CEO CFO

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Forent Energy Ltd. Is Focused On Low Risk Development Type Heavy Oil Production And Higher Risk Oil-Focused Exploration Opportunities In Both Alberta And Nova Scotia

Energy
Petroleum and Natural Gas
(FEN-TSXV)

Thomas E. Lester, BA, MBA
President, CEO and CFO

BIO:
Thomas has 35 years experience in the energy industry in various capacities including government and industry associations, as well as, private and public oil companies. Since 1994, Thomas has been an independent businessman, involved with a variety of business and not-for-profit organizations. During this time he has been involved in the founding of two capital pool companies and the successful re-capitalization of a TSX oil and gas company which involved raising more than $100,000,000 from public markets. His roles have included board of director responsibilities, senior management, legal affairs, investor relations, project and corporate analysis, treasury and finance, and oil and gas liquids marketing.

Company Profile:
Forent Energy Ltd. was founded in 1999 by Dennis Forgeron as a private oil and natural gas producer focused on low-risk development projects in central Alberta. Today, low-risk heavy oil production growth in central and eastern Alberta and western Saskatchewan is integral to Forent's short-term growth strategy. Medium- and longer-term production growth is expected to come from reef oil and shale gas plays in Nova Scotia. In 2007 Forent farmed in on the 740,000-acre Alton Block in Nova Scotia and in 2008 was awarded an exploration lease for the 460,000-acre Beech Hill Block in Nova Scotia.

Forent Energy Ltd. (Forent) is a Canada-based company. The Company is engaged in the exploration, development and production of petroleum and natural gas reserves in Nova Scotia and western Canada. The Company is a crude oil and natural gas exploration and development company. The Company's operations include established oil and gas production in Alberta and Saskatchewan and the exploration for both oil and gas on two onshore blocks in Nova Scotia. The Company holds 100% working interest two blocks in Nova Scotia: the 740,000 acre Alton Block and the 460,000 acre Beechhill Block

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com

CEOCFO: Mr. Lester, Forent has a dual growth strategy, what is the main focus?
Mr. Lester: The main focus at Forent Energy would be low risk development type heavy oil production and higher risk oil-focused exploration opportunities in both Alberta and Nova Scotia.

CEOCFO: How did you decide on where to focus?
Mr. Lester: The Nova Scotia opportunity, which is the older of the two, was identified in 2007 by the previous president and CEO Dennis Forgeron, who was raised in Nova Scotia. We had an opportunity to farm in on an EOG land position on shore in Nova Scotia and felt that it held considerable upside for both oil and natural gas. So we made commitments to the government of Nova Scotia to make certain expenditures and we are fulfilling those commitments to the government. The Alberta opportunity that I was referring to, the exploration opportunity was the opportunity that presented itself to us this summer and we thought that it was also too good an opportunity to turn down.

CEOCFO: What is happening on the ground today?
Mr. Lester: We are in the process of creating a water disposal at our Mervin property, which will significantly reduce our operating cost and increase our cash flow. We are, as well, assessing the likelihood of drilling a second heavy oil well in the Blackfoot area of Alberta, and that well most likely will spud, I would think week after next; so probably the first week of December. That is the short-term focus. Several of our longer term opportunities are in Nova Scotia. At the end of October we completed a next generation gravity gradiometry survey of approximately 260 square miles on the Alton Block that is reef prone where we think there is oil to be found. That data is being processed in Cambridge, England as we speak and the interpretation of that data will commence around the first of December. Interpretation of the data will give us a basement structure map and that will then be used to identify where we should acquire 2-D seismic on the Alton Block. In Alberta our exploration efforts

are focused on the Montgomery property, which is the property that we acquired in the summer and is comprised of 22 contiguous sections of land about 30 kilometers west of Claresholm, Alberta. We are in the process of surveying for a 3-D seismic acquisition survey. That 3-D acquisition will occur most likely in the month of December and be completed by the end of the year or early in January of next year, and that will again identify for us drilling locations. So in both cases, you move from seismic which identifies drilling locations to the point where you are actually drilling wells.

CEOCFO: What did you particularly like about the recent property you acquired, and what made you decide that was the right fit for Forent?

Mr. Lester: Interestingly enough there have only been one or two lines of seismic acquired in this area because historically the landowners, the ranchers did not want to see any oil and gas development. So without having any seismic information, oil and gas companies were not in a position to know what was underneath the surface and therefore to drill any wells. There has actually never been a well drilled on these twenty-two sections of land. Therefore, for us the attraction, the most important aspect of this acquisition was the fact that it was a frontier quality opportunity right in our back yard.

