mar 31, 2016	Dec 31, 2015
ASSETS			
Current assets			
Cash and cash equivalents		$ 7,236	$ 49,467
Accounts receivable	7	735,308	840,117
Prepaids and other assets	16	592,456	598,930
		1,335,000	1,488,514
Non-current assets			
Property, plant and equipment	10	15,542,206	15,739,920
Exploration and evaluation assets	9	4,135,351	4,115,735
		$ 21,012,557	$ 21,344,169
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	7	$ 838,395	$ 1,084,209
Bank indebtedness	5	6,831,670	6,237,373
		7,670,065	7,321,582
Non-current liabilities			
Decommission obligation	11	4,914,786	4,814,938
		12,584,851	12,136,520
SHAREHOLDERS' EQUITY			
Share capital	12	26,649,441	26,649,441
Contributed surplus		3,747,324	3,713,360
Deficit		(21,969,059)	(21,155,152)
		8,427,706	9,207,649
		$ 21,012,557	$ 21,344,169

Going concern (note 1)
Commitments (note 13)

The accompanying notes are an integral part of these interim consolidated financial statements.

On Behalf of the Board of Directors:

(Signed) "Robyn Lore" Director (Signed) "W. Rousch" Director

CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS

(Cdn $, except per share amounts, unaudited)	Note	Three months ended Mar 31 2016	2015
Revenues			
Petroleum and natural gas sales, net of royalties	15	$ 314,128	$ 503,071
Expenses			
Operating		398,174	463,133
General and administrative	15	313,128	367,864
Costs associated with potential acquisitions		52,886	-
Share based compensation	12	32,292	18,248
Finance expense	15	90,941	94,621
Depletion and depreciation	10	240,614	279,176
Other (income) expense		-	47,940
		1,128,035	1,270,982
Loss before income taxes		(813,907)	(767,911)
Deferred tax recovery		-	65,962
Net loss and comprehensive loss		$ (813,907)	$ (701,949)
Loss per share, basic and diluted	12	$ (0.05)	$ (0.07)

The accompanying notes are an integral part of these interim consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

		Period ended Mar 31	
(Cdn $, unaudited)	*Note*	2016	2015
Share Capital			
Balance, end of period		$ 26,649,441	$ 24,459,495
Contributed surplus			
Balance, beginning of year		$ 3,713,360	$ 3,387,647
Share-based payments for awards granted		33,964	21,587
Balance, end of period		$ 3,747,324	$ 3,409,234
Deficit			
Balance, beginning of year		$ (21,155,152)	$ (16,124,218)
Net loss and comprehensive loss		(813,907)	(701,949)
Balance, end of period		$ (21,969,059)	$ (16,826,167)
Shareholders equity, end of period		$ 8,427,706	$ 11,042,562

The accompanying notes are an integral part of these interim consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(Cdn $, unaudited)	*Note*	Three months ended Mar 31 2016	2015
Cash provided by (Used in):			
OPERATING ACTIVITIES			
Loss from continuing operations		$ (813,907)	$ (701,949)
Adjustments for items not involving cash:			
Share based compensation		32,292	18,248
Finance expense, accretion portion		16,842	21,045
Depletion and depreciation		240,614	279,176
Deferred tax (recovery) expense		-	(65,962)
Change in non-cash working capital	*15*	(112,006)	(352,342)
Cash used in Operating Activities:		(636,165)	(801,784)
FINANCING			
Increase in bank indebtedness		594,297	729,143
Increase in shareholder loan		-	150,000
Cash provided by Financing Activities:		594,297	879,143
INVESTING			
Property dispositions	*10*	49,942	-
Expenditures on property and equipment	*10*	(9,000)	(28,907)
Expenditures on exploration and evaluation assets	*9*	(18,780)	(3,490)
Change in non-cash working capital	*15*	(22,525)	(63,888)
Cash used in Investing Activities:		(363)	(96,285)
Change in cash		$ (42,231)	$ (18,926)
Cash, beginning of period		49,467	18,926
Cash, end of period		$ 7,236	$ -

The accompanying notes are an integral part of these interim consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

For the three months ended March 31, 2016 and 2015.

Amounts in Canadian dollars unless otherwise indicated.

