FORENT ENERGY

Management’s Discussion and Analysis
For the three & nine months ended September 30, 2013 & 2012 (unaudited)

Notice of No Auditor Review

The accompanying unaudited condensed interim financial statements of the Company have been prepared by Management and approved by the Audit Committee and Board of Directors of the Company. The Company's independent auditors have not performed a review of these unaudited condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") has been prepared by management as of November 28, 2013 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 accounting principles generally accepted in Canada. Its focus is primarily a comparison of the operational and financial performance for the three and nine months ended September 30, 2013 and 2012. This MD&A should be read in conjunction with the Corporation's audited financial statements and notes thereto for the year ended December 31, 2012. In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and to require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011, which has been fully adopted by the Company.

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, petroleum resource estimates, 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 previously in this report that 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 equivalent 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 IFRS. 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 IFRS 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.

Introduction and Overview of Forent Energy Ltd.

Forent Energy Ltd. is a crude oil and natural gas production, exploration and development company headquartered in Calgary, Alberta. The Company's operations include established oil and gas production in Alberta and exploration for both oil and gas in Alberta and onshore in Nova Scotia.

Forent Energy Ltd. was incorporated under the *Business Corporations Act* of Alberta as a private company on April 6, 1999. Forent became a public company as a result of the reverse takeover of Seriatim Ventures Inc., a capital pool company listed on the TSX Venture Exchange, which was completed on December 18, 2008.

The Company has identified clear short, mid and long term goals to increase shareholder value. By executing on opportunistic asset acquisitions and merger opportunities, continued exploration of the Montgomery lands and by securing a partner to assist with the onshore Nova Scotia exploration, Forent provides shareholders with a well-balanced business plan with extensive opportunity for value creation.

EXECUTIVE SUMMARY & OUTLOOK

Overview of the Third Quarter of 2013

During the third quarter of 2013 Forent entered into an agreement to execute a significant asset acquisition characterized by low decline, oil weighted production with infill development drilling potential, with the purchase closing on October 4, 2013. This asset met all the key criteria as set forth in the corporate business plan and will provide stable long term cash flow to grow the company. In the third quarter Forent also announced its first oil discovery on the Montgomery block from the 01-16 wellbore, and made application to the Nova Scotia government for an extension on the Alton block based on the work completed to date. In addition, subsequent to the third quarter the Company entered into a new farmout agreement on the Montgomery block.

Forent's two core exploration areas and the asset acquisition are described more fully below:

Alton, Nova Scotia – Project Update

Forent has made an application to the Nova Scotia government for a reduction of the required work commitment capital to be spent on the Alton Block over the period of April 2013 to April 2014. This request was made in light of the ongoing hydraulic fracturing review being conducted by the Province. The request was submitted for government review and was expected to be approved in the third quarter of 2013 however, during the review process a provincial election was called, resulting in the process being delayed by the ministry until the election results were finalized. In October, a new government was elected and the application is now before the new Minister of Energy for consideration and approval.

Forent continues to seek a joint venture partner for the Alton Block to accelerate exploration and assist with capital expenditures. Based on geophysical anomalies, the company has identified 8 conventional drilling locations for Gays River reefs. On the northern portion of the Alton bock Forent has also identified significant gas resource potential within the Horton shale.

Montgomery, Alberta – Exploration Results

In the third quarter of 2013, Forent was successful in obtaining the first oil recovery on the Montgomery block from the 01-16 well. While the 01-16 wellbore's primary function was to be a test well to obtain core and reservoir parameters, Forent confirmed the presence of free oil in the stimulation flow back fluids. Additional swab testing has occurred on the 01-16 wellbore resulting in intermittent periods of flowing oil and natural gas. Cumulative recovery of formation oil from the well was 160 bbl over the additional 4 days testing period, however the inflow rates were not sustainable and the longer term test indicated insufficient inflow to justify tie-in of the well.

Following the completion of inflow testing of the Second White Specs interval at 01-16, the perforated interval was isolated in order to facilitate testing of the Lower Mannville formation sand. The Lower Mannville was perforated and fracture stimulated, with resulting clean up flow rates of 13 E3m3/day of natural gas and 0.7 m3/d light oil (460 mcf/d + 4.4 bbl/d). Based on proprietary 3D seismic, Forent sees multiple Lower Mannville locations across the Montgomery land block. Post flow analysis will provide additional information on production potential, associated potential reserves and anticipated vertical or horizontal development for this secondary target.

Based on the results of the production tests in Montgomery, Forent sees significant Second White Specs oil resource potential and Mannville natural gas resource potential on the Montgomery block through application of both horizontal drilling and multistage stimulation technologies.

Montgomery, Alberta – New Partner

In September 2013, the land earning phase of the farm-out agreement between Forent and BlackShale Resources on the Montgomery block expired. Under this agreement, through drilling and completing the 01-16-012-29W4M well, BlackShale earned a 70% working interest in Forent's mineral rights from surface to the base of the Mannville Formation on four contiguous sections of land.

Subsequent to the expiry of Forent's farm-out agreement with BlackShale Resources, the Company conducted a process to identify a partner with strong technical and financial capabilities to evaluate the Second White Specs potential in an area interpreted to be naturally fractured. Forent has now entered into a new Farm-Out Agreement (the "Agreement") with a Calgary based intermediate Oil and Gas Producer (the "Farmee") to continue exploration on the balance of these lands. Under the terms of this Agreement, the Farmee will initially drill an exploration test well, targeting the fractured Second White Specs zone, in order to earn 70% working interest in four sections of land. The timing of drilling the first well is subject to rig availability, surface accessibility and regulatory approval, which is anticipated in the first quarter of 2014.

