

Forest Gate Resources Inc.

Management's Discussion and Analysis

For the quarter ended September 30, 2007

This Management's Discussion and Analysis (MD&A) is designed to provide Forest Gate Resources Inc. ("Forest Gate" or the "Company") investors with informed communication of the Company's operations, performance and financial condition for the quarter ended September 30, 2007 and compares the actual financial results with those of 2006 for the same period. The MD&A also presents an outlook and expectations for months to come, as well as issues and risks that may have an impact on our future performance. It is intended to supplement the financial information and should be read in conjunction with our unaudited financial statements and related notes. This MD&A was prepared as at November 13, 2007.

We report our financial statements under Canadian Generally Accepted Accounting Principles (GAAP). All references to dollar amounts are in Canadian dollars unless otherwise indicated.

The Company's shares trade under the symbol FGT on the TSX Venture Exchange. Additional information relating to our Company is available on SEDAR at www.sedar.com.

Caution regarding forward-looking information

Certain information in this MD&A includes forward-looking statements about our corporate direction and financial objectives that are subject to important risks, uncertainties and assumptions. In consequence, actual results in the future may differ materially from any conclusion, forecast or projection in such forward-looking information.

Examples of statements that constitute forward-looking information may be identified by words such as "may", "could", "should", "believe", "expect", "plan", "target" and other similar words and expressions. These statements reflect current expectations of management regarding future events and operating performance, and speak only as of the date of this report.

This forward-looking information includes, amongst others, information with respect to our objectives and strategies to achieve those objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimates and intentions.

We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Our business

Forest Gate is an international oil and gas exploration company. The Company is seeking to increase shareholder value through participation and development of oil and gas exploration and production projects in Ireland and Canada.

Historically, the Company has worked in mineral exploration and with the identification of new opportunities in 2007, has decided to change its strategic orientation into oil and gas exploration.

In a news release dated February 22, 2007, Forest Gate announced that it has entered into an agreement to acquire a working interest in two licenses for an offshore international oil and gas prospect in the Celtic Sea located off the south coast of Ireland.

Forest Gate Resources Inc.

Management's Discussion and Analysis

For the quarter ended September 30, 2007

Results of operations

For the quarter ended September 30, 2007, the Company incurred a net loss of \$572,580 (\$0.00621 per share) when compared to a net loss of \$298,494 (\$0.00380 per share) for the same quarter ended September 30, 2006.

Expenses

Forest Gate incurred total expenses of \$595,779 in the quarter ended September 30, 2007 compared to \$334,584 same quarter last year. This increase is a reflection of the necessary investment to expand into the oil and gas industry. Most of the special disbursements have been expensed during the previous quarters of the year and we do not anticipate any other special or additional investments in the last quarter.

Other expenses consist primarily of salaries, professional and consulting fees, general and administration fees and expenses relating to the regular business development of the Company.

Selected Quarterly Information

		Net loss Net (earnings)	Per weighted average number of shares outstanding
		\$	\$
2007	Third quarter	572,580	0.00621
	Second quarter	632,207	0.00767
	First quarter	572,171	0.00719
2006	Fourth quarter	3,344,949	0.04243
	Third quarter	298,494	0.00380
	Second quarter	334,526	0.00452
	First quarter	(590,466)	(0.00812)
2005	Fourth quarter	350,992	0.00501
	Third quarter	700,307	0.01133
	Second quarter	340,051	0.00552
	First quarter	299,962	0.01023

Forest Gate Resources Inc.

Management's Discussion and Analysis

For the quarter ended September 30, 2007

Oil and gas Participating Interest

In February 2007, Forest Gate reported that it had entered into an Agreement to acquire a 15% working interest in an off-shore international oil and gas prospect in the Celtic Sea located off the south coast of Ireland. The 15% working interest was held by a private Calgary based international energy company called Arriba Capital Corporation Inc. The project operator is Providence Resources P.L.C. with headquarters in Dublin, Ireland.

Providence is involved in petroleum exploration licenses in Ireland, the United Kingdom, West Africa and the Gulf of Mexico and is listed on the AIM Exchange (London) and IEX Exchange (Dublin). Providence is the oil and gas exploration vehicle of Sir Anthony O'Reilly an investor in offshore Ireland oil and gas since 1981.

In March 2007, Forest Gate received final TSX Venture Exchange approval for its transaction. Under the terms of the Agreement and after regulatory approval, the Company paid 3,600,000 common shares of Forest Gate (\$0.17 per share) to Arriba principals and entered into consulting agreements and granted one million options to them. As part of the Agreement, the Company paid 586,104 Euros (\$902,249) to Providence for outstanding cash calls on work already performed.