1. GOING CONCERN

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including IAS 34 – Interim Financial Reporting. The Company has applied the same accounting policies throughout all periods presented as those disclosed in the notes to the audited consolidated financial statements for the year ended December 31, 2015, except as identified in Note 4, Significant Accounting Policies. These consolidated interim financial statements have been prepared on the historical cost basis, except as identified in Note 4 of the annual financial statements for the year ended December 31, 2015. They are presented in Canadian dollars, which is the Company's functional currency.

At March 31, 2016, the Company had a working capital deficit of $6.3 million, including amounts drawn on its credit facility of $6.8 million. The Company currently has a credit facility with a Canadian financial institution of $7.0 million, which is repayable on demand and subject to review by July 31, 2016. Also, the Company has had net losses from continuing operations for the last eight quarters and has an accumulated deficit of $22.0 million.

The continued exploration and development of the Company's properties is, in part, dependent upon the maintenance of the Company's credit facility and/or its ability to arrange additional financing. The necessary financing may be secured through the issue of new equity or debt instruments, or entering into new joint venture arrangements. In addition, as a consequence of the decline in commodity prices since Q4 2014, the Company's revenues, cash flow and earnings have been significantly reduced, despite steady production levels. The Company has taken steps to reduce operating and overhead costs where possible. The Company has entered into a definitive amalgamation agreement that is anticipated to close in July 2016, see Note 17.

These conditions give rise to material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

There can be no assurance that the Company will be successful in its efforts to sufficiently reduce operating and overhead costs, or to arrange additional financing, if needed, on terms satisfactory to the Company or at all.

These interim consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, or expenses and revenues and the balance sheet classifications that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

2. CORPORATE INFORMATION

Forent Energy Ltd. ("Forent" or the "Company") is an oil and gas exploration, development and production company with mineral rights holdings, reserves and production in Alberta, Canada.

The Company's principal focus is the production of oil reserves through development drilling on three core properties in south central Alberta; Twining, Provost and Wayne. The majority of Forent's production and revenue is generated from these properties.

Forent is a publicly traded company, incorporated and headquartered in Canada. The address of its principal office is 200, 340 – 12th Avenue SW, Calgary, Alberta, Canada T2R 1L5.

The interim consolidated financial statements of the Company include Forent's wholly owned subsidiary, 1883222 Alberta Inc.

Common shares of the Company trade on the TSX Venture Exchange under the symbol "FEN".

3. BASIS OF PRESENTATION

The Company prepares its consolidated interim financial statements in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The Company has consistently applied the same accounting policies throughout all periods presented in these consolidated interim financial statements.

These consolidated interim financial statements have been prepared on the historical cost basis, except as disclosed in the significant accounting policies in Note 4. They are presented in Canadian dollars, which is the Company's functional currency.

These consolidated interim financial statements were approved and authorized for issue by the Board of Directors on May 26, 2016.

The three months ended March 31, 2016, have not been audited nor reviewed by the Company's auditor.

4. SIGNIFICANT ACCOUNTING POLICIES

During the three months ended March 31, 2016, the Company has not adopted any new or revised standards. A description of standards and interpretations that will be adopted by the Company in future periods in disclosed in note 4 of the annual financial statements for the year ended December 31, 2015. The accounting policies followed in the consolidated interim financial statements are consistent with those of the previous year.

The significant judgments, estimates and assumptions made by management in these consolidated interim financial statements are consistent with those of the previous year, as outlined in note 4 of the December 31, 2015 annual financial statements.

5. BANK INDEBTEDNESS

Forent has a $7.0 million production loan facility with a Canadian financial institution, payable on demand and subject to an annual review by the lender by July 31, 2016.

At March 31, 2016, the Company had drawn $6.8 million of the loan facility (Q1 2015 – $6.7 million). The Company is required to maintain certain covenants with the financial institution and is in compliance with those covenants as at March 31, 2016. The financial covenant is: adjusted working capital (being current assets plus unused bank line) divided by current liabilities less bank loans and derivatives, must be greater than 1. The loan facility is charged interest at prime plus 1.6% per annum. The Company has no outstanding letters of credit at March 31, 2016 (Q1 2015 – nil).

6. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates, and differences could be material. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Estimates and assumptions

Information about significant areas of estimation uncertainty in applying accounting policies having significant effect on the amounts recognized in the consolidated interim financial statements for the three months ended March 31, 2016 are included in the following annual notes to the audited consolidated financial statements for the year ended December 31, 2015:

- Note 7 – valuation of financial instruments;
- Notes 9 & 10 – valuation of exploration and evaluation assets and property and equipment;
- Note 11 – corporate acquisitions;
- Note 12 – measurement of decommissioning provision;
- Note 13 – measurement of share-based compensation; and
- Note 17 – taxes.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

All financial instruments are required to be measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as "held-for-trading," "available-for-sale," "held-to-maturity," "loans and receivables" or "other financial liabilities" as defined by the standard.

Cash is measured at fair value, which approximates carrying value due to the short-term nature of these instruments. Accounts receivable are designated as "loans and receivables" and are carried at amortized cost. Accounts payable, accrued liabilities, and bank debt are designated as "other financial liabilities" and carried at amortized cost using the effective interest method. When used, derivative assets and liabilities are held for trading.

The Company's financial instruments currently included in the balance sheet are comprised of cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued liabilities, and bank debt. Derivative assets and liabilities may be used periodically.

Fair value is determined following a three level hierarchy:

Level 1: Quoted prices in active markets for identical assets and liabilities. The Company does not have any financial assets or liabilities that require level 1 inputs.

Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly. Such inputs can be corroborated with other observable inputs for substantially the complete term of the contract. Forent uses Level 2 inputs in the determination of the fair value of oil and gas derivative assets and liabilities.

Level 3: Fair value is determined using inputs that are not observable. Forent uses Level 3 inputs in the determination of fair value less costs of disposal used in determining the recoverable amount of a Cash Generating Unit (CGU) for the purpose of impairment testing.

Credit Risk

Credit risk is the risk that the counterparty to a financial asset will default, resulting in the Company incurring a financial loss. The Company is exposed to credit risk on its accounts receivable and cash to a maximum of the carrying value. A substantial portion of the Company's accounts receivable are with customers in the oil and gas industry and are subject to normal industry credit risks. Approximately $163,000 (Q1 2015 – $300,000) of accounts receivable balances are in excess of 90 days. Management has reviewed the items comprising the accounts receivable balance and determined that all accounts are collectible; accordingly there has been no allowance for doubtful accounts recorded.

The Company's trade receivable balance at March 31, 2016, was approximately $484,000 (Q1 2015 – $581,000).

Interest Rate Risk

The Company is exposed to risks from interest rate fluctuation on its bank loan and cash balances which are based on prime rates. A 25% change in interest rates would have impacted loss before income taxes in Q1 2016 by approximately $18,000 (Q1 2015 – $18,000).

Liquidity risk

The Company is exposed to liquidity risk from the possibility that it will encounter difficulty meeting its financial obligations.

The Company manages liquidity risk by forecasting cash flows in an effort to match operating cash flow to future expenditures and to arrange financing, if necessary. It may take many years and substantial cash expenditures to pursue exploration and development activities on all of the Company's existing undeveloped properties. Accordingly, the Company may need to raise additional funds from outside sources in order to explore and develop its properties. There is no assurance that adequate funds from debt and equity markets will be available to the Company in a timely manner.

The timing of cash outflows relating to financial liabilities are outlined as:

	< 1 year	years 2 & 3	> 3 years
Accounts payable and accrued liabilities	$ 838,395	$ -	$ -
Bank indebtedness	6,831,670		
	$ 7,670,065	$ -	$ -

See note 1, going concern.

Foreign Currency Exchange Risk

The Company currently has no material exposure to foreign currency fluctuations in its cash or accounts receivables.

Other Risk

See note 1, going concern.

8. CAPITAL MANAGEMENT

The Company's capital structure consists of shareholders' equity, working capital and bank indebtedness. Forent's objectives when managing capital are:

• To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

• To provide an adequate return to shareholders by investing in oil and gas activities commensurate with the level of risk management deems acceptable.