Central Alberta – Asset Acquisition

During the third quarter of 2013, the Company identified and negotiated the purchase of oil weighted assets in central Alberta, which closed subsequent to the third quarter, on October 4, 2013. Forent acquired assets in the Provost, Three Hills, and Drumheller areas, all of which have relatively shallow depth to formation, high working interest, operatorship and associated facilities. At the Provost property, Forent has commissioned design engineering to expand the water handling capability at the central battery which is expected to double the battery oil production (currently 50 bbl/d oil gross – 37 bbl/d net) and to provide additional capacity for future drilling. This battery expansion work is expected to be completed in the first quarter of 2014, pending partner and regulatory approvals. At the Drumheller property, Forent management sees potential for 3 (2 net) development horizontal oil well locations while on the Twining property, Forent has identified an additional 9 (9 net) development vertical drilling locations. The Company has purchased 3D seismic over both these properties to provide geophysical support to further de-risk these drilling locations. In order to facilitate infill drilling, applications for down spacing on these two properties have been made to the regulatory authority.

Financial Results

Operations results - Comparative period notice

The sale of the Company's Mervin, Saskatchewan property resulted in the property being classified as discontinued operations held for sale effective November 16, 2012. The financial statements and management discussion and analysis have been prepared to reflect only continuing operations for comparison purposes, unless otherwise disclosed. The sale of the Mervin, Saskatchewan assets classified as discontinued operations closed on February 1, 2013.

All revenues, expenses and depletion and depreciation related to the discontinued operations held for sale for current and prior periods have been reclassified and presented as a single line item in the statement of earnings and comprehensive income as income from discontinued operations.

Subsequent event note

On October 4, 2013, the Company closed an acquisition of a producing development property in Central Alberta for a total purchase price of $7.5 million. The purchase price consisted of $6.7 million in cash and 10 million common shares of Forent. The cash portion has been funded from the Company's available cash resources and from a new $7.0 million bank loan facility. As at November 28, 2013 the Company had drawn approximately $2.8 million on the bank loan facility.

The property is a light oil focussed asset with development and exploitation potential that is currently producing 150 barrels of oil equivalent per day with approximately 80% of the current production being crude oil and natural gas liquids.

Since the asset acquisition closed on October 4, 2013, there has been no recognition in the statement of financial position, statements of earnings and comprehensive income or the MD&A comparative figures on the assets, liabilities and operations of the acquired properties and bank loan facility, in accordance to generally accepted accounting principles in Canada, as the transaction occurred subsequent to September 30, 2013. The acquired properties and bank loan facility will be fully recognized in the fourth quarter of 2013.

Production from Continuing Operations

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2013	2012	Change	**2013**	2012	Change
	($)	*($)*	*(%)*	*($)*	*($)*	*(%)*
Daily Production						
Natural gas *(mcf/d)*	**344**	341	1	**330**	403	(18)
Crude oil and NGLs *(bbls/d)*	**2**	3	(33)	**3**	3	0
Boe/d	**59**	60	(2)	**58**	71	(18)
	(%)	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*
Production Mix						
Natural gas	**97**	95	2	**96**	95	1
Crude oil and NGLs	**3**	5	(40)	**4**	5	(20)
	100	100		**100**	100	

During the third quarter of 2013, the Company's total production from continuing operations decreased 2% to 59 boe/d, compared to 60 boe/d in the same quarter of 2012. Natural gas production remained relatively constant during the third quarter of 2013 at 344 mcf/d from 341 mcf/d in the third quarter of 2012. Crude oil and natural gas liquids ("NGLs") production decreased to 2 bbls/d during the three months ended September 30, 2013 from 3 bbls/d in 2012, as a result of production declines at Forent's Ferrybank well.

In the nine months ended September 30, 2013, the Company's total production decreased 18% to 58 boe/d from 71 boe/d in the same period of 2012. Natural gas production decreased 18% in the nine months ended September 30, 2013, to 330 mcf/d from 403 mcf/d in the same period of 2012. The decrease in natural gas production was mainly related to production declines at the Ferrybank and Huxley properties, along with the shutting in of the uneconomic Bruce well, with the remainder of the Company's natural gas production holding relatively steady. Crude oil and NGL production remained flat at 3 bbls/d during the nine months ended September 30, 2013, as compared to 3 bbls/d in the same period of 2012. The crude oil and NGL production was primarily the result of production at the Company's Ferrybank well.

Natural Gas Prices

United States natural gas prices are commonly referenced off the New York Mercantile Exchange at the Henry Hub, Louisiana ("NYMEX") index price, while Canadian natural gas prices are typically referenced to the AECO Hub in Alberta ("AECO"). Natural gas prices affecting Forent are primarily influenced by North American supply and demand rather than global fundamentals. Forent sells virtually all of its natural gas production on prices based on the AECO spot rate. During the third quarter of 2013, the AECO natural gas price averaged $2.43/mcf compared to $2.20/mcf in the same quarter of 2012, being an increase of 10%. In the nine months ended September 30, 2013, the AECO natural gas price averaged $3.00/mcf compared to $2.22/mcf in the same period of 2012, being an increase of 35%. Natural gas prices had improved significantly in the first half of 2013 as demand increased and then prices began trending downward in the third quarter reflecting an oversupply of natural gas and storage capacity limitations in western Canada resulting from transportation issues during the third quarter of 2013.