CEOCFO: You personally have a long history in the industry; what are you bringing to the various projects you have now, what are the most important things you have learned over the years that you can put into play today?

Mr. Lester: Number one is financial discipline, and number two, good project management.

CEOCFO: Would you tell us about the long-term shale gas opportunity?

Mr. Lester: The long-term shale gas opportunity is something that we consider to be of significant value to Forent but it is an opportunity that, at the present time, is not generating a great deal of interest. Today with low gas prices and with the capital that is required, large oil and gas companies that are making investments in shale gas opportunities are investing in the best known, most developed areas, with the highest natural gas liquids content. In Nova Scotia, our neighbor Triangle Petroleum that controls the Windsor block immediately adjacent to the west of our Alton Block has had a resource report prepared that indicates there are 69 TCF of gas on their block. We know that the shale exists on our Block and believe there is and significant organic content in the shale to be able to produce this gas economically. What we see is that there have been recent exploration and development commitments made probably close to $150 million in New Brunswick, which is just to the north of Nova Scotia and is in the same basin that we are in. For us the size of the prize is the real attraction. We think that there might easily be 20 TCF of gas on our block and that when you look at recovery rates, that there is significant value there such that it would be very meaningful to our shareholders if it were to develop that opportunity.

We stand out because we have taken a somewhat unconventional approach to moving the company forward and to enhancing shareholder value. There are many companies out there that land on the flavor of the month; whatever it is that they think that investors themselves are demanding at the present time and they try to turn their company into that kind of company. Forent believes that there is oil onshore in Nova Scotia. We know there is natural gas onshore; discoveries have been made of that. So we are confident that we can find oil there. We are confident that although we have a higher-risk strategy, it means higher potential returns to our shareholders. - Thomas E. Lester

CEOCFO: What is the financial picture like at Forent Energy today?

Mr. Lester: The financial situation is good. We completed the 3^{rd} Quarter with a little over $1 million of working capital. In addition we had positive cash flow in the 3^{rd} quarter and we are continuing to grow our production and cash flow in western Canada. So I see the working capital number improving. In addition, we have the ability to go to capital markets and raise money for individual projects and we in all likelihood will raise money before the end of this year to take advantage of some of the flow-through share funds that are available to Canadian investors in eligible Canadian resource expenditures.

CEOCFO: Do you find it a bit easier to raise funds now than a year ago?

Mr. Lester: Absolutely. The higher oil price and the improvement that we have witnessed in the general economic conditions in North America make it easier for us to raise money this year than it did a year ago.

CEOCFO: Do you do much investor outreach?

Mr. Lester: We do a considerable amount of investor outreach. Largely that would involve meeting with investors and funds that have positions or are interested in acquiring positions in Forent Energy. It also involves meeting with investment dealers and underwriters to make sure that they are familiar with our story, to make sure that their retail clients and institutional clients know the Forent story.

CEOCFO: In closing, why should potential investors pick Forent Energy out of the crowd?

Mr. Lester: We stand out because we have taken a somewhat unconventional approach to moving the company forward and to enhancing shareholder value. There are many companies out there that land on the flavor of the month; whatever it is that they think that investors themselves are demanding at the present time and they try to turn their company into that kind of company. Forent believes that there is oil onshore in Nova Scotia. We know there is natural gas onshore; discoveries have been made of that. So we are confident that we can find oil there. We are confident that although we have a higher-risk strategy, it means higher potential returns to our shareholders. When you look at the reef oil opportunity, for example, the average reef size is 31 million barrels and if you assume 20% recovery rate and a 10% chance of success with a potential for ten to fifteen reefs on our Alton Block alone, there is somewhere between $160 and $240 million worth of value to investors. That is the reef oil opportunity alone. The Montgomery opportunity in western Canada, I cannot put a number on the size of the prize, but it could be very meaningful to investors as well. Our stock is trading at .16 or .17 cents a share, somewhat greater than, but only marginally larger than our estimated net asset value. So, I think there is huge upside in Forent Energy from an investor's standpoint. In addition, we have been able to increase our production from 65 barrels of oil equivalent per day at the beginning of this year to closer to 300 barrels of oil equivalent at this point in the year; we demonstrated that we can find development opportunities, bring them on stream and certainly generate positive cash flow for the shareholders. That allows us the time and affords us some of the capital that we need to move forward on these much larger opportunities for investors.

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