To facilitate the management of its capital structure, the Company prepares expenditure and operating forecasts and budgets that are updated as necessary depending on a number of factors that impact the Company's liquidity including drilling success, commodity prices, and other industry conditions and the Company's funds flow from operations[(2)]. These budgets are reviewed by the Board of Directors. The Company makes adjustments to capital in light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, as it is required, Forent may issue new shares or buy back shares and the Company may increase its debt or sell assets.

The ratio is calculated as follows:

Net Debt Repayability	Three months ended Mar 31	
(*Cdn* $, except for years)	2016	2015
Current liabilities	$ 7,670,065	$ 7,657,567
Less current assets	(1,335,000)	(1,330,580)
Net debt[1]	6,335,065	6,326,987
Annualized funds flow[2]	$ (2,096,636)	$ (1,797,768)
Years estimated to repay net debt	N/A	N/A

[1] Net debt (surplus) is a non-GAAP measure representing the total funds flow from continuing operations of bank indebtedness, accounts payables and accrued liabilities, less accounts receivables, deposits and prepaids. If net debt is a surplus, then the calculation cannot be completed as there is no net debt repayment to measure.

[2] Funds flow from operations is a non-GAAP measure that represents cash provided by operating activities before adjusting for changes in non-cash working capital items and expenditures on decommissioning liabilities. Annualized funds flow from operations is calculated by multiplying the current quarter's funds flow by 4. If the funds flow amount is negative then the calculation cannot be completed since repayability is not possible.

Net debt repayability is a calculation to determine the number of years required to repay net debt from the most recent quarter's annualized funds flow from operations. The target for this ratio is to be less than 2 years net debt repayability.

The net debt repayability ratio is currently negative but the Company expects this ratio to be positive when oil and natural gas prices increase. Additional incremental funds flow is needed or a reduction of the net debt position must occur for the ratio to improve to an acceptable level. The Company's share capital is not subject to external restrictions; however, its credit facility is based primarily on its petroleum and natural gas reserves. There are covenants Forent must comply with (see Note 5) and the Company was in compliance with all of these financial covenants at the end of the reporting period.

9. EXPLORATION AND EVALUATION ASSETS

Balance, December 31, 2013	$ 3,475,784
Additions	573,743
Exploration and evaluation expense	(22,965)
Balance, December 31, 2014	$ 4,026,562
Additions	206,173
Exploration and evaluation expense	(117,000)
Balance, December 31, 2015	$ 4,115,735
Additions	19,616
Balance, March 31, 2016	$ 4,135,351

Exploration and evaluation ("E&E") assets consist of the Company's land and exploration projects which are pending the determination of technical feasibility and commercial viability. Projects not deemed to be feasible are charged to the statement of income as exploration and evaluation expense. Additions for the year were for oil and gas licences.

In 2015, the Company recognized a $117,000 exploration expense when a small percentage of licences at Montgomery expired.

During Q1 2016, $10,000 (Q1 2015 - $20,000) was capitalized to E&E for related overhead and stock based compensation expenses.

10. PROPERTY, PLANT AND EQUIPMENT

Cost:	Oil & gas properties	Office equipment	Total
Balance, December 31, 2014	$ 24,716,544	$ 105,755	$ 24,822,299
Additions	384,329	2,247	386,576
Changes in decommisioning provision	147,099	-	147,099
Balance, December 31, 2015	$ 25,247,972	$ 108,002	$ 25,355,974
Additions	9,836	-	9,836
Acquisitions (dispositions)	(49,942)	-	(49,942)
Changes in decommisioning provision	83,006	-	83,006
Balance, March 31, 2016	$ 25,290,872	$ 108,002	$ 25,398,874
Accumulated depletion, depreciation and impairment losses			
Balance, December 31, 2014	$ 6,532,660	$ 88,841	$ 6,621,501
Depletion and depreciation	1,149,116	7,437	1,156,553
Impairment loss	1,838,000	-	1,838,000
Balance, December 31, 2015	$ 9,519,776	$ 96,278	$ 9,616,054
Depletion and depreciation	239,458	1,156	240,614
Balance, March 31, 2016	$ 9,759,234	$ 97,434	$ 9,856,668
Net carrying value:			
Balance, December 31, 2014	$ 18,183,884	$ 16,914	$ 18,200,798
Balance, December 31, 2015	$ 15,728,196	$ 11,724	$ 15,739,920
Balance, March 31, 2016	$ 15,531,638	$ 10,568	$ 15,542,206

For the calculation of depletion expense, estimated future costs required to develop the proved and probable reserves were added to the cost base of property, plant and equipment. At March 31, 2016, future costs were $8.1 million (Q1 2015 - $9.0 million).