Crude Oil Prices

Alberta crude oil prices are commonly referenced to Edmonton par crude prices with adjustments (normally discounts) being taken to reflect the quality of the actual produced crude oil. Edmonton par price for the three months ended September 30, 2013 was $105.17/bbl and $84.77/bbl in the same quarter of 2012, representing an increase of 24% in pricing. During the first nine months of 2013 the Edmonton par pricing was $95.57/bbl and $87.28/bbl in the same period of 2012, representing an increase of 9% in pricing. The pricing increased modestly between 2013 and 2012, reflecting the continuation of the global recovery and the associated increase in demand between the periods.

Pricing from Continuing Operations

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2013	2012	Change	**2013**	2012	Change
	($)	*($)*	*(%)*	*($)*	*($)*	*(%)*
Selling Prices						
Natural gas *($/mcf)*	**2.49**	2.35	6	**3.06**	2.17	41
Crude oil and NGLs *($/bbl)*	**89.17**	61.33	45	**72.01**	90.35	(20)
Total combined *($/boe)*	**16.91**	16.49	3	**20.70**	16.76	24

(1) Combined crude oil and NGLs pricing reflects the impact of actual crude quality; in addition prices may be significantly different than those received for crude oil in isolation, due to NGLs being priced on a different basis then crude oil.

Selling prices for the third quarter of 2013 averaged $2.49/mcf for natural gas compared to $2.35/mcf during the third quarter of 2012, representing an increase of 6% between the quarters. During the nine months ended September 30, 2013 the average selling price of natural gas increased 41% to $3.06/mcf from $2.17/mcf during the same period of 2012. The increase in selling prices reflects the recovery in natural gas prices that started in late 2012 and continued into 2013, as the demand for natural gas in North America increased relative to supplies.

Crude oil and NGLs prices increased 45% during the third quarter of 2013 to $89.17/bbl, as compared to $61.33/bbl in the same quarter of 2012. The increase in the crude oil and NGL pricing received by the Company was a result of the modest increase in pricing between the quarters. During the nine months ended September 30, 2013 the average selling prices of crude oil and NGLs decreased 20% to

$72.01/mcf from $90.35/mcf during the same period of 2012. The decrease in the nine month crude oil and NGL pricing received by the Company was the result of a larger contribution of NGL sales, as compared to crude oil, that has seen lower pricing as the market supply of NGLs increased.

Oil and Gas Revenue from Continuing Operations

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2013	2012	Change	**2013**	2012	Change
	($)	*($)*	*(%)*	*($)*	*($)*	*(%)*
Natural gas sales	**78,888**	73,631	7	**275,397**	239,278	15
Crude oil and NGLs sales	**12,662**	17,171	(26)	**49,542**	84,978	(42)
Total petroleum sales	**91,550**	90,802	1	**324,939**	324,256	0
Less: Crown, freehold and gross over riding royalties	**(5,506)**	(7,034)	(22)	**(16,190)**	(52,113)	(69)
Net petroleum sales	**86,044**	83,768	3	**308,749**	272,143	13
Other petroleum operating revenues	**20,313**	52,516	(61)	**61,937**	81,915	(24)
Total revenues from crude oil, NLGs and natural gas operations	**106,357**	136,284	(22)	**370,686**	354,058	5

During the third quarter of 2013, the Company's total revenues before royalties from crude oil, NGLs and natural gas operations increased 1% to $91,550 from $90,802 in the same quarter of 2012. In the third quarter gross natural gas sales increased 7% to $78,888 in 2013, from $73,631 in 2012, as a result of modestly higher natural gas prices realized between the quarters. Gross crude oil and NGL sales decreased 26% in the third quarter of 2013 to $12,662 from $17,171 in the third quarter of 2012, primarily as a result of decreased NGL production from the Ferrybank well.

In the nine months ended September 30, 2013, the Company's total revenues before royalties from crude oil, NGLs and natural gas operations remained relatively constant at $324,939 from $324,256 in the same period of 2012. In the nine months ended September 30, 2013, gross natural gas sales increased 15% to $275,397 in 2013, from $239,278 in 2012, as a result of higher natural gas prices that were partially offset by decreased production between the periods. Gross crude oil and NGL sales decreased 42% in the first nine months of 2013 to $49,542 from $84,978 in the same period of 2012, primarily as a result of decreased crude oil and NGL production from the Ferrybank well.

Other petroleum operating revenues consist of third party processing charges at natural gas facilities operated by Forent and royalty revenues on oil and natural properties. During the third quarter of 2013 other petroleum operating revenues decreased 61% to $20,313 from $52,516 in the third quarter of 2012. In the nine months ended September 30, 2013, other petroleum operating revenues decreased 24% to $61,937 from $81,915 in the same period of 2012. The decrease in other petroleum operating revenues in 2013 was primarily the result of a one-time multi-year royalty revenue adjustment paid to Forent in the third quarter of 2012.