At the end of March 2007, the Irish Minister for Communications, Marine and Natural Resources had approved the granting of a new Petroleum Exploration License to Providence and its existing partners including Forest Gate. Successful conclusions were also reported by the Ocean Bottom Seismic Survey on potential presence of additional hydrocarbons and gas chimney in the prospect area tested.

On July 5, 2007, it was announced that Forest Gate had signed, on June 29, 2007, a Joint Operating Agreement (JOA) with its Celtic Sea consortium partners regarding its upcoming oil and gas drilling program off the coast of Southern Ireland.

On September 10, 2007, the Company reported that it has forfeited 7.5% of its 15% interest in the Celtic Sea joint venture.

On October 4, 2007 Forest Gate reported that, in accordance with the JOA dated June 29, 2007, it has been issued a Notice of Default for inability to pay its September 17, 2007 cash call within a specific period of time from Operator, Providence Resources Plc.

On October 11, 2007, the Company, together with its Celtic Sea partners, reported the appraisal well on its Hook Head field shows a significant oil accumulation and a high quality reservoir. The well has now been suspended for future re-entry and potential production.

On October 22, 2007, Forest Gate reported that in accordance with the JOA it has remedied the Notice of Default pertaining to its September 17, 2007 cash call and still own 7.5% interest in the Celtic Sea joint venture.

On November 13, 2007, Forest Gate reported that it has entered into a joint venture agreement with Emerald Bay Energy Inc., based in Calgary, to acquire a working interest in an Alberta property, which potentially hosts natural gas in coal bed methane. Leases have been acquired by the consortium for the drilling of four coal bed methane test wells in the Nevis area, located in Central Alberta. All four wells are scheduled to be drilled by the end of the year 2007. The Company's commitments to the four well drilling program is fully funded.

Although management is confident that it can raise the required funds, there can be no assurances as capital market conditions and other unforeseeable events may impact the Company's ability to finance and develop its projects.

Forest Gate Resources Inc.

Management's Discussion and Analysis

For the quarter ended September 30, 2007

Other Properties

Forest Gate also owns a number of diamond properties in Canada. As of September 30, 2007, total mining properties and deferred exploration costs were \$3,076,814 when compared to \$3,042,149 as at December 31, 2006.

The Company has recuperated \$10,505 before tax credits and government assistance and disposals during the third quarter of 2007 in its diamond exploration programs, investment of \$7,328 in Saskatchewan and a recuperation of \$17,833 in Quebec. Total investment in its exploration programs up to September 30, 2007 is \$169,884. Tax credits and government assistance at September 30, 2007 is \$988,486 and the total write-down provision is \$2,607,081.

The Company is currently evaluating strategic options for its mining properties including further exploration, sale of properties and exploitation partnerships. Although management believes that the carried amount of these assets can be realized a partial write-down has been recorded.

Saskatchewan Properties

The Company holds a 100% interest in the East Side, West Side and South Side diamond exploration properties located near Prince Albert, Saskatchewan. The Fort a la Corne area, located 50 km northeast of Prince Albert, is host to the largest diamondiferous kimberlite pipes in the world. This year approximately \$100 million will be spent on exploration in that area and Forest Gate has key strategic properties located on the eastern and western flanks of this field.

The total investment thus far in Saskatchewan is \$4,236,731 of which \$2,032,891 has been invested on the East Side Property, \$1,161,701 on the West Side Property, and \$1,042,139 on the South Side Property. While management believes that the carried amount of these assets in Saskatchewan can be realized through operation or by way of opportunities with other partners in the industry, a complete write-down for the South Side Property investment has been recorded at the end of fiscal year 2006 (\$1,037,410) and the additional expenses incurred at September 30, 2007 of \$4,729 were also written-off. This is considered to be appropriate given the strategic orientation to direct current resources to oil and gas exploration.

Quebec property

The Company had an agreement with Majescor Resources Inc. ("Majescor") towards a joint venture on Majescor's Portage diamond property situated in the Otish Mountain region of northern Quebec.

On May 7, 2007, the Company announced that it had terminated its joint venture with Majescor, thereby relinquishing its participation in exploring the Portage property in Quebec. This strategy is consistent with Forest Gate's recent expansion to international oil and gas exploration.