For Q1 2016, $10,000 (Q1 2015 - $31,000) was capitalized to property, plant and equipment for related overhead and stock based compensation expenses.

The carrying value of long-term assets is reviewed quarterly for indicators that the carrying value of an asset or CGU may not be recoverable. If indicators of impairment exist, the recoverable amount of the asset or CGU is estimated. If the carrying value of the asset or CGU exceeds the recoverable amount, the asset or CGU is written down with an impairment recognized in earnings. Key judgments include estimates about recoverable reserves (see Note 6 – Significant accounting estimates and assumptions in the audited consolidated financial statements for the year ended December 31, 2015), forecast benchmark commodity prices, royalties, operating costs and discount rates. There were no indicators of impairment noted for Q1 2016.

11. DECOMMISSIONING PROVISION

Decommissioning obligations are based on the Company’s net ownership in wells and facilities, and management’s best estimate of future costs to abandon and reclaim those wells and facilities as well as an estimate of the future timing of the costs to be incurred.

The Company has estimated the present value of its total decommissioning provision to be $4.9 million at March 31, 2016 (Q1 2015 - $4.8 million), based on a total future undiscounted liability of $4.5 million (Q1 2015 - $4.5 million). Payments to settle the obligations occur over the operating lives of the underlying assets and are estimated to be from 2 to 25 years, with the majority of costs to be incurred after 2019. The risk free rate used to calculate the present value of the decommissioning liability used average risk free rates of 0.66% to 2.00% (Q1 2015 – 0.75% to 1.97%). The estimated inflation rate was 2.00% (Q1 2015 - 2.00%).

The present value of the initial estimated decommissioning liability for new obligations is capitalized as part of the net capitalized asset base and the depletion of the capitalized decommissioning estimate is determined on a basis consistent with depletion of the Company's other assets. With time, accretion will increase the carrying amount of the obligation. Accretion is expensed.

Changes to the decommisioning provision are:	Period ended March 31, 2016	Year ended December 31, 2015
Decommissioning provision, beginning of period	$ 4,814,938	$ 4,593,326
Liabilities incurred	-	-
Liabilities settled	-	-
Liabilities acquired from acquisitions	-	5,025
Effect of change in risk free rate[(1)]	83,006	135,472
Revisions in estimated cash outflows	-	6,706
Accretion expense	16,842	74,409
Decommissioning provision, end of period	$ 4,914,786	$ 4,814,938

[(1)] These amounts include the revaluation of acquired decommissioning liabilities at the end of the period using a risk-free discount rate. At the date of acquisition, acquired decommissioning liabilities are valued using a fair value rate.

12. SHAREHOLDERS' EQUITY

Authorized

The Company has authorized an unlimited number of voting common shares and an unlimited number of preferred shares without nominal or par value. On June 30, 2015, the Company initiated a 20 for 1 common share consolidation. The common share numbers that follow are on a post consolidation basis.

	Number of common shares	Amount
Balance, December 31, 2014	9,432,160	$ 24,459,495
Common shares issued pursuant to private placements	2,700,000	1,080,000
Share issue costs, net of deferred tax	-	(10,054)
Common shares issued for 1883222 Alberta Inc.	2,800,500	1,120,000
Balance, December 31, 2015	14,932,660	$ 26,649,441
Balance, March 31, 2016	14,932,660	$ 26,649,441

In June 2015, the Company issued 2,700,000 for gross proceeds of $1,080,000 and issued 2,800,500 common shares to acquire its wholly owned subsidiary 1883222 Alberta Inc. which was assigned a fair value of $1,120,000.

Share Option Plan

The Company's Share Option Plan permits the granting of options to purchase common shares to officers, directors, employees and other persons who provide ongoing management or consulting services to the Company. The Share Option Plan currently limits the number of common shares that may be issued on exercise of options outstanding at any time to 10% of the number of outstanding common shares. Any increase in the issued and outstanding common shares will result in an increase in the available number of common shares issuable under the Share Option Plan. Additionally, any exercise of options will make new grants available under the Share Option Plan.