Royalty Expense from Continuing Operations

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2013	2012	Change	**2013**	2012	Change
	($)	*($)*	*(%)*	*($)*	*($)*	*(%)*
Total royalties	**5,506**	7,034	(22)	**16,190**	52,113	(69)
As a % of oil and NGLs and gas sales	**6%**	8%	(25)	**5%**	16%	(69)
$/boe	**1.02**	1.28	(20)	**1.03**	2.69	(62)

During the three months ended September 30, 2013, the Company's royalty expense was $5,506 as compared to an expense of $7,034 in the same quarter of 2012. The 22% decrease in the royalty expense between the quarters was a result of an increase in Forent's Alberta natural gas royalty allowances from the capital cost, operating cost and processing fees, in respect to qualifying Alberta natural gas crown production. In the nine months ended September 30, 2013, the Company's royalty expense was $16,190 as compared to an expense of $52,113 in the same period of 2012. The 69% decrease in the nine months ended September 30, 2013, as compared to the same period of 2012, was the result of a previous year adjustment to the Alberta gas royalty allowance recorded in the second quarter of 2012.

Royalties as a percentage of sales for the third quarter of 2013 was 6% of crude oil, NGLs and natural gas sales and 8% for the second quarter of 2012. Royalties as a percentage of sales for the first nine months of 2013 was 5% of crude oil, NGLs and natural gas sales as compared to 19% in the same period of 2012. The decrease between the periods is the result of increased Alberta natural gas royalty allowances in 2013 and the Alberta natural gas royalty allowances adjustment in the second quarter of 2012, as describe above.

Operating Expenses from Continuing Operations

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2013	2012	Change	**2013**	2012	Change
	($)	*($)*	*(%)*	*($)*	*($)*	*(%)*
Operating expenses	**123,525**	202,911	(39)	**331,476**	393,717	(16)
Operating expenses *($/boe)*	**22.81**	36.86	(38)	**21.12**	20.35	4

During the third quarter of 2013 operating expenses decreased 39% to $123,525 from $202,911 in the third quarter of 2012. On a per boe basis the operating expenses decreased 38% to $22.81/boe in the third quarter of 2013, as compared to $36.86/boe in third quarter of 2012. The significant decrease between the quarters was the result of a workover conducted on the Lloydminster well in the third quarter of 2012, combined with a reduction in variable operating costs in 2013 as a result of reduced production.

In the nine months ended September 30, 2013 the operating expenses decreased 16% to $331,476 from $393,717 in the same period of 2012. The decrease in the operating costs in the nine months ended September 30, 2013, as compared to the same period of 2013, was primarily related to the significant workover conducted in 2012 and the lower variable operating costs from a reduction in production. In the first nine months of 2013, on a per boe basis, the operating expenses increased 4% to $21.12/boe compared to $20.35/boe in same period of 2012. The 2013 reduction in operating costs on a boe basis was more the offset by the reduction in production as compared to the first nine months of 2012.

General and Administrative ("G&A") Expenses

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2013	2012	Change	**2013**	2012	Change
	($)	*($)*	*(%)*	*($)*	*($)*	*(%)*
Gross expenses	**280,844**	256,474	10	**1,103,628**	902,514	22
Overhead recoveries	**(23,682)**	(29,400)	(19)	**(72,836)**	(82,318)	(12)
Total G&A expense	**257,162**	227,074	13	**1,030,792**	820,196	26
$/boe	**47.49**	41.25	15	**65.66**	42.40	55

In the third quarter of 2013, gross general and administrative expenses increased 10% to $280,844 from $256,474 in the third quarter of 2012. The increase between the quarters was mainly attributed to the reduction in capitalized general and administrative costs from expenses directly attributed to exploration activities. During the nine months ended September 30, 2013, gross general and administrative expenses increased 22% to $1,103,628 from $902,514 in the same period of 2012. The increase in the nine months ended September 30, 2013 was primarily a result of a severance paid out in the beginning of

2013 and the reduction in the amount of capitalized general and administrative expenses, which was partially offset by lower professional fees, as compared to the same period of 2012.

The overhead recoveries from partners, related to Forent operated projects, resulted in $23,682 being recovered in the third quarter of 2013, as compared to $29,400 being recovered in the same quarter of 2012. In the nine months ended September 30, 2013 the overhead recoveries decreased to $72,836 from $82,318 in the same period of 2012. Overhead recoveries from joint venture partners are earned at the Huxley area gas wells, plant and gas gathering system that the Company operates, along with any operated capital projects, of which there were none in 2013 or 2012. The reduction in the amount of overhead recoveries was the result of decreased operating expenses at the Huxley gas property, from which recovers are partly a fixed percentage of operating expenses.

Operating Netbacks per boe from Continuing Operations

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2013	2012	Change	**2013**	2012	Change
	($)	*($)*	*(%)*	*($)*	*($)*	*(%)*
Sales price	**16.91**	16.49	3	**20.70**	16.76	24
Royalties	**(1.02)**	(1.28)	(20)	**(1.03)**	(2.69)	(62)
Operating expenses	**(22.81)**	(36.86)	(38)	**(21.12)**	(20.35)	4
Operating netback	**(6.92)**	(21.65)	(68)	**(1.45)**	(6.28)	(77)
G&A (net of non-cash items)	**(47.49)**	(41.25)	15	**(65.66)**	(42.40)	55
Interest and other (net of non-cash items)	**(0.29)**	(0.48)	(40)	**2.04**	(0.57)	(458)
Corporate netback (loss)	**(54.70)**	(63.38)	(14)	**(65.07)**	(49.25)	32

During the three months ended September 30, 2013, the operating netback improved to negative $6.92/boe, a 68% improvement from the negative operating netback of $21.65/boe in the same quarter of 2012. The improvement in the quarterly operating netback was primarily attributed to the lower operating expense, as a result of the significant workover costs incurred in the third quarter of 2012. In the nine months ended September 30, 2013, the operating netback improved to negative $1.45/boe from negative $6.28/boe in the same period of 2012. The improvement in the operating netback was mainly related to the higher selling prices and the decreased royalties, which were partially offset by higher operating expenses, all on a per boe basis.