As at September 30, 2007, the Company has invested \$2,435,650 before tax credits and government assistance of \$870,708 in the Portage property. A write-down for the whole Portage property investment has been recorded in December 2006 (\$1,434,452) and an additional amount was recorded for \$130,490 at September 30, 2007.

Forest Gate Resources Inc.

Management's Discussion and Analysis

For the quarter ended September 30, 2007

Liquidity, Financing and Capital Resources

Cash and cash equivalents at September 30, 2007 totaled \$1,035,467, which compares with \$3.2 million at December 31, 2006 and \$549,337 at September 30, 2006.

This periods' change in cash and cash equivalents include the total payments to Providence for cash calls of \$2,557,313 paid during the third quarter for the Celtic Sea project. It also includes proceeds from issue of Equity of \$2,081,423, from the July Non-Brokered Private Placement and the first tranche of the September Non-Brokered Private Placement.

The Company closed on August 13, 2007 a private placement of 13,544,999 shares at \$0.12 per share. The issue generated total gross proceeds of \$1,625,400 and net proceeds credited to share capital of \$689,607 after payment of share issues costs of \$109,872, a stock-based compensation of \$766,663 in the form of 13,545,000 warrants to acquire a common share at \$0.15 over a period of two years and a stock-based compensation of \$59,258 to the agent paid in the form of 915,600 broker warrants to acquire a common share at \$0.12 over a period of two years.

The Company closed the first tranche on October 1, 2007 a private placement of 4,692,000 shares at \$0.13 per share. The issue generated total gross proceeds of \$609,960 and net proceeds credited to share capital of \$290,834 after payment of share issues costs of \$44,065, a stock-based compensation of \$253,368 in the form of 4,692,000 warrants to acquire a common share at \$0.17 over a period of two years and a stock-based compensation of \$21,693 to the agent paid in the form of 21,693 broker warrants to acquire a common share at \$0.13 over a period of two years.

The net proceeds of this financing will be used for general working capital purposes and to finance the commitments in acquiring the 7.5% working interest in the Celtic Sea oil and gas exploration project.

The total interest received in this quarter is \$5,366 compared to \$12,398 for the same quarter last year. The variance comes from interest paid on short term investment converted into cash during the last quarter of fiscal year 2006. There are no capital expenditures (CAPEX) for this three month period.

Forest Gate does not have any long term debt. Accounts payable and accrued liabilities are related to services or goods rendered as September 30, 2007 from suppliers on basic operating activities. All of them are current and due 30 days from invoice date except for those with which we have made a special arrangement and the Company uses all cash discounts when available.

During the first quarter of 2007 the Company completed its acquisition of the working interest in the off-shore international oil and gas prospect in the Celtic Sea. As consideration paid on the transaction, the Company issued 3,600,000 common shares for a value of \$612,000. The fair value of the common shares was based on the fair market value prevailing at the negotiation date. Each common share issued with this transaction has a fair value of \$0.17.

The weighted average number of shares issued & outstanding as at September 30, 2007 is 84,773,326 compared to 78,826,157 as December 31, 2006. As of November 16, 2007, there were 119,048,570 shares issued and outstanding.

Forest Gate Resources Inc. Management's Discussion and Analysis

For the quarter ended September 30, 2007

Disclosure Controls, Procedures and Internal Controls

We evaluated our disclosure controls and procedures as defined in the rules under the Canadian Securities Administrators. Based on that evaluation, the president and chief executive officer and chief financial officer concluded that the design and operation of these disclosure controls and procedures were effective.

As of September 30, 2007 we believe that our internal control systems at Forest Gate are sufficient to execute our business plan and to provide meaningful results upon which to manage our business. No changes were made in our internal control systems during the fiscal year that have materially affected our financial reporting and controls.

Risk factors

The oil and gas interests of the Company are at an exploration stage and involve a high degree of risk. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration and subsequent evaluation programs, which may be affected by a number of factors. These include the quantity and quality of the reservoirs, the cost to develop infrastructure for extraction, the financing cost, the market prices, as well as the competitive nature of the industry. The effects of these factors cannot be accurately predicted, but any combination of them may result in the Company not receiving an adequate return on invested capital. In the absence of cash flow from operations, the Company relies on capital markets to fund its exploration and evaluation activities. Capital market conditions and other unforeseeable events may impact the Company's ability to finance and develop its projects.

Signed: "Michael Judson"

Michael Judson
President and Chief Executive Officer
Forest Gate Resources Inc.
November 16, 2007
Montreal, Quebec