Options granted pursuant to the Share Option Plan have a term not to exceed five years and vest as follows:

1/3 on grant date

1/3 on first anniversary of grant date

1/3 on second anniversary of grant date

As at March 31, 2016, there are a total of 1,344,916 options granted and outstanding under the Share Option Plan with a weighted average exercise price of $0.48 per share. A total of 474,088 options with a weighted average exercise price of $0.60 are exercisable at March 31, 2016.

	March 31, 2016			December 31, 2015		
Stock Options	Options		Weighted Average Exercise Price	Options		Weighted Average Exercise Price
Outstanding, beginning of period	1,346,694	$	0.48	571,119	$	3.44
Granted	-	$	-	1,300,000	$	0.40
Expired	(1,778)	$	5.00	(33,000)	$	6.00
Cancelled	-	$	-	(491,425)	$	3.34
Outstanding, end of period	1,344,916	$	0.48	1,346,694	$	0.48
Options exercisable, end of period	474,088	$	0.60	470,866	$	0.61

Exercise price		Weighted Ave Strike Price	Outstanding March 31, 2016	Remaining (years)	Exercisable March 31, 2016
$0.25 - $0.49	$	0.40	1,300,000	4.25	433,338
$1.50 - $2.99	$	1.84	31,250	2.89	27,084
$3.00 - $11.00	$	4.58	13,666	0.68	13,666
	$	0.48	1,344,916	4.07	474,088

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model with assumptions as follows:

	Risk Free Interest Rate (%)	Expected Life (Years)	Expected Forfeitures	Expected Volatility		Weighted Average Future Value Per Option
2015	0.76	4.5	10.00%	1.52	$	0.36
2016	No transactions					

The Company accounts for its options granted using the fair value method whereby costs have been recognized for share options granted, resulting in share based compensation expense for Q1 2015 of $20,000 (Q1 2015 – $18,000). Additionally, share based compensation of $2,000 (Q1 2015 - $3,000) was capitalized for the same period.

Net loss per share

Diluted earnings per share are calculated by dividing the diluted weighted average number of aggregate outstanding shares during the period into the earnings for the period. Diluted loss per share is calculated by dividing the basic weighted average aggregate outstanding shares into the loss for the period as using the diluted weighted average shares would be anti-dilutive. Share options are not shown to be dilutive in the periods shown below as they were out-of-the-money compared with the average share prices during those periods.

Common shares outstanding	Three months ended Mar 31	
	2016	2015
Weighted average shares outstanding	14,932,660	9,432,160
Dilutive effect of stock options	-	-
Diluted weighted average shares outstanding	14,932,660	9,432,160

13. COMMITMENTS

The Company has committed to future minimum payments under an operating base lease covering office facilities, expiring August 31, 2017, as follows:

Commitments as at March 31, 2016	
2016	$ 133,516
2017	125,835
	$ 259,351

The Company's subsidiary has an obligation to spend $870,000 in qualifying development and exploration expenditures by December 31, 2016.

14. RELATED PARTY TRANSACTIONS

The Company enters into various transactions with related parties from time to time.

The following transactions were entered into under the normal course of operations and were measured at the amount of consideration established and agreed to by the related parties recorded at the exchange amount.

During the three month March 31, 2016 and 2015, the Company incurred $56,000 and $75,000, respectively, of operating costs relating to compressor rental fees from a company controlled by a board member. Forent also incurred $Nil in Q1 2016 and $1,000 in Q1 2015 for legal services with a law firm of which a board member was a partner.