In the third quarter of 2013, the Company's corporate netback was negative $54.70/boe and negative $63.38/boe in the same quarter of 2012. The improvement in the third quarter corporate netback was primarily the result of the significant improvement in the operating netback that was partially offset by an increase in general and administrative costs. During the nine months ended September 30, 2013, the Company's corporate netback was negative $65.07/boe and negative $49.25/boe in the same period of 2012. The decrease in the nine months ratio between 2013 and 2012 was predominantly a result of the increase in general and administrative costs, which was partly offset by the improvement in the operating netback, all on a per boe basis.

On October 4, 2013, the Company acquired a producing development property that is expected to significantly improve the operating and corporate netbacks of Forent in the fourth quarter of 2013.

Depletion and Depreciation from Continuing Operations

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2013	2012	Change	**2013**	2012	Change
	($)	*($)*	*(%)*	*($)*	*($)*	*(%)*
DD&A provision	**49,429**	67,899	(27)	**138,657**	244,133	(43)
Oil and gas asset Impairment	**-**	-	-	**-**	88,655	(100)
Total DD&A and impairment	**49,429**	67,899	(27)	**138,657**	332,788	(58)
DD&A provision *($/boe)*	**9.13**	12.33	(26)	**8.83**	17.20	(49)

In the third quarter of 2013, the depletion, depreciation and amortization expense ("DD&A") decreased by 27% to $49,429 from $67,899 in the third quarter of 2012. During the first nine months of 2013, the DD&A decreased by 43% to $138.657 from $244,133 in the same period of 2012. Depletion is determined by a unit of production rate for each cost generating unit based on reserve levels and the net book value of those cost generating units. The significant reduction in the amount of DD&A recorded in 2013 is a result of the impairments recognized in 2012 that reduced the net book value of depletable assets to be depleted in 2013.

The Company assesses for indications of impairment each balance sheet date and if indicators are identified, an impairment test is performed. During the nine months ended September 30, 2012, the Company recorded an impairment of $88,655, with no impairment being recorded in 2013. The impairments in 2012 reflected depressed natural gas prices and decreased future expectations of natural gas pricing, which significantly reduced the forecasted future cash flows of the Company's natural gas properties at that time. In 2013 the Company observed an increasing trend in natural gas pricing that started near the end of 2012 that will likely have a positive effect on the value of Forent's natural gas reserves if the rising trend continues.

On a per boe basis, the DD&A and impairment provision decreased 26% to $9.13/boe from $12.33/boe between the nine months ended September 30, 2013 and 2012, respectively. In 2012 the Company incurred significant write-downs on the reserves of a number of its producing natural gas properties that led to significant depletion and impairments being recorded in 2012. These impairment write-downs resulted in lower net carrying amounts to be depleted, leading to a lower DD&A provision on a per boe basis being recorded in 2013, as compared to 2012.

Stock Based Compensation

During the third quarter of 2013 stock based compensation expense was $24,969, as compared to $41,465 in the third quarter of 2012. In the first nine months of 2013 stock based compensation expense was $31,030, as compared to $171,513 in the same period of 2012. The significant decrease in stock based compensation between the periods was a result of 2,704,167 options being forfeited in the first quarter of 2013, resulting in the recovery of previous amounts expensed on the unvested portion at the time of forfeiture. The income recovery from forfeitures was partially offset by the issuance of 1,000,000 options to new Company executives appointed during the first quarter and 250,000 options issued to a consultant in the third quarter of 2013 and their related expensing. In addition, the Company had a capitalized stock based compensation expense of $1,906 during the nine months ended September 30, 2013. The capitalization of stock option expense is attributed to exploration and evaluation assets.

The total number of options outstanding as at September 30, 2013 is 11,208,335, with a weighted average exercise price of $0.20 and life of 3.03 years.

Income Taxes

During the nine months ended September 30, 2013, a future income tax recovery on continuing operations of $643,139 was recognized, as compared to a recovery of $25,689 in the same period of 2012. The recovery was primarily related to two private placements of flow-through shares conducted in 2011 being expensed in 2012 and only one minor issuance of flow-through shares that related to a 2012 private placement being expensed in the first quarter of 2013, which was partially offset by the gain on the sale of the Mervin property. The deferred tax expense on flow-through shares results from directly flowing through the deductibility of eligible expenditures from Forent directly to the participating shareholders at the time the expenditures are both incurred and renounced. The changes in this non-cash item are due to the anticipated future tax effect of the period's activities after reconciling recorded net assets with the Company's tax pool assets at the end of each period.

As at September 30, 2013, the Company had approximately $4.5 million in tax pools available to shelter taxable income in future years. Within the tax pools the non-capital losses carried forward will begin to expire in 2026.

Funds from Operations

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,		
	2013	2012	Change	**2013**	2012	Change
	($)	*($)*	*(%)*	*($)*	*($)*	*(%)*
Cash flow from continuing operating activities	**(229,910)**	(281,089)	(18)	**(999,177)**	(832,479)	20
Decommissioning costs incurred	**-**	60,478	(100)	**61,587**	60,478	2
Change in non-cash working capital	**(45,992)**	(75,738)	(39)	**(21,994)**	(98,835)	(78)
Funds from continuing operations	**(275,902)**	(296,349)	(7)	**(959,584)**	(870,836)	10

During the third quarter of 2013 the funds from continuing operations improved to a deficit of $275,902 compared to a deficit of $296,349 in the same quarter of 2012. The improvement in the funds from continuing operations in the third quarter of 2013 was the result of lower production expenses, as compared to the same quarter of 2012. In the nine months ended September 30, 2013, the funds from continuing operations decreased to a deficit of $959,584 as compared to a deficit of $870,836 in the same period of 2012. The decrease was primarily related to a significant increase in general and administrative expenses resulting from a severance payment made during the first quarter of 2013.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2013	2012	Change	**2013**	2012	Change
	($)	*($)*	*(%)*	*($)*	*($)*	*(%)*
Funds from continuing operations	**(275,902)**	(296,349)	(7)	**(959,584)**	(870,836)	10
Funds from discontinued operations	**-**	392,299	(100)	**(25,643)**	1,391,162	(102)
Combined funds from operations	**(275,902)**	95,950	(388)	**(985,227)**	520,326	(289)
Per share – basic and diluted						
From continuing operations	**-**	-	-	**(0.01)**	(0.01)	-
From discontinued operations	**-**	-	-	**-**	0.01	(100)
Funds from operations for the period	**-**	-	-	**(0.01)**	-	-

The reclassification of the Mervin property as a discontinued operation held for sale has had a significant impact on the comparative amounts of 2013 and 2012. The Mervin property was the primary cash flow contributor of the Company prior to the property being sold in the first quarter of 2013, with an effective date of December 31, 2012. The sale of the Mervin property crystallized the future cash flows of that property and has allowed Forent the opportunity to purchase a producing development property in Central Alberta that should significantly improve the funds from continuing operations in the fourth quarter of 2013.

Net Earnings

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2013	2012	Change	**2013**	2012	Change
	($)	*($)*	*(%)*	*($)*	*($)*	*(%)*
Loss from continuing operations for the period	**(290,046)**	(352,828)	(18)	**(2,233,458)**	(2,356,249)	(5)
Earnings from discontinued operations for the period	**-**	49,523	(100)	**2,845,050**	310,655	816
Net earnings (loss) for the period	**(290,046)**	(303,305)	(4)	**611,592**	(2,045,594)	(130)
Per share – basic and diluted						
From continuing operations	**-**	-	-	**(0.01)**	(0.02)	(50)
From discontinued operations	**-**	-	-	**0.02**	-	-
Net loss for the period	**-**	-	-	**0.01**	(0.02)	(150)

During the third quarter of 2013, Forent incurred a loss from continuing operations of $290,046 ($nil per basic and diluted share), as compared to a loss from continuing operations of $352,828 ($nil per basic and diluted share) in the same quarter of 2012. The decrease in the loss from continuing operations was primarily due to the reduction in operating expenses that were partially offset by an increase in general and administrative costs. During the first nine months of 2013 the Company realized a loss from continuing operations of $2,233,458 ($0.01 per basic and diluted share) as compared to a loss of $2,356,249 ($0.02 per basic and diluted share) in the same period of 2012. The decrease in the loss from continuing operations was a result of increased exploration and evaluation expense and general and administrative costs that were more than offset by a significant income tax recovery, less share based compensation and DD&A expense, between the nine months ended September 30, 2013 and 2012.

The Mervin, Saskatchewan property that was classified as discontinued operations had no income in the third quarter of 2013. During the nine months ended September 30, 2013, Forent earned $2,845,050 from the selling price exceeding the carrying amount of the property and through operations, net of tax. The property was sold as a result of field being impaired from both a production and financial perspective due to infiltration of sour (presence of H2S) water from another operator's activities. The sale of the property resulted in a significant gain to Forent and immensely improved the working capital situation of the Company.

Capital Expenditures

During the nine months ended September 30, 2013, the Company spent $0.3 million in exploration activities associated with its held land blocks in Alton, Nova Scotia and Montgomery, Alberta. The expenditures included re-leasing a number of sections in Montgomery and capitalized exploration wages for both the Montgomery and Alton exploration programs.

On February 1, 2013 the Company closed the sale of the Mervin wells and water disposal facility for $5.5 million plus customary adjustments, realizing a gain of $2.9 million, net of tax, which also included the removal of the Mervin decommissioning and restoration liability transferred to the purchaser at close.

In the third quarter of 2013 the Nova Scotia Department of Energy announced that they would commission an independent review of hydraulic fracturing. As a result of this review the Company has scaled back its Nova Scotia capital budget as it awaits the results of the review.

On October 4, 2013, the Company acquired a producing development property for total consideration of $7.5 million in cash and Company shares. This property in Central Alberta is currently producing 150 boe/d, with that being approximately 80% oil, and has a number of low risk development locations for additional drilling.