15. SUPPLEMENTAL INFORMATION

Supplemental Cash Flow Information	Three months ended Mar 31	
(Cdn $)	2016	2015
Interest paid during the period	$ 70,724	$ 70,951
Taxes paid during the period	$ -	$ -

Changes in non-cash working capital balances		
Accounts receivable	$ 104,809	$ 87,689
Prepaid expenses	6,474	25,752
Exploration deposit	-	47,940
Accounts payable and accrued liabilities	(245,814)	(577,611)
	$ (134,531)	$ (416,230)

Changes in non-cash working capital balances		
Operating activity	$ (112,006)	$ (352,342)
Investing activity	(22,525)	(63,888)
	$ (134,531)	$ (416,230)

Expenses by nature:

General and administrative	Three months ended Mar 31	
	2016	2015
Salaries & benefits	$ 221,885	$ 293,320
Office	90,253	95,178
Corporate	44,676	55,062
Gross expenses	356,814	443,560
Recovered from third parties	(25,686)	(27,985)
Capitalized	(18,000)	(47,711)
Net Overhead	$ 313,128	$ 367,864

Finance expense	Three months ended Mar 31	
	2016	2015
Bank loan - interest	$ 70,724	$ 70,951
Bank loan - fees	3,375	2,625
Accretion of ARO	16,842	21,045
Finance expense	$ 90,941	$ 94,621

Revenue from oil and gas production, net of royalties	Three months ended Mar 31 2016	2015
Oil	$ 289,572	$ 432,962
Natural Gas	72,154	149,470
NGL's	11,008	18,195
Royalties and other	17,644	23,174
	390,378	623,801
Crown	(3,170)	(7,761)
Freehold	(73,080)	(112,969)
Royalties	(76,250)	(120,730)
	$ 314,128	$ 503,071

16. PREPAIDS AND OTHER ASSETS

The Company has prepaids and other assets as follows:

	Mar 31, 2016	Dec 31, 2015
Prepaid expenditures	$ 52,836	$ 59,310
Refundable Deposits	534,695	534,695
Crown royalty deposits	3,932	3,932
Other	993	993
Total	$ 592,456	$ 598,930

Prepaid expenditures include amounts related to prepaid insurance and prepaid software licences.

Refundable deposits include $500,000 in 2015 related to a property acquisition that had not closed at March 31, 2016. See note 17, Subsequent Events. The remaining balance of $34,695 in Q1 2016 (2015 - $34,695) are deposits with TransCanada to allow Forent to use their gas transmission system.

17. SUBSEQUENT EVENTS

On May 19, 2016, Perisson Petroleum Corporation (“Perisson”) (CSE: POG) and Forent Energy Inc. announced the closing of the previously announced acquisition of certain producing oil and gas assets in the Twining area of Alberta (the “Acquisition“). The Acquisition consists of approximately 200 boe/d, which is comprised of 70% oil and 30% liquids rich gas with associated facilities (the “Assets“).

The Acquisition was made by Forent who acquired the property on behalf of Perisson pursuant to a trust agreement between Forent and Perisson. Forent will act as operator of the Assets until the completion of the amalgamation of Forent and Perisson, as previously announced on March 7, 2016.

On May 24, 2016, the Company received a $500,000 refund of the deposit related to the acquired property.

CORPORATE INFORMATION

Directors

Robyn Lore - *Chairman of the Board*
John A. Forgeron [2]
Curtis Hartzler
Martin Hislop [1, 3]
John G.F. McLeod [2, 3]
Wayne Rousch [1, 2, 3]
W. Brett Wilson [1]

Member of:
(1) Audit Committee
(2) Technical Committee
(3) Compensation Committee

OFFICERS

Robyn Lore
President & Chief Executive Officer

Curtis Hartzler
Vice President Business Development

Tim Laska
Vice President Exploration

Brad R. Perry
Chief Financial Officer

Ian Shook
Vice President Geophysics

Richard Wade
Chief Operating Officer

Forent Energy Ltd.

Suite 200, 340 – 12 Avenue SW
Calgary, Alberta T2R 1L5

Telephone: (403) 262-9444
Fax: (403) 262-4351

Website: www.forentenergy.com

AUDITORS

PricewaterhouseCoopers LLP
Chartered Professional Accountants
Calgary, AB

Bankers

ATB Financial
Calgary, AB

Solicitors

McLeod Law LLP
Calgary, AB

Engineers

McDaniel & Associates Consultants Ltd.
Calgary, AB

Registrar & Transfer Agent

Computershare Canada
Calgary, AB

STOCK EXCHANGE LISTING

TSX Venture Exchange
Trading Symbol “FEN”