Share Capital

On February 20, 2013, the Company closed a non-brokered private placement consisting of 30,000,000 common shares and raised $1.5 million, less $17,350 in legal and regulatory costs. The transaction was carried out at the time to ensure adequate short-term working capital due to uncertainty regarding the potential timing to close the Mervin sale.

The Company has authorized an unlimited number of common and preferred shares with no par value. At September 30, 2013, the Company had 165,515,715 common shares outstanding and no preferred shares outstanding.

On October 4, 2013, the Company issued 10,000,000 common shares and paid $6.7 million in cash to acquire a producing development property Central Alberta.

Working Capital

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2013	2012	Change	**2013**	2012	Change
	($)	*($)*	*(%)*	*($)*	*($)*	*(%)*
Working capital, beginning of period	**5,058,705**	17,013	29,634	**791,412**	2,022,555	(61)
Funds from continuing operations	**(275,902)**	(296,349)	(7)	**(959,584)**	(870,836)	10
Funds from discontinued operations	**-**	392,299	(100)	**(25,643)**	1,391,162	(102)
Issue of capital stock, net	**-**	-	-	**1,482,650**	384,634	285
Decommissioning costs incurred	**-**	(60,478)	(100)	**(61,587)**	(60,478)	2
Capital expenditures from continuing operations, net	**(349,721)**	(323,404)	8	**(678,361)**	(3,007,810)	(77)
Capital expenditures from discontinued operations, net	**-**	(155,809)	(100)	**5,352,664**	(285,955)	(1,972)
Transfer out of discontinued operations for held for sale, net	**-**	-		**(1,468,469)**	-	-
Working capital, end of period	**4,433,082**	(426,728)	(1,139)	**4,433,082**	(426,728)	(1,139)

Forent opened 2013 with a working capital surplus of $0.8 million. Within the opening surplus of $0.8 million, there was $1.5 million related to long-term assets and liabilities of the Mervin property being reclassified from long-term to short-term under the provision of discontinued operations held for sale. Without the reclassification of those assets and liabilities Forent would have had a working capital deficit of $0.7 million. The significant improvement in the September 30, 2013 working capital was the result of the first quarter 2013 sale of Mervin property for net proceeds of $5.4 million and a private placement that raised $1.5 million, which was offset by funds from continuing operations of negative $1.0 million and decommissioning and exploration expenditures of $0.7 million. Forent exited the third quarter of 2013 with working capital of $4.4 million.

On October 4, 2013, the Company closed an acquisition of a producing development property in Central Alberta for a total purchase price of $7.5 million. The purchase price consisted of $6.7 million in cash and 10 million common shares of Forent. The cash portion has been funded from the Company's excess working capital and from a new $7.0 million bank loan facility. As at November 28, 2013 the Company had drawn approximately $2.8 million on the bank loan facility, with $4.2 million available to be drawn. This acquisition provides a stable cash flow bases and development opportunity for Forent to better position for future growth.

Quarterly Data from Continuing Operations

The following summarizes key financial and operating information on a quarterly basis for the two most recently completed financial years relating continuing operations.

	Three months ended Dec. 31, 2012	Three months ended Mar. 31, 2013	Three months ended Jun. 30, 2013	**Three months ended Sep. 30, 2013**
	($)	*($)*	*($)*	***($)***
Oil and gas revenue, net of royalties	163,064	146,534	117,795	**106,357**
Funds from (used in) operations [(1)]	(308,056)	(471,473)	(212,209)	**(275,902)**
Per share – basic and diluted	-	-	-	**-**
Loss from continuing operations	(498,185)	(468,451)	(1,474,961)	**(290,046)**
Per share – basic and diluted	-	-	(0.01)	**-**
Capital expenditures	129,526	(5,171,811)	147,787	**349,721**
Total assets	12,806,290	16,474,284	14,421,349	**13,922,427**
Working capital	791,412	5,505,879	5,058,705	**4,433,082**
Total non-current financial liabilities				
Average daily production				
Natural gas *(mcf/d)*	380	338	308	**344**
Crude oil and NGLs *(bbls/d)*	7	5	3	**3**
Total *(boe/d)*	71	62	54	**60**

	Three months ended Dec. 31, 2011	Three months ended Mar. 31, 2012	Three months ended Jun. 30, 2012	Three months ended Sep. 30, 2012
	($)	*($)*	*($)*	*($)*
Oil and gas revenue, net of royalties	138,376	118,061	99,713	136,284
Funds from (used in) operations[(1)]	(483,779)	(293,652)	(280,835)	(296,349)
Per share – basic and diluted	-	-	-	-
Loss from continuing operations	(2,677,210)	(1,169,053)	(834,368)	(352,828)
Per share – basic and diluted	(0.03)	(0.01)	(0.01)	(0.01)
Capital expenditures	392,646	1,505,799	1,178,607	323,404
Total assets	15,083,077	14,997,915	13,667,848	13,557,844
Working capital	2,022,555	1,045,540	17,013	(426,728)
Total non-current financial liabilities	-	-	-	-
Average daily production				
Natural gas *(mcf/d)*	421	418	451	341
Crude oil and NGLs *(bbls/d)*	9	2	10	7
Total *(boe/d)*	79	72	85	63

(1) Funds from operations is defined as cash provided by operations before changes in non-cash operating working capital.

Off Balance Sheet Transactions

Forent was not involved in any off balance sheet transactions during the quarter ended September 30, 2013.

Contractual Obligations

The Company is committed to expend a minimum of $6.3 million on the Alton Block, in Nova Scotia, over a three year period, ending April 8, 2014, in a work program consisting of initiation and interpretation of geological, geophysical, geomagnetic and geochemical data and culminating in an exploration and well testing program within the boundaries of the Alton Block. As at September 30, 2013 the Company has incurred approximately $4.7 million of the commitment, with approximately $1.6 million remaining. The Company intends to satisfy the commitments to retain the block as part of its long-term high impact exploration strategy. In obtaining the funds to continue this exploration Forent is actively pursuing joint venture partners to assist in the project.

Alton Commitment	
	($)
2012	1,350,000
2013	1,800,000
2014	3,150,000
	6,300,000

The Company entered into an office lease effective September 1, 2011. The lease is for a three year term ending August 31, 2014 and requires the following remaining annual payments as at September 30, 2013, which are paid on a monthly basis.

Office lease	
	($)
2013	35,541
2014	94,777
	130,319

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, non-secured and are to be settled in cash, at mutually agreed upon amounts. No provisions for doubtful accounts have been made during the three and nine months ended September 30, 2013 and 2012 in regards to related parties.

During the three and nine months ended September 30, 2013 and 2012, the Company had the following related party transactions recorded at the exchange amount.

During the three and nine months ended September 30, 2013, the Company incurred $45,621 and $150,911 (September 30, 2012 - $60,256 and $181,605), respectively, of operating costs relating to pipeline compressor rental fees, from a company controlled by a board member. As at September 30, 2013, there was an outstanding balance of $3,216 (December 31, 2012 – $40,407) owed to the related company. The pipeline and facility rental fees were incurred on facilities that the Company operates with a working interest of approximately 20%. As such, 80% of the gross operating costs, as disclosed above, are directly attributed to the interest of the Company's joint venture partner, being a large and well-funded petroleum producer.

During the three and nine months ended September 30, 2013 the Company incurred $12,262 and $47,592 (September 30, 2012 - $7,775 and $24,978) for legal services with a law firm of which a board member is a partner. As at September 30, 2013 there was an outstanding balance of $4,366 (December 31, 2012 – $11,965) owed for legal services.

Critical Accounting Estimates

The preparation of financial statements requires management to make judgements, 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.

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.

Accounts receivable

Accounts receivable are recorded at the estimated recoverable amount that includes an estimate of uncollectible amounts.

Property, plant and equipment

The Company's oil and natural gas reserves are determined using estimates of oil and natural gas in place, recovery factors and future prices by an independent reserve engineering firm. A significant number of estimates and assumptions are made in determining the reserves in place and the valuation of those reserves, requiring many judgements based on geological, geophysical, engineering and economic data. These estimates may change, having either a positive or negative impact on net earnings as further information becomes available and as the economic environment changes. The reserves estimate is a key driver in determining the Company's depletion rate and used in impairment testing.

Oil and natural gas assets are grouped into cash generating units ("CGUs") that have been identified as being the smallest identifiable group of assets that generate cash flows that are independent of cash flows of other assets or groups of assets. The determination of these CGUs was based on management's judgment in regards to shared infrastructure, geographical proximity, petroleum type and similar exposure to market risk and materiality.

Exploration and evaluation assets

Exploration and evaluation assets are initially capitalized with the intent to establish commercially viable reserves. Exploration and evaluation assets included undeveloped land, geophysical and geological activities, and costs related to exploratory wells. The Company is required to make estimates and judgments about future events and circumstances regarding the economic viability of extracting the underlying resources. The costs are subject to technical, commercial and management review to confirm the continued intent to develop and extract the underlying resources. Changes to project economics, resource quantities, expected production techniques, unsuccessful drilling, expired mineral leases, production costs and required capital expenditures are important factors when making this determination. If an exploration and evaluation project is determined to be unsuccessful, all associated costs are charged to net income. If commercial reserves are established, the relevant costs are tested for impairment and the unimpaired balance is transferred from exploration and evaluation to development and production assets that are classified as property, plant, and equipment.

Decommissioning liabilities

The calculation of decommissioning liabilities includes estimates of the ultimate settlement amounts, inflation factors, risk free rates, and timing of settlement. The actual decommissioning costs are uncertain and the estimates can vary in response to changes in regulatory requirements and new restoration techniques. The impact of future revisions to these assumptions on the annual financial statements of future periods could be significant.

Share based compensation

The fair value of employee stock options is measured using a Black Scholes option pricing model. The option pricing model requires management to estimate expected volatility, weighted average expected life, expected forfeiture rate, expected dividends, and the risk-free interest rate (based on government bonds). The expected volatility, life of the options and forfeiture rates are based upon historical experience. Dividends are assumed to be nil, as management does not anticipate any dividends to be paid in the future. The risk-free rate is based upon government bond rates at the time of issuance of the options.

Deferred taxes

Tax interpretations, regulations and legislation in which the Corporation is subject to change. As such, income taxes are subject to measurement uncertainty. Management assumes that the Company will use its tax pools to the full extent in future periods and has determined its deferred tax balance on that basis.

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. As at December 31, 2012 the Company had no derivative instruments to hedge its commodity price, foreign currency exchange or interest rate risks in place. The Company may enter into such risk management contracts from time to time as appropriate.

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 operation 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.

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